

# **LONDON BOROUGH OF HAMMERSMITH & FULHAM**

**Report to:** Policy and Oversight Board

**Date:** 16/07/2025

**Subject:** Finance Peer Challenge findings

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## **SUMMARY**

This report sets out the findings following 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 was considered by Cabinet on 14 July 2025. The action plan to implement the recommendations from the FPC is brought to Policy and Oversight Board for review and ongoing monitoring.

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## **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 consider the action plan at Appendix 3 to support the implementation of the recommendations, the delivery of which will be monitored by the Policy and Oversight Board.

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&amp;F Values</b>
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, 19<sup>th</sup> June 2025*

*Verified by Andre Mark, 19<sup>th</sup> 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*

## **Risk Management Implications**

This report presents no determinable risks.

*Jules Binney, Risk and Assurance Manager, 23<sup>rd</sup> June 2025*

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## **Background Papers Used in Preparing This Report**

None.

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. The Local Government Association (LGA) is the national membership body representing local authorities across England and Wales, of which H&F is a member. The LGA supports sector-led improvement through a range of peer reviews, including corporate, financial, and service- or topic-specific assessments.
2. H&F has a strong tradition of inviting independent scrutiny of its services and policies. This includes robust arrangements for external inspections, co-production of services with residents, service users, and partners, and peer reviews conducted by local government and other experts. Notably, in April 2024, the Council invited the LGA to undertake a cyber peer review, which yielded positive findings.
3. Finance Peer Challenges (FPC) are a key component of the LGA's sector-led improvement offer. They provide in-depth scrutiny of financial leadership and planning, focusing on the interconnected challenges of delivering a balanced annual budget, achieving medium-term financial sustainability, and maintaining resilience in the face of external pressures and unforeseen events.
4. In April 2025, H&F hosted an LGA-led FPC. The review took place over three days (23–25 April) at Council offices. The peer team conducted over 40

meetings and engaged with more than 70 individuals, including the Leader, Deputy Leader, Cabinet Members, scrutiny and opposition councillors, the Strategic Leadership Team (SLT), senior officers, finance and budget managers, and external partners. The team also visited the Council's CCTV control room, met with Law Enforcement officers, and toured the Upstream Innovation District at Imperial College London.

5. The FPC was delivered by a team of highly experienced elected members and senior officers. We are grateful for the significant time and expertise they dedicated to this process, and for their commitment to sector-wide improvement. We also extend our thanks to all Members, officers, and external partners who participated, and to the LGA for their coordination and support throughout the review.

## 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. They are:
  - 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. The action plan at Appendix 3 will support the implementation of the recommendations and is now presented to the Policy and Oversight Board for review and ongoing monitoring.
14. Good progress is being made with the actions. In respect of the transformation recommendations (a and b above), this will be considered as part of the corporate review of the current Chief Officer structures and posts. The Cabinet Member for Finance and Reform will be the lead member for the Council's transformation agenda. An overview of the cross-Council transformation programmes is intended for a future meeting of Policy and Oversight Board, as well as more detailed reports on individual plans at subsequent meetings.
15. Extending the MTFS scenario planning analysis to include optimistic and pessimistic forecasts of future demand pressures (recommendation c) is scheduled to form part of the next MTFS process. The LGA final report noted strengths in the current shared services arrangements for assurance, treasury and pension functions and a periodic review will be completed by August 2026 (recommendation f).
16. Recruitment of an independent member to Audit Committee (recommendation d) has commenced and will be completed this calendar year. A skills assessment of audit members was completed in May 2025, which is informing future training needs and work programme. Skills analysis of scrutiny members will also be completed to inform ongoing training needs (recommendation e).
17. Finally, sharing learning with the sector on Upstream London is well underway (recommendation g). This was launched on 28 November 2024 at an event at the White City Innovation District attended by academics, residents, representatives from anchor institutions, start-up founders, established businesses and Government minister Baroness Taylor of Stevenage. It will be further delivered upon through international, national, regional and local partnerships, with a future international conference planned at the Civic Campus in 2026.

## **LIST OF APPENDICES**

- Appendix 1 – LGA Finance Peer Challenge overview presentation
- Appendix 2 – LGA Finance Peer Challenge Final Report
- Appendix 3 – Finance Peer Challenge Action Plan