

An aerial photograph of a city park with a large lake, surrounded by dense green trees and traditional-style buildings. In the background, a modern city skyline with several skyscrapers is visible under a sunset sky. A large yellow trapezoidal shape is overlaid on the left side of the image, containing text.

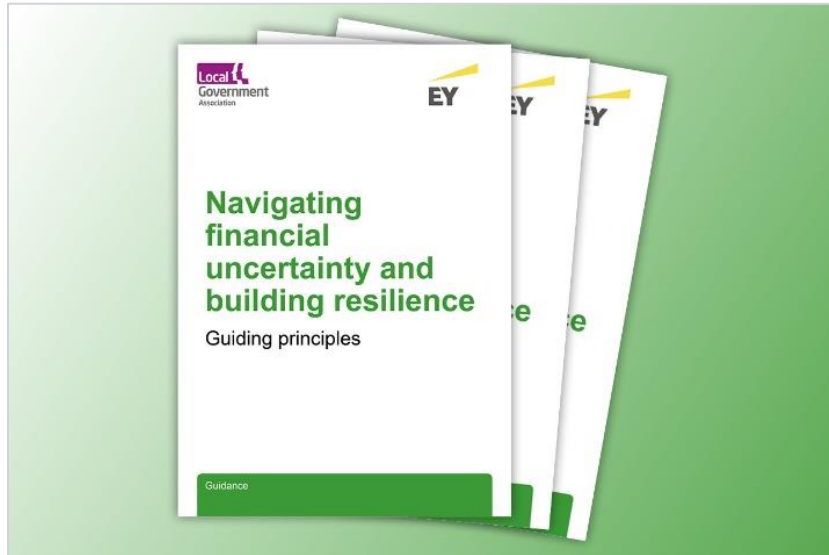
## LGA Conference

Workshop: Steering Clear of the Cliff  
Edge

**23 October 2024**

# Steering Clear of the Cliff Edge

## An Overview

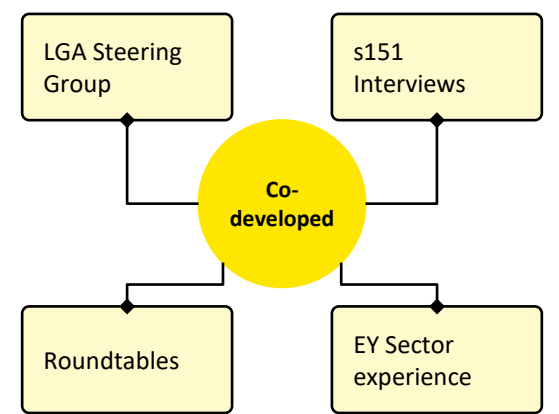


- ▶ A set of guiding principles, co-designed with Section 151 Officers, to support Authorities in navigating financial uncertainty and build resilience.
- ▶ These principles seek to bridge the gap between theory and practice.
- ▶ They provide actionable tools and solutions that can support improved financial stewardship.
- ▶ The guidance builds upon EY's comprehensive sector led expertise engaging with Local Authorities in various states of financial distress.

### What is the guidance focused on?

1. Strategic Financial Planning
2. Empowering finance functions
3. Strengthening financial stability
4. Developing economic stability and sustainable local growth
5. Strategising risk

### How did we develop it?



### Why is the guidance needed?

- A forum for gathering best practice and lessons learnt
- Supporting effective dialogue between Officers and Members
- Renewed focused on the factors attributing to financial uncertainty

### Key Sections – What do they focus on?

#### Section 1 Strategic Financial Planning

Recognising the important role of financial planning in safeguarding local authorities against the impact of a changing economic landscape and a multitude of emerging financial challenges.

#### Section 2 Empowering Finance Functions

Underlining the importance of collaboration between finance and services and ensuring the appropriate skills, experience and resilience within the finance function to navigate financial uncertainty.

#### Section 3 Strengthening Financial Stability

Ensuring medium to longer term risk and resilience is managed, through a focus on capital, investment and the Authority's balance sheet.

#### Section 4 Developing economic stability and sustainable local growth

Building resilience through a focus on place, and the economic ecosystem that an Authority operates within.

#### Section 5 Strategising risk

Emphasising the importance of proactive risk management and strengthened governance and contingency planning to address unforeseen financial events.

### The Principles

#### Section 1 Strategic Financial Planning

- a) Strategic decision making; horizon scanning, scenario planning and financial forecasting.
- b) Aligning financial strategy with the corporate plan
- c) Balancing ambition with practicality in challenging conditions

#### Section 2 Empowering Finance Functions

- a) Being proactive and engaged as a finance team
- b) Ensuring effective relationships between the finance function and services
- c) Using technology to enable financial stewardship

#### Section 3 Strengthening Financial Stability

- a) Building balance sheet resilience
- b) Ensuring grip over capital activity and assets
- c) Managing investment risk

#### Section 4 Developing economic stability and sustainable local growth

- a) Developing place-based growth strategies to secure long-term economic prosperity
- b) Identifying opportunities to manage demand
- c) Cultivating resilience and sustainability in local supply chains

#### Section 5 Strategising risk

- a) Ensuring that risk is effectively identified and assessed
- b) Developing plans to manage and monitor risk
- c) Using contingencies and reserves to manage risk

### The Guidance

#### Section 1 Strategic Financial Planning

a) Strategic decision making; horizon scanning, scenario planning and financial forecasting.

Ensuring various sensitivities and scenarios are considered as part of the financial planning process.

Building and using a suite of financial models to run these scenarios and capture the key assumptions utilised.

Understanding the availability and appropriateness of external and internal data and utilise it for financial modelling.



Effective scenario analysis – **CIPFA Financial Management Code**



Scenario modelling - **The Annual Budget Process (Must Know Guide)**



Data management - Guidance on using different sources of data to support effective modelling

The Guidance

Section 3  
Strengthening Financial Stability

a) Ensuring grip over capital activity and assets

Undertake proactive asset management.

Develop robust capital strategies underpinned by detailed, scenario supported, forecasting.

Foster agile capital viability assessments.

EY Corporate Landlord, Asset Supply and Demand, Estates Strategy - **Asset Management Framework**

EY Capital Strategy Principles

EY Capital Viability Assessment methodology

The Guidance

**Section 4**  
Developing economic stability  
and sustainable local growth

b) Identify opportunities to manage demand.

Provide evidence to inform  
planning of preventative  
services that help reduce  
demand for statutory services.

Support services to identify  
demand management  
strategies across the local  
authority.

Support the development of  
associated saving plans and  
business cases.



The role of the  
Finance Function in  
effectively assessing  
preventative services.



Four key roles for  
Finance to support  
the effective  
management of  
demand.



Developing effective  
savings plans – **CIPFA  
Financial  
Management Code**



### Engage with the guidance

- ▶ Apply the tools and actions aligned to key risks
- ▶ Undertake the health check against existing approaches



### Engage with stakeholders and peers

- ▶ Use the guidance to engage with Officers and Members, to ensure financial resilience is a shared endeavour
- ▶ Discuss with peers different risks and approaches/solutions adopted



### Contribute to the guidance

- ▶ Share insights and expertise aligned to the guidance

Navigating financial  
uncertainty and building  
resilience: Guiding principles  
Local Government Association

Thank you!



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