

Financial Resilience Assessment – December 2021

This assessment has been undertaken using a draft Financial Resilience Toolkit which has been developed for use by Local Government organisations. This toolkit has been developed in the academic sector following extensive research (referenced in the main body of this report) and is being promoted by CIPFA.

The toolkit rates the ability of an organisation to respond to various external shocks (such as COVID 19 and Brexit) that would disrupt the environment in which the organisation operates and impact their financial position.

The toolkit requires respondents to rate organisational performance in a number of areas including:

Perceived Vulnerabilities – the extent to which an organisation has exposure to potential shocks, in this case focussing on financial vulnerability. Local government financial vulnerability can be considered as the result of both external (e.g. dependency on grants, undiversified revenues) as well as internal (e.g. debt financing, reserves) sources.

Anticipatory Capacities – the availability of tools and capabilities that enable organisations to better identify and manage their vulnerabilities and to recognise shocks before they arise, as well as to understand their nature, likelihood, timing, scale and potential impacts.

Coping Capacities – resources and abilities that enable organisations to face shocks and manage their vulnerabilities. ‘Coping Capacities’ also covers the abilities of organisations to adapt quickly, learn and apply new knowledge and collaborate internally and externally.

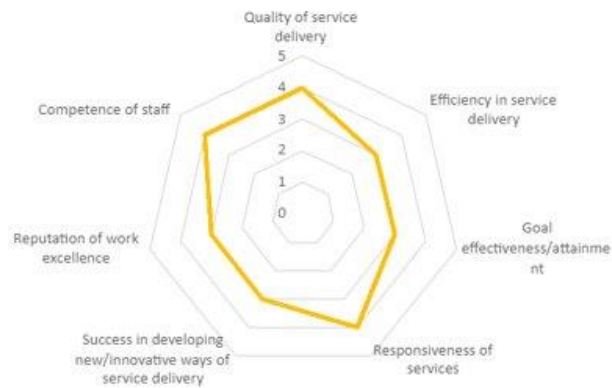
Areas that are scored as “below average” or similar represent areas for improvement. The COVID 19 pandemic response provided some recent evidence for the answers provided.

Area of Toolkit	NNDC Assessment
Organisational Performance	The performance of the organisation was considered “average” when compared to organisations of a similar size and scope, although scored “above average” in the areas of quality of service delivery and responsiveness of services. Feedback from external partners was used to make this assessment.
Perceived Vulnerabilities	<p>The Council is exposed to considerable socio-demographic (for example, an aging population) and extreme weather related vulnerabilities, major infrastructure related vulnerabilities (for example poor road networks and availability of public transport) and moderate vulnerabilities in respect of regulatory constraints, socio-economic factors and other economic factors such as attractiveness of the area to businesses.</p> <p>Elements of financial capacity were considered broadly comparable to other similar authorities, but with vulnerabilities around the capacity to create our own income streams due to the nature of the area that the Council operates in.</p>

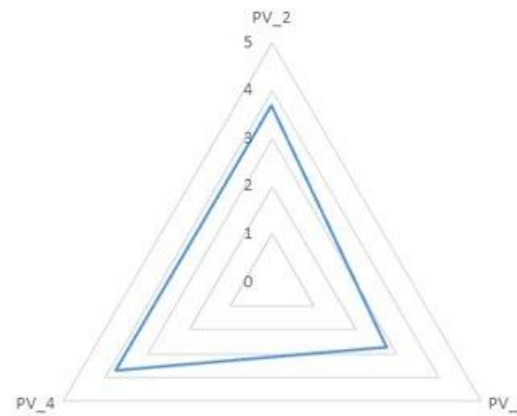
	<p>Although the Council experiences difficulties in balancing its budget each year following the continued reduction in Government funding, it was not considered that this is more of a concern than at other similar authorities.</p>
Anticipatory Capacities	<p>The Council has a good track record of reciprocal information sharing with other local authorities, external service providers and professional bodies.</p> <p>The Council's Corporate Delivery Unit monitor data in order that changes in the socio-economic environment can be tracked. Service Managers monitor changes in the technical and regulatory environments. There is an area identified for improvement around the monitoring of citizens needs and demands.</p> <p>The Council has a robust risk management process which allows risks associated with our vulnerabilities to be identified, along with their probability and scale of impact. The Council ensures that staff are aware of potential disruptions and engages in contingency planning to prepare to potential disruptions.</p> <p>Staff are encouraged to point to potential problems, challenge the way things are done, challenge assumptions and action plans. Staff have access to the information they need to respond to events, and information is shared quickly where required.</p> <p>Political decision makers are aware of the organisations vulnerabilities.</p>
Coping Capacities	<p>In times of crisis, the Council has a good track record of making timely decisions, quickly dealing with conflicts and reconfiguring resources where required. Challenges are dealt with by pooling collective knowledge and expertise and using any resources that may seem useful. Employees are allowed to explore alternative methods of service delivery to ensure that operations are sustained.</p> <p>The Council has built strong relationships with organisations that could support service provision in times of crisis. Collaboration with external partners is embedded.</p> <p>Staff members must be better supported to adapt quickly to changing circumstances.</p> <p>There are areas for improvement regarding the sharing of information and ideas across departments, and making collaborations across the organisation part of 'business as usual' activities.</p>

Following this assessment, the Council's Management and Operational management teams will be tasked with producing an action plan to address any areas for improvement. This will be reported through a new budget monitoring framework or through the Council's existing performance management arrangements where appropriate.

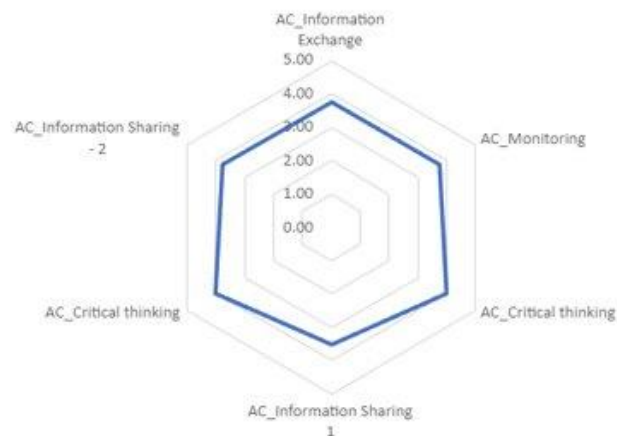
Organisational Performance



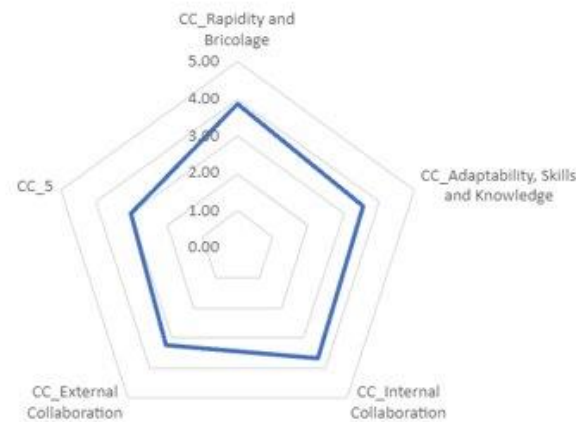
Perceived Vulnerabilities



Anticipatory Capacities



Coping Capacities



Financial Resilience Assessment Results

These diagrams illustrate the comparative strengths and weaknesses of the Council as assessed through the Financial Resilience Toolkit by the Corporate Leadership Team.

Points towards the outer edges of the shapes represent areas of strength, and points towards the middle of the shapes represent areas for improvement.