



**REPORT of
INTERIM CHIEF FINANCE OFFICER**

**to
COUNCIL
13 JULY 2023**

LOCAL GOVERNMENT ASSOCIATION FINANCE PEER CHALLENGE

1. PURPOSE OF THE REPORT

- 1.1 To advise the Council of the outcome of the Local Government Association (LGA) Finance Peer Challenge undertaken from 27 February to 1 March 2023 and to seek the Council's agreement to the recommendations made in response to this.

2. RECOMMENDATIONS

- (i) that the contents of the Finance Peer Challenge report at **APPENDIX 1** be noted;
- (ii) that the Council's response to the six key recommendations (1-6) set out in the draft Finance Peer Challenge Action Plan at **APPENDIX 2** be approved;
- (iii) That subject to (ii) being approved to delegate approval of the Council's response to the other recommendations (7-36) set out in the draft Finance Peer Challenge Action Plan at **APPENDIX 2** to the Finance Member Group;
- (iv) That subject to (ii) being approved, to approve the revised Terms of Reference for the Finance Member Group set out at **APPENDIX 3**, as detailed in the response to recommendation 5 of the draft Finance Peer Challenge Action Plan at **APPENDIX 2**;
- (v) that subject to (ii) being approved, to approve the revised membership of the Finance Member Group, as detailed in the response to recommendation 5 of the draft Finance Peer Challenge Action Plan at **APPENDIX 2** and summarised at **APPENDIX 4**.

3. SUMMARY OF KEY ISSUES

- 3.1 The LGA Finance Peer Challenge was undertaken at the request of the Council. The initial findings of the Peer Challenge were reported back to Members via a presentation of the peer review team on 1 March 2023. The findings have now been finalised in the report at **APPENDIX 1**.
- 3.2 Peer challenges are improvement focused; not an inspection and are delivered by experienced elected member and officer peers. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

- 3.3 The team spent two and a half days onsite at the Council, during which they gathered information and views from more than 25 people including a range of Council staff together with Members and external stakeholders.
- 3.4 The peer team considered the following five themes which form the core components of all Finance Peer Challenges. These areas are critical to councils' performance and improvement.
- 1) Financial leadership;
 - 2) Financial strategy, planning and forecasting;
 - 3) Decision-making;
 - 4) Financial outcomes;
 - 5) Partnership & innovation.
- 3.5 In addition to these questions, the Council asked the peer team to provide;
- a critical friend to look at the Council's current budget setting process
 - a check that the strategic financial processes are robust
 - support in identifying solutions to the Council's financial challenges
- 3.6 The detailed outcomes of the Finance Peer Challenge are set out in the report at **APPENDIX 1**; with the six key recommendations of the peer team as follows:
- 1) Further develop the MTFFS linking it to other strategies and plans including sensitivity analysis as soon as reasonably practical.
 - 2) Arrange a top team away day for officers and Members post-election to agree priorities and to ensure financial stability.
 - 3) Provide mentoring support to senior leaders – Members and officers.
 - 4) Clarification of roles for Members and officers.
 - 5) Establish a corporate finance board which will own the corporate plan and finance for authority.
 - 6) All staff and Members to acknowledge the urgency of the financial position. Urgent action to be taken to develop a realistic and robust plan to deliver the required efficiencies and savings to ensure ongoing financial sustainability.
- 3.7 The Council's draft response to these key recommendations, as well as the response to the broader findings are set out in an action plan at **APPENDIX 2**. It is recommended that the Council approves the response to the key recommendations 1-6 in the action plan, and delegates approval of the responses to the other recommendations to the Finance Member Group. It is proposed that the Finance Member Group will also be responsible for monitoring overall implementation of the action plan.
- 3.8 With regard to recommendation 5 of the report, it is proposed that the Council approves a revised Terms of Reference for the Finance Member Group, as set out at **APPENDIX 3** to fulfil the function of a Corporate Finance Board suggested by the Peer Challenge. The Finance Member Group would be responsible for overseeing the Medium Term Financial Strategy and Savings Strategy for the authority and making clear recommendations for approval by the Strategy and Resources Committee and that Council.

- 3.9 It is also proposed that the Council approves a revised membership of the Finance Member Group to be comprised of all Political Group Leaders plus the Chairperson and Vice-Chairperson of the Strategy and Resources Committee and the Performance, Governance and Audit Committee, to ensure a 'no silo' approach.

4. CONCLUSION

- 4.1 The Finance Peer Challenge report at **APPENDIX 1** sets out a number of recommendations for the Council to consider. The Council's draft response to these recommendations is set out in the Action Plan at **APPENDIX 2**. Agreement to the Action Plan, and monitoring of implementation of the actions via the Finance Member Group, will be important to strengthen the financial processes and practices of the Council. It should also improve overall outcomes for the Council, including delivery of a sustainable Medium Term Financial Strategy position as set out in the Corporate Plan objective of 'Smarter Finances'.

5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 - 2027

5.1 Smarter finances

- 5.1.1 Agreement to the action plan, and monitoring of implementation of the actions via the Finance Member Group, will be important to strengthen the financial processes and practices of the Council. It should also improve overall outcomes for the Council, including delivery of a sustainable Medium Term Financial Strategy position as set out in the Corporate Plan objective of 'Smarter Finances'.

6. IMPLICATIONS

- (i) **Impact on Customers** – If the Council does not agree the draft Finance Peer Challenge Action Plan there is a risk that the council will not be compliant with financial management best practice and processes will be weakened, leading to poorer outcomes for the council and its residents
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If the Council does not agree the draft Finance Peer Challenge Action Plan there is a risk that the council will not be compliant with financial management best practice and processes will be weakened, leading to poorer outcomes for the council and its residents.
- (iv) **Impact on Resources (financial)** – There may be a cost associated with implementing some of the recommendations set out in the Action Plan – these will seek to be contained within existing agreed budgets as far as possible.
- (v) **Impact on Resources (human)** – Additional resources will be required to implement some of the recommendations set out in the Action Plan – these will seek to be contained within existing agreed budgets as far as possible.

Background Papers: None.

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