

## Strategic Financial Management

## Appendix 2

Indicators of Success	Potential Problems	WDC Assessment
The council leader and the Chief executive work together to set the Council's direction	No agreed long-term vision for the Council  Lack of support for the corporate direction	Regular 1-1's; appraisal process; joint statements on matters of significant importance; CMT/exec briefings; Regular dialogue; Leadership development work
The Council Leader and Chief Executive are jointly accountable for achievement	Unclear accountability	The organisation and partners see that the CX and Leader work very closely and having a vision and programme of work jointly agreed
The Finance Director (and elected member with lead responsibility for finance) is part of the leadership team.	The finance director is not part of the leadership team	Head of Finance part of Senior Management Team and additionally regularly meets with Corporate Management Team
There is a clear understanding of respective roles, responsibilities and constraints.	Lack of understanding of roles and responsibilities  Little common understanding among officers and members	Members and officers understand their respective roles, and respect each others' position.
<p>The leadership team ensures that:</p> <ul style="list-style-type: none"> <li>• there is regular productive challenge of financial assumptions and direction;</li> <li>• there is open and honest discussion about what is desirable and what is affordable;</li> <li>• responsibility and accountability are clear;</li> <li>• that information is used to make evidence-based decisions and to manage performance;</li> </ul>	<p>The council lacks systems that enable robust and constructive challenge.</p> <p>Internal disputes or interests undermine attempts to plan.</p> <p>Lack of transparency in decision making</p> <p>Lack of understanding of the current financial position and potential future implications</p>	<ul style="list-style-type: none"> <li>• Financial assumptions are challenged by Executive, Finance and Audit Scrutiny Committee, Corporate Management Team and Senior Management Team.</li> <li>• Open discussions take place at all levels and are encouraged.</li> <li>• Members, managers and officers are clear about their responsibilities and accountability.</li> <li>• Emphasis is placed on evidence to inform decision making, especially in systems interventions.</li> <li>• Members and managers understand the financial position and the need to make financial savings.</li> <li>• CMT/Executive regularly meet to discuss strategic matters. CMT regularly have meetings to focus on strategy.</li> </ul>

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<ul style="list-style-type: none"> <li>• leaders understand the current financial position and potential future opportunities and threats; and</li> <li>• there is regular, dedicated time for leaders to focus on the strategy.</li> </ul>	<p>A focus on thinking and operating only in the short term</p>	
<p>The council has adopted a transformational approach. Elected members and council staff work together to achieve such goals.</p> <p>Staff are required and enabled to take collective and individual responsibility for the stewardship of funds and for delivering value for money</p> <p>Elected members and council staff trust one another to act responsibly.</p>	<p>Protectionism of departmental budgets and working practices.</p> <p>Lack of trust, suspicion and internal disagreement on priorities.</p>	<p>Fit For the Future Change Programme adopts systems thinking approach. Executive and SMT work closely together.</p> <p>Following of from the Leadership Development, staff are encouraged to take responsibility and make decisions. Managers take responsibility for their budgets in accordance with the Code of Financial Practice.</p> <p>There is mutual respect and trust between members and officers.</p>
<p>Elected members and council staff are aware of the financial effects of their decisions and actions.</p>	<p>Finance officers work in silos with little regards for wider organisational priorities.</p>	<p>The financial implications of all decisions need to be considered beforehand, with finance officer working with</p>
<p>The leadership team clearly and decisively communicates the long-term financial strategy, the current position, likely challenges and proposed solutions to staff and external stakeholders.</p>	<p>Poor communication of priorities and challenges.</p>	<p>The financial projections are regularly reported to members, officers alongside the budget monitoring. External stakeholders are also informed/consulted as part of the budget consultation process.</p>
<p>Staff understand how their roles contribute to the council's priorities</p>	<p>Officers and members do not know how their roles contribute to the council's priorities</p>	<p>The service planning and appraisal processes ensure staff know how their roles contribute towards the Council's corporate priorities.</p>

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Staff and elected members are supported to develop financial skills and to understand the principles of financial management.	Financial literacy and knowledge is not rooted in the organisation	Appropriate financial training is regularly provided to officers. Financial training is provided to members covering various topics, eg budgets, support services, treasury management, risk management.
The Council Leader and Chief Executive use the strategic priorities and financial position to decide what is practicable in the short, medium and long term.	Departments manage within their own priorities and budgets, without linking to corporate strategy.	Members and officers are expected to consider "One Council". As such, the use of resources should be confirmed by the Executive.
The Council Leader and Chief Executive consider pressures such as demographic change, economic, environmental, legal and social challenges and future affordability when setting the council's strategic priorities.	No consideration of potential future pressures or challenges.	Chief Executive regular considers demographic pressures, notably with regard to demand for growth in the district and the threats/opportunities associated with this. Such pressures are regularly reported on and discussed by the Senior Management Team.
The Council Leader and Chief Executive work with the finance director to ensure that resources are allocated to achieve priorities and deliver value for money.	Resource allocation is incremental, based on past budgets and limited performance information.	Discussed at CMT/Executive meetings. Meetings held of key "finance" members of Executive with CMT and HoF to plan and manage the budget process and allocation of resources.
The strategic priorities drive all council business, from service plans through to the performance objectives of individual staff.  Staff use financial strategies and plans to make financial choices and ensure the delivery of strategic priorities.	Departments follow individual priorities and keep their own reserves.	Service planning and appraisal processes linked to corporate strategy.  Lean systems work ensures all aspects of services add value to customers in accordance with the Council's corporate priorities.
The council produces accurate and detailed long-term (ten years or	Short-term planning within individual departments	Medium term financial projections (5 years) regularly updated and reported to members and officers.

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<p>more) financial strategies and medium-term financial plans.</p> <p>Medium-term financial plans include:</p> <ul style="list-style-type: none"> <li>• outcome measures;</li> <li>• scenario plans;</li> <li>• details of costs and overheads;</li> <li>• comparative benchmarking information to assess costs and performance;</li> <li>• links to other relevant council strategies such as workforce plans; and</li> <li>• details of partnership activities.</li> </ul>	<p>Medium-term financial plans are not reviewed and updated regularly.</p> <p>Realistic scenario planning not present</p> <p>Regular use of reserves to balance budgets</p>	<p>Financial plans link in financial implications of all other strategies and plans.</p>
<p>Elected members and council staff understand why financial information is important.</p>	<p>Officers and members are not prepared to admit knowledge gaps</p>	<p>Members and officers understand the importance of all proposals including the budgetary implications.</p>
<p>Elected members and council staff understand how to use financial information to:</p> <ul style="list-style-type: none"> <li>• make informed decisions; and</li> <li>• review past decisions to ensure that expected financial and performance benefits are realised.</li> </ul>	<p>Lack of transparency in decision making</p>	<p>Financial training is provided to members and officers.</p> <p>Whilst reports are often forward looking, the Finance reports, for example, on budget monitoring and final accounts review past performance.</p>
<p>Elected members and council staff use relevant, high-quality information to make decisions.</p>	<p>Decisions are made without considering all relevant information</p>	<p>Reports for members to make decisions should be understandable, based on the relevant information.</p>
<p>Council staff produce information that is comprehensive, timely and easily understood.</p>	<p>Financial resources are not clearly allocated to corporate priorities.</p>	<p>Detailed timetable for preparation of committee reports, including consultation with relevant officers and other parties. Requirement for reports to be comprehensive in accordance with guidelines</p>

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		issued. Information published (website, printed, press) all aimed at market audience, with advise of the relevant professionals.
As a minimum, financial information includes details of financial trends, suitable benchmarking information, possible scenarios and their likely impact over the short, medium and long term.	Decisions are based on short-term need, with little or no consideration of long-term consequences.	Appropriate financial is presented to aid decision making, including sensitivity analysis, benchmarking (where available) etc.
Financial risk management is an integral part of the council's activities.	All financial risks are given the same attention.	Key financial risks are scrutinised and monitored in greatest detail, notably external income sources for which the Council does not have direct control, eg grant, fees and charges.
Financial plans include the potential impact of corporate and other risks.	Risk registers grow without clear policies on prioritisation or culling.	Risk registered regularly reviewed to ensure are relevant. Financial risks need to be specifically identified, eg as detailed in Budget Report.
The council has anticipated and is mitigating the risks arising from reduced funding and increased demand.	The council does not understand the financial implications of its risks.	Grant reductions were factored into the financial projections since it became apparent this was the likely scenario – projections need to be prudent. The resultant risks have been and continue to be managed.
The council understand the difference between hazard and risk and is risk aware.  Opportunities that carry risk are actively managed.	The council is risk averse rather than risk aware. Risks and opportunities of alternative service delivery mechanisms are misunderstood.	Risk management is actively promoted throughout the organisation.  All projects and services are managed with the risks being specifically identified and monitored.
Scenario plans consider best and worst case options and cover a wide range of financial and social challenges.	Financial risks are managed in the short term.	Sensitivity analysis is used where appropriate in considering the financial projections, services and projects.