

Introduction

All organisations need good leadership. But what does good leadership look like for local authorities operating in a complex regulatory environment and when leadership is shared between members and officers?

Local authority leaders need to be strategic, operate with respect for both political and professional view points, set and uphold ethics for the organisation and ensure effective arrangements are in place to manage risk and maximise effective use of resources. There needs to be effective leadership from both senior management and political leaders, creating a robust and collaborative combined leadership team.

Like all organisations, local authorities must respond to changing economic, demographic, social and technological trends. In addition, the political basis of authorities means that national politics as well as local politics will play a part. The environment in which the leadership team must operate is subject to both local and national scrutiny and media reporting which places additional challenges on the decision-making processes of authorities and on the individuals in leadership roles.

The importance of leadership to successfully navigate this complex environment means that authorities should invest in the development of leaders and potential leaders. They should also be open to review and self-assessment in the same way that a company might undertake a board effectiveness review. *Leadership Matters* provides a practical resource to enable local authorities to assess their leadership teams and identify opportunities to improve.

This guidance follows the definition of the leadership team from previous CIPFA publications including *Statement of the Role of the Chief Financial Officer in Local Government (2016)* and *the Financial Management Code (2019)*. It encompasses members charged with making executive decisions and senior officers. For members this includes leaders, elected mayors, portfolio holders with delegated powers and members of executive and other key committees. For officers it includes the head of paid service, the chief financial officer, the monitoring officer and other members of the senior management team.

The success of the leadership team depends critically on the relationship between members and officers. Members will have a political mandate but may have limited understanding of the inner workings of the local authority and its legal and financial framework. Officers will be well versed in the duties and responsibilities of their local authority but must look to elected members to determine the authority's direction, set priorities and take key decisions. This guide explores these dynamics and considers best practice leadership for local authorities across six areas.

1. Purpose and outcomes

- setting clear and agreed aims for the authority and intended outcomes for its services and stakeholders including citizens, local business owners and employees

2. Roles and responsibilities

- gaining clarity over the roles and duties of the leadership team and developing constructive working relationships

3. Ethics and promoting good conduct

- leading and developing a culture that promotes high ethical standards and is supported by robust processes and systems

4. Risk management

- managing strategic risks and setting the tone for effective risk management across the authority

5. Leadership capability

- developing the capability of the leadership team and learning from external review

6. Stakeholder and employee engagement

- creating an environment and processes by which stakeholders and employees provide input, contribute to forward thinking and enable local authorities to improve and develop services.

Each section considers the legal and regulatory background and draws on best practice from both the public and private sector. Each section also sets out success factors for the leadership team and challenge questions to stimulate thinking. We hope that this will provide a useful resource for the leadership team to carry out a self-assessment of its effectiveness or for an external review.

Case studies are used to illustrate key issues. Some of these have been derived directly from public information about specific authorities. For these, the relevant body and source of the information have been provided. Others are based on information that is either not public or is an amalgamation of practices from more than one organisation. These case studies have not been attributed.

Leadership Matters makes frequent references to *Delivering Good Governance in Local Government: Framework* (CIPFA/Solace, 2016). This sets out the principles that local authorities should consider in their approach to governance and provides a structure to test current governance arrangements and develop their approach to developing and improving governance.

CIPFA's mission is to support good public financial management and governance. It publishes standards, guidance and promotes good practice across the fields of governance, financial management, auditing and accounting in local government and beyond. Effective delivery of high standards in these areas requires buy-in and support from across the leadership team, not just from finance professionals. This publication will put the application of professional practice into the context of the wider leadership team, demonstrating how these support the delivery of the authority's outcomes and objectives. The resource, including challenge questions, will help to support all members of the leadership team or those aspiring to be leaders. It also provides a resource to support a self-assessment as part of a wider governance review, audit or improvement plan.

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