

Meeting: Council

Date: 31 January 2019

Wards Affected: All

Report Title: Local Government Association Finance Peer Challenge of Torbay Council and resulting action plan

Is the decision a key decision? No

When does the decision need to be implemented? Ongoing implementation of action plan

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1. Proposal and Introduction

- 1.1 The Local Government Association (LGA) was invited by the Council to undertake a Peer Review of the Council's financial position. The review was undertaken in November 2018.
- 1.2 This report makes available the LGA's report and sets out the resulting action plan to address the issues raised.

2. Reason for Proposal and associated financial commitments

- 2.1 To make available the LGA's Finance Peer Challenge Report and to enable the resulting actions to be implemented.
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3. Recommendation(s) / Proposed Decision

- 3.1 That the Local Government Association Finance Peer Challenge Report (as set out at Appendix 1) and the resulting action plan (as set out at Appendix 2) be endorsed.
- 3.2 That the Audit Committee be requested to monitor the implementation of the action plan.

4. Background

- 4.1 The Council has faced year on year challenges to balance its budget in light of challenging demand pressures and significant grant reductions since 2010. A number of approaches and initiatives have been adopted by the Council to manage its spend. However, despite these the Council continues to face unprecedented financial challenges.
- 4.2 The LGA has provided the Council with ongoing support since its Corporate Peer Challenge in 2015. The Council requested the LGA to undertake a narrowly focused Finance Peer Challenge to assist the Council in reviewing its approach to its future financial challenges. The LGA undertook the finance peer challenge of the Council during an on-site visit (7 and 8 November 2018), with a focus on: the Council's current financial position and robustness of its efficiency plan; specific actions to address the financial challenges for the longer term; and all future options to secure the long-term viability of services for the people of Torbay.
- 4.5 At the end of their review, the Peer Challenge Team made a number of recommendations and provided feedback. Overall, the LGA consider that the Council had been very effective to date in managing its spend in the face of grant cuts for which it should be commended, however they recognise the continued financial challenges for the Council. The full LGA Finance Peer Challenge feedback report can be found at Appendix 1. An action plan to respond to the LGA's recommendations has been developed and is attached at Appendix 2.

5. Way Forward and Monitoring

- 5.1 A number of recommendations have been identified by the LGA and an action plan has been developed to ensure these are implemented. It is recommended the Audit Committee provides ongoing monitoring and progress of the action plan, alongside performance and risk reporting.
- 5.2 The LGA will continue to offer support to the Council.

6. Outline of significant key risks

- 6.1 The main risk associated with the report is the failure to consider and respond to the recommendations of the LGA Peer Review Team. This may result in the Council not responding adequately to the financial challenges it faces. The resulting action plan addresses the recommendations by the LGA.

7. Other options

- 7.1 Not to endorse the Local Government Association Finance Peer Challenge Report and resulting action plan – this is not recommended as the action plan will mitigate the risks outlined above.

8. Summary of resource implications

- 8.1 The action plan will assist the Council in meeting its future financial challenges.

9. Consultation

- 9.1 Elected members, senior officers, budget managers and the Council's external auditors contributed towards the Finance Peer Challenge and met with the Peer Challenge Team. The resulting action plan will assist the Council in sustaining its future to secure long-term viability of services for the community.

Appendices

Appendix 1: LGA Finance Peer Challenge Report November 2018

Appendix 2: LGA Finance Peer Challenge 2018 – Action Plan

Background Documents

None