

## Response to Request for Information

Reference      FOI 001906  
Date            29 January 2018

### ***Financial Resilience Review***

#### **Request:**

I am emailing to request the following information under the Freedom of Information Act:

- 1) How many times has the council requested a Financial Resilience Review from the Chartered Institute of Public Finance and Accountancy (or an equivalent review by a similar organisation such as the Local Government Association or PricewaterhouseCoopers) since 2010/11?  
[The Council has not requested a Financial Resilience Review from the Chartered Institute of Public Finance and Accountancy. However, the Council asked the Local Government Association \(LGA\) to undertake a full Finance Peer Review in June 2016.](#)
- 2) For each of the above occasions can you:
  - Confirm the date on which the review took place
  - Confirm how much the report cost the council
  - Provide a copy of the resulting report produced by CIPFA (or other relevant body)

<b>Confirm the date on which the review took place</b>	<a href="#">The Local Government Association (LGA) undertook a full Finance Peer Review on 7, 8 and 9 June 2016.</a>  <a href="#">The headline finding was:</a>  <i><a href="#">‘The Council has made major progress in its aim to achieve financial stability. There is strong leadership, prudent financial management and clear evidence of innovation. It is now timely to reflect on and refine the Financial Strategy so it further enables and supports the delivery of the ambitions of the City’.</a></i>  <a href="#">The overall messages and observations of the Peer Team were:</a> <ul style="list-style-type: none"><li>• <a href="#">There has been significant progress, developments and improvements resulting in a good grasp of the current budgetary position and understanding of the future financial</a></li></ul>
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	<p>challenge.</p> <ul style="list-style-type: none"><li>• There is visible and well respected leadership –both political and managerial –that provides a clear and consistent message about the scale of the challenge and the imperatives of responding to it.</li><li>• The finance function is well regarded and respected by Councillors and managers, and clearly plays an enabling role that supports transformation and the delivery of financial savings across directorates.</li><li>• The key governance, processes and systems -including digital capability -that support and enable financial planning, monitoring and management are in place or are being developed.</li><li>• The components of the financial strategy –including commercialisation and demand management –are consistent with practice in the sector.</li><li>• It is now timely to reflect on the strategy, approach and pace in light of the current position and future aspirations.</li><li>• The challenge remains significant and there is no room for complacency. The fundamental requirement to deliver on existing proposals whilst formulating new ones remains.</li></ul> <p>The outcome was reported to Cabinet on 14 September 2016.</p>
	<p>The Council asked the LGA to carry out a follow up Finance Peer Review on 21 September 2017 to help the Council take stock of progress made against the areas of improvement identified in June 2016. The outcome from this was:</p> <p><i>‘The strengths and positive attributes that were observed by the peer team in 2016 are still very much evident. Regular communications have ensured there remains a good awareness and grip on the immediate financial challenge. The Council delivered a balanced budget in 2016/17 with a small underspend. There is confidence without complacency about the organisation’s ability to continue to meet the challenge over the medium term. The corporate finance team and function is still valued and respected by councillors and managers. There is obviously good collaboration and liaison between service budget managers and the finance function. This is continuing to ensure that the finance challenge remains everyone’s business. The responsibility to identify and deliver further savings, efficiencies</i></p>

	<i>and income generation is shared, and service managers are empowered to develop proposals.'</i>
<b>Confirm how much the report cost the council</b>	<p>There was no direct charge from the LGA for these reviews.</p> <p>The LGA provides a range of practical support, on a free of charge and/or subsidised basis, to enable local authorities to exploit the opportunities that this approach to improvement provides.</p>
<b>Provide a copy of the resulting report produced by CIPFA (or other relevant body)</b>	<p>See attachments that will be provided with this response.</p>

# Finance Peer Review **City of Wolverhampton Council**

7<sup>th</sup>-9<sup>th</sup> June 2016

Feedback Report

## 1. Executive Summary

It is clear there has been a period of significant and rapid improvement that has helped to put the Council on a better financial footing. A strong and sustained focus on prudent financial management and a track record of delivering savings (£175 million of budget reductions over the past six years) means the Council now has a good grasp of its current budgetary position. An understanding of the future financial challenge has informed a medium term financial strategy and plan that is not simply about managing the decline in funding, but intended to enable investment to realise the longer term vision for the economic growth of the City. The challenge now is to deliver that vision.

The Council benefits from strong, visible and well respected leadership - both political and managerial - that continues to provide a clear and consistent message about the scale of the financial challenge and the imperatives of responding to it. This has helped create a good awareness across the organisation of the projected budget deficit (a revised figure of £54.6 million over the next three years to 2019/20) and an acceptance there will need to be further cuts, transformation and innovation to address that projected deficit. It has promoted a culture of challenge where managers are encouraged to question every pound the Council spends, and think creatively and confidently about alternative approaches.

The finance function is well regarded and respected by councillors and managers. Senior budget managers within service directorates in particular spoke well of the support they receive from Finance. It clearly plays an enabling role that supports service transformation and the delivery of budget reductions across the organisation. Service Directors, budget managers and councillors all spoke highly of the professional and collaborative approach taken by finance officers. The model of embedding finance business partners into directorates is facilitating a culture of mutual understanding and challenge that is enabling the co-production and shared ownership of proposals that deliver savings, efficiencies or income generation.

The key governance, processes and systems - including digital capability - that support, underpin and enable effective financial planning, monitoring and management appear to be in place, or are being further developed and improved. There are relevant opportunities for political challenge throughout the process for budget setting and in-year monitoring, and political oversight of major reviews and projects. There is a clear desire to improve the quality and timeliness of information that inform decisions and to further develop the use of business intelligence, and better integrate financial monitoring information with non-finance performance data and outcomes assessment.

Given both the current position and its future aspirations, it is timely for the Council to take stock and reflect on its overall financial strategy. The approach taken over the last few years – rightly built on cautiousness and focussed on budget reductions – was necessary and has served the Council well. Inevitably the approach will need to evolve and develop to better enable and support the delivery of the wider strategic ambitions set out in Vision 2030 and the Corporate Plan. Attitudes to risk and reserves, and assumptions regarding underspends, income and borrowing will need to be reviewed as the strategy becomes predicated more on commercialisation, digital transformation and demand management. A clearer strategic narrative about commercialisation, digital transformation and demand

management being the ways in which the medium term plan will address the current projected budget deficit may be needed.

Those components look to be consistent with practice and approaches in other councils. As the Council develops the detail of its proposals further it will need to consider and articulate the relative balance between them, ensuring there are realistic expectations about the pace at which savings or income can be achieved. In doing this it will be important for the Council to continue to draw on the learning and challenge from the sector and external expertise – something it has demonstrated a willingness to do through both peer review/challenge and consultancy support.

The Council is confident about its ability to respond to the on-going financial challenge. But there is absolutely no room for complacency. The Council itself has recognised the critical requirement to deliver both on existing proposals whilst formulating new, robust and realistic ideas to deliver the additional medium term savings required. Work is underway on these ideas, but the challenge remains acute, and significant further savings proposals and income generation ideas are required. The commitment, focus and momentum established to date needs to be maintained.

## 2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. Review and refresh the strategic narrative for addressing the projected budget deficit so there is further clarity on aspirations, ethos and work streams.** The overall strategic aim of managing the financial position while continuing to invest and grow the local economy is logical as a longer term strategy, but there needs to be a clearer articulation of how the medium term plan (including commercialisation, demand management, digital transformation and outcome based service planning) will address the current projected budget deficit.
- 2. Revisit and review some of the assumptions and approaches in the financial strategy so that they better reflect and support the future ambitions of the Council.** It is timely to take stock and review whether assumptions and modelling can be more ambitious and optimistic - particularly regarding business rate tax base, interest on new borrowing, staff increments, reserves strategy, capital programme and approach to under-spends.
- 3. Review the Medium Term Financial Strategy risk on the Strategic Risk Register.** Currently this appears to be articulated on the basis of the main risk of the council being unable to agree its medium term financial strategy. The Council may wish to amend the wording so it focusses less on a risk on non-agreement, and more on the risks of delivering the strategy through the various programme, projects, assumptions and projections.

4. **Continue the work on developing the alignment, linkage and interdependency of the financial strategy and information with other plans and processes, including:**
  - Linking the assets, workforce, external funding and financial strategies.
  - Integrating financial monitoring information with non-finance performance data and outcomes measurement.
5. **Make the approach to capital programming more robust.** More accurate profiling is likely to be required in the future to ensure reliable budgeting and a good basis on which to base decisions about the financial impact and implications of the capital programme, as well as deliver the required outcomes from the capital investment.
6. **Further consider the balance, emphasis and pace between the different components of the financial strategy going forward.** The Council should ensure it does not overestimate the potential of commercialisation and income generation, or underestimate the potential of digital transformation, and be realistic on the timeframe for reducing demand on Council services.

### 3. Summary of the Peer Review approach

#### The peer team

Peer reviews are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the Council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who delivered the peer challenge at the City of Wolverhampton Council were:

- Alan Gay – Deputy Chief Executive, Leeds City Council
- Cllr Theo Blackwell (Labour) – Cabinet Member for Finance, Technology and Growth, London Borough of Camden
- Dave Jennings – Financial Services Manager, Redcar & Cleveland Council
- Julie Parker – Independent Consultant
- Paul Clarke – Programme Manager, Local Government Association (LGA)

#### Scope and focus

The peer team considered the following five questions which form the core components looked at by all Finance Peer Reviews. These are the areas we believe are critical to councils' financial performance and improvement:

1. Financial leadership: Does the authority have plans for its long-term financial sustainability which are owned by its councillors and officer leaders?

2. Financial strategy, planning and forecasting: Does the authority understand its short and long-term financial prospects?
3. Decision-making: Are key decisions taken in the understanding of the financial implications, risks and options?
4. Financial outcomes: Are financial results (including those of the Council's capital investments and transformation projects) monitored and acted upon so as to realise the authority's intentions?
5. Partnership & innovation: Is finance at the cutting edge of what the authority is working to achieve, working with partners and seeking innovative approaches?

### **The purpose of peer review**

It is important to stress that this was not an inspection. Peer reviews and challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. 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.

The process is not designed to provide a technical assessment or due diligence on financial matters. Neither is it intended to provide prescriptive recommendations. The peer review process intends to provide feedback, observations and insights from experienced practitioners that will help validate, reality check and further develop the Council's current plans, proposals and evolving thinking about the future.

### **The peer review process**

The peer team prepared for the peer review by considering a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent two and a half days onsite at the Council, during which they:

- Spoke to more than 40 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 20 meetings and additional research and reading.
- Collectively spent more than 150 hours to determine their findings – the equivalent of one person spending nearly 4 weeks in City of Wolverhampton Council.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (7<sup>th</sup>-9<sup>th</sup> June 2016). In presenting feedback to the Council, they have done so as fellow local government officers and members, not as professional consultants, auditors or inspectors.

By its nature, the peer review is a snapshot in time. We appreciate that some of the feedback may be about areas the Council is already addressing and progressing.



## 4. Feedback

### 4.1 Financial leadership: Does the authority have plans for its long-term financial sustainability which are owned by its councillors and officer leaders?

Political leaders and senior managers have clearly provided robust and respected leadership focussed on prudent financial management, delivery of savings, and rapid improvement that has helped put the Council on a more resilient financial footing. They spoke confidently about the scale of the financial challenge which the Council is facing and the imperatives of responding to it, and displayed a strong corporate ownership of the medium to long term strategy being developed. This, underpinned by good levels of financial literacy, is creating a sound awareness across the organisation of the projected medium term budget deficit, and a consistent understanding and acceptance amongst officers and councillors that there will need to be further cuts, transformation and innovation to address the £54.6 million projected gap over the next three years to 2019/20 (as reported to Cabinet in February 2016, and Council in March 2016).

Regular communications have helped enable a deep understanding of the scale of the challenge. Consistent messaging through a range of channels (including briefings from Leader, Managing Director and Director of Finance) has helped create a strong sense of collective responsibility amongst Service Directors and budget holders. Finance is seen as everybody's business. There is evidently a culture of challenge where managers are encouraged and empowered to question every pound the Council spends, and think creatively, confidently and innovatively about alternative approaches and different ways of working including invest to save opportunities.

The process of formulating, developing and implementing proposals for savings and investment involves, and benefits from, the engagement of Portfolio Holders and Service Directors. Whilst the initial lead is taken by the finance team in terms of setting out the indicative savings challenge and target, it is clear the process that follows is one based on mutual respect and understanding between corporate centre and service. The model of embedding finance business partners into directorates is enabling the co-production and shared ownership of proposals that deliver savings, efficiencies or income generation in the context of the Council's overall strategic ambitions. The strategic finance team are seen as enablers and budget managers feel well supported, enabled and empowered to respond to the targets suggested, as well as to challenge and amend their size, scope, and timing if required.

The strategic narrative for addressing the projected budget deficit may need further clarity. Our observation was that there is potentially some dissonance between the Council's longer term aspirations and the shorter term financial plan required. We appreciate the current strategic narrative and its proposition that improvement in educational attainment and skills, and the creation of more employment opportunities will, over time, have the potential to address the projected budget deficit by reducing reliance and demand on Council services and resources. However, that is likely to

occur over a much longer timeframe than the more immediate budget challenge which has been identified.

The overall strategic aim of managing the financial position while continuing to invest and grow the local economy makes sense. But the ethos articulated in the supporting narrative might be better focussed on the components of the strategy to find the savings required – i.e. demand management, commercialisation (and income optimisation), service transformation, outcome-based service planning and digital transformation. The causal link between some of these strands and reducing the projected medium term budget deficit is likely to be more immediate, more readily identifiable by staff and other stakeholders as components of the financial strategy, and have a closer affiliation to the transformation programme.

#### **4.2 Financial strategy, planning and forecasting: Does the authority understand its short and long-term financial prospects?**

There has clearly been significant progress in achieving short term financial stability at the City of Wolverhampton. The Council is continuing to deliver vital services and invest in priorities, and was able to set a balanced budget for 2016/17 without the need to call on general reserves. There is an appreciation of the fundamental and critical requirement to deliver on the 2016/17 budget whilst starting to develop new robust and realistic savings and/or income generation proposals for 2017/18 and beyond. The Council has itself identified the extent of the financial challenge over the medium term as representing the most significant the Council has ever faced.

The current projected challenge over the medium term totalling £54.6 million assumes all previously approved budget reductions (totalling £37.4 million) will be delivered on time. Any slippage obviously adds to that figure. That makes for a significant challenge which the Council does not underestimate. The importance of maintaining the focus and momentum established to date cannot be overstated. Work is ongoing, and we noted the recent Cabinet Budget Development session that started to consider future proposals, key risks, assumptions and next steps, and the intention to present a budget report to Cabinet in July. We understand the Council has agreed in principle to pursue the offer from Government of a four-year settlement which obviously has the potential to add a further element of certainty to longer term forecasting and planning.

The focus over the last few years has understandably been on the short term savings challenge and financial prospects. Cautiousness and a focus on budget reductions was necessary and has served the Council well to date. It is now timely and prudent to revisit and review some of the current assumptions and approaches to ensure the medium term financial strategy better aligns to, supports and matches the levels of ambition and future strategic priorities of the Council set out in the Vision 2030 and Corporate Plan. For example:

- The assumptions regarding business rates suggest little growth in the tax base, yet there is a clear strategic ambition to invest in and grow the local economy which, if successful, would presumably increase the tax base. So there may be potential for more ambitious profiling that assumes an increased tax base. This

does however need to be considered against the backdrop of the impact of business rates appeals on the tax base.

- Assumed levels of interest for borrowing may be overly prudent. They have been built in on the basis of interest rates for borrowing over 25 years that also appear slightly higher than currently available in the market. In reality borrowing is likely to be done on a shorter term, at lower rates, than the assumptions built in the Medium Term Financial Plan.
- Budgetary inflation has been built in to cover staff increments. But it is likely that in an authority the size of Wolverhampton staff turnover and new appointments lower down the pay scale/grade will balance any increased cost of increments.
- The level of reserves available, given the Council's size, suggests there may be an opportunity to consider whether some of those reserves could be used to support change and transformation, in the form of 'invest to save'. Having utilised net underspends against the Revenue Budget to contribute to reserves over the past two years, current levels appear prudent (total earmarked reserves reported as £59.0 million, plus general fund balance of £10 million, as of 31<sup>st</sup> March 2016). Notwithstanding the commitment already made to draw on them in future (£4.2 million in 2016/17 and £3.5 million in 2017/18) there may now be an opportunity to make more use of reserves in a phased way to offset budget reduction requirements and fund new ways of working over the next few years – ensuring timeframes for transformation remain realistic.
- The current approach regarding underspends. There appears to be a focus on in-year budget management to achieve underspends where possible. Having a focus on 'making every pound go further' and making savings is obviously positive, and indeed we understand that many underspends to date are a result of the early realisation of planned savings. Nonetheless there is a potential danger that achieving underspends becomes an expectation and assumption. This can of course result in difficulties in understanding the true cost of providing services, and over time it may become more challenging to make decisions about service or staffing reductions, particularly if it appears they may not all be needed due to underspends regularly occurring in service budgets becoming the norm.

#### **4.3 Decision-making: Are key decisions taken in the understanding of the financial implications, risks and options?**

We did not have an opportunity to observe decision-making in practice, or carry out a detailed examination of terms of reference, procedure rules, processes and systems. But from what we read and heard the arrangements in place appear to be sound and include the facets one would expect to see – such as regular and timely opportunities for councillor engagement and political challenge, e.g. through regular monitoring of the Revenue Budget by Cabinet (Resources) Panel, and involvement of Scrutiny Panels and the Scrutiny Board in examining savings proposals.

The Audit & Risk Committee has begun to increase its focus on the Council's risk management arrangements and considers the Strategic Risk Register at every meeting, calling in certain risks for more detailed review (e.g. school improvement, Looked after Children). These processes are also subject to both internal and external audit consideration and evaluation. There is councillor oversight of major reviews and projects – e.g. the libraries review and housing company project – all of which require robust business cases and consideration of risk and longer term financial implications. All reports to councillors include the consideration of financial implications that have to be signed off by the finance team before they progress.

There is a recognition that further work is needed to more systematically link the asset, workforce, external funding and financial strategies and this is being progressed. Given the increased focus on commercialisation and the creation of sustainable income streams, particularly from assets, it will be important that the asset management plan and financial strategy are closely aligned. Similarly, managers will need the skills and support to pursue opportunities to think and operate more commercially if the financial strategy is to be successful. We know that there is work underway to consider the workforce skills needed in the future, and encourage this work to continue at pace.

The Council has clearly made a commitment from the start to have an honest conversation with its public about scale of cuts and tough choices. Whilst this attracted some negative media coverage at the time (caused partly by the way different iterations of the medium term deficit projections were communicated and reported), it now potentially means higher levels of awareness, trust and understanding amongst residents and partners about the financial challenge and the Council's response to it. Going forward, it will be important to ensure there is a clear narrative and explanation about why there are cuts, reductions and changes to some services at a time of significant capital investment in others. The improved outcomes and benefits of investment should be the focus of any communication, rather than a focus on justifying the expenditure.

The Council remains committed to engaging and consulting residents and stakeholders about the financial challenge. The budget development process for 2016/17 for example, included community engagement undertaken via a detailed annual public consultation exercise which included both quantitative and qualitative methodologies such as an online survey and stakeholder meetings. This helped to ascertain views on the 43 proposals for savings, redesign and income generation that were considered by Cabinet and informed the Final Budget presented. As the Council's Digital Transformation Programme (DTP) progresses there is potential to consider more digital means by which engagement and consultation can occur.

The Strategic Risk Register currently lists the Medium Term Financial Strategy (MTFS) as one of three red rated risks. Given the scale of the financial challenge this is unsurprising. However, the wording in the Register might be perceived as identifying some concerns about agreeing the MTFS (i.e. 'if the council is unable to agree and operate within its MTFS...'). However, the risk is more about the deliverability of the programmes, projects and initiatives that will deliver the savings and income required to enable future financial viability and sustainability, as well as some of the unknowns regarding Government policy and unforeseen events. Indeed, the MTFS 2016/17-

2019/20 report to Cabinet on 24<sup>th</sup> February 2016 helpfully breaks down the different elements of the risk and reinforces this. The Council might therefore wish to consider amending the wording in the Strategic Risk Register to better reflect the true risk.

There may also be a need to further consider the risk appetite given that an increasing focus of the financial strategy is on approaches (demand management and income generation) that are based on prediction rather than a comprehensive evidence of impact or fully proven business case as regards return on investment. On occasion a 'leap of faith' may be required and inevitably there may be failures as well as successes.

#### **4.4 Financial outcomes: Are financial results (including those of the Council's capital investments and transformation projects) monitored and acted upon so as to realise the authority's intentions?**

There is a regime of monitoring that enables both officers and councillors to regularly consider and challenge financial performance and outcomes. The independent review of the medium term planning and budget process undertaken in 2014 suggested that reports were generally well constructed, but made some recommendations for further improvement to the monitoring arrangements – such as in-year monitoring reports possibly including a future trends paragraph which might alert councillors to anything material which might affect future plans. There are examples of this now happening (e.g. Looked after Children reports) and there is also more use being made of reporting dashboards to further enhance monitoring. We noted that key councillors and finance officers have oversight of the high risk expenditure areas such as Adult Social Care and Children's Services – e.g. the Director of Finance chairs the monthly Adult Social Care Board with senior managers.

The recent introduction of Agresso (enterprise resource planning system) has been generally welcomed and is helping to provide budget holders with timely information, and increased assurance and confidence. There is recognition that the system, and its ability to deliver real time information, is a vast improvement from what was available to managers previously. However, as with all new systems, there is a recognition by the Council that there is more to do in terms of maximising the use and benefits of the system. Developments are planned and in train.

Similarly, there is a recognition that more can be done to link financial monitoring information with non-finance performance and outcomes so that the wider impact of financial decisions (both budget reductions and additional investment) can better be monitored, challenged and considered – particularly in terms of the impact on delivering the wider strategic ambitions and priorities of the Council, and helping to reduce overall demand and reliance on Council services and resources. Again work is in progress to further develop processes and practice and we encourage that to continue at pace.

Some of the monitoring and outturn information suggested to the peer team that the current approach to capital programming and delivery needs further work in the context of significant underspends. Information presented suggests that in 2014/15 the planned capital budget was only 71% spent, and the 2015/16 quarter 3 position was 43% spent indicating another significant underspend. Whilst it is difficult to profile

capital spend, as finances get tighter there is a need to ensure accurate and reliable budgeting – both revenue and capital – so that there is a rationale for priorities and decisions. There is also the risk that revenue streams that rely on initial capital investment will be delayed, albeit this does not seem to have happened on an unplanned basis to date.

#### **4.5 Partnership & innovation: Is finance at the cutting edge of what the authority is working to achieve, working with partners and seeking innovative approaches?**

It is clear the Council is open to pursuing innovative and new ways of working. There are a number of examples that demonstrate a willingness to invest to save, generate income through more commercial approaches and ventures, and prudentially borrow, as a means by which to strengthen the budgetary position of the council and/or deliver improved outcomes in a more cost effective way. The i10 office and retail block, for example, is already virtually fully let and set to realise a revenue stream. The YOO recruitment agency, launched in 2014, has provided savings of more than £200,000 as well as generating net profit. A business case to create a wholly owned housing company has recently been developed.

It is notable that ventures are developed with the involvement and support of the finance team, but are also clearly designed with the delivery of wider strategic outcomes in mind. They are not driven solely by the need to make savings or generate income. For example, WV Active - designed to keep leisure centres in house but run on a more commercial footing - was viewed not only as a way to reduce council subsidy and generate income but to improve facilities and ensure they play a part in enabling local people to lead healthier lifestyles.

Whilst there are clearly some impressive projects and early successes, and the Council is clearly developing a proven ability and confidence to operate more commercially, it should also take care not to become over-reliant on commercialisation and income generation. It is unlikely to be the 'silver bullet' that alone will solve the budget challenge. There will need to be an appropriate balance and emphasis on other elements of the financial strategy too.

For instance, the potential of digital transformation and channel shift - demonstrated by the recent launch of the Digital Transformation Programme - along with the refit and refurbishment of the Civic Centre have potential to generate future savings as well as better outcomes. Service re-design, outcome focussed business planning and a continued focus on securing value for money also remain important facets of the strategy. As the detail of proposals is developed further the relative balance between all of these strands will need considering, ensuring there are realistic expectations about the pace at which savings or income can be achieved.

Whilst some of the service redesign being progressed involves partner organisations, and there are clearly some shared strategic aspirations – particularly in terms of economic growth and social and health care - we were struck by how little mention there was during our discussions with officers and councillors about a specific dialogue or collaboration with partners on the wider budget challenge and financial outlook for the City. It prompted us to

pose the question of whether there is a need to begin to consider a financial strategy for the city, not just the council.

The Council has shown a commitment to learn from others, and regularly opens itself up to challenge with a view to test and stretch thinking further through peer review, challenge and external consultancy support. The independent review of the medium term planning and budget process commissioned in 2014 has informed practice improvements, whilst a series of peer challenges – including an LGA Corporate Peer Challenge in 2014 and a regional Adult Social Care Peer Challenge in 2016 have provided validation and assurance, as well as identify areas for further development and improvement. Most recently an LGA Libraries peer challenge was commissioned to help inform thinking about the £500,000 budget reduction target, and this Finance Peer Review was requested to help strengthen financial planning and management further. All of this is to be commended and we encourage the Council to continue to draw on the learning and challenge from the sector and external expertise.

## **5. Next steps**

We appreciate the Council will want to reflect on these findings and suggestions with the senior managerial and political leadership in order to determine how the organisation wishes to take things forward.

As part of the peer review/challenge process, there is an offer of further activity to support this. The Local Government Association (LGA) is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Helen Murray, Principal Adviser is the main contact between your authority and the LGA. Her contact details are: Tel. 07884 312235 and Email. [helen.murray@local.gov.uk](mailto:helen.murray@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform ongoing consideration.