

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 14/07/2025

Subject: Finance Peer Challenge findings

Report of: Cllr Rowan Ree, Cabinet Member for Finance and Reform

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Responsible Director: Sukvinder Kalsi, Executive Director, Finance and Corporate Services

SUMMARY

This report sets out the findings from a Finance Peer Challenge (FPC) conducted of the Council in April 2025. The overview presentation and the detailed report is included at Appendix 1 and 2. In summary, the FPC highlighted the following findings with regard to the Council:

- The council has highly visible and effective political and officer leadership
- The council is very ambitious and financially well-run
- The organisation's financial track-record has enabled investment in clear political priorities
- The strong focus on Value for Money and Ruthless Financial Efficiency is led and supported by very capable members and officers
- The council is self-aware and recognises its future financial challenge will require a different response and is continuing to plan for this change
- The council has a strong track-record in both commissioning and contract managing external services – demonstrating its commitment to service improvements and social value
- There are some differing perceptions and understandings of the council's transformation approach and activity across the organisation – there is value from the council articulating its overall approach
- The council's leadership and effective working with public and private sector partners, including on economic growth, has important learning for the wider sector.

The report will be considered by Policy Oversight Board on 16 July 2025 to review and consider the plan to implement the recommendations from the FPC.

RECOMMENDATIONS

1. To note the overview presentation and final report at Appendices 1 and 2 of the Local Government Association Finance Peer Challenge of H&F.

2. To note monitoring the implementation of actions against the recommendations has been referred to the Policy Oversight Board.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	The financial peer challenge final report concluded that strong financial management and planning has allowed the Council to invest in services to support residents to prosper – for example, free Homecare and low council tax levels. Upstream London was identified for its proactive leadership, delivering tangible benefits to the borough and offering valuable learning for the wider local government sector.
Creating a compassionate and inclusive council	The peer team noted that a strong financial track record had allowed H&F to avoid the closure of frontline and valued community services, including those that support creating a compassionate and inclusive council.
Doing things with local residents, not to them	The final report noted the engagement undertaken as part of consultation on the budget and made observations on opportunities to extend this given future financial challenges ahead.
Being ruthlessly financially efficient	The final report found a strong focus amongst members and officers on the RFE value, supported by good financial governance and a culture that recognises the importance of value for money.
Taking pride in H&F	Residents can be proud of the fact that they have a well-run council that is recognised for its exceptional management of its finances by its peers.
Rising to the challenge of the climate and ecological emergency	The peer team reviewed background documentation relating to the Council's financial strategy, including plans in the revenue budget for 2025/26 and four-year capital programme to support action against the Climate and Ecology Strategy, such as the £5m H&F Green Investment scheme, accessing external grants, ecology projects and climate engagement. The peer team noted the Council is very ambitious.

Financial Impact

Any financial impact of the implementation of recommendations from the Finance Peer Challenge will be subject to separate decision reports, although they are not expected to exceed existing budget envelopes.

Alex Pygram, Head of Finance, Finance and Corporate Services, 19th June 2025

Verified by Andre Mark, 19th June 2025

Legal Implications

The recommendations in the action plan all fall within the powers of the Council. The proposals are calculated to better enable the Council to fulfil its general duty under the Local Government Act 1999 to ensure continuous improvement in the way its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

The enhancement of the audit and scrutiny functions are an important means of ensuring sound decision-making and minimising the risk of legal challenges.

John Sharland, Special Projects Lawyer, 18 June 2025

Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

Proposals and Analysis of Options

1. The LGA is the national membership body for local government, of which H&F is a member. The LGA supports sector-led improvement, including corporate, finance and service or topic-based peer reviews.
2. H&F has a long history of independent review of our services and policies. This includes extensive arrangements for the external inspection of Council services; co-producing services with residents, service users and partners; and inviting peer reviews of Council services by local government partners and other experts. In April 2024, H&F invited the LGA to complete a cyber peer review, with positive findings.
3. Finance Peer Challenges (FPC) form part of the LGAs sector-led improvement. They provide a deep scrutiny of financial leadership and planning, looking at the inter-related challenges for local government of ensuring a balanced budget on an annual basis, achieving financial sustainability in the medium term and maintaining financial resilience to external pressures and unforeseen events.
4. In April 2025, an LGA-led peer team completed a FPC of H&F. This was conducted at Council offices over three days between 23 and 25 April 2025. The team completed more than 40 meetings, speaking with over 70 people including the Leader, Deputy Leader, Cabinet Members, member representatives of scrutiny and overview committees, opposition members, senior officers, finance and budget managers and external partners. The peer team also visited the Council's CCTV control room and met with Law Enforcement officers and visited the Upstream Innovation District at Imperial College London.

5. The FPC was led by a team of highly skilled and experienced elected members and officer peers. We are grateful for the significant time they made available for the exercise and their personal commitment to sector improvement. We also thank the Members and external partners that participated over the three days and the LGA for the organisation of the FPC.

Key Findings

6. The FPC explored five core themes:
 - **Financial leadership:** Does the authority have plans for its long-term financial sustainability, which are owned by members and officer leaders?
 - **Financial strategy, planning and forecasting:** Does the authority understand its short, and long-term, financial prospects?
 - **Decision-making:** Are key decisions taken in the understanding of the financial implications, risks and options? Are Audit and Scrutiny effective?
 - **Financial outcomes:** Are financial results (including those of the Council's investments and transformation projects) monitored and acted upon to realise the authority's intentions? Are financial controls robust?
 - **Partnership & innovation:** Is finance at the cutting edge of what the authority is working to achieve, working with partners and seeking innovative approaches?
7. In addition, we asked the peer team to provide feedback on our approach to transformation and commissioning decisions.

Strong Financial Management and Track Record

8. The independent review concluded that H&F is a financially well-managed authority with a strong track record of sound financial planning. The peer team recognised that the Council's consistent focus on its RFE value has enabled it to meet savings targets while funding key political priorities, including maintaining one of the lowest council tax levels in the country.

Capable Leadership and a Culture of Value for Money

9. The review found that financial leadership at H&F is driven by highly capable elected members and officers, supported by a strong culture of political engagement and challenge. The peer team observed a management ethos that places a high value on achieving value for money across all areas of service delivery.

Future-Focused Financial Strategy

10. Looking ahead, the peer team noted that the Council is aware of the evolving nature of its financial challenges. Addressing these will require a strengthened transformation agenda, continued efforts to manage demand growth, and

building on the Council's strong performance in commissioning and contract management of external services.

Effective Partnerships and Innovation

11. The peer team also highlighted H&F's effective collaboration with public and private sector partners. In particular, Upstream London was identified for its proactive leadership, delivering tangible benefits to the borough and offering valuable learning for the wider local government sector.

Recommendations

12. The final report contains seven recommendations:
 - a) Articulate the council's overall approach and strategy for transformation, including its scope and scale, as well as the respective roles of corporate centre and departments
 - b) Identify the capacity and capability needed to support the council's transformation agenda, including whether there should be a dedicated officer and member lead
 - c) Extend the Medium-Term Financial Strategy (MTFS) scenario planning analysis to include optimistic and pessimistic forecasts of future demand pressures
 - d) Progress work to appoint an independent member to the Audit Committee
 - e) Enhance the council's scrutiny and audit functions with regular training and support to members
 - f) Consider the Shared Services arrangements for assurance, treasury and pension functions to ensure they are embedded and meet the needs of the organisation
 - g) Share the learning with the sector from the council's leading-edge work on economic growth 'Upstream London'.
13. An action plan will support the implementation of the recommendations, which has been referred to the Policy Oversight Board for monitoring.

Reasons for Decision

14. The FPC was commissioned to provide deep, independent scrutiny of the Council's financial leadership and planning. The final report and recommendations will support the future development of the Council's budget policy framework. The final report is therefore brought to Cabinet for consideration.

Equality Implications

15. There are no anticipated negative equalities implications arising from the report, which provides the findings of an independent review of the Council's finances.

Matthew Sales, Assistant Director, Assurance, Programmes and Analytics, 16 June 2025.

Risk Management Implications

16. This report presents no determinable risks.

Jules Binney, Risk and Assurance Manager, 23rd June 2025

Climate and Ecological Emergency Implications

17. There are no climate and ecological emergency implications arising from the report.

Matthew Sales, Assistant Director, Assurance, Programmes and Analytics, 16 June 2025.

Consultation

18. No formal consultation has been undertaken on this report.

LIST OF APPENDICES

Appendix 1 – LGA Finance Peer Challenge overview presentation

Appendix 2 – LGA Finance Peer Challenge Final Report