



Audit & Governance Committee
16 February 2015

Rising to the Challenge: The Evolution of Local Government

Purpose of the report:

To brief the Committee on the findings of Grant Thornton's most recent report on financial resilience in local government.

Recommendations:

It is recommended that the Committee consider the Council's arrangements against the good practice checklist included as Appendix A in the report.

Introduction:

Grant Thornton's report, based on a review of 40% of the sector, assesses whether English local authorities have the arrangements in place to ensure their sustainable financial future. The fourth in an annual series, 'Rising to the challenge – the evolution of local government' has a positive message overall.

Most local authorities have continued to rise to the challenge posed by government funding reductions, supported by an evolution in financial management arrangements over the past four years. However, with austerity challenges facing local government over the medium-term set to continue, authorities must continue to evolve. For those that do not, a financial tipping point is likely to become apparent by 2016. Our report makes suggestions on what still needs to be done for this outcome to be avoided.

Conclusions:

There is reason to be positive about the way that local government has navigated the first period of austerity. But there remains much to be achieved if it is to become sustainable in the long term. Authorities should consider how their:

- medium- to long-term strategy redefines the role of the authority creatively
- operational environment will adapt, working in partnership with other authorities and local organisations
- strategy looks beyond the traditional two- to three-year resource planning horizon

- organisational culture is aligned to where the authority needs to be in the medium to long term
- senior leadership teams – both officers and members – have the necessary skills and capacity to ensure delivery against the medium-term challenges
- corporate governance arrangements ensure effective oversight and scrutiny of the organisation as it adapts to the challenges it faces.

Financial and value for money implications

None

Equalities and Diversity Implications

None

Risk Management Implications

None

Next steps:

None

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Sources/background papers:

None