



Audit and Risk Management Committee

Date:	Monday, 23 September 2019
Time:	6.00 p.m.
Venue:	Committee Room 1 - Wallasey Town Hall

This meeting will be webcast at
<https://wirral.public-i.tv/core/portal/home>

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

2. MINUTES (Pages 1 - 10)

To approve the accuracy of the minutes of the meeting held on 22 July 2019.

3. STATEMENT OF ACCOUNTS 2018/19 FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND (Pages 11 - 310)

4. CLOSEDOWN PROCESS 2019/20 (Pages 311 - 316)

5. STATEMENT OF REVENUE AND CAPITAL BUDGET POSITION FOR 2019/20 (Q1) (Pages 317 - 330)

6. INTERNAL AUDIT UPDATE REPORT (Pages 331 - 344)

7. CORPORATE RISK MANAGEMENT UPDATE (Pages 345 - 356)

8. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (Pages 357 - 384)

9. PROCUREMENT - USE OF CONTRACT PROCEDURE RULES (Pages 385 - 396)

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AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 22 July 2019

Present: Councillor JE Green (Chair)

Councillors T Anderson K Hodson
K Cannon AER Jones
P Gilchrist S Whittingham
K Greaney

Apologies Councillor G Wood

1 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Councillor Phil Gilchrist declared a personal interest in agenda item 5, 'Chief Internal Auditor's Annual Report and Opinion 2018/19' by virtue of his membership of the Improvement Board for Children's Services which was referenced in the report.

2 APPOINTMENT OF VICE CHAIR

The Chair invited nominations for Vice-Chair.

On a motion by Councillor Adrian Jones, seconded by Councillor Stuart Whittingham, it was –

Resolved – That Councillor Karl Greaney be appointed Vice-Chair of this Committee for the current municipal year.

3 MINUTES

Resolved – That the minutes of the meeting held on 24 April, 2019, be approved.

4 ANY URGENT BUSINESS - AGENDA ITEMS MISSING

Councillor Jeff Green raised the issue of agenda setting and that he had not been consulted on the agenda.

Shaer Halewood, Director of Finance and Investment, confirmed that she was the accountable officer for this committee and that she would be consulting over the agenda in future with the Chair.

Councillor Jeff Green referred to an item discussed at a recent Planning Committee regarding a judicial review and that it had been agreed that the matter be referred to this Committee.

The Principal Committee Services Officer apologised that the referral had not appeared on the agenda and assured the Committee that it would be on the agenda for the September meeting.

Councillor Jeff Green queried why the annual accounts were not on the agenda for this meeting when they were due to be published by 31 July, 2019.

Shaer Halewood informed the Committee that the Council were legally obliged to publish the accounts by 31 July and that they would be. However, the accounts would not be able to be audited by this date mainly due to a very late recent high court decision on pensions within public sector bodies that had impacted on the preparation of the accounts, in that all pension statements had had to be re-evaluated which meant that the pensions note in the accounts had had to be amended, which had to be agreed with the auditors. This was not an issue specific to Wirral and other local authorities were in the same position. She also referred to new technical adjustments which had had to be made to the accounts relating to IFRS9 which also had to be agreed with Grant Thornton. Capacity issues within the team due to sickness and within Grant Thornton's team also had an impact.

Councillor Jeff Green also referred to the lack of quarterly financial monitoring reports as these would impact on the budget set by the Council this year.

Shaer Halewood stated that the quarterly monitoring reports were still being compiled and that this usually took between five to six weeks after the close down of accounts. She confirmed that with Cabinet having responsibility for the budget, the monitoring reports were submitted there first.

Responding to comments from Members on staffing resources within the Finance team, she referred to a restructure which the team was currently undergoing and that during this period some vacancies were being held over. The senior officer, who had responsibility for closing off the accounts, who had been off on long term sickness too had returned to work now and she assured the Committee that within the next few months the team would be back to full capacity and these capacity issues would be covered in the future.

A Member commented that at a recent Leaders' meeting it was mentioned that all political group leaders needed to be kept apprised of the latest

financial situation as and when issues with the budget might occur so that measures could be taken in an expeditious manner.

Councillor Jeff Green commented that he would speak to the Leader of the Council as he knew he wanted to work in a more open and transparent manner to see if the previous Leader's ruling that financial reports had to go to Cabinet before any other Committee still applied and if necessary he could ask Councillor Ian Lewis to raise this at the Leaders' Group. He also stated that if there were issues which needed to be discussed he would be happy to have additional meetings.

In response to Members' comments Shaer Halewood confirmed that the role of Cabinet was to manage and monitor the budget and if Cabinet wanted these reports to go to another committee before that that was within their remit. There was now a lot more pre-scrutiny prior to reports going to Cabinet. With regard to monitoring reports going to overview and scrutiny committees, because of the timescales this would now happen in the September cycle of meetings but she would be happy to discuss with the Leader for information to be shared with scrutiny Members over the summer.

Councillor Jeff Green then raised the issue of re-assurance and assurance in that Members were often re-assured that everything was alright through performance indicators and such like but actual assurance was lacking. He referred to the 2017 Ofsted inspection and a more recent session around the planning function in which the Local Government Association had found serious issues. It appeared that the Council was in the position of always having to respond to judgements of poor performance and then react.

Councillor Jeff Green suggested that the Committee should have a table of legal requirements which set out how the Council were complying with these and the Council's performance and this received agreement from the Committee.

Shaer Halewood confirmed that this was indeed within the Committee's remit and then sought clarification on whether or not a special meeting of the Committee was to be arranged to look at the accounts. She confirmed that the only formal requirement of the Committee was to sign off the final audited accounts. The accounts had to be published by 31 July, 2019, and they would be subject to audit. There was no legal requirement to publish audited accounts as long as the Council provided a statement to say why they had not been audited.

Shaer Halewood also explained why last year they had been able to come to this Committee in July, and, for all the reasons already explained, why this had not been possible this year. For those reasons also a 'letter of representation' had not been able to be produced which would state that all the relevant policies and procedures had been complied with. This would be

produced at the September meeting along with the audited accounts unless the Committee requested a special meeting in advance of this.

A Member suggested that provided all legal requirements are complied with the accounts should come back to a meeting in September as traditionally Members and officers took their holidays during the month of August.

Responding to comments on staffing shortages with the Finance Team, Shaer Halewood confirmed that two members of staff had been off sick, one of whom was a very experienced member of staff, very involved in the preparation of the accounts. Two vacancies were also being carried by the team, so 4 out of a team of 40 staff were missing and this combined with the additional volume of transactions and very technical accounting changes had led to the lateness in producing the accounts. She did acknowledge that even with a full complement of staff, because of these issues and the late high court judgement, it was probably unlikely that the accounts would have been signed off. With regard to other authorities she confirmed that some colleagues from other local authorities had informed her that they would not have their accounts available for sign off by 31 July too. With a restructure taking place across the finance teams, more capacity would be in place for more generic working and if members of staff were off sick in future years other officers would be able to pick this work up.

Councillor Jeff Green suggested that when the reports did come to the Committee in September, there should be a report setting out what had been undertaken by the Finance department to ensure that this did not happen again.

In response to a Member's comment, the representative of the Director of Governance and Assurance informed the Committee that it was at the Chair's discretion to agree any items of urgent business and that the Committee had felt that these issues were urgent.

Following a lengthy discussion, Shaer Halewood confirmed to the Committee a number of actions which had been agreed, as follows:

- A referral from the Planning Committee on a judicial report to come to the September meeting.
- The Statement of Accounts to come to the September meeting.
- A table to show the legal requirements of the Council and from a governance perspective for the Committee to know whether or not these were being complied with.
- A report to Committee to provide assurance on how the closure of accounts process would be more effective in the future to ensure that the accounts would come to Committee within the timescales next year.

5 INTERNAL AUDIT UPDATE

The Chief Internal Auditor, Mark Niblock, introduced his report which identified and evaluated the performance of the Internal Audit Section and included four items of note arising from the actual work undertaken during the period 1 April to 30 June, 2019. The items of note were:

- Monthly verification assessments of Troubled Families claims
- Increasing the utilisation of Procurement Cards within Children's Services
- Wirral Growth Company
- ICT Audit

and he gave details of audit work undertaken in these areas and identified how any actions arising were being addressed by officers.

In response to Members' questions Mark Niblock commented that the percentage delivery of internal audit plans, 10 from a target of 90, was a target for the year and he would look at how this was presented for future reports. With regard to savings within Children's Services following an audit of petty cash holdings which had led to an increase in the use of P (Purchasing) cards he would need to find this information from Children's Services.

The Director of Finance and Investment, Shaer Halewood, confirmed that within the 2019/20 budget there were savings for Children's Services which would come out of a restructure and these innovative changes to processes would contribute to the savings.

Resolved – That the report be noted.

6 CHIEF INTERNAL AUDITORS ANNUAL REPORT AND OPINION 2018/19

The Chief Internal Auditor, Mark Niblock, introduced his Annual report for 2018/19 which provided an overall opinion as to the effectiveness of the Council's control environment. He directed the Committee's attention to Sections 4 and 5 of the report that set out the Audit Outcomes for 2018/19 and the Effectiveness of Internal Audit for the same period. He stated that his overall opinion was that:

"On the basis of our programme of work for the year, I can provide good assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently.

However, some weaknesses in the design and inconsistent application of controls may put the achievement of some objectives at risk. The key governance, risk and internal control issues of which the Chief Internal Auditor

was made aware during the year and that impact the overall opinion are included within sections 3 and 4 of this report.”

Responding to comments from Members, Mark Niblock stated that everything in his report had been brought to the attention of individual chief officers. Actions arising from the report had been, or were in the process of being addressed. This committee had also had oversight of all the actions required from individual reports throughout the year. There were some issues which were carried over from 2018/19 into 2019/20, such as work on the Local Plan and financial resilience, nothing as such remained outstanding as work to address these issues was being undertaken within timescales. The Committee was kept informed through reports and also bi-monthly reports sent out to all committee members. He also met with the Chief Executive on a regular bi-monthly basis and discussions were held with the senior leadership team.

Councillor Jeff Green stated that he was still not clear what the Chief Executive had said when the report was presented to him but he would find a way to ascertain his views on this.

In response to further comments, Mark Niblock, provided clarity on the opinions expressed in his report and the negligible, minor, moderate and major risks referred to. The 2018/19 risks referred to in the ‘pie chart’ would be different to those in 2017/18. He responded to comments in respect of one of the Council’s core financial systems, the Client Finance Support Unit, which was the only one to be rated as a major risk.

The Director of Finance and Investment, Shaer Halewood, further remarked that this related to personal client finances and court appointeeships made to look after the finances of vulnerable people. She assured the Committee that there was no suggestion of financial mismanagement but rather about the processes that were being applied to manage the client finances. She also commented that she had been in regular contact with the Office of the Public Guardian and they were due to make an inspection to Wirral.

Councillor Jeff Green agreed with a Member the need for a more detailed report in respect of the personal client finances and what had been found and what was the action plan in place as the information needed to be sufficient for the Committee to have assurance.

In response to more comments, Mark Niblock stated that all risks identified in his report as being of moderate risk, such as ‘Friends of Royden Park’, ‘Mosslands School’ or ‘Payments to Forge House Associates Ltd’ were there for a reason such as the potential for financial issues to arise or reputational damage to occur to the organisation. There were a number of factors that were considered when determining what was of moderate risk, he acknowledged that this was a very subjective opinion but taken by

experienced auditors. He also assured the Committee of his and his team's independence operating with 100% freedom from the Director of Finance and Investment and the Chief Executive. They operated under a code of ethics as laid down by the Chartered Institute of Internal Auditors. Additionally, in 2018/19 the team had been externally assessed against the public sector internal audit standards and found to have been fully compliant in all areas.

He further stated that there would be a number of items which would move up and down between the categories and the bi-monthly report to Committee members did show the direction of travel.

Councillor Jeff Green suggested and it was agreed that a briefing for the Chair, Vice-Chair and Spokespersons could be held every two months or so to discuss the Chief Internal Auditor's findings and opinions on key areas of the Council's activity.

Mark Niblock also agreed to arrange a training session for all the Committee members. He could train Members on their role on the Committee as well as anything else which Members might specifically request.

Resolved – That the report be noted.

At this point the Chair introduced Iain Miles who had joined Mark Niblock's team as Audit Manager.

7 **UPDATE OF THE CORPORATE RISK REGISTER**

The Director of Finance and Investment, Shaer Halewood, introduced the quarterly report which updated the Committee on the Corporate Risk Register. An improved focus on its most critical risks was a key component of the enhancements to arrangements for managing risk which the Council was working to embed. Ensuring that the leadership had a clear shared and current understanding of those risks was fundamental to that aim. The report provided an update in relation to the arrangements that underpinned the corporate risk register and a copy of the current version of the register was appended to the report.

Each project had its own risk register as well as each directorate for which there was a directorate risk support group, this group then provided a report to the Corporate Governance Group and update to the Senior Leadership Team (SLT). There had been two changes, these were in respect of the risk scores that were required, since the register was reported to the 11 March, 2019 Committee as follows:

Risk 7 - Governance – in recognition of the existing mitigations that now included improved overall internal governance procedures, incorporating a revised Code of Corporate Governance and Annual Governance Statement

and involving improved reporting and monitoring, it was acknowledged that the likelihood of the risk arising had actually reduced from 3 to 2, resulting in an overall risk score reduction from 16 to 12;

Risk 14 – Health & Safety – after further consideration of the potential significance of the threat posed by this risk, it was felt that the unmanaged score should have been 16 rather than 12. Given the actual mitigations currently in place there was no actual change to the current risk score of 12.

Councillor Jeff Green referred to the risk register which had been compiled by a sub group of the Committee. He suggested that a sub group of the committee itself should look at the risks and see if it needed to be refreshed with any new risks being added.

Councillor Jeff Green also referred to the terms of reference for the Committee and whether or not they were fully aligned with the risk management approach, having recently seen Kent County Council's which were heavily stacked around risk. He also suggested that the Committee could take advantage of the Zurich Insurance Group funds available for training.

Members also referred to the need to see more detail and the direction of travel for risks within the report. With regard to the Local Plan risk item, planned additional mitigation could include the work on brownfield sites and their potential for housing developments.

Responding to comments from Members, Shaer Halewood assured the Committee that all the SLT members as well as risk owners had had training. The risks were discussed on a monthly basis and refreshed by the risk support group. She also referred to a number of risks that would be green or at the lower end of amber but the report before the committee only showed the most significant ones which were important for the committee to discuss. All the risks, including those rated green, could be discussed at the sub group meeting.

Resolved – That the report be noted.

8 **CORPORATE RISK - DEEP DIVE**

Shaer Halewood, Director of Finance and Investment, introduced a report which took an in-depth look at Financial Resilience, one of the risks on the risk register, which had been selected to reflect the current uncertain state of public sector finances.

The committee had agreed to take a deep dive look into one of the risks at each committee to test whether the risk was relevant and valid and whether the mitigations provided the Committee with the assurance that the risk was

being managed. The deep dive would look at each risk sequentially, however, committee were encouraged to select the risk to be the subject of a deep dive at each committee depending on the current landscape. She gave details of the existing controls in place and the planned additional controls in respect of this risk.

In response to comments from Members, Shaer Halewood, stated that the Finance and Income Portfolio Board was not a decision making body but rather a challenge session. The Board called in other portfolio holders to ascertain whether or not their individual budgets were on track, that they were not overspending and they were providing value for money and holding their corporate directors to account. With regard to business rates, these were referred to in the Medium Term Financial Strategy (MTFS) and how the Council intended to generate income from an increase in business rates. This would also be seen in the work of the Wirral Growth Company. She stated that there were probably up to a hundred different things that were in place to mitigate the financial resilience risk. This year there was a specific focus on income generation from growth and business rates within the MTFS.

Councillor Jeff Green stressed the need to do more for economic regeneration and increasing business activity to achieve increased business rates and that it should appear as separate mitigation for this particular risk.

Responding to further comments, Shaer Halewood stated that with regard to community wealth building a mapping exercise was being undertaken as to Wirral's economic activity, the supply chain and how much Wirral spent out of the area. An action plan for financial resilience was in place 18 months ago and all the different strands covering this had now been combined into one document in the MTFS which was regularly updated. She also confirmed that for future 'deep dive' reports, the particular risk owner would be present to answer questions as she had been for this particular risk. The selection of risks for future reports could be delegated to the risk subgroup.

Members suggested that for future reports there should also be more detail and a clearer indication of how mitigating controls were working.

Resolved – That the report be noted.

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**Audit and Risk Management Committee
Monday, 23 September 2019**

REPORT TITLE:	STATEMENT OF ACCOUNTS 2018/19 FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND
REPORT OF:	Director of Finance & Investment (S151)

REPORT SUMMARY

The Council’s Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee.

The draft Statement of Accounts for 2018/19 was initially published on 31 May 2019, followed by an updated version on 31 July 2019, which includes:

- Additional pension fund liabilities, following a recent court ruling on the McCloud & Sargeant case;
- Changes to the accounting treatment of the Minimum Revenue Provision (MRP); and
- Additional disclosures to reflect the impact of IFRS 15 ‘Revenue from Contracts with Customers’ and IFRS 9 ‘Financial Instruments’.

Further details of these changes are included in the Accounts Publication Notice (Appendix 1). This document was published with the draft Statement of Accounts on 31 July 2019, to meet the Council’s statutory obligation to disclose the reasons for the external Auditors - Grant Thornton LLP - being unable to complete their audit by this date.

Recent statistics published by the Public Sector Audit Appointments Limited (PSAA) confirm that 40% of Local Authority audits had not concluded by the target date of 31 July.

The latest Accounts of Wirral Council have however now been subject to audit and Grant Thornton LLP will present their Audit Findings Report (AFR), together with any additional update, to this meeting.

The Committee is asked to:

- Consider the audit findings of Grant Thornton (Appendix 2) and agree any actions for 2019/20;
- Approve the Statement of Accounts for 2018/19 (Appendix 3); and
- Agree the Letter of Representation (Appendix 4).

This will enable the Council to comply with its statutory obligation to publish the Statement of Accounts - which includes the Annual Governance Statement, Narrative Statement and Audit Opinion – as soon as reasonably practicable after receipt of the Audit Findings Report.

The Statement of Accounts includes the Merseyside Pension Fund (MPF) Accounts, as Wirral Council is the Administering Authority for MPF. As the MPF receives a separate Audit Findings Report (Appendix 5), this has to be considered by the Pensions Committee (Appendix 6 & 7) and also this Committee as part of approving the Accounts.

RECOMMENDATION/S

The Audit and Risk Management Committee is requested to:

- i. Consider the Audit Findings Report presented by Grant Thornton, agreeing the actions taken over the amendments to the Statement of Accounts referenced in Section 3.
- ii. Consider and approve the Statement of Accounts for 2018/19 as presenting a true and fair view of the Council's income and expenditure for the year and its overall financial position; and
- iii. Agree for the Chair and Director of Finance and Investment (S151) to sign and date the Letter of Representation.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.0 The Audit & Risk Management Committee has responsibility for approving the Statement of Accounts on behalf of the Council, which is a requirement under the Accounts and Audit Regulations 2015.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Statement of Accounts has to be produced in accordance with statutory guidance. The Statement is subject to review by the appointed Auditor and must be published by 31 July each year. If the audit has not concluded by 31 July – as was the case this year - the Council is required to publish the reasons for this under Section 10.2a of the Regulations. (See Appendix 1).

3.0 BACKGROUND INFORMATION

- 3.1 The purpose of the Statement of Accounts is to present the overall financial position of the Council at 31 March 2019 in accordance with prescribed guidance – the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This Code is updated annually and specifies the accounting principles and practices required to prepare a Statement of Accounts which present a true and fair view of the financial position.
- 3.2 The Accounts and Audit Regulations 2015 require that the Council produces a Statement of Accounts for each year which meets set requirements. The Regulations 2015 state that the Accounts must be approved by an appropriate Committee by 31 July - subject to the external audit being completed by that date. Where the audit has not concluded, the Council is required to publish the reasons for this and to publish the Accounts as soon as reasonably practicable after the issue of the Audit Findings Report.
- 3.3 The Director of Finance and Investment, as Section 151 Officer, certified the initial draft Accounts by 31 May 2019, in line with the statutory deadline, and certified the updated version issued on 31 July, following the changes highlighted in Appendix 1. On both of these dates, the latest draft Statement of Accounts was made publicly available to meet statutory deadlines.
- 3.4 The Accounts published at 31 July 2019 have been subject to audit. Under National Audit Commission audit arrangements for Local Government, Grant Thornton UK LLP (as the Council's appointed external auditor,) report on the financial statements and also on the Value for Money conclusion, as documented within the Audit Findings Report.

3.5 The Director of Finance and Investment is required to re-certify the presentation of the Statement of Accounts. The Regulations require the Accounts to be considered and approved by Members prior to final publication. For Wirral Council, this role is for this Committee. The Accounts must also be signed and dated by the Chair of this Committee prior to their publication on the Council website, with any certificate, opinion, or report issued, by Grant Thornton LLP.

3.6 AMENDMENTS TO THE STATEMENT OF ACCOUNTS

3.6.1 Amendments to the financial statements requested by Grant Thornton are detailed in the Audit Findings Report. The Committee is asked to consider whether or not they agree to the amendments which have been agreed by officers. All changes (including presentational changes post initial publication) are set out in Appendix 8.

3.6.2 The Statement of Accounts 2018/19 is included in Appendix 3 and reflects the comments made by the Auditors up to Thursday 5 September 2019 and includes the MPF Accounts, as considered by Pensions Committee on 16 July 2019 (Appendix 6). At the time of circulating this report no further changes are expected to be required.

3.6.3 The Committee will be updated at the meeting of any further audit work, findings and alterations to the Statement of Accounts as the audit process continues until issue of the Audit Opinion.

3.7 AUDITOR'S REPORT AND OPINION

3.7.1 The Audit Opinion will be issued following the Committee's consideration of the Audit Findings Report (Appendix 2), approval of any amendments to the Statement of Accounts (Appendix 3) and agreement of the Letter of Representation (Appendix 4).

3.7.2 The Auditor's Opinion will be incorporated within the final version of the Statement of Accounts for publication as soon as reasonably practicable after this meeting. An unqualified opinion on the Accounts for 2018/19 is anticipated. There are no anticipated changes to the financial position as reported to the Cabinet on 16 July 2019.

3.7.3 The Closure of Accounts is a key part of the Council's financial management processes and requires the input of substantial resources across the Council. This is necessary to deliver a smooth final Accounts process and to allow Grant Thornton to carry out its audit within agreed timescales.

3.7.4 Grant Thornton received the Statements and supporting working papers in accordance with the required deadlines. However competing pressures within the Finance and Investment Division remain, as capacity is limited. The absence of key team members due to sick leave, coupled with a number of vacancies within the team, contributed to the close down activity being a major challenge this year for an already under-resourced team. The planned restructure of the Finance team is however expected to address this issue going forward.

3.7.5 Grant Thornton have also experienced significant resourcing issues this year which have contributed to a delay in completing the audit. Recent statistics published by the Public Sector Audit Appointments Limited (PSAA) confirm that 40% of Local Authority audits had not concluded by the target date of 31 July.

3.7.6 The deadlines for the Statement of Accounts for 2018/19 have remained in line with 2017/18, when the timescales for completing the audit were significantly reduced. The S151 Officer must ordinarily certify and issue the Accounts by 31 May (brought forward from 30 June), with the Accounts approved and published following audit by 31 July (brought forward from 30 September). However, the unprecedented level of issues experienced this year - as outlined in Appendix 1 – resulted in significant late changes to the Accounts, for which the reduced timetable makes no allowance.

3.8 LETTER OF REPRESENTATION

3.8.1 The Letter of Representation is presented for agreement by this Committee, with a draft letter included as Appendix 4 to this report.

3.9 ANNUAL GOVERNANCE STATEMENT (AGS)

3.9.1 The Annual Governance Statement has, as in previous years been prepared in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government 2016 Framework and Guidance and is evidenced from the following sources:

- Review of the key governance processes in place;
- Collation and review of Chief Officers and Managers Assurance Statements; and
- Review of reports by external review agencies.

3.9.2 The Annual Governance Statement 2018/19 covers the period from 1 April 2018 to 31 March 2019 and therefore any significant governance issues identified are those which have occurred during this period.

3.9.3 Significant progress has been made by the Council this year in the management of remedial actions to address the Ofsted Improvement Notice issue, as included in the 2017/18 Annual Governance Statement. Following an inspection by Ofsted of Children's Services in 2016, an Improvement Notice was issued by the Secretary of State for Education on the 30th September 2016. In July 2019, Ofsted conducted a further inspection, the outcome of which has been positive, and the service is no longer judged to be inadequate. The inspectors have confirmed that the Council is now out of intervention and the next steps to achieve a status of 'good' have been outlined.

3.9.4 The Council's Audit and Risk Management Committee and Corporate Governance Group will continue to receive regular reports during 2019/20 on progress being made to address the governance issues included in this year's report. These include ongoing activity in relation to Ofsted, financial resilience, development and regeneration plans, Local Plan delivery and tree maintenance.

4.0 FINANCIAL IMPLICATIONS

4.1 The amendments to the Statement of Accounts 2018/19 have not changed the level of General Fund balance or reserves and provisions at 31 March 2019 which remain as reported to the Cabinet on 16 July 2019.

5.0 LEGAL IMPLICATIONS

5.1 It is a legal requirement to publish the Statement of Accounts. This would ordinarily be completed by 31 July each year, subject to completion of the audit. If the audit has not concluded by 31 July, as is the case this year, the Council is required to publish the reasons for this under Section 10.2a of the Regulations (Appendix 1) and to issue the audited Statement of Accounts as soon as reasonably practicable after the issue of the Audit Opinion.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none arising directly from this report. Constraints within the current Finance team are however being addressed as part of the planned Finance Restructure.

7.0 RELEVANT RISKS

7.1 If any concerns identified by Grant Thornton are not addressed by the Council then there are risks that the Council will not be able to meet its statutory requirements in respect of the Statement of Accounts as well as impacting upon Value for Money and Financial Resilience of the Council.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation in respect of this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising directly from this report.

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APPENDICES

APPENDIX 1 - Accounts Publication Notice 2018/19

APPENDIX 2 - Grant Thornton Audit Findings Report (AFR) for Wirral Council

APPENDIX 3 – Wirral Council Statement of Accounts 2018/19

APPENDIX 4 - Wirral Council Letter of Representation 2018/19

APPENDIX 5 - Merseyside Pension Fund: Audit Findings Report (AFR) 2018/19

APPENDIX 6 - Merseyside Pension Fund: Pensions Committee Meeting Minutes

APPENDIX 7 - Merseyside Pension Fund: Letter of Representation 2018/19

APPENDIX 8 - Post publication changes to the Statement of Accounts 2018/19

BACKGROUND PAPERS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	23 July 2018
- Wirral Council Statement of Accounts 2017/18	
- Grant Thornton Audit Findings Report - Wirral Council 2017/18	
- Merseyside Pension Fund Accounts 2017/18	
- Grant Thornton Audit Findings Report - Merseyside Pension Fund 2017/18	
Audit & Risk Management Committee	22 July 2019
- Notification of external audit delay & agreement to defer the Accounts to 23 September meeting	
Pension Committee	16 July 2019
- Merseyside Pension Fund Accounts 2018/19	
- Grant Thornton Audit Findings Report - Merseyside Pension Fund 2018/19	
Pension Committee	16 July 2018
- Merseyside Pension Fund Accounts 2017/18	
- Grant Thornton Audit Findings Report - Merseyside Pension Fund 2017/18	

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APPENDIX 1

ACCOUNTS AND AUDIT (ENGLAND & WALES) REGULATIONS 2015 NOTICE

Publication of accounts

Under section 10 of the Accounts and Audit Regulations 2015, the Council is required to publish its annual Statement of Accounts by 31 July each year.

The Statement of Accounts includes the Council's Annual Governance Statement and Narrative Statement and any audit opinion given by the external auditors at this date.

If the audit has not concluded by 31 July, the Council is required to publish the reasons for this under Section 10.2a of the Regulations.

18/19 Statement of Accounts

Due to circumstances beyond the control of both the Council and external auditors, Grant Thornton, the audit of the accounts for the year ended 31 March 2019 has not concluded in time to meet the 31 July publication date.

The key reasons for this are as follows:

- **A recent court ruling on pension liabilities (McCloud)**

In December 2018, the Court of Appeal ruled that there was age discrimination in the Firefighter unfunded pension schemes and the Judicial pension arrangements – following two linked cases (McCloud and Sargeant, often referred to as the McCloud case).

The Court held that the transitional protections granted to older members, when the reformed schemes were introduced in 2015, constituted unlawful age discrimination – a decision which could have implications for other public sector schemes, including the Local Government Pension Scheme operated for Wirral Council by the Merseyside Pension Fund.

The Government applied to the Supreme Court for permission to appeal but this appeal was rejected on 27 June 2019.

Following this decision, the Council had to request revised actuarial calculations and adjust its accounts to reflect the impact of the court ruling. These adjustments remain subject to audit by Grant Thornton.

- **Minimum Revenue Provision (MRP) accounting**

All Local Authorities are required to set aside a prudent provision (a Minimum Revenue Provision) each year for in respect of their Capital Financing Requirement.

Independent advice received by the Council – based on changes in legislation - indicates a potential overprovision in previous years, which the Council is in agreement with.

However, following discussions with the external auditors, the accounting treatment of this overprovision in the 18/19 Statement of Accounts is no longer considered appropriate. Adjustments made in the accounts – which included creation of a Debt Reprofitting Reserve for the overprovision – have been removed from the latest draft accounts. These changes remain subject to audit by Grant Thornton.

- **Accounting standard changes**

Changes in accounting standards this year - IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' - have impacted on the Statement of Accounts to a greater extent than technical changes experienced in previous years. The combined impact of this and the points raised above has placed greater demand on limited resources in both the Council and Grant Thornton.

Summary

As at 31 July 2019, the Council's external auditor, Grant Thornton, has not yet concluded the audit. The Council is continuing to work closely with the audit team as they complete their work.

In line with the Accounts and Audit Regulations 2015, the Council has published a set of draft accounts. The Council will publish the final Statement of Accounts as soon as the audit is concluded, and the Audit Report issued.

The Audit Findings for Wirral Council

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY

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Year ended 31 March 2019
12 September 2019



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Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Wirral Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:

- give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our final accounts audit work was completed on site during June, July and August 2019 and is now substantially complete. Our findings are summarised on pages 5 to 16.

The initial draft accounts were published at the end of May 2019 in line with statutory timetable. A number of adjustments and amendments have been agreed to the original draft financial statements which result in an increase in expenditure of £11.096m in the Council's Comprehensive Income and Expenditure Statement. In addition the Council has reversed an incorrect entry to its Minimum Revenue Provision calculation which has the effect of reducing the level of available revenue reserves by approximately £25.98m from that disclosed in the initial draft accounts. The agreed adjustments are summarised in Appendix C and further details are included within the Council's covering report.

There is scope to improve the Council's arrangements for preparing its financial statements going forward. We have raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the resolution of the following outstanding matters:

- receipt of management representation letter
- updating our post balance sheet events review, to the date of signing the opinion, and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Merseyside Pension Fund

We also anticipate providing an unqualified opinion on Merseyside Pension Fund's financial statements. The findings from the Pension Fund audit are set out in a separate report which has also been presented to the Pensions Committee.

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Wirral Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Council's value for money arrangements. The Council continues to face a challenging financial position however it has made progress in addressing the challenges faced. Detailed savings proposals by portfolio were agreed to achieve savings of £45m in 2019/20 and there is a significantly reduced reliance on one-offs including the planned use of reserves.

Since OFSTED rated the Council's Children's services as inadequate in 2016, the Council has demonstrated a steady improvement in the service provided as indicated in the OFSTED monitoring reports for 2018/19. The September 2018 report stated 'The quality of social work practice in each case was effective and making a difference'.

OFSTED carried out a full re-inspection of the Council's Children's Services in June 2019 which has resulted in a rating of 'Requires Improvement'. The report confirms that improvements have been made and a better service for children is being delivered. Not all areas have improved at the same pace but the report acknowledges that the Council has clear plans to address these areas.

We have concluded that Wirral Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 17 to 20.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We do not expect to be able to certify the conclusion of the audit as we are yet to complete our consideration of an objection we received in relation to the Council's Lender Option Borrowing Option borrowing. We have also received a new objection relating the Council's 2018/19 accounts and there have been questions received at audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit plan, as communicated to you on 11 March 2019.

The Financial Reporting Council (FRC) is responsible for reviewing and assessing the quality of local public audit work undertaken by Grant Thornton and the other audit firms. In response to the latest feedback from the FRC on local public audit work we have updated and refined our approach to the audit of PPE and Pensions Liabilities, which has resulted in additional audit procedures being undertaken. We have included fee adjustments to cover these additional procedures which are set out at page 28 of this report.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk Management Committee meeting on 23 September 2019, as detailed in Appendix E. These outstanding items include:

- updating our post-balance sheet events review, to the date of signing the opinion
- final Engagement Lead and Review Partner review of the audit working papers.
- receipt of management representation letter; and
- review of the final set of financial statements.

Summary

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Wirral Council.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	£12.986m	<ul style="list-style-type: none"> Considered to be the level above which users of the accounts would wish to be aware of misstatements in the context of overall expenditure.
Performance materiality	£9.740m	<ul style="list-style-type: none"> Assessed as 75% of Financial Statement materiality.
Trivial matters	£0.649m	<ul style="list-style-type: none"> ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.
Materiality for specific transactions, balances or disclosures	£20k 1.8%	<ul style="list-style-type: none"> Senior Officer Remuneration disclosures given the potential public interest in these figures. Related Party Transactions due to potential public interest. We will review any unusual transactions.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

1

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk that the revenue cycle includes fraudulent transactions can be rebutted because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited because there is a high degree of predictability in the main revenue streams
- the culture and ethical frameworks of local authorities, including Wirral Council, mean that all forms of fraud are seen as unacceptable.

This determination remains the same as reported in our Audit Plan and therefore we do not consider this to be a significant risk for Wirral Council.

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Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and as part of the closedown process for appropriateness and corroboration
- gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness.
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work completed has not identified any evidence of management override of controls.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

3

Valuation of land and buildings

The Council revalues its land and buildings on a rolling five-year basis. The valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£608m) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We have carried out the following work:

- evaluated management's processes and assumptions for the calculation of the estimate, instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register, and
- evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these are not materially different to current value at year end.

The Council's land and buildings assets have been valued this year by the Council's in-house valuation team. Our work has assessed them as having a good knowledge of the Council's portfolio and they have used the information from the Asset Register and the Council's estates systems in carrying out their valuation of the assets. The assumptions used are reasonable and we are satisfied that they had access to appropriate levels of information to complete reliable valuations.

The Council has revalued approximately 84% of its Land and buildings assets this year, leaving a relatively small amount (£75m) that has not been formally valued during the year. For those assets not formally valued in the year, management has liaised with the valuation team to assess the potential difference between the carrying value and the fair value. We have reviewed and challenged this methodology and are satisfied that the best estimate of the level of uncertainty is below materiality.

The Council revalued 100% of its Investment property portfolio in line with its accounting policies. Sample testing of the revaluations provided assurance that these assets were correctly classified as Investment Properties and the movements in the valuations had been correctly recognised in the accounts.

For the sample of revaluations tested, it was identified that the assets were input on to the Council's asset register as at 31 December 2018 with depreciation subsequently charged on the assets for the remainder of the year. The approach is consistent with previous years and the Council's valuers believe it is appropriate. However it arguable that it leads to an uncertainty in the accounts. The impact of the accounting treatment is a potential understatement of the net book value of the assets by £3.737m and over statement of depreciation by the same amount. For the total population revalued the results are a potential understatement of £4.557m which is clearly not material. Whilst the matter is not material we suggest that the Council clarifies the approach going forward with its valuer.

Our audit work has not identified any further issues in respect of valuation of land and buildings.

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

4

Valuation of pension fund net liability

The Council's pension fund liability, as reflected in its balance sheet as the net defined benefit liability represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£539m in the Council's balance sheet as at 31 March 2019) and the sensitivity of the estimate to the changes in the key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Auditor commentary

We have carried out the following work:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund liability is not materially misstated and evaluated the design of the associated controls
- evaluated the instructions issued by management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert)
- agreed the advance payment previously made to the pension fund to the expected accounting treatment and relevant financial disclosures
- obtained assurances from the auditor of the Merseyside Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We draw your attention to page 10 where a national issue relevant to all local authorities requires them to consider and assess their circumstances and impact upon the valuation of the pension fund net liability and the pension reserve.

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

1

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Issue

Net Pension Liability – McCloud judgement

The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension scheme where transitional protections were given to scheme members. The Government recently applied to the Supreme Court for permission to appeal this ruling, but the permission to appeal was unsuccessful. We understand the case will now be remitted back to employment tribunal for remedy.

The legal ruling around age discrimination (McCloud-Court of Appeal) has implications not just for the directly affected pension funds, but also for other public sector pension schemes where they have implemented transitional arrangements on charging benefits, including the local government pension scheme.

Discussion have been ongoing through the year in the sector regarding the impact of the ruling on the financial statements of local government bodies. Many Councils had initially included the impact of the McCloud judgement as a contingent liability in their 2018/19 accounts. However as the picture has now become clearer there is now a general acceptance that the increased liability, where material, should be reflected in the IAS 19 figures in the balance sheet.

Commentary

- The Council has reviewed their judgement and accounting treatment for the McCloud ruling, as the draft financial statements did not factor in the impact of the case in the pension liability figures provided by the Actuary.
- The Council requested the Actuary to perform a review of the impact of the McCloud case. The revised report from the actuary estimated the impact on the Council's net pension liability to be an increase of £16.7m which is above our materiality figure.
- We have obtained assurance from our internal actuaries over the assumptions and methods employed by Mercers in compiling the McCloud liability estimates.
- The Council has amended its financial statements for the impact of the McCloud judgement disclosing the increase in the net pension liability of £16.7m.

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary
<p>2 Minimum Revenue Provision (MRP) accounting</p> <p>The Council is required to set aside a prudent provision (Minimum Revenue Provision) each year for in respect of its Capital Financing Requirement..</p> <p>Independent advice received by the Council – based on changes in legislation – indicated a potential over provision in previous years due to deferred charges and long term debtors being excluded from the original calculation in 2004.</p> <p>In the initial draft financial statements the Council adjusted MRP by £26.36m and created a Debt re-profiling reserve. In our the Council's initial accounting treatment was not appropriate and the MRP charge in any year cannot be negative.</p>	<p>We have carried out the following work:</p> <ul style="list-style-type: none"> • Reviewed the independent advice received by the Council • Reviewed the calculations for the assessment of the over provision • Discussed the initial accounting treatment with management • The Council has amended the financial statements to remove the debt re-profiling reserve which has the effect of reducing usable reserves by £25.98m. • Looking ahead the Council is continuing to consider the advice that it has received and is exploring options for recovering any MRP overpayment, whilst ensuring that it complies with the statutory guidance.
<p>2 Investments held at fair value through Other Comprehensive Income (FVOCI)</p> <p>The Council has long term investments in pooled investment vehicles with a value of £0.942m. It has designated these investments as at Fair Value through Other Comprehensive Income.</p>	<ul style="list-style-type: none"> • Our view is that these pooled investments do not meet the definition of equity for the issuers and so the designation is inappropriate. • We consider the Council's treatment, which is based on external independent advice, to be departure from the Code, although these assets and related gains and losses are not material at the reporting date.

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Land and Buildings – Other - £464.8m	<p>Other land and buildings comprises of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged its in house valuers to complete the valuation of properties as at 31 March 2019 on a five yearly cyclical basis and annually for significant assets. 84% of total assets were revalued during 2018/19. The valuation of properties valued by the valuer has resulted in a net increase of £42.73m.</p> <p>Management have considered the year end value of non-valued assets, and the potential valuation change in the assets revalued at 31 March 2019. This involved a review of the potential impact of indices on the asset value to determine whether there has been a material change in the total value of these assets. Management's assessment of assets not revalued has identified no material change to the assets' value.</p> <p>Investment property and surplus assets are required to be valued annually and at fair value.</p>	<p>We reviewed the detail of your assessment of the estimates, considering;</p> <ul style="list-style-type: none"> the assessment of management's expert, your internal valuer; The completeness and accuracy of the underlying information used to determine the estimates; The reasonableness of the overall increase in the estimates; and The adequacy of the disclosure of the estimates in the financial statements. <p>We have reviewed and challenged management's assessment of the potential impact of those assets not formally revalued this year. We have reviewed the Council's methodology and assumptions used during this review and found them to be reasonable.</p>	

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management’s policy	Audit Comments	Assessment																								
Page 33	<p>Net pension liability – £539.4m</p> <p>The Council’s net pension liability at 31 March 2019 is £539m (PY £457m) comprising the Local Government Pension Scheme and unfunded defined benefit pension scheme obligations.</p> <p>The Council uses Mercers to provide actuarial valuations of the Council’s assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £47.956m net actuarial loss during 2018/19.</p>	<ul style="list-style-type: none"> We reviewed the detail your assessment of the estimate, considering; assessment of management’s expert, Mercers; the completeness and accuracy of the underlying information used to determine the estimate; the reasonableness of the Council’s share of the LGPS assets; the reasonableness of the overall increase in the estimate; and the adequacy of the disclosure of the estimate in the financial statements. <p>External auditors are provided with assurance in the form of an auditors expert report from PWC to assess the assumptions made by the Actuary. The table below sets out the key assumptions</p> <table border="1"> <thead> <tr> <th></th> <th>Actuary Value</th> <th>Within PwC Report ranges</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>Yes</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.3%</td> <td>Yes</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.7%</td> <td>Yes</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.2 current 25.2 future</td> <td>Yes</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.0 current 27.9 future</td> <td>Yes</td> <td>●</td> </tr> </tbody> </table>		Actuary Value	Within PwC Report ranges	Assessment	Discount rate	2.4%	Yes	●	Pension increase rate	2.3%	Yes	●	Salary growth	3.7%	Yes	●	Life expectancy – Males currently aged 45 / 65	22.2 current 25.2 future	Yes	●	Life expectancy – Females currently aged 45 / 65	25.0 current 27.9 future	Yes	●	●
		Actuary Value	Within PwC Report ranges	Assessment																							
Discount rate	2.4%	Yes	●																								
Pension increase rate	2.3%	Yes	●																								
Salary growth	3.7%	Yes	●																								
Life expectancy – Males currently aged 45 / 65	22.2 current 25.2 future	Yes	●																								
Life expectancy – Females currently aged 45 / 65	25.0 current 27.9 future	Yes	●																								
		<ul style="list-style-type: none"> Other than the issue already noted on page 9 regarding the McCloud judgement, there are no further issues to note from the work carried out. 																									

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings - Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

The Council has reviewed their going concern position and has concluded that it is appropriate to produce their accounts on a going concern basis and no material uncertainties exists.

Auditor commentary

- The Council's use of going concern basis of accounting is appropriate.
- The Council has provided us with its judgements for its assessment of going concern.
- The disclosure of the going concern basis within the financial statements is satisfactory.

Work performed

We have considered the financial standing of the Council and reviewed management's assessment of going concern and the assumptions and supporting information.

Auditor commentary

- No material uncertainty identified.
- As we note in our commentary on the Council's financial standing, there was a £0.6m underspend in 2018/19 and whilst the General Fund balances have reduced during the year, the closing balances were in line with the target level for the year of £10m. The Council has set a balanced budget for 2019/20 and updated its Medium Term Financial Strategy to 2022/23. This strategy demonstrates that the Council should have sufficient resources to meet its obligations in the medium term.

Concluding comments

The Council's use of going concern basis of accounting is appropriate

Auditor commentary

- Our opinion is expected to be unmodified in respect of the going concern conclusion.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with Management, Internal Audit the Audit and Risk Management Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed. We noted that a number of Councillors did not return their declarations of interests in a timely manner and Council Officers have had to spend considerable time following this up.
③ Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④ Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Council.
⑤ Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to banks and other institutions in relation to borrowings and investments. This permission was granted and the requests were sent. The requests were returned with positive confirmation,
⑥ Disclosures	<ul style="list-style-type: none"> The Chief Executive's name was omitted from the draft financial statements Note 33 Officer's Remuneration table for 2018/19. The Accounts and Audit Regulations require all officers paid more than £150k to be named in the disclosure note. The omission was identified at an early stage and has now been corrected, however it is something that should have been identified before the draft financial statements were published. We have included a recommendation to ensure this matter is addressed going forward.
⑦ Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> Our initial review of the Council's draft financial statements this year identified a range of issues in terms of unexpected entries, non-inclusion of expected disclosures and omissions. We also experienced delays in obtaining explanations and working papers for key entries. A number of revised versions of the financial statement have been produced which has increased the amount of audit testing that has been required to agree all of the amendments. Local government financial reporting requirements are complex and demanding. A significant number of amendments have had to be made to the Council's initial draft financial statements this year and it was not initially clear how the requirements of new reporting standards introduced had been considered. Looking ahead the financial reporting requirements will continue to be demanding, both in terms of known new reporting standards and the nature of the Council's partnership working including the new Growth Company. Looking ahead it is important the Council reviews its financial reporting arrangements to ensure that they continue to be fit for purpose and that sufficient and appropriate capacity is in place to produce materially accurate financial statement by the required dates. Management has already started to review the position and produced an initial report for consideration by members.

Other responsibilities under the Code

Issue	Commentary
1 Other information	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E</p>
2 Matters on which we report by exception	<p>We are required to report on a number of matters by exception including:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties. <p>We have nothing to report on these matters</p>
3 Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <ul style="list-style-type: none"> Note that work is planned to be carried out during September 2019 on the Council's WGA consolidation.
4 Certification of the closure of the audit	<p>We are unable to certify the closure of the 2018/19 audit of Wirral Council because our work on the Whole of Government Accounts is not yet complete and there are outstanding public challenge issues.</p>

Value for Money

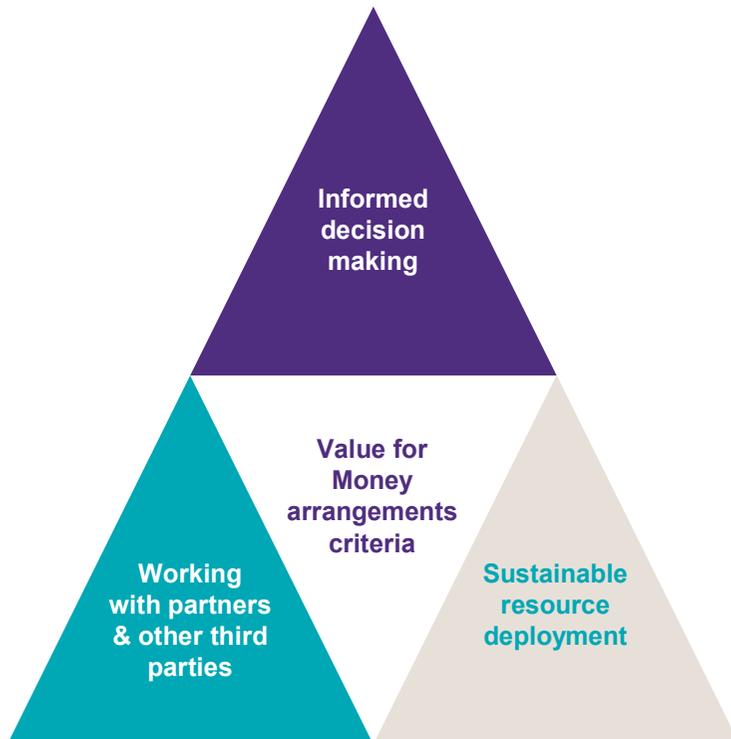
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



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Risk assessment

We carried out an initial risk assessment in February 2019 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated February 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council's arrangements for updating, agreeing and monitoring its financial plans, including the arrangements in place to monitor the identification, pace, delivery and reporting of savings.
- The progress of improvement in the Council's Children's Services following the Ofsted Inspection report in September 2016 which rates the service as 'inadequate'.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 18 to 19.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Recommendations for improvement

Progress has been made in putting the Council on a firm financial footing although significant challenges remain. In setting the budget for 2019/20 the Council has significantly reduced the reliance on one-off use of reserves (now just £9m). However there has been a significant reduction in available revenue reserves over the last few years and there remains a significant budget gap going forward. The Director of Finance has introduced a new medium-term financial strategy and engaged with members on the challenges faced. Going forward it is important that the Council continues to take steps to reduce the budget gaps and ensure that available reserves remain appropriate.

Significant difficulties in undertaking our work

We were not able to conclude our audit until we had an opportunity to consider the full Ofsted report on the Council's children's services. The report was published on 29 July 2019.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

1	Significant risk	Findings	Conclusion
Page 39	<p>Financial Planning and sustainability</p> <p>The Council continues to face an increasingly difficult financial position. The Medium Term Financial Strategy 2017-2021 set out a £132m budget gap and in July 2018 Cabinet agreed the updated Medium Term Financial Strategy with a budget gap of £45m for 2019/20 and £22m to be identified for 2020/21 to 2022/23.</p> <p>The Council recognises that the balanced position in 2017/18 and 2018/19 have been achieved , in part, through the use of “one-off” options including the use of balances and reserves.</p>	<p>We reviewed the arrangements that are in place for updating, agreeing and monitoring the Council’s financial plans including the assumptions within them. We identified that that Budget Monitoring Reports are produced and presented to Cabinet on a quarterly basis. These reports include updates on revenue and capital budgets and spend.</p> <p>The reports provide a useful breakdown of each individual earmarked reserve as well as the overall forecasted general reserves position as at 31 March 2019. The year end outturn report provides an assessment of the adequacy of reserves which considers future demands as well as highlighting future risks and opportunities.</p> <p>The Council agreed a net budget of £300.5m for 2018/19 in March 2018/19 which was subsequently amended to £301.9m in Quarter 2, largely due to the increased expenditure for the Children’s Services transformation programme of £1.1m. The year end 2018/19 position shows an underspend for the Council of £0.6m compared to the revised budget. This budget included the use of over £26m one-off measures to support the provision of services of which £14.3m related to the use of capital receipts.</p> <p>The general fund balance at March 2019 is £10.7m which is a decrease of £14.2m from the closing balance at March 2018. The Council has set a minimum general fund balance of £10m going forward which it considers to be a reasonable level in case of unforeseen financial difficulties. Overall available revenue reserves has fallen from £106m in March 2015 to £70m at March 2019.</p> <p>Looking forward, the revised MTFs shows an accumulative budget gap of £67m over the four years with expected savings of £45m to be achieved in 2019/20 to balance the budget. The Council will no longer be looking to rely on one off funding to meet the provision of services. It is however, anticipating income to be generated through the Growth Company, with £5m expected to be received in 2019/20.</p>	<p>Auditor view</p> <ul style="list-style-type: none"> We have established that there are appropriate arrangements in place for the in year reporting and monitoring the financial position of both the revenue and capital budgets. Whilst the financial challenges facing the Council exist, it is clear that there is a five year financial plan which aims to tackle such challenges. <p>Management response</p> <ul style="list-style-type: none"> The Council has made significant progress in terms of the development of its Medium Term Financial Strategy, with further improvements planned through a new Financial Sustainability Programme.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>1 Ofsted Inspection of Children’s Services</p> <p>Ofsted issued a report on the Council's children's services in September 2016 which rated the service as 'inadequate'. Subsequently, the Council has undertaken a range of actions, significantly increased funding to the service and worked toward securing the required service improvement. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements.</p>	<p>We have reviewed the Ofsted monitoring reports received during 2018/19 which indicate that there has been a steady improvement since the 2016 inadequate rating. For example in September 2018 the report disclosed “The quality of social work practice in each case was effective and making a difference”. The December 2018 monitoring report stated ‘There has been significant work to improve the service offered to all care leavers since the inspection in 2016.’</p> <p>Ofsted have now issued their reinspection/follow up report (July 2019). The service is now rated as ‘Requires improvement to be good’. The report confirms that improvements have been made and a better service for children is being delivered. Whilst not all areas have improved at the same pace, Ofsted acknowledge that the Council has clear plans in place to address this.</p>	<p>Auditor view</p> <ul style="list-style-type: none"> • The improvement in Children’s Services throughout 2018/19 is clearly demonstrated through the monitoring reports and reinspection report. • We are satisfied that actions are appropriately monitored and reported on. • That there were adequate arrangements in place during 2018/19.

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Other statutory powers and duties

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

Issue	Commentary
<p>1 Objections and Questions at audit</p>	<ul style="list-style-type: none"> We received an objection to the Council's 2015/16 accounts in relation to the Council's Lender Option Borrower Option Borrowing. The objector requested that we prepare a public interest report and apply to the courts for a declaration that Wirral Council's Lender Option, Borrower Option borrowing is unlawful. We issued our Provisional views to the objector in May 2019 and have now received a response from the objector. We are currently considering the objector's response before issuing our final decision. We have received an objection to the Council's 2018/19 accounts and also formal questions at audit. We are currently dealing with this formal correspondence.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. No non-audit services were identified which were charged from the beginning of the financial year to 23 September 2019, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Page 4

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing benefits claim	17,500 + £870 for any additional 40+ workbook	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £17,500 in comparison to the total fee for the audit of £123,095 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension return	4,200	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,200 in comparison to the total fee for the audit of £123,095 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
CFO Insight	12,500	Self-Interest (because this is a recurring fee)	The fee is a subscription. However the fee for this work is small in comparison to the total fee for the audit and in particular for Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level

Action plan

We have identified two recommendations for the Council as a result of issues identified during the course of our audit this year. We have agreed our recommendations with management and we will report on progress on these recommendations during the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1	●	<ul style="list-style-type: none"> The Council's draft financial statements published on its website at the end of May 2019 did not disclose the name of the Chief Executive in Note 33 Officers' Remuneration. The Accounts and Audit Regulations require that all senior officers who receive remuneration in excess of £150k should be named in the disclosure note. The disclosure has now been amended. 	<ul style="list-style-type: none"> The Council should ensure that its quality control arrangements are enhanced to ensure that the draft financial statements are compliant with the statutory disclosure requirements before they are published as a draft. <p>Management response</p> <ul style="list-style-type: none"> Quality control over the Statement of Accounts will form part of the Council's wider review of Closedown Processes.
2	●	<ul style="list-style-type: none"> As has already identified there is scope to improve the Council's accounts closedown process. The Council should complete its review of the closedown arrangements and ensure that it has sufficient and appropriately qualified resources in place to deliver the draft financial statements that require minimal amendment and review. 	<ul style="list-style-type: none"> The Council should ensure that it enhances its arrangements for production and review of the draft financial statements. <p>Management response</p> <ul style="list-style-type: none"> Arrangements for the production and review of the Statement of Accounts will form part of the Council's wider review of Closedown Processes.

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Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of Wirral Council's 2017/18 financial statements, which resulted in 2 recommendations being reported in our 2017/18 Audit Findings report.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>1</p> <p>Page 44</p>	✓	<ul style="list-style-type: none"> The Council continues to face a challenging financial position. Whilst progress has been made in establishing a new Growth Company a significant proportion of the £61m budget gap in 2018/19 is being met through one-off uses of reserves and expected asset sales. This approach cannot continue and more needs to be done to put the Council on a firm financial footing going forward. It is now critical that action is taken to deliver a sustainable and robust financial plan on which the Council can operate over the longer term. It is important that officers and members work together effectively to make this happen. 	<ul style="list-style-type: none"> Progress has been made in putting the Council on a firm financial footing although significant challenges remain. The budget was monitored and reported on a monthly basis to maintain an approach of robust financial management throughout the year. In setting the budget for 2019/20 the Council has significantly reduced the reliance on one-off use of reserves (now just £9m) however there has been a significant reduction in available revenue reserves over the last few years and there remains a significant budget gap going forward. The Director of Finance has introduced a new medium-term financial strategy and engaged with members on the challenges faced. Going forward it is important that the Council continues to take steps to reduce the budget gaps and ensure that available reserves remain appropriate.
2	✓	<ul style="list-style-type: none"> The Council's draft financial statements published on its website at the end of May 2018 did not include a draft Annual Governance Statement as is required under the Regulations. It is important that the Council accelerates its process for preparing the Annual Governance Statement going forward to ensure a draft is available to be published by the end of May. 	<ul style="list-style-type: none"> The draft Annual Governance Statement was included in the Council's draft financial statements which were published on its website at the end of May 2019.

Assessment

- ✓ Action completed
- X Not yet addressed

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1 Pensions adjustment for the impact of the McCloud ruling Re-measurement of the net pension liability	Cost of Services 11,093 Remeasurement of the Net Pension liability 5,610	Pension liability (16,703) Pension reserve 16,703	16,703
2 Minimum Revenue Provision (MRP) accounting reversal The capital adjustment account has been increased by £25,981 reversing the impact of the re-assessment of the past provision of the MRP charge.		Useable reserves (25,981) Unusable reserves 25,981	
Overall impact	£16,703	£16,703	£16,703

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Comprehensive Income and Expenditure Statement	<ul style="list-style-type: none"> Additional narrative disclosed to explain the restatement of the 2017/18 figures. This is due to re-presenting the statement to align with the Directorate format adopted by the Council for monitoring financial performance during 2018/19. A note to accompany the restatement has been added to the Notes to the financial statements (Note 49) 	<ul style="list-style-type: none"> Where statements have been restated, explanations should be disclosed. 	Yes
Movement in Reserves Statement	<ul style="list-style-type: none"> A total general fund balance column has been added The statement has been adjusted for the MPR reversal and pensions adjustments following the McCloud ruling 	<ul style="list-style-type: none"> This enables the reader to understand the total general fund balance at the year end. Material adjustments amended 	Yes
Balance Sheet	<ul style="list-style-type: none"> Long term liabilities have been increased by £16.7m for the pension adjustments following the McCloud ruling. Useable reserves have been reduced by £26m and Unusable reserves increased by £9.3m which is the net impact of the MRP reversal and increase in pension liability. 	<ul style="list-style-type: none"> Material adjustments amended 	Yes
Cash Flow Statement	<ul style="list-style-type: none"> The movement of £11.1m between the net surplus/deficit on the provision of services and non – cash movements for the pension adjustments. 	<ul style="list-style-type: none"> Material adjustments amended 	Yes
Accounting Policies	<ul style="list-style-type: none"> Additional disclosures included to explain the implications of IFRS 9 and 15 	<ul style="list-style-type: none"> Disclosures as required by the Code 	Yes

Audit Adjustments

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Accounting Policies – PFI	<ul style="list-style-type: none"> Additional information added to explain the Wirral Schools' PFI scheme 	<ul style="list-style-type: none"> Disclosures as required by the Code 	Yes
Material Items of Income and Expense	<ul style="list-style-type: none"> Additional disclosures to include the impact of the McCloud ruling on the pension liabilities and the sale of Acre Land Professional Excellence Centre 	<ul style="list-style-type: none"> To bring to attention to the reader significant items of income and expenditure 	Yes
Note 8 Adjustments between accounting basis and funding basis under regulations	<ul style="list-style-type: none"> The note has been adjusted for the reversal of the MRP re-profiling reserve and the narrative removed for the explanation for the inclusion of the reserve 	<ul style="list-style-type: none"> The correction of the MRP over-provision for the prior periods. 	Yes
Note 9 Expenditure and Funding Analysis	<ul style="list-style-type: none"> Adjustments made for MRP reversal and pensions adjustments following the McCloud ruling. 	<ul style="list-style-type: none"> Material adjustments amended 	Yes
Note 10 Transfers to/(from) Earmarked General Fund Reserves	<ul style="list-style-type: none"> Removal of the Debt reprofiling reserve following the reversal of the MRP accounting treatment 	<ul style="list-style-type: none"> Material adjustment amended 	Yes
Note 33 Officer remuneration	<ul style="list-style-type: none"> The inclusion of the name of the Chief Executive, Eric Robinson within the remuneration table. 	<ul style="list-style-type: none"> Statutory requirement to name the Chief Executive 	Yes
Note 34 External Audit Costs	<ul style="list-style-type: none"> The addition of the fees incurred for non audit services provided (CFO Insights subscription) 	<ul style="list-style-type: none"> Disclosures as required by the Code 	Yes

Fees

We confirm below our final fees charged for the audit

Audit Fees	Proposed fee	Final fee	2017/18 fee
Council Audit	£123,095	£123,095	£159,863
Additional audit fees to be agreed with the Director of Finance and Investment and approval of PSAA			
• McCloud issues		£3,000	
• Additional audit work involved in auditing the pensions disclosures		£3,000	
• Additional audit work involved in auditing the Council's assets revaluations		£3,000	
• Additional unplanned audit work due to amendments to the draft financial statements		£7,000	
Total audit fees (excluding VAT)	£123,095	£139,095	£159,863

The additional fees are subject to approval by Public Sector Audit Appointments Ltd

Non Audit Fees

Fees for other services	Fees £'000
Audit related services:	
Certification of claims and returns	29
Non-audit services	
CFO Insights	13
	42

Audit opinion

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Wirral Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wirral Council (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement the Balance Sheet, the Cash Flow Statement, and all notes to the financial statements, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and Investment's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance and Investment has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Director of Finance and Investment is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement other than the financial statements and, our auditor's report thereon and our auditor's report on the pension fund statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Audit opinion

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Investment and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 20, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Investment. The Director of Finance and Investment is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as Director of Finance and Investment determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Investment is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Risk Management Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Audit opinion

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2019. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangement for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2019 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our consideration of objections brought to our attention by local authority electors. We are satisfied that this matter does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

To be signed

Robin Baker, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool

To be dated

Wirral Council

Statement of Accounts

2018/19

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31 July 2019

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1 Narrative Report

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Narrative Report from the Director of Finance and Investment

1. WIRRAL

Wirral is a unique place, a combination of beautiful, rural countryside alongside cutting edge technology and advanced manufacturing industries, it has a long and storied history of entrepreneurialism and culture. In a compact peninsula of 60 square miles, the borough has a wealth of parks and countryside and over 20 miles of coastline.

Home to 321,238, Wirral has a relatively high older population and a relatively low proportion of people in their twenties and thirties compared to England and Wales as a whole. The older population (aged 65 years and above) are expected to increase at a faster rate than any other age group over the next decade.

This report provides a short summary of the Council's overall financial and non financial achievements for the year. Whilst plain language has been used wherever possible, technical language is required in some areas. To assist with understanding of the accounts a glossary of financial terms has been included at the end of the Statement of Accounts.

The Statement of Accounts sets out the financial performance of the Council for the 2018/19 financial year and shows the year-end financial position at 31 March 2019.

The Narrative Report, whilst emphasising 2018/19, also covers the ability of the Council to provide sustainable services to meet the needs of local residents and sets out how Wirral works with its local partners to improve the prosperity of the area.

2. WIRRAL PLAN: A 2020 VISION REVIEW OF THE YEAR

In July 2015, Wirral Council unanimously agreed a new plan for the Council (The Wirral Plan), containing '20 Pledges for 2020'. This Plan was subsequently adopted by all partners, who committed for the first time to working together towards a shared set of outcomes and goals. The Wirral Plan is structured around three core themes: People, Environment and Business. The Wirral Plan can be found on our website: www.wirral.gov.uk/wirralplan. This has been further developed by a suite of underpinning strategies which guide and drive the delivery of the Wirral Plan.

These strategies are all developed and agreed at a partnership level, with their focus and goals shared by all appropriate agencies in the public, private and third sectors.



The emphasis of the Statement of Accounts which follows this narrative report is upon the financial performance of the Council. This needs to be considered in conjunction with the provision by the Council of a range of services which are in line with both the needs of the local area and our statutory obligations.

Performance this year has been positive, with major progress being made in many areas. Challenges remain, in such areas as children's services in particular, but it is clear that the 20 Pledges are making a positive impact on the lives of Wirral residents.

Narrative Report from the Director of Finance and Investment (continued)

The Wirral Plan priorities in 2018/19 have been:

People	Business	Environment
<p><i>Wirral is a place where the vulnerable are safe and protected, every child gets a good start in life and older residents are respected and valued.</i></p>	<p><i>Wirral is a place where employers want to invest and businesses thrive.</i></p>	<p><i>Wirral has an attractive and sustainable environment, where good health and an excellent quality of life is enjoyed by everyone who lives here.</i></p>
<p>1. Older people live well 2. Children are ready for work and adulthood 3. Children are ready for School 4. Vulnerable children reach their full potential 5. Reduce child and family poverty 6. People with disabilities live independently. 7. Zero tolerance to domestic violence.</p>	<p>8. Greater job opportunities in Wirral 9. Workforce skills match business need 10. Increase inward investment 11. Thriving small businesses 12. Transport and technology infrastructure fit for the future 13. Transport and buildings are fit for purpose 14. Assets and buildings are fit for purpose</p>	<p>15. Leisure and cultural opportunities for all 16. Wirral residents live healthier lives 17. Community services are joined up and accessible 18. Good quality housing that meets the needs of residents 19. Wirral's neighborhoods are safe 20. Attractive local environments for Wirral residents</p>

Narrative Report from the Director of Finance and Investment (continued)

The Wirral Plan achievements in 2018/19 have been:

People	Business	Environment
<p>Page 59</p> <ul style="list-style-type: none"> The Employment rate for those aged 16-64 with a Work Limiting Disability increased in 2018 to its highest level since the Wirral Plan began (49%), up 11.5 percentage points. 70.5% of Foundation stage children achieved a good level of development (GLD) which has surpassed a milestone (70%) that has been worked towards for the last 3 years. The progress in this area received favourable comment during the recent OfSted visit. The Plan to establish a pre-birth Liaison meeting has been successfully delivered, to provide more effective early intervention and support for parents and children. The promise to deliver a Sufficiency Strategy has been delivered and approved at cabinet. This will ensure a good supply of high quality accommodation and excellent aspirational care in the borough for children and young people who are looked after. £45k worth of funding has been secured to reduce Parental Conflict by engaging partners and strategic leads and providing training to practitioners. This aims to reduce the negative impact of parental conflict on children. 	<ul style="list-style-type: none"> Since the start of the Wirral Plan 4,045 jobs have been created and safeguarded: 81% of 2020 target of 5,000 has been achieved Employment rate continues on an upward trajectory with all-time high of 74.5% compared to 66.7% at the start of the Wirral Plan. Wirral hotel occupancy increase from 77.75% to 80.6% in 2017 3,889sqm more Commercial Asset Space has become available for release since the start of the Wirral Plan. 39,600sqm is now available, compared to 5,711sqm in 2015-16 Corporate emissions of Carbon Dioxide due to commercial use have reduced by 5,536 tonnes since Wirral Plan start, down to 26,463 tonnes from 31,999 tonnes in 2015/16 £5.6m of capital receipts have been generated by 2018/19, compared to £1.28m at plan start The number of people killed or seriously injured in road traffic collisions has improved by 29% since the start of the plan in 2014-15 and by 22% compared to last year 	<ul style="list-style-type: none"> Wirral received the Best Performer Award for Parks, Open Spaces and Horticulture at the 2018 National APSE 2018 Imagine Wirral programme estimated economic impact of over £4million with over 600 volunteers during 2018. 226 people helped to lose weight The community connectors continue to thrive with numbers entering volunteering, education and employment increasing month by month. A cumulative total of 370 affordable homes, which includes 209 Help to Buy units were completed by the end of quarter 4 30% reduction in reports of anti-social behaviour Love Where You Live campaign has become fully established and well supported with a range of volunteer groups and individuals fully engaged.

Narrative Report from the Director of Finance and Investment (continued)

Over the four years since the Wirral Plan was agreed the Council has changed significantly and work continues to progress the priorities it contains through the implementation of the 20 pledges. The Wirral partnership is now embedded with integration projects such as the provision of integrated health and social care helping older residents live healthy and independent lives and the commissioning of services with the Wirral NHS Clinical Commissioning Group.

The Council has continued during 2018/19 to work to increase investment in the area through the Wirral Growth Company, working in partnership with the urban regeneration company Muse. Further work will occur in 2019/20 on the advancement of a number of sites that will, it is planned, result in new commercial and residential developments.

Children's Services has recently been re-inspected by Ofsted. The outcome has been positive and the service is no longer judged to be inadequate. The full report is available to view on the Ofsted website:

<https://files.api.ofsted.gov.uk/v1/file/50096454>

The Council is a member of the Liverpool City Region Combined Authority. The Authority's purpose is to bring about closer partnership working to lead large-scale City-regional strategies on transport, housing, economic development and skills.

Political Structure

Wirral Council is made up of 66 locally elected Councillors across 22 electoral wards. The political composition of the Council at the end of 2018/19 was:

Labour – 34 seats

Conservative – 21 seats

Liberal Democrats – 5 seats

Independent - 5

The Green Party – 1 seat

Council Structures and Operating Model

The Council employs over 3,000 people in full time and part time posts. The Council's workforce generally reflects the population of the residents within Wirral. Led by The Chief Executive and Senior Leadership Team, the Council had the following operational structure during the year:

- **Strategy and Partnerships:** The Strategic Hub works to deliver outcomes, with overall accountability for the leadership, direction and effective delivery of the Wirral plan and related delivery strategies. This area includes intelligence, Wirral Together, Communication, Strategy and Public Health.
- **Business Management:** Enables the effective and efficient functioning of the Council and the services it commissions as well as supporting and leading

organisational change. Business Management includes Change and Organisational Design, Governance and Assurance, Commercial Management, Merseyside Pension Fund, Finance and Investment, Customer Services and Digital.

- **Delivery Services:** provides high quality, affordable services within budget – using the most appropriate model. Delivery services include Community Services, Place Services, Safer Wirral Hub, Highways, Associated Services and Assets.
- **Economic and Housing Growth:** this area includes Regeneration and Inward Investment, Culture and Visitor Economy, Major Growth Projects and Housing Delivery.
- **Adult Care and Health:** The care and health function has responsibility for development of integrated services with health and other partners. It is also responsible for commissioning and contract management of those services. This includes Integrated Commissioning Programme and Health and Care Outcomes.

Narrative Report from the Director of Finance and Investment (continued)

- **Children's Services:** Delivers a wide range of specialist and targeted services for children in relation to social care, safeguarding, early help and prevention. During 2018/19, the following schools converted to Academies: Town Lane Infants, Portland Primary, Woodslee Primary, St Joseph's (Birkenhead) Catholic Primary, Christchurch CE Primary (Moreton) and Church Drive Primary.

annual Budget, which sets out the income and expenditure required during the year to provide services. In March 2018 the Council agreed a net budget of £300.5 million for 2018/19. It included a package of financial proposals including the use of over £26 million one off funding to support the budget for the provision of services. The Budget was regularly reviewed and was revised upwards by £1.4 million during the year. The revised budget for 2018/19 was £301.9 million.

The net spend of the Council is met from a combination of Government Grants, the local taxpayer through Council Tax and other income. In 2018/19, the budget was supported by the Council Tax which for 2018/19 was increased by 5.99%, 3% of this being allocated to fund an increase in Adult Social Care, with the band D Council Tax charge increasing to £1,733.70.

Comparison of the Budget with the Out-turn

Throughout the year spend against the approved Budget was monitored and reported on a monthly basis to maintain an approach of robust financial management to ensure the maintenance of services. Since setting the budget in early 2018 the financial outlook remained challenging. In year action was taken in response to the ongoing financial pressures facing the Council as reported during the year via regular monitoring. Where a projected overspend was identified in year, the specific Directorate was required to develop mitigating actions and interventions to manage the pressure on their areas budget. At the end of 2018/19 the Revenue Out-turn showed an underspend of £0.6 million.

During the year the following major issues impacted upon the out-turn (information is shown on the following page):

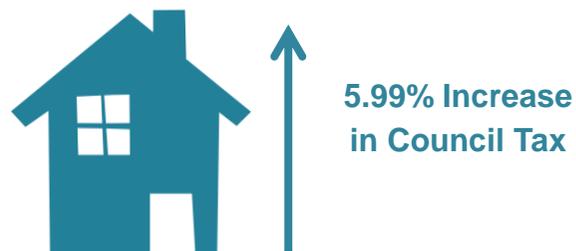
All Council functions work together to forward the themes and pledges set out in Wirral Plan. Further details of the Council's operating model can be found on the Council website:

<http://www.wirral.gov.uk/about-council/contact-us/departments-wirral-council>

3. REVIEW OF THE FINANCIAL YEAR

Revenue Expenditure and Income

Revenue expenditure and income generally relates to those items that are used within the year on the provision of services to the people of Wirral. Before the start of the financial year, the Council prepares its



Narrative Report from the Director of Finance and Investment (continued)

Overview of 2018/19 Financial Performance by Directorate

Directorate	Reasons for variances from budget	2018/19 Budget £'000	2018/19 Outturn £'000	Variance £'000
Economic & Housing Growth	Local Plan and Wirral Growth Company pressures developed in year. Funded from the use of one-off funding and reserves.	25,557	25,557	-
Delivery Services	Overspend reflected the non-achievement of savings.	65,833	67,080	(1,247)
Strategy & Partnerships -	A number of variances have been managed within the directorate budget.	18,236	18,236	-
Adult Care & Health	Pressures on Adult Social Care have been contained through actions to managed demand related costs.	91,871	91,871	-
Children's Services	Pressures in Social Care have been managed through the phasing of staffing changes. Additional costs in relation to schools have been reserve funded.	89,571	89,571	-
Business Management	Significant savings on Treasury Management activities.	10,797	8,950	1,847
	Overall Underspend	301,865	301,265	600

Narrative Report from the Director of Finance and Investment (continued)

The financial proposals contained in the 2018/19 budget, delivered by the Council during the year, tracked through financial monitoring, have partly offset the impact of continued reduction in government funding. At the end of the year the General Fund balances were slightly above the target level for the year of £10 million. The balances were supplemented in the year by the addition of earmarked reserves and collection fund surplus.

As part of setting the budget for 2019/20 specific pressures have been recognised and further funding has been allocated to mitigate them. There remain on-going budget pressures and where these have been identified, and will be closely monitored where appropriate.

The actual net cost of services links to the net expenditure chargeable against the General Fund and is shown in the Expenditure and Funding Analysis (note 9). It provides a link between the funding basis that is reported for management decision making and the statutory accounting basis as reported in the Comprehensive Income and Expenditure Statement.

CAPITAL EXPENDITURE AND INCOME

Capital expenditure is different from revenue expenditure on day-to-day running cost of services. It is investment in services and the area (such as buildings, roads and land) that will provide benefits over more than one year. The capital programme, due to take place over several years to 2022 is over £125 million.

During the year the Capital Programme was subject to regular

monitoring and review. This saw several schemes being re-profiled into 2018/19 and future years as a result of a review of the original project timescales, which needed to be replaced with revised ones as the projects progressed. In 2018/19 £48.5 million was spent on capital projects (2017/18 £46.8 million). The spending and how that spending was funded are shown in the tables:

Spend by Wirral Plan Theme	Actual Spend	Share
	£million	%
Adult Care and Health	0.8	2
Business Management	8.2	17
Children's Services	16.3	34
Delivery Services	12.9	26
Economic and Housing Growth	10.3	21
Total	48.5	100

Funding by Source	Actual Funding	Share
	£ million	%
Borrowing	19.4	40
Grants	14.8	30
Capital Receipts	14.3	30
Total	48.5	100

Narrative Report from the Director of Finance and Investment (continued)

During the year there was expenditure on programmes for highways improvements (£6.4 million) and schools (£5.5 million). This was in addition to major investment on:

- The Strategic Asset Programme purchase of Birkenhead Market and the Vue Cinema.
- Housing improvements such as aids, adaptations and disabled facilities grants.
- IT improvements such as upgrading data storage systems and hardware.
- Council buildings refurbishments to ensure better occupancy and enable building release for sale.
- Improvements to school buildings including the provision of new primary places.
- Transformation of Children's social care through the use of the flexible use of capital receipts.

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**£6.4million on Highways
Improvements**

Summary of the Balance Sheet

The Balance Sheet at 31 March 2019 shows a net liability position of £91.3 million (2017/18 a net liability position of £34.2 million). The net worth of the Council, excluding the Pensions Liability is £448.1 million (2017/18 £423.1 million). The movement for 2018/19 is due to the increase in the Council's liability to pay future pensions. The negative net worth does not impact on the going concern basis upon which the accounts are prepared. This is because the liability for pensions will be deferred over a number of years. The Council has reviewed the Council's financial performance for 2018/19 and Budget for 2019/20 and considers that the Council may be viewed as a going concern.

The most significant item in the Balance Sheet is the requirement for the Council to recognise its estimated Pension Liability. This is valued using an actuarial valuation and can fluctuate dependent upon external factors. The 2018/19 Pension Liability is £539.4 million (2017/18 £457.3 million). This includes additional pension costs of £16.7m in 2018/19, reflecting the expected implications of a recent court ruling on age discrimination (see note 3). Details of the Pensions Liability can be found in note 44 and in the section on Retirement Benefits below.

March 2019

<p><u>Non - Current Assets</u> Property, plant & equipment, heritage assets, investment property & intangibles £686.7m</p> <p>Long term investments £1.6m</p> <p>Long term debtors £35.3m</p> <p><u>Current Assets</u> Debtors & Cash £95.6m</p>	<p><u>Current Liabilities</u> Short Term Creditors, Borrowing & Provisions £163.7m</p> <p><u>Non - Current Liabilities</u> Borrowing £164.5m</p> <p>Other long term liabilities £578.9m</p> <p>Provisions & capital grants £3.2m</p>
--	--



Net Liability Position
£91.3million

March 2018

<p><u>Non - Current Assets</u> Property, plant & equipment, heritage assets, investment property & intangibles £644.4m</p> <p>Long term investments £1.3m</p> <p>Long term debtors £38m</p> <p><u>Current Assets</u> Debtors, Assets held for sale, & cash £126.3m</p>	<p><u>Current Liabilities</u> Short Term Creditors, Borrowing & Provisions £170.3m</p> <p><u>Non - Current Liabilities</u> Borrowing £171.5m</p> <p>Other long term liabilities £499.7m</p> <p>Provisions & capital grants £2.6m</p>
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Net Liability Position
£34.2million

Narrative Report from the Director of Finance and Investment (continued)

Property and Other Assets

The revaluation of property, plant and equipment now takes place with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of the financial year. In total the Council had an asset portfolio valued at £686.7 million at 31 March 2019 (2017/18 £644.4 million). A breakdown of the value of the asset portfolio is provided in notes 14 to 17 to the accounts and note 21 to the accounts.

Investments

Total investments, including cash and cash equivalents at 31 March 2019 were £12.5 million (2017/18 £27.7 million). This is made up of long term investments of £1.6 million and short term investments of £11.0 million. Throughout 2018/19, as in previous years, the over-riding approach was one of security and liquidity with reduced investment returns being the acceptable consequence of this approach. Further details are contained in note 18.

Debtors

Debtors are classified as long-term or short-term debtors and the balance at 31 March 2019 was £93.0 million (2017/18 £101.9 million). The long-term debt includes £26.8 million in respect of the former Merseyside

County Council, which is managed by Wirral Council (2017/18 £31.3 million). A breakdown of the debtor balances can be found in notes 19 and 41 to the accounts.

Creditors

Creditors at 31 March 2019 were £57.1 million (2017/18 £62.6 million). A breakdown can be found in note 22 to the accounts.

Borrowing

In managing borrowing levels the aims are to reduce the overall exposure to interest rate movements, to lower long-term interest charges paid and smooth the maturity profile without compromising longer-term stability. In addition to funding the capital programme borrowing also takes place to manage and resource the Council's day to day cash requirements. These can arise from a number of sources from paying suppliers to the repayment of long term loans. The Council's Treasury Management policy, addresses both short term cash flow requirements and longer term borrowing for capital purposes. The policy seeks to minimise borrowing costs by taking account of available interest rates and the maturity profile.

The major sources of funding for Council borrowing have traditionally been private

sector institutions (banks and building societies) and the Public Works Loans Board (PWLB). As part of effective treasury management, opportunities presented by the market to generate interest savings are pursued and this pro-active management is undertaken in line with approved Government and statutory guidance contained within The Code of Practice for Treasury Management in Public Services.

At 31 March 2019 short-term borrowing totalled £94.2 million (2017/18 £95.3 million). The demand for borrowing has in part come from the capital programme as spend has been incurred in 2018/19. The Council has delayed new long term borrowing to minimise interest payments. As a result of this temporary borrowing has been utilised. At 31 March 2019 long-term borrowing totalled £164.5 million (2017/18 £171.5 million). This debt was with financial institutions and the Public Works Loans Board with repayments being spread over a range of maturity dates. This also includes the debt of the former Merseyside County Council which Wirral manages on behalf of the other local authorities and agencies within the former Merseyside County Council area.

Narrative Report from the Director of Finance and Investment (continued)

Retirement Benefits

All Councils fully adopt the accounting policies contained within International Accounting Standard 19 "Employee Benefits". The principle behind IAS19 is that an organisation should account for retirement benefits when it is committed to pay them, even if the actual payment will be many years in the future.

The majority of non-teaching staff who work for the Council are members of the Merseyside Pension Fund. This Fund is administered by Wirral Council on behalf of the Merseyside Councils as well as over 670 other employing organisations. The figures included in the Statement of Accounts are based on the latest full valuation of the scheme as at 31 March 2014 and the IAS 19 actuarial report as at 31 March 2019, presented by Mercers, the independent firm of actuaries who value the Fund.

The actuaries have estimated the Council's underlying long-term commitment to pay retirement benefits to be £539.4 million at 31 March 2019 (2017/18 £457.3 million), which is an increase of £82.1 million. This change has primarily resulted from a change in actuarial assumptions on the Consumer Price Index (CPI) and pay

inflation, but also includes £16.7m in relation to the recent court ruling on age discrimination (see note 3). This is expanded upon in the Merseyside Pension Fund Accounts contained within this Statement and the Merseyside Pension Fund Annual Report.

The recognition of this Pension Liability in the Council accounts has a substantial effect on the net worth of the Council and it is important to note that this change reflects the actuarial valuations and is not an immediate demand upon the Council's resources. The statutory arrangements for funding the deficit will see the deficit made good by increased contributions over the remaining life of working employees as assessed by the scheme actuary. The contributions are reviewed every three years as part of the triennial revaluation of the Pension Fund and an investment strategy is then determined, which aims to recover the deficit over a stated period (presently 25 years). Funding from the Council is only required to cover discretionary benefits when the pensions are actually paid.

Balances and Reserves

The Council uses a localised approach to

determining an appropriate level of balances. This approach takes account of the strategic, operational and financial risks being faced by the Council with particular risks relating to legislative changes, inflation and the delivery of the budget savings.

The Council held Useable Reserves of £87.4 million at 31 March 2019 (2017/18 £95.8 million), consisting of Earmarked Reserves of £59.6 million (2017/18 £54.9 million), General Fund Balances of £10.7 million (2017/18 £24.9million), Capital Receipts of £0.9 million (2017/18 £1.7 million) and unapplied Capital Grants of £16.3 million (2017/18 £14.4 million). A breakdown of the Useable Reserves can be found in the Movement in Reserves Statement and note 24, with more details on the Earmarked Reserves found in note 10 to the accounts.

The Council also held a net credit balance in Unusable Reserves of £178.7 million at 31 March 2019 (2017/18 credit £130.0 million). These are kept to manage statutory accounting processes and do not provide any useable resources to the Council. Further information on the Unusable Reserves can be found in note 25 to the accounts.

Narrative Report from the Director of Finance and Investment (continued)

Net Assets

The Net Assets of the Council are held in the Useable or Unusable Reserve balances within the Balance Sheet. Useable Reserves can be applied, subject to any statutory limitations on their use, to fund revenue or capital spending. Unusable reserves are not available to fund services and include the Pensions Reserve, which reflects the changes to the net defined benefit liability and the Capital Adjustment Account, which includes both the value of assets written-off on disposal or sale and the value of school assets transferring to Academies.

The Useable Reserves are regularly reviewed to assess whether they are adequate for the purpose intended and whether the sums involved are still required. At 31 March 2019 the major Useable reserves were in respect of the Business Rates Equalisation £8.7 million (2017/18 £10.3 million), School balances £8.9 million (2017/18 £10.2 million), which are ring-fenced for use by schools, the Insurance Fund £8.6 million (2016/17 £7.6 million).

5. CASH FLOW STATEMENT

The Statement shows the changes in cash

and cash equivalents of the Council during the financial year.

6. COLLECTION FUND

This Fund is maintained separately from the Council's General Fund to specifically record income and expenditure associated with Council Tax and National Non Domestic Rates (Business Rates). The Council during 2018/19 was part of the Liverpool City Region 100% Business Rates Retention Pilot. This is an arrangement approved by the Ministry of Housing, Communities and Local Government (MHCLG) in 2017 and agreed by all Merseyside Councils in addition to Halton Council. Under the arrangement the Council has retained the Government's share of business rates, with certain grant payments such as Revenue Support Grant ceasing but being compensated for via the higher percentage of business rates retention. The aim of the pilot is to allow the retention of business rate growth and shadow the operation of the full retention scheme. Under the pilot rates income is collected and apportioned between Wirral Council (99%) and Merseyside Fire and Rescue Service (1%).

The Collection Fund had an in year surplus of £2.4 million for 2018/19 (£6.9 million

deficit 2017/18). The accumulated year-end balance at 31 March 2019 was a surplus of £1 million (£1.4 million deficit 2017/18). More detail is contained in the Additional Statement - Collection Fund Income and Expenditure Account. A breakdown of the surplus is shown below:

	2018/19	2017/18
	£'000	£'000
Council Tax (Surplus)	(1,370)	(1,725)
NNDR (Surplus)/Deficit	321	3,101
Total	(1,049)	1,376

7. MERSEYSIDE PENSION FUND

The Fund is administered by Wirral Council and reported and audited separately but forms part of the Council's Statement of Accounts. Further information can be found within the Merseyside Pension Fund section of the Statement of Accounts, and also in the Merseyside Pension Fund Report and Accounts 2018/19.

8. ABOUT THE STATEMENT OF ACCOUNTS

The Statement of Accounts brings together the financial performance for the Council for the year and its financial standing as at the 31 March 2019. They contain both revenue and capital transactions across all services. The Council is required to produce an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices, comprising of the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) supported by International Financial Reporting Standards (IFRS). There are no new accounting policies adopted in 2018/19 but accounting policies have been updated for two new accounting standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). The Council reviews annually any interests in companies and other entities for any financial arrangements that may require the production of Group Accounts. In 2018/19 there were no material transactions that require this.

The following provides brief descriptions of the purpose of the various statements:

- **Narrative Report** provides an overview of the Council's financial and non-financial position for 2018/19.

- **Statement of Responsibilities for the Statement of Accounts** details the responsibilities of the Council and of the Director of Finance and Investment (S151).
- **Independent Auditor's Report**, is the Council external Auditor's report to Members of Wirral Council including the conclusion of arrangements for securing Value for Money. This will be added post audit Statement of Accounts.

The **Core Financial Statements** comprise four key statements:-

1. **Comprehensive Income and Expenditure Statement**, which shows all income and expenditure for the Council;
2. **Movement in Reserves Statement**, which shows the movement on the different reserves that the Council holds;
3. **Balance Sheet**, which shows the financial standing of the Council at 31 March 2019, detailing all assets and liabilities;
4. **Cash Flow Statement**, which shows the inflows and outflows of cash arising from transactions with other parties.

The **Notes to the Core Financial Statements**. This section provides further

detail and explanation of the items contained within the four Core Financial Statements.

Additional Financial Statements are included for –

- The **Collection Fund** (and notes), which covers Council Tax and Non-Domestic Rates collected and the amounts paid to precepting authorities and to Government.

The **Merseyside Pension Fund Accounts**, covering the financial position of the Merseyside Pension Fund, administered by Wirral Council, are also included in Section 5.

The **Annual Governance Statement**, which does not form part of the formal Statement of Accounts but has been included, as it:-

- Gives public assurance that the Council has proper arrangements in place to manage its affairs. The Statement summarises the Council's responsibilities and shows the effectiveness of the arrangements in place to manage its affairs;
- Shows the actions agreed by the Leader and Chief Executive to address those matters identified as requiring action to further enhance the governance arrangements.

Narrative Report from the Director of Finance and Investment (continued)

9 FUTURE DEVELOPMENTS

The Statement of Accounts provides information about the Council's expenditure and income for the year and the overall financial position at the end of the financial year. It is a key element in reporting how finances have been administered. The Council managed its performance and finances during 2018/19 with the progression of the Wirral Plan, the delivery of a number of savings and the budget.

The Council agreed its Budget for 2019/20 in March 2019. This has seen an increase in Council Tax levels from 1 April 2019 and includes a package of financial proposals including the use of one-off funding to support the budget for services. To address future financial challenges the Council agreed a Medium Term Financial and Resilience Strategy for the period up to 2023. The financial proposals in this Strategy aims to keep Wirral balancing its budget across the next four years and successfully planning for a financial resilience future. Its strategy is to focus the available funds on priority areas and balance budgets by 2022/23.

The strategy focuses on the improvement of Wirral residents' lives by investing in key public services. It also recognises the need

to do three things across the period:

- Boosting economic growth and diversification, essential for creating the jobs and income we need to pay for services.
- Creating Wealth for the many
- Being More Efficient

Since austerity started in 2010, through the Medium Term Financial and Resilience Strategy (MTFRS), successive budgets and service reform and reconfiguration - millions has been taken out of directorate budgets. Every department is doing its bit by reprioritising, finding efficiencies, making sure the Council is working as well as it can for the areas long term future. As part of the reform programme lean techniques are being used to streamline services. The Council is also turning around the long-term underinvestment in our services to the vulnerable and we have transformed an outdated practices in Children's Services.

We have developed a budget which is balanced, sustainable and legal:

- ✓ We are making no compulsory redundancies
- ✓ We have absorbed huge cuts to our funding without closing services

- ✓ We have secured major investment in services for vulnerable children and families
- ✓ We challenge every pound which we spend, to make sure it's delivering the best value.

There remains a funding gap between planned spend and funding for future years. The Council continues to face financial constraints and pressures. The medium term financial planning period to 2023 will see continued grant funding reductions and increasing financial pressures. As part of a current pilot scheme, the Council has full responsibility for the raising and collection of income generated locally and used to fund the services accessed by Wirral residents. Going forward the expectation is that this will continue. The Council is continuing work commenced in 2018/19 to establish a sustainable and robust financial position for the period 2019/20 to 2022/23. Work is on-going to look at changing needs such as demands for services and rising costs, new ways to working, the latest financial projections and external funding announcements to ensure that the forecasts remain robust and sustainable over the longer term.

Narrative Report from the Director of Finance and Investment (continued)

Alongside the development of longer term, strategic financial planning, financial business partnering will be further improved to provide support to services and assist with transforming services.

The development in the Finance and Investment Division of this approach will support services and embedded strong and robust financial management in all parts of the Council. It will also involve staff being involved in the development and implementation of future financial proposals as well as concentrating on the delivery of in year financial performance.

The Medium Term Financial Resilience Strategy (MTFRS) recognises that risk is an inherent part of all the Councils operations.

Risks come from both the external environment in which Wirral operates and internally from the changes that are necessary to implement the Wirral plan and the MTFRS.

The management of risks is part of the overall governance framework that ensures that risk is managed in a consistent and clear way. The Council has in place a Corporate Risk Register that holds in one location all the major risks that must be addressed so that the Council can successfully implement the themes and pledges. A key risk that the register details is Financial Resilience. It provides details of the existing and additional controls in place to mitigate this risk. The register is subject to review on a regular basis by the Senior Leadership Team to ensure that there is awareness of risks as well as the identification of mitigating actions following assessment.

There is within the Council an understanding of the on-going

challenges that Wirral faces. The plan is to continue the work to ensure that progress continues in 2019/20 and future years, in a continually challenging financial world for local government. As a Council, through the Wirral Plan and the MTFRS further actions are planned to meet the demands and requirements of local residents and our partners.

Shaer Halewood
Director of Finance & Investment (S151)
31 July 2019

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:-

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. The responsible officer is designated as the Chief Financial Officer, or equivalent. In this Council, that officer is the Director of Finance and Investment (S151);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts

The Director of Finance and Investment (S151) Responsibilities

The Chief Financial Officer (in Wirral Council this is the Director of Finance and Investment (S151)) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practice as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice.

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Wirral Council at 31 March 2019 and its income and expenditure for the year then ended.

Shaer Halewood
Director of Finance &
Investment (S151)
31 July 2019

Approval of the Accounts

The accounts remain subject to formal external audit and may be amended as part of that process. The Statement of Accounts are to be considered by the Audit and Risk Management Committee on 23 September 2019 and will be published following approval by the Committee.

Independent Auditor's Report

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF WIRRAL COUNCIL

These statements are presented prior to completion of the audit of the accounts. The auditor's report on the 2018/19 Statement of Accounts will be included in the final Statement of Accounts to be published following the Audit & Risk Management Committee meeting on 23 September 2019, once formally approved by the Committee.

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ANNUAL GOVERNANCE STATEMENT

2018 - 2019

Annual Governance Statement 2018/19

INTRODUCTION

Local authorities are required by statute to review their governance arrangements at least once per year.

Throughout the last year, Wirral Borough Council has continued with its strategy to improve upon the manner in which it discharges its governance responsibilities.

This statement explains how the Council has complied with its Code of Corporate Governance and continues to build upon the work of previous years, constantly improving, as a Council, that is learning, maturing and delivering for its constituents.

Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also retains a best value duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

By discharging this responsibility (including as accountable body for the Merseyside

Pension Fund), the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Wirral Council is the administering authority for the Merseyside Pension Fund which publishes its own statement of accounts on an annual basis and includes a "Governance Compliance Statement". The statement outlines compliance to industry specific governance principles.

The Council has approved and adopted the Code of Corporate Governance, which is consistent with the principles of the CIPFSA / SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Code is available on our website: www.wirral.gov.uk.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England & Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to the businesses that it wholly or jointly owns:

- Edsential - a Community Interest Company

jointly owned by Cheshire West and Chester Council and Wirral Council to provide services to the Education sector: <https://edsential.com/>. The Council owns 50% of the shares in the company and provides governance oversight via a joint shareholder board with Cheshire West and Cheshire Council.

- Wirral Evolutions Ltd - a Council owned company, which delivers adult social care services: <http://www.wirralevolutions.org/>. The company shareholder board provides governance oversight. The board membership includes a Council Cabinet member to make strategic decisions on the behalf of the Council. Operational decisions are taken by the company board of directors.
- Wirral Growth Company - a limited liability partnership between the Council and Muse Developments Limited. The Council and Muse Developments Limited are equal partners in this venture and are jointly responsible for making all decisions. The partnership was created to promote the economic regeneration of the Borough.

What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive and honest manner
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively

Page 76 Has effective arrangements for the management of risk

Secures continuous improvements in the manner in which it operates.

The purpose of the Governance Framework

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate / cost effective services.

Both risk management and internal control measurements are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level.

These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by the Council's policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The system of risk management and internal control is based upon an ongoing process, designed to identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous

statements, as well as in the Council's Code of Corporate Governance. These are available on the Council's website: www.wirral.gov.uk. This statement therefore describes the key changes and developments within the Council's governance framework during 2018-19 and up to the date of the approval of the annual statement of accounts.

The progress that has been made in

dealing with the significant governance issue included in last year's statement and those governance issues that have been identified from this year's governance review are highlighted in this statement.

Council	Cabinet	Audit & Risk Management Committee	Overview and Scrutiny Committees	Corporate Governance	Risk Management	Audit
<ul style="list-style-type: none"> • Approve Constitution including Codes of Conduct • Approve the Wirral Plan Approve budget and policy framework “Holds cabinet to account” • Hold decision making meetings in public 	<ul style="list-style-type: none"> • Set priorities in line with the Council’s vision and recommend budget proposals to underpin delivery • Deliver financial performance within the budget and policy framework set by Council. • Hold decision making meetings in public 	<ul style="list-style-type: none"> • Scrutinise and approve Financial Statements on behalf of the Council • Review Contract & Procurement Procedure Rules • Review and scrutinise governance arrangements, including internal and external audit updates / reports, and the management of risk • Holds meetings in public 	<ul style="list-style-type: none"> • Provide a critical friend to challenge Cabinet as well as external authorities and agencies • Reflect the voice and concerns of the public and its communities • Holds meetings in public 	<ul style="list-style-type: none"> • Review performance management and projects against milestones, resource allocation, risks and performance. • The Corporate Governance Group has responsibility for overseeing the annual review of the governance framework and the preparation of the annual governance statement • Corporate oversight by Council’s additional governance boards; including Investment & Change Board • The Corporate management team including the role of its three statutory officers: the Head of Paid Service (Chief Executive), the Monitoring Officer and the Chief Financial Officer 	<ul style="list-style-type: none"> • Review risk registers for corporate, operational and project risks • Corporate risks reviewed by the Senior Leadership Team and Audit & Risk Management Committee 	<ul style="list-style-type: none"> • Set the internal audit strategy to meet the Council’s overall strategic direction and provide assurance on risk management, governance and internal control arrangements • Undertake annual programme of internal audits, present progress reports including recommendations for improvement in systems and control • External Audit review and report on the Council’s financial statements and vfm conclusion on the Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

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REVIEW OF EFFECTIVENESS

Wirral Council has a responsibility for conducting, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the Chief Officers and senior managers within the Council who have responsibility for the development and maintenance of the governance environment. Their feedback and comments provided in Governance Assurance returns and meetings are an essential part of this review. It is also informed by the work of Internal Audit, the Chief Internal Auditor's Annual Report, together with findings and reports issued by the external auditor and other review agencies and inspectorates.

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance.



Reproduced from 'Delivering Good Governance in Local Government Framework 2014' published by CIPFA/IFAC

The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2018-19 are set out in the table below, demonstrating how the Council has complied with the seven principles set out in the CIPFA/SOLACE Framework during 2018-19.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.</p>	<p>Key elements of the Council's governance arrangements, as detailed in the Council's Code of Corporate Governance, include:</p> <ul style="list-style-type: none"> • The Wirral Plan sets out the Council's key priorities; • The Constitution details how the Council operates, how decisions are made, and the procedures that are to be followed to ensure that arrangements are efficient, transparent and are available for constituent scrutiny as required; • Codes of Conduct define the standards of behaviour for Members and officers; • Arrangements to apply the set of standards (the Nolan principles) of conduct and behaviours expected of Members with constitutional oversight; • Relevant policies in operation include declarations of conflict of interest, declaration of gifts and hospitality, Dignity at Work and Whistleblowing; • An Anti-Fraud and Corruption policy and strategy, Anti-Bribery policy, Anti-Money Laundering policy and Fraud response plan demonstrate the Council's stance against fraud; • Monitoring Officer provisions, including the review of reports by Legal qualified officers and the record of legal advice provided, ensure the lawfulness of decisions taken by the Cabinet, Council and officers. <p>Improvements in the year included completion rates for performance appraisals; with a focus in 2019-20 to strengthen arrangements for improving the quality of appraisals and helping to embed organisational priorities and values.</p> <p>There is a recognition that there are instances where there is a need to formalise governance arrangements with some 'Friends/ Voluntary' organisations.</p>

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>B. Ensuring openness and comprehensive stakeholder engagement.</p>	<p>Key Elements of the Council's Governance Arrangements include:</p> <ul style="list-style-type: none"> • All Committee meetings are held in public, unless prevented by legislation. From September 2018 all Council Committee meetings have been webcast. Minutes, reports and webcast recordings are available on the Council's website; • The Wirral Plan, pledge strategies, pledge action plans (updated May 18), and quarterly performance and update reports are available on the Council's website; • The Wirral Partnership Delivery Group is chaired by the Council's Chief Executive and includes the Chief Executives of key partners, including the Clinical Commissioning Group, Provider Trusts and the Chamber of Commerce, and 3rd sector representatives. This group, together with the Partnership Summit and Partnership Framework ensure ongoing engagement and commitment of relevant partners; • All pledge steering groups are partnership based; • An innovative approach to neighbourhood working designed around Wirral's four constituency areas; Birkenhead, Wallasey, Wirral South, Wirral West; • Utilising the Wirral View publication and associated websites to communicate and share information with constituents and stakeholders; • Budget papers, in-year financial monitoring reports and the Council's Medium Term Financial Strategy are published on the Council's website. Additional arrangements to support setting the 2019-20 budget included a public consultation exercise to provide constituents with an opportunity to engage in budget proposals and influence decision making; • Public consultation exercises; those conducted during 2018/19 included an on-line survey seeking comments on the planned 2030 vision for the Wirral Partnership and consultation upon the development of the Local Plan; • Equality Impact Assessments are undertaken and embedded in all Council decision making; • Relevant Council policies and strategies include an Engagement & Stakeholder Relations Strategy, a Corporate Equality and Cohesion strategy and Freedom of Information compliance publication.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>C. Defining outcomes in terms of sustainable economic, social and environmental benefits.</p>	<p>Key Elements of the Council's Governance Arrangements include:</p> <ul style="list-style-type: none"> • The Wirral Plan, pledge strategies action plans, and quarterly performance reports outline the Council's vision, priorities and performance against planned outcomes; thus providing an effective framework for close working with partners and stakeholders (Wirral Plan performance). • An established corporate performance management framework. This has been further developed and from 19/20 all departments and major teams are developing business / service plans; • Regular revenue and capital monitoring reports, and effective medium term financial planning ensure that the Council retains its commitment to stability, utilising available resources, whilst monitoring savings and income plans; • Council reports to support major decisions outline key implications, including economic, social, environmental, (where applicable); • Continued commitment to developing commercial opportunities. • Improvements in year have included the above Council-wide approach to service and business planning, which incorporates a range of performance measures.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>D. Determining the interventions necessary to optimize the achievement of the intended outcomes.</p>	<p>Key Elements of the Council's Governance Arrangements include:</p> <ul style="list-style-type: none"> • The arrangements for joint strategic needs assessment across services, including factors such as economy, skills and business, help ensure the right insight and evidence is available to make evidence-based decisions and set strategic priorities; • The partnership approach to needs assessment, led by the over-arching Wirral Partnership Delivery Group, includes listening to the local voice of residents, service users and Members through various forms of consultation and communication; • All significant change programmes have evidence-based business cases to support the delivery of programmed work; • Council reports and underlying business cases outline options considered, risk assessments, and financial, legal, resource and equality implications; • Robust arrangements exist for reporting, monitoring and review of programme, pledge and service performance to support the delivery of impact and outcomes; • Optimising partnership approaches including integration to derive best value. A recent example includes work with the Centre for Local Economic Strategies (CLES) to engage with local people and businesses to help support the development of the economy priority deal and promote wealth creation within the Borough; • An ambitious programme for service review and change helps ensures effective use of transformational and programme management expertise and capacity; • Effective budget planning processes underpinned by the Medium Term Financial strategy

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>D. Determining the interventions necessary to optimize the achievement of the intended outcomes.</p>	<p>Improvements in the year have included :</p> <ul style="list-style-type: none"> • Progress with taking forward ambitious plans for regeneration and economic growth in Wirral, including entering into a Joint Venture with Muse (the Wirral Growth Company) and advancing plans for some of the major developments that comprise the Wirral Waters One joint venture with Peel Holdings; • A Governance Review undertaken in 2018 has led to an improved governance structure for scrutiny, corporate oversight and corporate decision-making. Improvements have included the introduction of an Investment & Change Board, Call-Over Board, Corporate Savings Governance Board and Commercial Board. This has led to improved accountability management, greater transparency, including earlier sight of key issues at chief officer level, clear visibility of decision making and an improved framework for decision making with improved pre-scrutiny processes for new business proposals. Other improvements have included improved levels of Member engagement (including pre-Committee briefings and pre-Cabinet cross party dialogue), examples of member-led processes (including MTFS), and examples of cross-party scrutiny (including during the Wirral Growth Company project.); • The establishment of the Joint Strategic Commissioning Board as a formal committee of the Council, with formalised governance arrangements for joint commissioning with Health. <p>Current initiatives include work to finalise the Council's ICT strategy, and a project to implement a new Enterprise Resource Planning system (ERP). It is recognised that implementation of the new ERP system is key corporate project that will help support wider organisational change.</p>

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>E. Developing the entity's capacity including the capability of its leadership and the individuals within it.</p>	<p>Key Elements of the Council's Governance arrangements include:</p> <ul style="list-style-type: none"> • Regular and transparent oversight of delivery and performance, through insightful reports including a quarterly performance and update report for Wirral Plan Pledges and regular Corporate Operational Health report to SLT; • Closer working relationships with business partners and stakeholders to improve delivery of key Council strategies; • The constitution clearly sets out roles and responsibilities of Members and Officers, including executive and non-executive functions and the scrutiny function; • A comprehensive Member development programme; • An ongoing senior leadership development programme, including SLT away-days; • The provision of appropriate training and personal development opportunities for staff linked to the Council's corporate performance appraisal process; • The Council's graduate and apprentice recruitment programmes. • Improvements in year have included: <ul style="list-style-type: none"> • A new SLT model, bringing improved levels of commercial acumen, communication, teamwork and leadership; • Acknowledgement that the Council has needed to change its approach to adapt to its continually changing environment by promoting a "learning culture" throughout the organisation; • The launch of a new People Strategy which will guide how the Council develops and supports employees, with the five key strands of attracting and retaining talent, strong and visible leadership, values behaviours and performance, embracing change, and workplace wellbeing, and a central theme of getting the basics right. • There is a recognition that the changing political environment requires an additional focus to ensure effective working relationships between members and officers, including the need for further development initiatives for members and officers to better understand the processes and procedures that underpin the organisation.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>F. Managing risk and performance through robust internal control and strong public financial management.</p>	<p>Key Elements of the Council's Governance arrangements include:</p> <ul style="list-style-type: none"> • An effective ARMC in place, as confirmed by the Committee's self-assessment. The ARMC receives, approves and monitors the delivery of Audit Plans and monitors the effectiveness of risk management arrangements, including regular updates of the corporate risk register. The Chair produces an Annual Report that demonstrates the value added by Committee over the year; • Regular review of activity and performance as part of the Performance Management Framework; • Rigorous and transparent decision-making processes in place, with the publication of agendas ,minutes and the webcasting of meetings; • Financial management is a key element of the structure and processes that comprise the Council's governance arrangements; with key aspects including financial regulations, budget and policy framework procedure rules, monthly revenue and capital monitoring, quarterly reporting to Members, and periodic updates to the medium term financial strategy; • Effective scrutiny arrangements; • An Internal Audit function that complies with Public Sector Internal Audit Standards for Local Government with an audit programme that reflects corporate risks, plan and update reports to ARMC, bi-monthly activity reports to SLT and ARMC Members and the annual report and opinion prepared by the Chief Internal Auditor; • An annual programme of proactive and reactive internal audit work.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>F. Managing risk and performance through robust internal control and strong public financial management.</p>	<p>Improvements in the year have included :</p> <ul style="list-style-type: none"> • The Council is strengthening the governance around managing change, an increasingly key element of the organisation's current strategy. Improvements have included ensuring all key projects are now managed within the Programme Management Office (PMO) framework; with all projects to report to one of five programme boards which each report to the Investment & Change Board, in its overall 'gatekeeper' role. The Council is also undertaking a programme of service reviews, which are helping to bring together all aspects of change in the Council; • Improved arrangements for risk management included establishing a Task and Finish group, whose role was to identify and oversee the implementation of improvements, and a network of officers across the organisation charged with supporting the embedding of the Council's revised risk management arrangements. Initiatives included training in risk management principles and good practice for SLT, departmental leads and members. Outcomes included an updated corporate risk register and good progress with embedding effective risk management arrangements at departmental, PMO and at programme / project level; • Achievements in Information Governance during 18/19 included obtaining approval for DSPT improvement plan which allows data sharing with the NHS (with work to complete providing outstanding mandatory evidence requirements in progress), applying for and being awarded funding for cyber security training and ensuring success rates for FOI completion statistics remain high despite increasing requests; • A review is underway to introduce an improved control process for managing the programme for policy reviews. • Ongoing initiatives to further strengthen corporate governance arrangements include: • Further work planned to embed the development of the corporate risk management processes, including the monthly review of Corporate Risk Register at SLT. It is recognised there is scope to enhance the formal and routine use of risk management to inform strategic planning and manage services and delivery. There is also work planned for later in 19/20 to define the Council's current appetite and capacity for key risks; • A range of measures planned to further develop the Council's Information Governance arrangements, including strengthening the support given for the Council's information asset owners, with comprehensive training currently being arranged for all information asset owners / administrators and plans for the SIRO to receive a quarterly security report, and plans to develop an Information Governance risk register; • Scope to further develop performance data including using such data to assist early identification of key issues and risks and utilising Central Government monitoring and KPIs to drive performance data.

Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2018-19
<p>G. Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>Key Elements of the Council's Governance arrangements include:</p> <ul style="list-style-type: none"> • Public access to meetings and minutes and webcasting of Council meetings; • Adhering to all access to information statutory requirements and being committed to meeting the standards set out in the Transparency Code; • Publicising a robust complaints process and responding effectively to complaints, e.g. in statutory areas; • Accurate and reliable public reporting on performance (Wirral Plan), stewardship of resources (Statement of Accounts, in-year financial reporting and the Medium Term Financial Strategy), and compliance with the Governance Framework (AGS), • Internal Audit arrangements that comply with Public Sector Internal Audit Standards, including regular reporting of progress with the plan to ARMC. <p>Improvements in year have included the commencement of webcasting of meetings.</p>

Key area for improvement	Action taken to address the issue
<p>Action required to address issues raised in the Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p>	<p>The Wirral Improvement Board has continued to have oversight of the Improvement Plan for Children's Services. Activity to address the issues raised in the Ofsted Improvement Notice has been centred around a number of key work-streams. A summary of some of the activity carried out within each work-stream is highlighted below:</p> <p>Practice Improvement: The roll out of the Supporting Families, Enhancing Futures model has ensured that the daily lived experience of children and young people is fully captured in practice and used to inform decision-making. Service improvements, investment in training and development and consistent and regular audit by Children's Services have all been significant developments in this area.</p> <p>Workforce Stability: Activity to reduce the number of agency staff has been successful with a significant reduction in agency workers and an increase in permanent workers who are committed to work at Wirral Council.</p> <p>Delivery model: The establishment of the Regional Adoption Agency has brought about a more co-ordinated and joined up approach to adoption.</p> <p>Enablers of change: Accommodation enhancements and the implementation of mobile working as well as equipping staff with right technology has enabled frontline staff to work more effectively with children and greatly improved management oversight and communication.</p> <p>Quarterly monitoring visits have continued to assess progress with findings reported. Their findings can be summarised as:</p> <p>March 2018 Monitoring visit found that improvements had been made in access to services for those children needing support and protection; including the new integrated front-door as a point of entry for all contacts to children's social care.</p> <p>May 2018 Report noted that progress had been made in improving services for children and young people who needed to be looked after, including those at risk of exploitation and those on the edge of care.</p> <p>September 2018 Inspectors found evidence of progress in relation to the local authority's response to children who need protection through a child protection plan. Children tracked had received timely assessments of need and were in receipt of appropriate services and thresholds were appropriate.</p> <p>December 2018 The Monitoring visit found that the local Council was making progress in improving social work support and services for children in care and care leavers.</p> <p>In addition to this, service and thematic audits, performance management information and DfE reports all evidence progress in improvements in specific areas as outlined in the 2016 Inspection report.</p>

SIGNIFICANT GOVERNANCE ISSUES

- In preparing this statement, the criteria used for 'significant governance' are issues which:
- Significantly undermine or threaten the achievement of a core organisational objective.
- Represent a significant failure to meet the principles (and sub-principles) of good governance (as detailed in the Code of Corporate Governance).
- Have resulted in significant public interest or have seriously damaged reputation.
- Are of significant concern to an inspector, external audit or regulator.

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Have been recommended by the head of internal audit or one of the statutory officers to be included.

Require significant organisational and corporate cooperation to address it.

The review of the effectiveness of the Council's governance framework has identified the following significant issues that will need to be addressed or continue to be addressed during 2019/20:

Issue	Action proposed during 2019/20	Lead Officer
<p>Ofsted - Action required to address issues raised in the Improvement Notice issued by the Secretary of State for Education (30th September 2016) (Corporate Risk 9) (SGI Criteria 1,3,4,6)</p>	<p>The Improvement Board meets monthly to monitor progress and developments in children's social care. The Children and Families Scrutiny Committee will also continue to play a role in providing challenge and monitoring improvement activity. The work-streams outlined in the Improvement Plan will continue to guide and direct actions to continue to address the issues raised.</p> <p>For 2019/20, this will include:</p> <p>Practice Improvement: Delivering a robust contextual safeguarding model will broaden the parameters of safeguarding and address the wider influences that can protect families, children and young people.</p> <p>Workforce Stability: A continued focus on the 'grow your own' approach to shape social workers and practitioners in providing quality support for children and retaining staff on Wirral.</p> <p>Delivery model: Opportunities for strengthening and re-shaping services around the needs of children will continue to be explored.</p> <p>Enablers of change: A commitment to and culture of continuous reflection, evaluation and improvement will be embedded.</p>	<p>Paul Boyce, Corporate Director for Children Services</p>
<p>The Council continues to face significant financial challenges. Uncertainty over the level of future funding and increased demand pressures mean the Council's ability to deliver future essential services depends on effective delivery of key actions to ensure financial resilience; including delivery of savings plans and planned actions to increase income. (Corporate Risk 1) (SGI Criteria 1,4,6)</p>	<p>The Medium-Term Financial Strategy agreed at Full Council on 4 March 2019 presented a balanced four-year financial plan and included proposals to address the £45m budget gap in 2019/20. This plan will be subject to change for a number of reasons e.g. changes to government funding, new growth items, unavoidable or unforeseen pressures etc.</p> <p>Setting the annual budget is now an ongoing process with proposals for growth, savings, income etc, being addressed in-year rather than at a specified budget setting period. This will enable ongoing scrutiny and challenge of the MTFs which will be reported to Cabinet every quarter with the in-year budget monitoring from 2019/20. The Financial Resilience Plan reported to ARMC on an annual basis details an action plan to ensure financial sustainability.</p> <p>The financial situation is assessed on a monthly basis to ensure that any mitigating actions can be assessed and recommended to the Cabinet to address unforeseen pressures early so as to minimise the impact on service delivery.</p>	<p>Shaer Halewood, Director of Finance & Investment</p>

Issue	Action proposed during 2019/20	Lead Officer
<p>The Council, through the Wirral Growth Company, has ambitious plans for development and regeneration. If the WGC were to fail to deliver anticipated benefits, it would undermine the Council budgetary position, economic growth aspirations and public and investor confidence in the Authority. (Corporate Risk 10) (SGI Criteria 1,6)</p>	<p>The Partnership Agreement (PA) for the Joint Venture (JV) with Muse was signed in March 2019. The JV PA is underpinned by a suite of robust corporate legal documentation. The first JV Board meeting took place in April 2019 and will take place on a quarterly basis. The Council and Muse are in the process of developing a Partnership Business Plan (PBP). A first draft PBP will be presented to the JV Board in September 2019. The PBP will be underpinned by draft indicative Site Development Plans (SDPs) for the priority areas which will be included in the first Y1-3 Business Plan. The PBP will be updated annually and agreed at both the JV and Shareholder board(s).</p>	<p>Paul Satoor, Corporate Director for Business Management</p>
<p>The Secretary of State has issued a Direction for the Council to produce an Action Plan for the Delivery of the Local Plan. If the Council fails to deliver agreed requirements for the consultation, publication and implementation of the Local Plan it could result in intervention, a loss of control over future development and missed opportunities to promote economic growth.</p> <p>The Secretary of State has also threatened intervention in respect of the Council not meeting statutory timescales for planning decisions. (Corporate Risk 5) (SGI Criteria 3,4)</p>	<p>The action plan was completed and submitted to MHCLG on 5th April 2019 to meet the deadline of 8th April 2019. Positive dialogue has taken place directly with MHCLG officials and such dialogue will continue a monthly basis.</p> <p>A revised date of submission to November 2020 from January 2020 was presented. The Council has yet to receive formal clarification as to whether the timeline has been accepted by the Secretary of State .</p> <p>The Council must continue to deliver the action plan over the coming months and any slippage/ delays could result in intervention.</p> <p>Performance in completing planning decisions within statutory timescales has improved in quarter four of 2018/19 following the additional staffing resources which have been applied. This will continue to be a focus for attention in 2019/20 to ensure statutory timescales for decisions are complied with.</p>	<p>Paul Satoor, Corporate Director for Business Management</p>

Issue	Action proposed during 2019/20	Lead Officer
<p>Following a very serious tragic incident in November 2016 involving a section of tree falling on to a vehicle on the highway from Arrowe Park, which resulted in the injury to the driver and her unborn child who sadly died shortly after birth, a full review of the council's systems and processes for the inspection and maintenance of trees on its land and highways has been carried out. (Corporate Risk D) (SGI Criteria 3,4)</p>	<p>This has been a significant review both in time and resource and continues today . The review highlighted that there were different systems in place dependent upon whether a tree was located on the highway, in a park/ open space, on another property owned by the council including leased land and buildings and school sites</p> <p>From this position the committed £1.125 million in order to carry out full tree inspection and maintenance programme across its estate commencing with those sites of the highest risk adjacent to the highway. Further to this, additional expertise has been recruited and external professional support has been used to carry out surveys and maintenance to all trees on highways and in parks/open spaces. The priority sites are now complete and there is an ongoing programme for the remaining works. The council has also contracted The Environmental Partnership (TEP) to produce a tree risk management strategy. This sets out a framework and process for the management and maintenance of trees on all council land. There is further work to be completed in putting this risk management strategy and processes into place and in respect of such activity as leased sites and schools where responsibilities are extended as part of leasing arrangements or through the type of school and the relevant Governing Body responsibilities. This is currently being implemented.</p>	<p>David Armstrong, Corporate Director Delivery Services (Assistant Chief Executive)</p>

CERTIFICATION

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed:



Paul Satoor, Chief Executive (from 15 July 2019)

Date: 31 July 2019

Signed:



Councillor Pat Hackett, Leader of the Council

Date: 31 July 2019

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Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The figures for 2017/18 have been restated and re-presented to be in line with the Directorate format adopted by the Council for monitoring financial performance during 2018/19. (See note 49).

	2018/19				Note	2017/18 Restated		
	Expenditure £'000	Income £'000	Net £'000			Expenditure £'000	Income £'000	Net £'000
146,229	52,387	93,842	Adult Care & Health			139,656	56,987	82,669
132,435	100,671	31,764	Business Managment			140,026	114,688	25,338
323,704	243,044	80,660	Childrens Services			298,498	225,963	72,535
107,530	30,665	76,865	Delivery Services			104,312	35,592	68,720
8,346	3,974	4,372	Economic & Housing Growth			6,136	3,782	2,354
27,146	31,116	(3,970)	Strategy & Partnerships			32,847	32,873	(26)
745,390	461,857	283,533	Cost of Services			721,475	469,885	251,590
46,806	-	46,806	Other Operating Expenditure	11		64,840	-	64,840
25,645	2,402	23,243	Financing and Investment Income and Expenditure	12		25,394	2,586	22,808
-	303,735	(303,735)	Taxation and Non-Specific Grant Income and Expenditure	13		-	283,349	(283,349)
817,841	767,994	49,847	(Surplus)/Deficit on Provision of Services			811,709	755,820	55,889
		(42,728)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment					(9,319)
		2,042	(Surplus)/Deficit on Revaluation of Available for Sale Financial Assets					35
		47,956	Remeasurement of the Net Defined Benefit Liability/(Asset)					(61,113)
		7,270	Other Comprehensive Income and Expenditure					(70,397)
		57,117	Total Comprehensive Income and Expenditure (Surplus)/Deficit					(14,508)

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to, or from, Earmarked Reserves undertaken by the Council.

	Note	General Fund Balance	Earmarked General Fund Reserves	Total General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2018		24,856	54,862	79,718	1,672	14,388	95,778	(129,985)	(34,207)
Total Comprehensive Income and Expenditure Surplus/(Deficit)		(49,847)	-	(49,847)	-	-	(49,847)	(7,270)	(57,117)
Adjustments between Accounting Basis & Funding Basis under Regulations	8	40,347	-	40,347	(749)	1,863	41,461	(41,461)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(9,500)	-	(9,500)	(749)	1,863	(8,386)	(48,731)	(57,117)
Transfers to/(from) Earmarked Reserves	10	(4,688)	4,688	-	-	-	-	-	-
Increase/Decrease in Year		(14,188)	4,688	(9,500)	(749)	1,863	(8,386)	(48,731)	(57,117)
Balance as at 31 March 2019		10,668	59,552	70,220	923	16,251	87,394	(178,717)	(91,325)
Balance as at 31 March 2017		25,723	55,064	80,787	5,558	14,919	101,264	(149,978)	(48,714)
Total Comprehensive Income and Expenditure Surplus/(Deficit)		(55,889)	-	(55,889)	-	-	(55,889)	70,397	14,508
Adjustments between accounting basis & funding basis under regulations	8	54,820	-	54,820	(3,886)	(531)	50,403	(50,403)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,069)	-	(1,069)	(3,886)	(531)	(5,486)	19,994	14,508
Transfers to/(from) Earmarked Reserves	10	202	(202)	-	-	-	-	-	-
Increase/Decrease in Year		(867)	(202)	(1,069)	(3,886)	(531)	(5,486)	19,994	14,508
Balance as at 31 March 2018		24,856	54,862	79,718	1,672	14,388	95,778	(129,985)	(34,207)

Balance Sheet

This shows the value of the assets and liabilities recognised by the Council at the Balance Sheet date.

The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories - useable and Unusable reserves. useable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2019		<i>Notes</i>	31st March 2018
£'000			£'000
644,487	Property, Plant & Equipment	14	607,652
14,308	Heritage Assets	15	14,308
27,356	Investment Property	16	21,546
548	Intangible Assets	17	932
1,550	Long Term Investments	18	1,250
35,255	Long Term Debtors	41	38,028
723,504	Long Term Assets		683,716
10,988	Short Term Investments	18	26,465
-	Assets held for sale	21	11,051
134	Inventories		112
57,725	Short Term Debtors	19	63,913
26,730	Cash and Cash Equivalents	20	24,737
95,577	Current Assets		126,278
94,233	Short Term Borrowing	18	95,297
57,110	Short Term Creditors	22	62,616
-	Short Term Deferred Credits		5
12,377	Provisions	23	12,381
163,720	Current Liabilities		170,299

(Table continues on the following page)

Balance Sheet (continued)

(Table continued from previous page)

31st March 2019	<i>Notes</i>	31st March 2018
£'000		£'000
2,376	Provisions	2,275
164,542	Long Term Borrowing	171,503
578,937	Other Long Term Liabilities	499,750
830	Capital Grants received in advance	373
746,685	Long Term Liabilities	673,901
(91,324)	Net Assets/(Liabilities)	(34,206)
87,393	Useable Reserves	95,779
(178,717)	Unusable Reserves	(129,985)
(91,324)	Total Reserves	(34,206)

The accounts (subject to audit) were issued on the 31 May 2019

Shaer Halewood

Director of Finance and Investment (S151)

31 May 2019

Cash Flow Statement

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Council during the reporting period.

The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or by raising income from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2018/19		<i>Note</i>	2017/18
£'000			£'000
49,847	Net (Surplus) / Deficit on the Provision of Services		55,889
(63,321)	Adjust Net (Surplus) / Deficit on the Provision of Services for Non Cash Movements	26	(57,830)
23,074	Adjust for items in the Net (Surplus) / Deficit on the Provision of Services that are Investing or Financing Activities	26	20,035
9,600	Net Cash Flows from Operating Activities		18,094
(27,082)	Net Cash Flows from Investing Activities	27	4,481
15,489	Net Cash Flow from Financing Activities	28	(23,361)
(1,993)	Net (Increase)/Decrease in Cash and Cash Equivalents		(786)
(24,737)	Cash and Cash Equivalents at the beginning of the Reporting Period		(23,951)
(26,730)	Cash and Cash Equivalents at the end of the Reporting Period		(24,737)

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Note 1 Accounting Policies

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to produce an Annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) supported by International Financial Reporting Standards (IFRS) and Statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted is principally historical cost, modified for the valuation of certain categories of property, plant and equipment and financial instruments. The accounts are also prepared on a going concern basis. The Code of Practice specifies the principles and practices of accounting required to prepare a Statement of Accounts which provides a true and fair view of the financial position and transactions of the Council and is based on approved international accounting standards, except where these

might conflict with specific statutory accounting requirements.

In accordance with the Code, the Council has adopted a number of principles to be followed in selecting accounting policies to be used and the corresponding disclosures needed to help users to understand those selected policies and how they have been implemented. In doing so, the Council tries to ensure that the policies selected are the most suitable to its particular circumstances for the purpose of providing a true and fair view of the financial position and transactions of the Council. Policies are reviewed regularly to ensure their appropriateness and are changed as necessary to maintain this position. In such cases a full disclosure will be provided. As permitted under the Code, the concept of materiality has been used when determining appropriate disclosures to be made in the financial statements. Information is not material if omitting or misstating it would not influence the decisions of an informed user of the statements.

The concepts that the Council has regard to in selecting and applying these policies are:

Qualitative characteristics of financial information:	Revenue accounting concepts:
<ul style="list-style-type: none"> • Understandability • Relevance • Reliability • Comparability 	<ul style="list-style-type: none"> • Accruals • Going concern • Primacy of legislative requirements

Accounting policies can be defined as the principles, bases, conventions, rules and practices applied that specify how the transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves.

Note 1 Accounting Policies

Changes to Accounting Policies

There are no new accounting policies adopted in 2018/19. The existing accounting policies have been updated to reflect the changes required by the Code the most significant being the adoption of two new accounting standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers):

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. It made changes to previous guidance on the classification and measurement of financial assets and introduced an 'expected credit loss' model for impairment of financial assets. The Authority's trade receivables and investments in financial assets classed as held to maturity (unless classed as fair value through profit and loss) have been assessed for impairment by applying the expected credit loss model. The reclassification changes have not had a material impact upon the financial statements because the majority of the financial assets have retained the same measurement bases. With respect to trade receivables, the Authority already makes a provision for doubtful debts on its service assets.

The standard also contains new requirements on the application of hedge accounting (which will have no impact on the Authority as local authorities are not permitted to use hedge accounting).

IFRS 15 Revenue from Contracts with Customers

This standard introduced new methodology for determining when income from providing goods and services is to be recognised in the Comprehensive Income and Expenditure Statement and replaced IAS 18 Revenue and IAS 11 Construction Contracts. The standard introduced the concept of contracting assets and liabilities to account for timing differences between the obligation to deliver goods or services with the unconditional right to receive payment by way of a five step model framework for revenue recognition. As the Authority has relatively predictable income streams the impact has been minimal.

Note 1 Accounting Policies (continued)

Income and Expenditure Recognition

Income and expenditure are recognised in the Comprehensive Income & Expenditure Statement in the financial year in which goods and services are provided or received. The amounts included are based on actual invoices raised or received and, where actual amounts are not known, estimates are included based on an assessment of the value of goods and services rendered or received in the financial year. Any estimates are calculated using the best available information.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. If debts are not likely to be settled, the balance of the debtor is written down and a charge made to revenue for income that might not be collected.

Income from Council Tax and National Non-Domestic Rates is recognised within the Comprehensive Income and Expenditure Statement as the amount due to the Council for the financial year, including its share of the Collection Fund balances for these items at the end of the financial year. This value is subsequently amended through the Movement in Reserves Statement and the Collection Fund Adjustment Account to reflect the amount to be credited to the General Fund for the Council's Council Tax Requirement and income from National Non-Domestic Rates.

Interest receivable on investments and payable on borrowings is accounted for as Financing and Investment Income and Expenditure, within the Comprehensive Income and Expenditure Account, based on the effective interest rate for the relevant financial instrument rather than the cash flows set out by contract.

Capital Receipts

Sales of assets give rise to capital receipts if the receipt exceeds £10,000. These are recorded on an accrual basis and, if required, are divided into a reserved part (based on applicable statutory requirements) and a useable part (the balance).

Useable receipts are initially credited to Other Operating Expenditure within the Comprehensive Income and Expenditure Statement, offset by an equivalent movement in reserves to transfer the income to the Capital Receipts Unapplied Reserve. Reserved receipts are credited to the Capital Adjustment Account to reduce the Council's Capital Financing Requirement. Receipts under £10,000 in value remain as credits within the General Fund.

The Secretary of State has determined that, under provisions included in the Local Government Act 2003, the Council is required to pay over to the Department for Communities and Local Government (DCLG) a proportion of receipts derived from the disposal of housing land.

Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the fourth year of its second phase, which ends on 31 March 2019. The Scheme effectively leverages a 'carbon tax' for each tonne of carbon dioxide emitted, and the Council retrospectively purchases carbon dioxide allowances, at a fixed price, to cover its actual carbon dioxide emissions.

The Council's CRC liability is measured as the best estimate of expenditure required to meet this obligation, on the basis of the current market price for the number of allowances required to meet the expected liability at the reporting date. The cost to the Council is recognised in the Comprehensive Income and Expenditure Statement, apportioned to services on the basis of their energy consumption.

Cash and Cash Equivalents

Cash includes all balances, including overdrafts and all deposit accounts, held by the Council with financial institutions, and which are accessible without notice.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Note 1 Accounting Policies (continued)

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed by way of notes to the accounts. The notes explain the nature of the asset or liability and an estimate of the potential financial impact. Contingent assets and liabilities will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Council.

Debt Redemption through the Minimum Revenue Provision (MRP)

The Council is required to make provision for the repayment of an element of the accumulated General Fund capital expenditure, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements.

Under regulations issued by the Ministry of Housing, Communities and Local Government (MHCLG) the Council has approved an MRP Statement. Detailed rules place a single duty to charge an amount of MRP which the Council considers 'prudent'.

The Council approved the following MRP policy for the 2018/19 financial year:

(a) For capital expenditure incurred before 1st April 2008, and for supported capital expenditure incurred on or after that date, MRP will be determined by charging the expenditure based on the expected useful

life of the relevant assets using an annuity method, (Option 3 in England and Wales). The annuity rate used in determining the charge is 2%, equal to the Bank of England's Monetary Policy Committee's rate of inflation target.

(b) For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset or as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the expenditure has been incurred.

(c) For assets acquired by finance leases or the Private Finance Initiative and for the transferred debt from Merseyside County Council, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Ex-Merseyside County Council debt is managed in a separate fund. Interest is charged to constituent authorities at the average rate for the fund. Principal repayments are made on the basis of equal instalments over 36 years commencing 1 April 1988.

EMPLOYEE BENEFITS

Benefits payable during employment

Short-term employee benefits (other than termination benefits) are those that are due

to be settled within 12 months of the financial year end. They include benefits such as salaries and paid annual leave and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of outstanding annual leave that staff have earned but not taken before the year end. The accrual is charged to the Comprehensive Income and Expenditure Statement to ensure that annual leave benefits are charged to revenue in the financial year in which the annual leave absence occurs.

Termination benefits

Termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service. Termination benefits are payable as a result of either:

- the Council's decision to terminate an employee's employment before the normal retirement date, or
- an employee's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are often lump-sum payments.

The liability for termination benefits is charged on an accrual basis to the Comprehensive Income and Expenditure Statement when either the Council can no

Note 1 Accounting Policies (continued)

longer withdraw the offer of those benefits or when the Council recognises restructuring costs which involve the payment of termination benefits, whichever is earlier.

Post-employment benefits

Employees of the Council are members of three separate pension schemes which provide members with defined benefits (retirement lump sums and pensions) related to pay and service. The schemes are as follows: -

- The Teachers' Pension Scheme, which is a defined benefit scheme administered by Capita on behalf of the Department for Education. The arrangements for this scheme mean that liabilities for these benefits cannot be identified by the Council. The scheme is therefore accounted for as a defined contribution scheme and therefore no liability for future payments of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme in the year. The pension cost charged to the accounts is the contribution rate set on the basis of a notional fund.
- The NHS Pension Scheme, which is an unfunded defined benefit scheme that covers NHS employers, general practices and other bodies allowed under the direction of the Secretary of State for England and Wales. This scheme covers staff transferred to the employment of the

Council following the transfer of public health services on 1 April 2013. It is not possible for the Council to identify its share of the underlying scheme liabilities. The scheme is therefore accounted for as a defined contribution scheme, and therefore no liability for future payments of benefits is recognised in the Balance Sheet.

- The Local Government Pension Scheme administered by the Merseyside Pension Fund for all other employees. From 1 October 1987 the Council has administered this Fund on behalf of all scheduled and admitted bodies. This operates as a defined benefit scheme and the liabilities of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit method. This method is based on an assessment of the future payments that will be made to members in relation to future retirement benefits earned to date - using assumptions about mortality rates, employee turnover, and projected earnings for current members.

Further information on the specific accounting policies for the Local Government Pension Scheme is included in the Merseyside Pension Fund Accounts section of this document.

Post-employment benefits are accounted for in accordance with International Accounting Standard 19 (IAS19) on Employee Benefits. Retirement benefits are therefore accounted

for at the point that a commitment arises, even if the actual payment will be many years in the future. This reflects the Council's long-term commitment to increase contributions to make up any shortfall in attributable net assets in the Local Government Pension Scheme.

The assets of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value, as determined by: -

- Quoted securities - market value, based on the price quoted to sellers in the market (the bid price);
- Unquoted securities - professional estimate;
- Unitised securities - the average of the price quoted to sellers (the bid price) and the price offered to buyers in the market (the offer price); and
- Property - market value.

The change in the net pension liability is analysed into seven components: -

- (i) Current service cost - the increase in liabilities as a result of years of service earned in the financial year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- (ii) Past service gains - the increase in liabilities arising from current

Note 1 Accounting Policies (continued)

year decisions where the effect relates to years of service earned in earlier years, which is debited to Non-Distributed Costs within the Comprehensive Income and Expenditure Statement.

(iii) Net interest on the net defined benefit liability – i.e. the net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

(iv) Administration costs, which are charged to the Other Operating Expenditure line within the Comprehensive Income and Expenditure Statement.

Gains/losses on curtailments - the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to Non-Distributed Costs within the Comprehensive Income and Expenditure Statement.

Contributions paid to Merseyside Pension Fund – employer's contributions paid by the Council to the Pension Fund.

Re-measurement - comprising items charged as Other Comprehensive Income and Expenditure:

- The return on plan assets charged to the Pensions Reserve, excluding amounts in net interest on the net defined benefit liability; and

- Actuarial gains and losses – changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are either accrued in the year of the decision to make the award or reimbursed to the Pension Fund over a five-year period.

Events after the Balance Sheet date

Consideration is given to any material events occurring after the Balance Sheet date, but prior to the Statement of Accounts being authorised for issue.

If a material event provides further evidence of conditions that existed at the Balance Sheet date, the Statement of Accounts is adjusted to reflect its impact.

If a material event provides evidence of an event that did not arise until after the Balance Sheet date, no adjustment is made. However, where an event would have a material effect on the Statement of Accounts then disclosure is made in the notes to the accounts of the nature of the event and either its estimated financial effect or a statement that such an estimate cannot be made reliably.

Fair Value

A number of non-financial assets such as Investment Properties and financial instruments are valued at Fair Value.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability. A fair value assessment assumes that the transaction to sell the asset or transfer the liability occurs either:

- In the principal market for the asset or liability, or

Note 1 Accounting Policies (continued)

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses appropriate valuation techniques for each circumstance. This takes account of three levels of categories from inputs to valuations for fair value assets:

Level 1 – Quoted prices.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3 – Unobservable inputs for the assets liability.

FINANCIAL INSTRUMENTS

Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument in another. The term “financial instrument” covers both financial assets and liabilities and includes, amongst others, trade receivables and payables, borrowings, financial guarantees, bank deposits and loans receivable.

Initial Recognition

Financial instruments are recognised on the Balance Sheet when, and only when, the Council become a party to the contractual

provisions of the instrument, i.e. when the purchasers become committed to the purchase or, in the case of the loan, the cash changes hands. Sales and disposals of financial assets are recognised in the same way.

Trade receivables and payables are, in contrast, only recognised when the goods and services have actually been delivered or received.

Initial Measurement

Financial assets and liabilities are measured initially at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Financial Assets

The financial assets of the Council are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council’s business model is to hold investments to collect contractual cash

flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest the instrument. The effective interest rate is the rate that exactly discounts estimated future cash flows over the life of the instrument to the amount at which it was originally recognised. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Note 1 Accounting Policies (continued)

Any gains and losses that arise on derecognition of assets are credited/debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement surplus or deficit on the provision of services.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The most significant arrears that require impairment relate to Council Tax and Non Domestic Rates within the Collection Fund accounts. Although these are statutory debts rather than financial instruments, the assessment of impairment allowance for doubtful debts takes into account the same

type of information. In the current economic climate there is some uncertainty regarding future collection rates.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

Level 2 inputs – inputs other than quoted

prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Where fair value of an equity instrument cannot be measured reliably and the best estimate of fair value is cost, it is carried at cost (less any impairment losses).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

Note 1 Accounting Policies (continued)

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Liabilities are initially measured at fair value and carried at their amortised cost. Interest payable is included within Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

Instruments entered into before 1 April 2016

The Council has entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts if either a provision or a contingent liability note is required.

Disclosure of the nature and risk arising from Financial Instruments

The Council activities expose it to a variety of financial risks such as:

- Credit risk – the risk that other parties might fail to pay amounts due;
- Liquidity risk – insufficient funds available to meet commitments;
- Market risk – financial loss as a result of changes in interest rates.

In order to minimise these risks, the Council complies with the CIPFA Prudential Code, the CIPFA Treasury Management in Public Services Code of Practice and Investment Guidance issued to meet the requirements of the Local Government Act 2003.

Government Grants and Other Contributions

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This also applies to grants received in respect of Revenue Expenditure Funded from Capital under Statute (REFCUS).

Specific revenue grants and contributions are recognised in the accounts, matched to the expenditure to which they relate. In the event that the revenue grant is not utilised to match expenditure, the unused grant is transferred into earmarked reserves for future use. In the event that conditions attached to a revenue grant are not met then the balance of the revenue grant that will require repayment to the funding body is treated as a liability in the Balance Sheet, within Short Term Creditors.

General revenue grants are provided to finance the general activities of the Council. Grants are treated as income within the Comprehensive Income and Expenditure

Statement in the year receivable, within Taxation and Non-specific Grant Income and Expenditure.

Grants related to the funding of capital expenditure are treated as income within the Comprehensive Income and Expenditure Statement, also within Taxation and Non-specific Grant Income and Expenditure, when the conditions regarding their use are met. A corresponding amount is transferred, as shown in the Movement in Reserves Statement, from the General Fund Balance to the Capital Adjustment Account in Unusable Reserves if the grant has been used to finance capital expenditure in the year or to the Capital Grants Unapplied Account until it is used. Capital grants with conditions attached are also held as receipts in advance in the Capital Grants Unapplied Account until such time as the conditions are met and the grant applied to finance capital expenditure. Where a capital grant has been received but the conditions regarding its use are not met, it is transferred to Capital Grants Received in Advance until such time as the grant conditions are met. At this point, it is then recognised as a capital grant within the Comprehensive Income and Expenditure Statement as Taxation and Non-specific Grant Income.

Note 1 Accounting Policies (continued)

Group Accounts

Group Accounts are covered by International Financial Reporting Standard (IFRS)10 - Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, International Accounting Standard (IAS) 27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures. An assessment of the criteria for the completion of Group Accounts has been undertaken and the conclusion reached that there was no requirement to produce such accounts. The Council has a number of interests in other entities that fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. However, as the Council's interests in total are not material, when reviewing both quantitative and qualitative information, group accounts have not been produced. In order to ensure compliance with the Code further details are covered in Note 37 Related Party Transactions and Note 48 Involvement with Companies. Only the Council's share of Joint Operations has been included in the Statement of Accounts.

Heritage Assets

Heritage assets are assets which have historic, artistic, scientific, geophysical or environmental qualities. This group of assets are held and maintained principally because of their contribution to knowledge and culture.

These assets are recognised in the Balance

Sheet when their value exceeds the capitalisation threshold of £10,000. Their value at the time of recognition is, wherever possible, at either valuation or cost. If this has not been possible, particularly in respect of the art collection assets and civic regalia, where the distinctive and rare nature of these assets can make valuations complicated (and in some cases unobtainable), the assets are not included as a value on the Balance Sheet but are detailed in notes to the Statement of Accounts.

Depreciation is not charged on heritage assets. The Council considers that because the various categories of heritage assets have indeterminate lives and / or high residual values it is not considered appropriate to charge depreciation.

Intangible Assets

Assets which do not have physical substance (e.g. software licences) are treated as Intangible Assets. These assets are capitalised on the Balance Sheet where they are separately identifiable and controlled by the Council (e.g. software licences) and are expected to bring benefits to the Council for more than one financial year. Intangible assets are only capitalised if their value exceeds the capital threshold of £10,000.

A purchased intangible asset is capitalised at cost. Internally developed intangible assets are only capitalised if there is a readily ascertainable market. Intangible assets are reviewed for impairment at the end of the first

full financial year following operation. The balance is amortised to the relevant service revenue line in the Comprehensive Income and Expenditure Statement over the economic life of the investment, to reflect the pattern of consumption of benefits. Any impairment loss recognised is similarly treated in the Comprehensive Income and Expenditure Statement. Any gain or loss on the disposal of an intangible asset is shown within the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

When expenditure on intangible assets qualifies under statutory definition as capital expenditure, amortisation, impairment losses and gains, and losses on disposal are not permitted to have an impact on the General Fund balance. Gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Investment Properties

The Council classifies investment properties as property which is held exclusively for revenue generation or for the capital gain that the asset is expected to generate. These assets are not used directly to deliver Council services. Any property that is used to facilitate the delivery of services, as well as earn rentals

Note 1 Accounting Policies (continued)

or, for capital appreciation, does not meet the definition of an investment property, and is accounted for as Property, Plant and Equipment (PPE).

Investment property is measured initially at cost. After initial recognition, investment property is measured at fair value. A gain or loss arising from a change in the fair value of investment property is recognised in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement for the period in which it arises. The fair value of investment property reflects the market conditions at the Balance Sheet date and, as held at fair value, is not depreciated.

Rentals received in relation to investment properties are recognised in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement and result in an increase to the General Fund balance. Gains and losses on the revaluation and disposal of investment properties are not permitted by statute to affect the General Fund balance. Any such gains and losses are therefore reversed out through the Movement in Reserves Statement to the Capital Adjustment Account and (for sale proceeds over £10,000) to the Capital Receipts Reserve.

Joint Operations

Joint operations are activities undertaken by the Council in conjunction with other parties

that involve the use of the assets or resources rather than the establishment of a separate entity. The Council recognises on its Balance Sheet its share of the assets and liabilities generated by the operation, and the Cost of Services within the Comprehensive Income and Expenditure Statement includes its share of the expenditure incurred and of income earned from the activity.

Leasing

Leases are classified as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. Whether a lease is a finance lease, or an operating lease depends on the substance of the transaction rather than the form of any legal agreement. Leases are classified as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the Property, Plant or Equipment from the lessor to the lessee. All other leases are classified as operating leases. Land and building elements of a lease are considered separately for the purpose of lease classification.

Finance Leases

The Council, as lessor, recognises assets held under finance lease as receivable at an amount equal to the net investment in the lease. The lease payment receivable is treated as repayment of principal and finance

income. The finance income is calculated so as to produce a constant periodic rate of return on the net investment.

Arrangements containing a lease

An arrangement comprising a transaction that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of Property, Plant and Equipment) in return for a payment or a series of payments, may be accounted for as though the arrangement is, or contains, a lease.

Determining whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether: -

- a) Fulfilment of the arrangement is dependent on the use of a specific asset or assets; or
- b) The arrangement conveys a right to use the asset.

Note 1 Accounting Policies (continued)

Overheads and Support Service Costs

The cost of overheads and support services are charged to each theme and portfolio (as set out in the Wirral plan) in the Comprehensive Income and Expenditure Statement in accordance with the Council's arrangements for accountability and financial performance.

Prior Year Adjustments

Prior year adjustments may arise as a result of changes in accounting policies. These are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Material adjustments from changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and supporting notes.

Private Finance Initiatives (PFI) and Similar Contracts

For a PFI or similar contract the Council will recognise the asset and liability on the Balance Sheet, and account for it as if it was a finance lease, if: -

- This involves an operator constructing, acquiring or enhancing and then operating and managing an asset in order to provide

or enable the Council to provide services to the public; and

- The Council controls or regulates the services provided through use of the asset and has a significant residual interest in the asset.

The remaining service element of the contract payment will be charged to revenue as incurred.

The Wirral Schools' PFI Scheme Project Agreement was originally signed in March 2001 and involved the rebuilding and/or refurbishment of one primary and eight secondary schools in Wirral. A Deed of Amendment was entered into on 9 September 2004 to extend the contract until July 2031.

The first phase of the Project (Construction Works) was completed on the final schools in August 2006 and the Council now receive support services in accordance with a detailed set of Output Specifications. These include building and services maintenance, grounds maintenance, catering, cleaning, caretaking, security, utilities and telecommunications.

PROPERTY, PLANT AND EQUIPMENT (PPE)

Recognition

Property, Plant and Equipment assets are physical assets, held for use in the provision

of services, for rental to others or for administrative purposes, and which are expected to be used for more than one year.

PPE includes expenditure on such things as the acquisition of land and buildings, the acquisition of vehicles, plant and equipment and the construction and enhancement of roads, buildings and other structures.

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis in the accounts - if it yields benefit to the Council, and the services it provides, for more than one year; the cost exceeds the minimum threshold for capitalisation of £10,000 and the cost can be measured reliably.

Expenditure that maintains but does not enhance the benefit that an asset can provide – such as repairs and maintenance - is charged as an expense to revenue when it is incurred.

The Council does not capitalise borrowing costs against capital projects, which are incurred when borrowing takes place to finance capital spending on assets under construction. Such costs are charged as an expense to revenue within the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure.

Note 1 Accounting Policies (continued)

The Council maintains a detailed asset register of all assets that it owns and recognises under finance leases and Public Finance Initiative (PFI) contracts.

Measurement

Property, plant and equipment (PPE) is valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Under the Code of Practice on Local Authority Accounting valuations now need to be made with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Items within a class of property, plant and equipment are to be revalued simultaneously to avoid selective revaluations and ensure that the reporting amounts in the financial statements are not a mixture of costs and values at different dates. Classes of assets may be revalued on a rolling basis provided that the revaluation of the class of assets is completed within a short period and that their values are kept up to date. Valuations shall be carried out at intervals of no more than five years.

PPE is classified according to the Code of Practice on Local Authority Accounting and are included in the Balance Sheet using the following measurement techniques: -

- Land and buildings are included at current value. Specialist properties were valued using the Depreciated Replacement Cost method. Operational properties, where

business is assumed to continue, were valued using the Existing Use Value method.

- Infrastructure assets, community assets, vehicles, plant, furniture and equipment are included in the Balance Sheet at historic cost net of depreciation, where appropriate.
- Surplus assets, which are not essential to the operation of the Council or its services, are included at fair value.
- Assets under construction are held at cost.

Increases in asset valuations are matched by an increase in the Revaluation Reserve to recognise unrealised gains.

Reductions in asset valuations are recognised in the Consolidated Income & Expenditure Statement, unless previous revaluation gains on the asset, held in the Revaluation reserve, are sufficient to offset all or some of the reduction in value.

Where valuation gains or losses are recognised in the Comprehensive Income and Expenditure Statement, equivalent amounts are transferred into the Capital Adjustment Account.

Revaluation gains are depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost. This amount is transferred each year from the Revaluation Reserve to the Capital

Adjustment Account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date when it came into existence. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Assets are recognised into components for depreciation purposes when the component has a significant cost compared to the total cost of the item (greater than 10% of the asset value) and a different useful life to the remainder of the asset. Only assets with a value of over £2 million are componentised. Where enhancement expenditure replaces an existing component, it becomes necessary to de-recognise the carrying value of the component replaced or restored and replace it with the value of the new component in the carrying amount, even where parts of an asset were not previously recognised as separate components.

Impairment

The value of each category of assets is reviewed at the end of each financial year to assess whether there is any evidence of an impairment loss. This would arise, for example, from a significant decline in the asset's market value, evidence of obsolescence or physical damage, a change in the regulatory environment within which the Council operates or a commitment to undertake a significant re-organisation.

Note 1 Accounting Policies (continued)

Impairment losses are recognised:

By a reduction in the Revaluation Reserve, up to the level of historical revaluations for that particular asset; or

Within the Comprehensive Income and Expenditure Statement for all impairments that are not covered by historical revaluations within the Revaluation Reserve.

Where an impairment loss is subsequently reversed, the reversal is included in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation, that would have been charged if the loss had not been recognised.

To avoid impairment becoming a charge against Council Tax the value of all such impairments is reversed out within the Movement in Reserves Statement and charged to the Capital Adjustment Account.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment (PPE) assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Buildings – straight line allocation (i.e. apportioned equally over the remaining life of the property or its components, as estimated by an authorised valuer); and

Vehicles, plant, furniture and equipment and Infrastructure assets – straight line allocation over the estimated useful life of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Infrastructure – straight line allocation over the estimated useful life of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Derecognition of Assets/Disposals

An asset is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

When an asset is derecognised, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to Other Operating Expenditure

within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Assets are not revalued immediately prior to disposal unless legislation requires or allows the Council to do so.

Amounts in excess of £10,000 are classified as capital receipts. Such receipts from disposals are accounted for on an accruals basis and credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals are paid over to Central Government as a 'housing pooled capital receipt'. This is charged to Net Operating Cost within the Comprehensive Income and Expenditure Statement and the same amount is appropriated from the useable Capital Receipts Reserve and credited to Movement in Reserves Statement.

Charges to Revenue for Property, Plant and Equipment

All General Fund service revenue accounts, including support services are charged with the following amounts to record the real cost of all assets used in the provision of services:

Note 1 Accounting Policies (continued)

- Depreciation attributable to the assets used by the relevant service;
- Impairment/revaluation losses attributable to the clear consumption of economic benefits on non-current assets used by the service, but only when there is no associated balance on an existing Revaluation Reserve;
- Amortisation of intangible assets attributable to the service.

The financing of capital expenditure from revenue is disclosed separately as an appropriation in the Movement in Reserves Statement.

Provisions

The Council sets aside provisions for specific future expenses that are likely or certain to be incurred but the amount and timing of which cannot yet be determined accurately. Provisions are only made where there is a present obligation based on a past event, it is probable that a transfer of economic benefit will occur, and a reliable estimate can be made of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year in which the Council becomes aware of the obligation. When payments for expenditure are incurred to which the provision relates, they are charged directly to the provision. Provisions are

reviewed at the Balance Sheet date and adjusted as necessary to reflect the current best estimate.

The principal provisions relate to rates appeals, severance pay and insurance claims.

Repurchase of Borrowing

Gains and losses on the repurchase or early settlement of borrowing are recognised within the Comprehensive Income and Expenditure Statement in the period during which the repurchase or early settlement is made.

Where repurchase has taken place as part of a restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, the premiums or discounts can respectively be deducted from or added to the amortised cost of the new or modified loan. The associated charge to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. If the repurchase has been determined as being substantially different, the premiums or discounts are immediately fully written-off to the Comprehensive Income and Expenditure Statement.

For premiums and discounts that have been charged to the Comprehensive Income and Expenditure Statement, Government regulations allow for the impact on the

General Fund balances to be spread over future years with an offset through a transfer to the Financial Instrument Adjustment Account (part of Other Reserves).

Balances held in the Financial Instrument Adjustment Account will be released to revenue in accordance with Government regulations.

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are categorised as either “useable” or “Unusable” and may include earmarked reserves - set aside for specific policy purposes - and balances that represent resources set aside for purposes such as general contingencies and cash flow

Note 1 Accounting Policies (continued)

management. Reserves are created by appropriating amounts through the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

useable reserves are those the Council may use to fund either revenue or capital expenditure. Unusable reserves are kept managing the accounting treatment of non-current assets, financial instruments, retirement and employee benefits and do not represent useable resources for the Council.

An estimation technique applies to the Insurance Fund Liability Reserve which is similar to that referred to in the section on provisions.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Revenue Expenditure Funded from Capital Under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council which have been charged to the Comprehensive Income and Expenditure Statement. These items are normally written-off as expenditure in the year of payment. If financed from existing capital resources or borrowing, a transfer to the Capital Adjustment Account from the Movement in Reserves Statement is used to offset the amounts charged to the Comprehensive Income and Expenditure Statement so that there is no impact on the level of Council Tax.

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 states the way that schools are recognised within the Council's accounts. Where the balance of control for Local Authority maintained schools lies with the Council – i.e. those categories of

school identified in the School Standards and Framework Act 1998, as amended, then the assets, liabilities, reserves and cash flows of those schools are recognised in the Council's financial statements, rather than within Group Accounts. Non-current assets are recognised in the Balance Sheet where the Council directly owns the assets or where the school own the assets or have had rights to use the assets transferred to them.

The numbers and types of schools recognised within the financial statements on this basis are as follows;

Type of School	Nursery	Primary	Secondary	Special	Total
Community	3	51	2	11	67
Voluntary Aided	-	23	-	-	23
Voluntary Controlled	-	4	-	-	4
Foundation	-	-	3	-	3
Total	3	78	5	11	97

Value Added Tax (VAT)

Income and expenditure exclude any amounts related to VAT, as VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable from them. VAT is included in the Comprehensive Income and Expenditure Statement only if it is irrecoverable.

Note 2 Accounting Standards Issued but Not Yet Adopted

For 2018/19 there are amendments to the following Accounting Standards which will become effective from 1 April 2019.

Accounting changes that are introduced by the 2019/20 code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle;
IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

These changes are not expected to have a material impact on the Council's statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies laid out in Note 1, the Council has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. In the accounts these are as follows:

- There is a high degree of uncertainty about future levels of funding for local government and the impact on the economy of implementation of Brexit. However, the Council has determined that these uncertainties are not yet sufficient to provide an indication that assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- In order to deliver Education Services to Wirral residents, the Council provides funding through the Dedicated School Grant to schools. The Council has made a judgement, based on information provided by the Roman Catholic Church and the Church of England that it does not exercise a balance of control over the majority of Voluntary Aided, Voluntary Controlled or Foundation Schools of these schools, which therefore fall outside the revised accounting requirements of IFRS10 (Consolidated

Financial Statements) and IFRS12 (Disclosure of Interests in Other Entities). The Council does however include within its balance sheet the value of the land and buildings for Foundation Schools where control through ownership remains. School assets are recognised as a disposal from the Council's balance sheet on the date on which a school converts to academy status, not on the date of any related announcement, nor is any impairment recognised by the Council prior to conversion

- The Council has taken the decision to provide for additional pension fund liabilities of £16.7m in 18/19, following the recent ruling on the McCloud and Sargeant court case. The Court of Appeal ruled that there was age discrimination in the Firefighter unfunded pension schemes and the Judicial pension arrangements regarding transitional protections granted to older members when reformed schemes were introduced in 2015. This ruling – on which the Government's request for an appeal has now been denied – is expected to have implications for other public sector schemes, including the Local Government Pension Scheme operated for Wirral Council by the

Merseyside Pension Fund. The provision of £16.7m is based on revised actuarial calculations which also indicate an increase in future pension costs of c £2m per annum.

Note 4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is significant risks of material adjustment in the forthcoming financial year are shown the table:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £141.1 million.</p> <p>During 2018/19, the Council's actuaries advised that the net pensions liability had increased by £82.3 million as a result of updating of the assumptions.</p>
Property, Plant and Equipment	Land and buildings are revalued using as a guide a 5-year rolling programme, ensuring that the current value of the assets is reflected in the Balance Sheet. Guidance states that assets should be revalued with sufficient regularity to ensure that their carrying value does not differ materially from fair value at the year-end. Any uncertainty could surround the potential difference between current value and fair value as assets with a high value may not have been revalued with sufficient regularity.	If the carrying value of the land and buildings is under-stated by 1% then the carrying value within the Balance Sheet would change by +/- £4.8 million and would be matched by a corresponding change to either the Revaluation Reserve, and/or the Comprehensive Income and Expenditure Statement as a charge for, or reversal of impairment.

Note 5 Material Items of Income & Expense

Significant items of income and expenditure in 2018/19 include:

- An additional increase in pension liabilities of £16.7m, reflecting the outcome of a recent court ruling. (See Note 3).
- The sale of the Acre Lane Professional Excellence Centre, Eastham. (See Note 21).

Note 6 Exceptional Items

There were no exceptional items in 2018/19.

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Note 7 Events after the Balance Sheet Date

Relevant events after the balance sheet date have been considered up to 31 July 2019. This is the date the accounts were authorised for issue by the Director of Finance and Investment.

Note 8 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2018/19	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Useable Reserves £'000
Adjustments to the Revenue Resources				
Pension Cost transferred to/(from) the Pensions Reserve	22,410	-	-	(22,410)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(664)	-	-	664
Council tax and National Non-Domestic Rates (transfers to or from the Collection Fund)	(2,429)	-	-	2,429
Holiday Pay transferred to the Accumulated Absences reserve	(246)	-	-	246
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items are charged to the Capital Adjustment Account)	52,894	165	-	(53,059)
Total Adjustments to Revenue Resources	71,965	165	-	(72,130)
Adjustments between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(13,424)	13,424	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	(1)	1	-	-
Statutory Provision for the Repayment of Debt (transfer to the Capital Adjustment Account)	(8,196)	-	-	8,196
Capital Expenditure financed from Revenue Balances (transfer to the Capital Adjustment Account)	(11)	-	-	11
Total Adjustments to Revenue Resources	(21,632)	13,425	-	8,207
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	(14,339)	-	14,339
Application of Capital Grants to Finance Capital Expenditure	(9,986)	-	1,863	8,123
Total Adjustments to Capital Resources	(9,986)	(14,339)	1,863	22,462
Total Adjustments	40,347	(749)	1,863	(41,461)

Note 8 Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

2017/18	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Useable Reserves
	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources				
Pension Cost transferred to/(from) the Pensions Reserve	5,932	-	-	(5,932)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	(49)	-	-	49
Council tax and National Non-Domestic Rates (transfers to or from the Collection Fund)	5,784	-	-	(5,784)
Holiday Pay transferred to the Accumulated Absences reserve	(1,576)	-	-	1,576
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items are charged to the Capital Adjustment Account)	67,632	204	-	(67,836)
Total Adjustments to Revenue Resources	77,723	204	-	(77,927)
Adjustments between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(6,331)	6,331	-	-
Payments to the Government Housing Receipts Pool (funded by a transfer from the Capital Receipts Reserve)	2	(2)	-	-
Statutory Provision for the Repayment of Debt (transfer to the Capital Adjustment Account)	(7,307)	-	-	7,307
Capital Expenditure financed from Revenue Balances (transfer to the Capital Adjustment Account)	(189)	-	-	189
Total Adjustments to Revenue Resources	(13,825)	6,329	-	7,496
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	(10,419)	-	10,419
Application of capital grants to finance capital expenditure	(9,078)	-	(531)	9,609
Total Adjustments to Capital Resources	(9,078)	(10,419)	(531)	20,028
Total Adjustments	54,820	(3,886)	(531)	(50,403)

Note 9 Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) by the Council in comparison with those economic resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's Functions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). The 2017-18 figures have been restated to reflect the Directorate structure reported on during 2018-19.

Expenditure Chargeable to the General Fund	2018/19		Net Expenditure in the CIES		2017/18 Restated		
	Adjustments between Funding and Accounting Basis	£'000			£'000	Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis
£'000	£'000	£'000	£'000		£'000	£'000	£'000
91,917	1,925	93,842	Adult Care & Health		82,000	669	82,669
26,191	5,573	31,764	Business Management		27,172	(1,834)	25,338
59,801	20,687	80,488	Childrens Services		57,983	14,552	72,535
57,548	19,317	76,865	Delivery Services		50,975	17,745	68,720
3,489	883	4,372	Economic & Housing Growth		2,272	82	2,354
(4,435)	465	(3,970)	Strategy & Partnerships		148	(174)	(26)
234,511	48,850	283,361	Cost Service		220,550	31,040	251,590
38,161	8,645	46,806	Other Operating Expenditure		37,541	27,299	64,840
21,580	1,663	23,243	Financing and Investment Income and Expenditure		18,422	4,386	22,808
(284,753)	(18,982)	(303,735)	Taxation and Non-Specific Grant Income and Expenditure		(275,445)	(7,904)	(283,349)
9,499	40,176	49,675	(Surplus)/Deficit on Provision of Services		1,068	54,821	55,889
79,719			Opening General Fund & Earmarked Reserves		80,787		
(9,499)			Less Deficit of Services		(1,068)		
70,220			Closing General Fund & Earmarked Reserves		79,718		

Note 9 Expenditure and Funding Analysis (continued)

ADJUSTMENTS TO THE GENERAL FUND

The following table details adjustments to the General Fund to add expenditure or income not chargeable to taxation or rents. It also removes items which are only chargeable under Statute.

	2018/19				2017/18 Restated		
	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Total Adjustments
	£'000	£'000	£'000		£'000	£'000	£'000
Page 124	579	1,346	1,925	Adult Care & Health	818	(149)	669
	3,716	1,857	5,573	Business Management	1,449	(3,282)	(1,833)
	17,659	3,028	20,687	Childrens Services	16,158	(1,607)	14,551
	14,298	5,019	19,317	Delivery Services	18,260	(515)	17,745
	308	575	883	Economic & Housing Growth	132	(50)	82
	-	465	465	Strategy & Partnerships	-	(174)	(174)
	36,560	12,290	48,850	Cost Service	36,817	(5,777)	31,040
	8,107	538	8,645	Other Operating Expenditure (i)	26,777	522	27,299
	(9,889)	11,552	1,663	Financing and investment income and expenditure (ii)	(7,642)	12,028	4,386
	(18,982)	-	(18,982)	Taxation and non-specific grant income and expenditure (iii)	(7,904)	-	(7,904)
	15,796	24,380	40,176	General Fund Balance (Surplus)/Deficit	48,048	6,773	54,821

For notes i) to iii) see next page

Note 9 Expenditure and Funding Analysis (continued)

Adjustments for Capital Funding and Expenditure Purposes:

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- i. Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- ii. Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices
- iii. Taxation and Non Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without

conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year

Net change for the removal of pension contributions and the addition of pension (IAS 19) related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as permitted by statute and the replacement with current service costs and past service costs
- For Other Operating Expenditure this is the cost of the Pensions Administration as part of the IAS 19 adjustment
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Note 10 Transfers to/(from) Earmarked General Fund Reserves

The Council keeps a number of reserves in the Balance Sheet that have been set up to earmark funding for future spending plans. These are held for costs which are likely to be incurred but their timing is not certain and they cannot be met from annual budgets. A review of reserves is carried out as part of the budget setting process. The following table discloses each earmarked reserve where the balance is in excess of £0.25 million on either 31 March 2018 or 31 March 2019. Overall movement in the reserves is £4.7 million (made up of £14.0 million additions to reserve and £9.3 million contributions from reserve).

Earmarked General Fund Reserves	Balance as at 31 March 2017	Movement 2017/18	Balance as at 31 March 2018	Movement 2018/19	Balance as at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Business Rates Equalisation	6,292	4,035	10,327	(1,652)	8,675
Schools Balances	10,501	(274)	10,227	(1,337)	8,890
Insurance Fund	9,869	(2,319)	7,550	1,007	8,557
Public Health Outcomes	1,727	(146)	1,581	665	2,247
Backdated Long Term Care	-	350	350	1,883	2,233
Waste Development Fund	4,574	(1,246)	3,328	(1,158)	2,170
Housing Benefit	4,718	(2,240)	2,478	(324)	2,154
Financial Instrument Equalisation Reserve	-	-	-	2,128	2,128
Financial Resilience	-	3,314	3,314	(671)	2,643
Collection Fund	-	-	-	2,000	2,000
Transformation Fund	2,878	(2,878)	-	1,753	1,753
Dedicated Schools Grant	1,072	420	1,492	(77)	1,415
Local Development Framework	192	(14)	178	900	1,078
Economic Market Risk	-	-	-	1,000	1,000
Parks Tree Maintenance	-	1,128	1,128	(252)	876
Champs Innovation Fund	513	(257)	257	549	806
Intensive Family Intervention Project	375	58	433	234	667
Schools Harmonisation	655	-	655	-	655

Note 10 Transfers to/(from) Earmarked General Fund Reserves (continued)

(Table continued from previous page)

Earmarked General Fund Reserves	Balance as at 31 March 2017	Movement 2017/18	Balance as at 31 March 2018	Movement 2018/19	Balance as at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Selective Licensing	538	-	538	-	538
H & S Flood Prevention	550	(14)	535	(15)	520
S106 - David Wilson Homes	-	244	244	254	498
Wirral Ways to Work	740	(348)	391	76	467
Community Safety Initiatives	283	79	363	44	407
Schools Capital Schemes	559	(126)	433	(69)	364
Section 106 - Bloor Homes	389	(50)	339	-	339
Enterprise Zone Investment	177	203	380	(52)	328
Human Resources Reserve	487	(232)	255	42	297
Commercial Management	-	-	-	291	291
Regeneration and Inward Investment	-	-	-	285	285
One Stop Shop/Libraries IT Networks	1,232	(1,000)	232	-	232
Community Assets Transfer	653	(191)	462	(239)	223
General Data Protection Regulation (GDPR)	-	276	276	(55)	221
Support & Assistance to Public in Need	770	(268)	503	(300)	202
Discretionary Housing Payments	424	(211)	213	(24)	189
IT Development	673	(545)	128	-	128
Better Care Fund	-	988	988	(988)	-
Stay, Work, Learn Wise	655	(16)	640	(640)	-
Public Health 15-16 Allocations	-	488	488	(488)	-
Wirral Ways to Work/Reachout Project	-	347	347	(347)	-
Major Infrastructure Project Development	447	(137)	310	(310)	-
Europa Centre - Rent Free Top Ups	-	267	267	(267)	-
Home Improvements	224	(224)	-	-	-
Other Reserves	2,899	335	3,234	842	4,076
Total General Fund	55,065	(202)	54,863	4,688	59,552

Note 10 Transfers to/(from) Earmarked General Fund Reserves (continued)

THE PURPOSES OF THE INDIVIDUAL EARMARKED RESERVES

Business Rates Equalisation

This reserve is held to meet fluctuations in the income received from business rates. The full impact of the Liverpool City Region Pilot is still emerging and the effects of the operation of the national 75% Business Rate Retention is unclear. To smooth any variation in income the reserve aims to mitigate against changes in the amount of business rates received.

Schools Balances

These are earmarked for use purely by the schools. The balance consists of:

	2018/19	2017/18
	£000	£000
Schools in Surplus	10,832	11,364
Schools in Deficit	(1,942)	(1,137)
Net Schools balance	8,890	10,227

	No of schools with in hand balances in hand	No of schools with overdrawn balances
Nursery	2	1
Primary	69	9
Secondary	2	3
Special	9	2
Total	82	15

Insurance Fund

This is required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation which seeks to estimate the ultimate claims arising in respect of each risk period, adjusted to allow for any subsequent deterioration in the Council's claims experience. The basis for calculation of the provision is claims not yet reported but anticipated.

Public Health Outcomes

This reserve was set up to meet future commitments in relation to Public Health in accordance with the terms of the Public Health Grant provided by the Department of Health.

Backdated Long Term Care

Funding to resource the payment schedule for residential & nursing care.

Waste Development Fund

This reserve has been set up from a contribution from Merseyside Waste and Recycling Authority to support the delivery of the Joint Recycling and Waste Management Strategy.

Note 10 Transfers to/(from) Earmarked General Fund Reserves (continued)

Housing Benefit

The reserve is held to meet a potential claw-back of subsidy relating to the previous Housing Benefit Supporting People arrangement. Sums have also been set aside for the further development of integrating supporting IT systems.

Financial Instrument Equalisation Reserve

Reassessment of borrowings that are shown on the balance sheet due to the adoption of IFRS 9. This reserve has been set up to hold the impact of the assessment and will be annually over the remaining life of loan.

Financial Resilience

The Council's Medium Term Financial Strategy shows that there are further future financial pressures. It is prudent to retain a reserve that is specifically designed so that future spending reductions can be implemented in a planned and efficient fashion. This reserve will serve this purpose and is to facilitate budget strategy management. It includes amounts to be used to support the 2019/20 budget.

Collection Fund

This reserve is held to meet fluctuations in the income received from Council Tax. To smooth any variation in income due to changes in the collection rate, the reserve aims to mitigate against changes in the amount of Council Tax income.

Transformation Fund

This reserve is to fund transformation projects in 2019/20. As at April 2019/20, planned expenditure includes Children's Transformation, Digital Transformation, Wirral Growth Company, Leisure and Culture.

Dedicated Schools Grant

Department for Education regulations require that any unspent Dedicated Schools Grant (DSG) balances are either redistributed to schools or carried forward to future years. The Schools Forum have agreed that any balances arising following the final DSG announcement in June (or at the year-end) are carried forward until the end of the funding period. After this time, balances are to be redistributed.

Local Development Framework

Reserve to smooth the funding of annual expenditure on the review and preparation of the local plan. This is held to help deal with costs associated with the Wirral Local Plan, consultation, specific studies, planning policies and planning related activities.

Economic Market Risk

The Council, to advance its regeneration objectives, is working in collaboration with a number of partners to further a range of property developments. These can have income profiles that take time to establish.

This reserve is to act as a contingency against these situations.

Parks Tree Maintenance

This reserve is to fund an extended Borough wide programme of tree maintenance works.

Champs Innovation Fund

This is collective funding from the 9 Local Authorities for the Champs-Public Health team whom Wirral host. The objective is to pool funding for collective Public Health investments.

Intensive Family Intervention Project

Funding was allocated from the Department for Communities and Local Government for the Intensive Families Intervention Programme which is a 3 year programme.

Schools Harmonisation

To fund the potential costs associated with implementing Phase 2 of the Local Pay Review which relates to those employees within schools.

Selective Licensing

This reserve was set up to fund the costs of the implementation of the Selective Licensing scheme.

Note 10 Transfers to/(from) Earmarked General Fund Reserves (continued)

H&S Flood Prevention

This funding was provided to cater for Local Authorities' new responsibilities and burdens under the Flood and Water Management Act. This reserve is also earmarked as the partnership contribution to the West Kirby Flood Alleviation Scheme.

S106 – David Wilson Homes

The reserve contains Section 106 monies which are ringfenced as part of Planning condition/ approval.

Wirral Ways to Work

This reserve was set up to hold match funding for the ESF funded Wirral Ways to Work project. Wirral Ways to Work is a multi-strand project to support adults and young people into employment that is anticipated to operate until June 2020.

Community Safety Initiatives

This reserve was set up to hold funds relating to Community Safety Partnership (CSP). Any underspends relating to CSP at the end of the year are transferred to this reserve to be utilised in future years as this grant relates to the Partnership and is not the Authority's money.

Schools Capital Schemes

This is for the delivery and completion of capital schemes within schools.

Section 106 Bloor Homes

Monies set aside for Section 106 planning agreement relating to land at Bridle Road Eastham.

Enterprise Zone Investment

The enterprise zone allows us to retain business rates growth within this area. This reserve has been set up to fund future projects within the enterprise zone.

Human Resources (HR) Reserve

This reserve will be utilised to fund HR System development fixed term posts related to HR in 2019/20

Commercial Management

This reserve has been set up at the end of 2018/19 to temporarily fund the establishment within Commercial Management until external sources of income are sought to fund the staffing structure permanently in 2020/21.

Regeneration and Inward Investment

Reserve to support business and regeneration activities including support to a number of development projects that the Council is assisting. These contribute to a wider economic growth vision, as set out in the Wirral Growth Plan. The Plan was approved by the Council and outlines a range of key strategic projects and action plans to unlock economic growth, increase employment and prosperity in the area.

One Stop Shop / Libraries IT Networks

This reserve was set up to develop the Information Technology systems within the One Stop Shops and libraries as part of the provision of a more integrated service.

Community Asset Transfer

The Community Fund grant has been allocated by Magenta Living and this is the balance of the grant to implement the Community Asset Transfer programme

General Data Protection Regulation (GDPR)

This reserve is to cover additional costs associated with new General Data Protection Regulation which came into force in May 2018.

Support and Assistance to the Public in Need

The reserve provides Local Welfare Assistance to Wirral residents in cases of disaster or emergency, where financial support is needed to meet one-off costs.

Note 10 Transfers to/(from) Earmarked General Fund Reserves (continued)

Discretionary Housing Payments

The reserve is held to supplement the Government's annual allocation of Discretionary Housing Payment Grant. Discretionary Housing Payment is a payment made at the discretion of the Council to help towards housing costs.

IT Development

This reserve was set up to fund the expansion and development of IT services in the implementation of the programme agreed as part of the IT Strategy.

Better Care Fund

A number of schemes have been committed from the 2017/18 Better Care Fund, which have experienced delays in implementation. The underspend caused by this was put into a reserve and at the end of 2017/18 and was fully utilised to fund these schemes in 2018/19.

Stay, Work, Learn Wise

This reserve was provided to fund the possible future repayment of the Stay, Work, Learn Wise grant awarded to the Council.

Public Health 2015/16 Allocations

The reserve included 2015/16 funding from the national ring fenced Public Health grant that was to meet targeted future public health needs as per the department's 5 year financial plan.

Wirral Ways to Work/Reachout Project

This reserve was set up to hold match funding for the ESF funded Wirral Ways to Work project. Wirral Ways to Work is a multi-strand project to support adults and young people into employment.

Major Infrastructure Project Development

This reserve was set up to fund the research and development of major development projects in line with Corporate and Regeneration priorities.

Europa Centre – Rent Free Top Ups

In 2017/18 the Council acquired Europa Centre and it was agreed that the total amount payable by the Council would be reduced for charges relating to Dilapidations and Rent Free Top Ups. These amounts are held in this reserve.

Home Improvements

This reserve is used for payments made back to the Council against charges for Housing Renovation loans.

Other Reserves

This line adds together smaller individual reserves, each with a value of less than £0.25 million.

Note 11 Other Operating Expenditure

Included within gains and losses on the disposal of non current assets in 2018/19 are two primary schools (Portland Primary and Woodslee Primary) which became part of the Co-op Academy Trust, with Town Lane Infants also transferring to Concordia Academy Trust. The net loss on transfer was £8.7 million.

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 In 2017/18 four primary schools became academies, in addition to the transfer of one secondary school to its governors. This generated a loss on transfer of £23.5 million.

2018/19		2017/18
£'000		£'000
38,161	Levies	37,541
(1)	Payments to the Government Housing Capital Receipts Pool	2
8,108	Gains/losses on the disposal of non current assets	26,775
538	Other	522
46,806	Total	64,840

Note 12 Financing and Investment Income and Expenditure

2018/19		<i>Note</i>	2017/18
£'000			£'000
13,113	Interest payable and similar charges	26	12,625
11,552	Pensions - net interest cost		12,028
(611)	Interest receivable and similar income	26	(686)
(887)	Income and expenditure in relation to investment properties and changes in their fair value		(1,197)
76	Gains and losses on trading accounts	30	38
23,243	Total		22,808

Note 13 Taxation and Non Specific Grant Income

2018/19 £'000		<i>Notes</i>	2017/18 £'000
137,601	Council Tax Income		129,342
127,618	Non domestic rates income (including Top-Up Grant)		117,684
21,963	Non-ringfenced government grants - Revenue Grants	36	22,635
16,553	Capital Grants and Contributions		13,688
303,735	Total Taxation and Non-Specific Grant Income and Expenditure		283,349

Note 14 Property, Plant and Equipment

MOVEMENT ON BALANCES 2018/19

In 2018/19 the loss on the disposal of non-current assets is partly due to the change in ownership status of a number of schools. Two schools became part of the Co-op Academy Trust and one other became part of the Concordia Trust.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under construction	Total Property, Plant & Equipment
2018/19	£'000	£'000	£'000	£'000	£'000	£000	£'000
COST OR VALUATION							
Balance as at 1 April 2018	447,514	35,222	173,879	27,145	10,983	2,572	697,315
Additions	8,308	5,101	7,563	163	204	696	22,035
Revaluation increases/decreases to Revaluation Reserve	36,846	-	-	-	(53)	-	36,793
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	1,347	-	-	(164)	(27)	-	1,156
Derecognition - Disposals	(9,186)	-	-	-	(50)	-	(9,236)
Reclassifications & Transfers	(410)	-	(345)	299	111	-	(345)
Balance as at 31 March 2019	484,419	40,323	181,097	27,443	11,168	3,268	747,718
ACCUMULATED DEPRECIATION & IMPAIRMENT							
Balance as at 1 April 2018	(14,341)	(22,317)	(52,893)	-	(111)	-	(89,662)
Depreciation Charge	(13,155)	(2,845)	(5,465)	-	(1)	-	(21,466)
Depreciation written out on Revaluation Reserve	5,935	-	-	-	-	-	5,935
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	1,592	-	-	-	-	-	1,592
Derecognition - Disposals	322	-	-	-	46	-	368
Balance as at 31 March 2019	(19,647)	(25,162)	(58,358)	-	(66)	-	(103,233)
NET BOOK VALUE							
Balance as at 31 March 2018	433,173	12,905	120,986	27,145	10,872	2,572	607,652
Balance as at 31 March 2019	464,772	15,161	122,739	27,443	11,102	3,268	644,487

Note 14 Property, Plant and Equipment (continued)

MOVEMENT ON BALANCES 2017/18

2017/18	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under construction £'000	Total PP&E £'000
COST OR VALUATION							
Balance as at 1 April 2017	475,009	31,461	167,273	27,037	10,309	8,173	719,262
Additions	8,175	3,761	6,606	108	124	402	19,176
Revaluation increases/decreases to Revaluation Reserve	(432)	-	-	-	285	-	(147)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(6,234)	-	-	-	(644)	(190)	(7,068)
Derecognition - Disposals	(28,003)	-	-	-	(92)	(5,813)	(33,908)
Reclassifications & Transfers	(1,001)	-	-	-	1,001	-	-
Balance as at 31 March 2018	447,514	35,222	173,879	27,145	10,983	2,572	697,315
ACCUMULATED DEPRECIATION & IMPAIRMENT							
Balance as at 1 April 2017	(13,877)	(19,884)	(47,730)	-	(177)	-	(81,668)
Depreciation Charge	(12,588)	(2,433)	(5,163)	-	(1)	-	(20,185)
Depreciation written out on Revaluation Reserve	7,697	-	-	-	36	-	7,733
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	3,287	-	-	-	-	-	3,287
Derecognition - Disposals	1,168	-	-	-	3	-	1,171
Other movements in depreciation and impairment	(28)	-	-	-	28	-	-
Balance as at 31 March 2018	(14,341)	(22,317)	(52,893)	-	(111)	-	(89,662)
NET BOOK VALUE							
Balance as at 31 March 2017	461,132	11,577	119,543	27,037	10,132	8,173	637,594
Balance as at 31 March 2018	433,173	12,905	120,986	27,145	10,872	2,572	607,652

In 2017/18 the increase in loss on the disposal of non-current assets is due to the change in ownership status of a number of schools. On 1 June 2017 four schools became part of the Oak Trees Multi Academy Trust. In addition the ownership of Ridgway High school transferred to the school governors.

Note 14 Property, Plant and Equipment (continued)

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Class of Asset	Useful Life (Years)
Land and Buildings	1-60
Vehicles, plant, furniture and equipment	3-40
Infrastructure	10-120
Surplus assets	Up to 30

Revaluations

The Code of Practice on Local Authority Accounting requires the Council to revalue its assets sufficiently regularly to ensure that their carrying value does not differ materially from fair value at the year end.

In 2018/19, the Council based its revaluations on a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. However, they must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value. To achieve this, a number of significant high value assets groups e.g. Leisure Centres and schools have been revalued irrespective of when the last valuation was undertaken.

Carrying Value measured against fair value

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

	Land and Buildings £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	3,163	110	3,273
Valued at fair value as at:			
31/03/2019	405,542	11,058	416,600
31/03/2018	49,482	-	49,482
31/03/2017	14,739	-	14,739
31/03/2016	3,995	-	3,995
31/03/2015	7,498	-	7,498
Total Cost or Valuation	484,419	11,168	495,587

Note 15 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council

	Decorative Art & Other Collections	Buildings	Civic Regalia	Transport	Fine Art	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2018	3,130	757	441	490	9,490	14,308
Revaluations	-	-	-	-	-	-
Balance as at 31 March 2019	3,130	757	441	490	9,490	14,308

	Decorative Art & Other Collections	Buildings	Civic Regalia	Transport	Fine Art	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance as at 1 April 2017	3,130	757	441	507	7,740	12,575
Revaluations	-	-	-	(17)	1,750	1,733
Balance as at 31 March 2018	3,130	757	441	490	9,490	14,308

Note 15 Heritage Assets (continued)

Fine Art, Decorative Art and Other Collections

These collections are housed at the Williamson Art Gallery and the more important collections consist of:

Fine Art

British Watercolours – by a series of bequests and purchases, notably between 1920 and 1935, the Gallery has a significant collection of 18th and 19th century watercolour paintings and drawings by British artists;

The Liverpool School, Philip Wilson Steer, works by leading local artists. There are over 5,000 items in the Fine Art collection, the most important of which are by Albert Joseph Moore (£2,000,000) and one attributed to Jan Breughel (£200,000).

Valuations are based on the latest insurance estimates (November 2018).

Decorative art and other collections

There are a number of collections of this type held by the Council. The most important ones are:

- The Knowles Boney collection of some 300 pieces of porcelain produced in Liverpool between 1750 and 1800;
- The collection of Della Robbia pottery produced in Birkenhead between 1894 and 1906.

There is also a good collection of 18th and

19th century British ceramics and drawings, photographs and fabric samples illustrating the work of Arthur H. Lee and Sons.

There are also collections of glass, metalwork, jewellery, furniture, maritime models, ethnography, artefacts, geology and others.

Acquisition policy

Acquisitions will meet the requirements of the Accreditation Standard. It will take into account limitations on collections imposed by such factors as staffing, storage and care of collection arrangements.

The expansion of collections is achieved by donation, bequest and purchase using grant aid from the Williamson and Priory Friends, The Art Fund and the Museums Association Purchase Funds administered by the Victoria and Albert Museum and Science Museum.

Disposal procedure

A decision will be taken after full consideration of the reasons for disposal. This includes curatorial and financial reasons as well as the public benefit, the implication for the Museum's collections and collections held by museums and other organisations collecting the same material. External expert advice will be obtained and the views of stakeholders such as donors, researchers, local and source communities served by the Museum will also be sought. There have been no disposals in 2018/19.

Conservation and storage

Access to professional conservation advice is by liaison with the National Museums Liverpool and freelance conservators. Environmental monitoring and control is maintained in display and storage areas. Improvements to the heating and humidifier equipment is undertaken as necessary based on curatorial staff and conservation advice.

A programme of lighting monitoring and control consistent with the preservation and maintenance of collections is maintained. Materials used will be consistent with good conservation practice. A record of all conservation work undertaken will be maintained.

Exhibition and public services

The exhibition policy includes specific periodic displays of all items in the collection. Exhibitions in non-gallery venues are also encouraged provided suitable conditions are available. Adequate interpretative facilities are ensured for permanent and temporary displays. Members of the public will be given controlled access to any stored item and related information where circumstances permit. The advice of conservation and curatorial staff will determine the feasibility of loan applications.

Note 15 Heritage Assets (continued)

The latest comprehensive valuation was undertaken during the 2017/18 financial year. The present Collection Management Plan suggests valuations to be reconsidered every ten years, but consideration may be given to individual items in the interim.

Acquisitions are initially recognised at cost (where that cost is greater than £5,000) and donations are recognised at valuation.

Transport

The collection of some 30 assets (excluding those on loan) is housed within the Wirral Transport Museum and primarily consists of a number of buses, the oldest being a Guy Cab double decker built in 1943 and a collection of motor cycles, the oldest a 1938 Norton H. Valuations are based on insurance quotes obtained during 2018/19.

Civic Regalia

The collection of civic regalia includes 28 items connected with civic functions undertaken as part of the mayoral role and civic events. It consists of mayoral badges, chains, borough maces etc. with the oldest item dated 1877. It also includes 18 items of memorabilia commemorating events and associations that are of local interest. The most recent valuation was undertaken in April 2012 by Mr. J. Phillips of St. George Valuations and is based on the likely cost of replacing the item valued with as near a comparable item as is available for purchase second hand. Revaluations are to be

undertaken at a minimum of every ten years.

Buildings

There are two buildings included in the valuation of heritage assets. These are Leasowe Lighthouse, which is the oldest brick built lighthouse in the country and Bidston Hill Windmill, which was operational until 1875. Valuations have been undertaken by the Council's own valuers and are based on their fair value. Valuations were undertaken between January 2008 and March 2018.

Heritage Assets not reported in the Balance Sheet

Sites of Special Scientific Interest (SSIs) or Biological Importance (SBIs)

There are 12 SSIs based on nature conservation legislation and 27 Council owned SBIs (non-statutory sites). A number of these form part of an overall Community Asset but because of their specific nature any attempt to separately identify specific costs associated with the SSI or SBI would produce unreliable information, therefore they are not separately identified under the category of heritage assets.

War memorials and other monuments

There are 146 such assets that the Council owns ranging from those commemorating historic events to historic personages.

Because of the lack of comparable market values, the Council considers that the cost of obtaining external valuations outweighs the benefit to the reader of the accounts in obtaining such information. Consequently, these assets are not included in the Balance Sheet.

Archaeological sites

In the case of the 2 sites that are considered to be of an archaeological interest the Council does not consider that reliable cost or valuation information can be obtained because of the diverse nature of the assets and the lack of comparable market values. Consequently, any such assets are not included in the Balance Sheet.

Note 16 Investment Properties

Investment properties are held by the Council for the purposes of income generation or capital gain.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

In 2018/19 the Council acquired Birkenhead Vue Cinema forming part of the Strategic Acquisition Programme that supports the key economic goals of the Council.

The table opposite summarises the movement in the fair value of investment properties over the year:

2018/19	Investment Properties	2017/18
£'000		£'000
21,546	Balance at start of the Year	12,605
7,235	Additions	8,950
(1,629)	Disposals	(282)
204	Net Gains/Losses from Fair Value Adjustments	273
27,356	Balance at 31 March	21,546

Note 16 Investment Properties (continued)

Fair Value Hierarchy for Investment Properties

Details of the Authority's Investment Properties and information about the Fair Value Hierarchy at 31st March 2019 are shown in the table:

Transfers between levels of the Fair Value Hierarchy

There were no transfers from Level 2 to Levels 1 or 3 throughout the year.

Recurring Fair Value measurements using:	2018/19		2017/18	
	Other significant observable inputs (Level 2)	Fair Values at 31 March 2019	Other significant observable inputs (Level 2)	Fair Values at 31 March 2018
	£'000	£'000	£'000	£'000
Development Sites	2,060	2,060	2,810	2,810
General Income Buildings	16,425	16,425	9,563	9,563
General Income Sites	4,433	4,433	5,034	5,034
Industrial Land & Buildings	4,438	4,438	4,139	4,139
Total	27,356	27,356	21,546	21,546

Valuation Techniques used to determine Level 2 Fair Values for Investment Properties

Property Type	Valuation Technique
Development Site	<ul style="list-style-type: none"> - Based on the potential for residential or commercial development - Value by area (typically by acre) for similar sites in similar locations
General Income Buildings (including halls, cafes and recreational buildings generating rental income)	<ul style="list-style-type: none"> - Based on current income stream - Where possible the valuation is based on the potential to achieve a market rent, determined by potential price for similar buildings (usually by square foot)
General Income Site (land which generates income e.g. ground leases/advertising hoardings)	<ul style="list-style-type: none"> - Lease or licence determines the income stream and potential for rent review - Where rent is reviewed, the rent is set at the market price for comparable sites
Industrial Land and Buildings (Council's industrial portfolio of managed workspace)	<ul style="list-style-type: none"> - Let on short term tenancies with regular rent review patterns - Market rent based upon directly comparable properties based on the area

Highest and best use of investment properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

Note 17 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets relate to purchased licences.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The major item of software relates to the Oracle financial system and has been assigned a 10 year life.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charged to revenue in 2018/19 was £0.384 million (2017/18 £0.383million).

The movement on Intangible Asset balances during the year is shown in the table opposite:

2018/19	Intangible Assets	2017/18
£'000		£'000
932	Balance at 1st April	1,315
(384)	Amortisation for the Year	(383)
548	Balance at 31st March	932

Note 18 Financial Instruments

(a) Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders,
- short-term loans from other local authorities,
- Private Finance Initiative contracts and
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is

represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

1. Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:

- cash in hand,
- bank current and deposit accounts with Lloyds bank and Handelsbanken,
- fixed term deposits
- loans to small companies,
- lease receivables, and
- trade receivables for goods and services provided.

2. Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled bond, equity and property funds managed by Columbia Threadneedle & CCLA fund managers held as strategic investments

3. Fair value through profit and loss (all other financial assets) comprising:

- money market funds managed by external fund managers,
- pooled bond, equity and property funds managed by Payden and Royal London Asset Management fund managers

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Note 18 Financial Instruments (continued)

(b) Financial Instruments Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

Long Term			Short Term		Total	
31 March 2019	Restated* 31 March 2018		31 March 2019	Restated* 31 March 2018	31 March 2019	Restated* 31 March 2018
£'000	£'000		£'000	£'000	£'000	£'000
		Financial Assets				
1,550	1,238	Investments	10,988	26,413	12,538	27,651
-	-	Cash & Cash Equivalents	29,105	22,666	29,105	22,666
1,550	1,238	Total Financial Assets	40,093	49,079	41,643	50,317
		Financial Liabilities				
164,542	171,503	Borrowings	94,233	95,297	258,775	266,800
39,556	42,418	PFI Liability	2,862	2,947	42,418	45,365
-	-	Finance Lease Liability	-	-	-	-
204,098	213,921	Total Financial Liabilities	97,095	98,244	301,193	312,165

* Investments and cash and cash equivalents at 31 March 2018 have been restated for the impact of IFRS 9 'Financial Instruments', as summarised in the table below:

	IAS 39	Reclassification	Impairment	IFRS 9
	31 March 2018			1 April 2018
	£'000	£'000	£'000	£'000
Financial Assets				
Investments				
Loans & Receivables (Amortised Cost)	21,716		(48)	21,668
Available for Sale (Fair Value - Other Comprehensive Income)	5,983	(4,998)		985
Fair Value - Profit & Loss		4,998		4,998
Total Investments	27,699	-	(48)	27,651
Cash & Cash Equivalents				
Available for Sale (Fair Value - Other Comprehensive Income)	22,666	(22,666)		-
Fair Value - Profit & Loss		22,666		22,666
Total Cash & Cash Equivalents	22,666	-	-	22,666
Total Financial Liabilities	50,365	-	(48)	50,317
Financial Liabilities				
Borrowing (Amortised Cost)	266,800			266,800
Other Long-Term Liabilities	45,365			45,365
Total Financial Liabilities	312,165	-	-	312,165

Both Money Market Funds and Pooled Funds used to be classified as 'Available for Sale' under IAS 39. Under IFRS 9, Money Market Funds and non-elected pooled funds are now classed as 'Fair Value – Profit & Loss' within Investments and Cash & Cash Equivalents respectively.

Note 18 Financial Instruments (continued)

The table below reflects the composition of investments recorded on the Balance Sheet:

Long Term			Short Term	
31 March 2019	31 March 2018		31 March 2019	31 March 2018
£'000	£'000		£'000	£'000
		Amortised Cost		
1,550	1,250	Principal	4,000	20,400
39	14	Accrued Interest	15	52
(44)	(26)	Loss Allowance	(2)	(22)
		Fair Value through Other Comprehensive Income (FVOCI)		
-	-	Principal	2,000	1,000
-	-	Accrued Interest	12	-
-	-	Equity Investments elected FVOCI	(91)	(15)
		Fair Value - Profit & Loss		
-	-	Fair Value	4,994	4,998
1,545	1,238	Total Investments	10,928	26,413
		Amortised Cost		
-	-	Principal	8,278	-
-	-	Accrued Interest	10	-
-	-	Loss Allowance	(3)	-
		Fair Value - Profit & Loss		
-	-	Fair Value	20,836	22,666
-	-	Total Cash & Cash Equivalents	29,121	22,666
1,545	1,238	Total Financial Assets	40,049	49,079

Note 18 Financial Instruments (continued)

The table below reflects the composition of borrowing recorded on the Balance Sheet:

Long Term			Short Term	
31 March 2019	31 March 2018		31 March 2019	31 March 2018
£'000	£'000		£'000	£'000
		Borrowings		
170,981	174,059	Nominal Amount	91,953	93,003
-	-	Accrued Interest	2,280	2,293
(6,440)	(2,557)	Effective Interest Rate Adjustments	-	-
164,541	171,502	Total Amortised Cost	94,233	95,296

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Fair Value			Dividends	
31 March 2019	31 March 2018		31 March 2019	31 March 2018
£'000	£'000		£'000	£'000
979	985	Columbia Threadneedle Strategic Bond Fund	30	13
942	-	Churches, Charities and Local Authorities (CCLA) Property Fund	30	-
1,921	985	Total	60	13

Note 18 Financial Instruments (continued)

(C) Gains and Losses on Financial Instruments

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	Financial Liabilities	Financial Assets			Total
	Liabilities Measured at amortised cost	Amortised Cost	Elected Fair Value through Other Comprehensive Income (OCI)	Fair Value through P&L	2018/19
	£'000	£'000	£'000	£'000	£'000
Interest expense	(13,344)	-	-	-	(13,344)
Impairment losses	-	-	-	-	-
Interest payable and similar charges	(13,344)	-	-	-	(13,344)
Interest Income	-	167	61	152	380
Gains on derecognition	-	-	-	-	-
Total Interest and Investment Income	-	167	61	152	380
Loss on revaluation	-	-	(77)	(4)	(81)
Deficit arising on revaluation of financial assets	-	-	(77)	(4)	(81)
Net gain/ (loss) for the year	(13,344)	167	(16)	148	(13,045)

Note 18 Financial Instruments (continued)

(D) Fair Value of Financial Instruments

For each class of financial assets and financial liability, the Council is required to disclose the fair value of that class of assets and liabilities in such a way that a comparison with the carrying amount is possible. For most assets, including money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Council loans.
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.

- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

- No early repayment or impairment is recognised for any financial instrument.

- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment

Fair values are shown in the table below, split by their level in the fair value hierarchy:

Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g. bond prices.

Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.

Level 3 – fair value is determined using unobservable inputs. E.g. non-market data such as cash flow forecasts or estimated creditworthiness.

Note 18 Financial Instruments (continued)

	Carrying Amount as at 31 March	Fair Value as at 31 March	Carrying Amount as at 31 March	Fair Value as at 31 March
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Financial Liabilities held at amortised cost:				
PWLB Loans	21,460	25,138	22,560	26,413
LOBO Loans	102,143	197,649	112,113	209,377
Other Loans	45,133	85,260	45,140	87,661
Lease Payables & PFI	42,418	47,073	45,365	49,194
Total	211,154	355,120	225,178	372,645
Others for which fair value is not disclosed *	124,591		121,363	
Total Liabilities	335,745		346,541	
Financial Assets held at fair value:				
Money Market Funds	20,836	20,836	22,650	22,650
Externally Managed Funds	6,915	6,915	5,983	5,983
Total	27,751	27,751	28,633	28,633
Others for which fair value is not disclosed *	25,655		39,190	
Total Financial Assets	53,406		67,823	
Financial Assets:				
Loans and Receivables	13,843	13,843	21,732	21,732
Trade Receivables	11,812	11,812	17,458	17,458
Total Financial Assets	25,655	25,655	39,190	39,190

* The fair value of short term financial instruments including trade payables and receivables are assumed to approximate to the carrying amount.

The fair value of financial instruments held at amortised cost is higher than their balance sheet carrying amount because:

- the Authority's portfolio of loans include transactions where the interest rate payable is higher than the current rates available for similar loans as at the balance sheet date.
- the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Note 19 Debtors

2018/19			Debtors	2017/18 (Restated)		
Gross Debtors £'000	Impairment £'000	Net Debtors £'000		Gross Debtors £'000	Impairment £'000	Net Debtors £'000
45,780	(19,594)	26,186	Trade Receivables	51,033	(18,899)	32,134
5,667		5,667	Prepayments	4,304		4,304
23,392	(14,849)	8,543	Local Taxation	20,745	(13,335)	7,410
17,329		17,329	Other Receivable amounts	20,065		20,065
92,168	(34,443)	57,725	Total	96,147	(32,234)	63,913

Note 20 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Balances classified as 'Cash Equivalents' fit the definitions of being short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The net balance of Cash and Cash Equivalents at the Balance Sheet date is shown in the table opposite.

2018/19		2017/18
£'000	Cash & Cash Equivalents	£'000
29,105	Call Accounts	22,650
(2,375)	Cash at Bank/(Overdraft)	2,087
26,730	Total	24,737

Note 21 Assets Held for Sale

The reduction in Assets Held for Sale during 2018/19 reflects the sale of the Acre Lane Professional Excellence Centre, Eastham.

This site has been sold for housing development as part of the Wirral Plan.

	Current	
	2018/19	2017/18
	£'000	£'000
Balance outstanding at 1 April	11,051	11,078
Assets newly classified as Held for Sale	-	21
Net Revaluations	-	(23)
Disposals	(11,051)	(25)
Balance outstanding at 30 March	-	11,051

Note 22 Creditors

2018/19	Creditors	2017/18
£'000		£'000
45,720	Trade Payables	40,293
11,390	Other Payables	22,322
57,110	Total	62,615

Note 23 Provisions

Provisions

The provisions figures shown in the Balance Sheet comprises:

	Balance as at 1 April 2018	Increase in provision during year	Utilised during year	Balance as at 31 March 2019
Provisions	£'000	£'000	£'000	£'000
Short Term				
Severance Pay	173	2,260	(173)	2,260
Insurance Fund	1,000	-	(150)	850
NNDR Appeals	10,504	106	(2,180)	8,431
Carbon Reduction Commitment and Charges	346	-	-	346
Birkenhead Market TUPE	248	-	-	248
Financial Instrument	-	100	-	100
Other	-	48	-	48
	110	31	(47)	94
Total Short Term Provisions	12,381	2,545	(2,550)	12,377
Long Term				
Insurance Fund	2,275	102	-	2,376
Total Long Term Provisions	2,274	102	-	2,376

Note 23 Provisions (continued)

Severance Pay

The Council has identified funding that will be required for staff reductions in financial year 2018/19 that will cost £2.260 million and has therefore made provision for this liability.

Insurance Fund

This is required to cover possible liability insurance claims. The overall estimate of the amount required to cover these is based on an actuarial investigation, which seeks to estimate the ultimate claims arising in respect of each risk period. The basis for calculating the provision is claims actually reported as outstanding. The timing of future payments depends almost entirely upon when claims are settled, but are likely to run over a number of years.

NNDR Appeals

Following the introduction of the Business Rates Retention Scheme from 1 April 2013, billing authorities are required to make an estimate of the impact of successful appeals covering not only 2018/19 but also any backdated amount relating to earlier years. This will include decisions made in future years regarding appeals which may affect the 2018/19 and earlier financial years' business rates charges. The provision calculation is based upon data

supplied by the Valuation Office at 31 March 2019 regarding outstanding and settled appeals.

Carbon Reduction Commitment

To fund carbon reduction payments to the Government which are paid in arrears but which need to be reflected in the correct financial year. Payments relating to 2017/18 have been met from this provision in 2018/19.

Land Charges

For claims for searches carried out in previous years and is to cover any Council liability for claims for income incorrectly charged in respect of searches.

Other Provisions

All other provisions are individually insignificant in being below £0.25 million.

Note 24 Useable Reserves

The balances on the General Fund and Earmarked General Fund Reserves are available for funding both capital and revenue expenditure. The amounts relating to balances held by schools are accounted for as Earmarked Reserves and are not included in the General Fund Balance. The Capital Receipts Reserve and Capital Grants Unapplied are held for capital purposes only.

Useable Reserve	Balance as at 1 April 2018 £'000	Movement £'000	Balance as at 31 March 2019 £'000	Purpose of Reserve
General Fund Balance	24,856	(14,188)	10,668	Resources available to meet future unexpected revenue and capital costs
Earmarked General Fund Reserves	54,862	4,690	59,552	See Note 10 for further details. This includes schools balances
Capital Receipts Reserve	1,672	(749)	923	Contains the proceeds of fixed assets sales that are available to meet the future capital investment
Capital Grants Unapplied	14,388	1,863	16,251	Government grants and contributions received in year for projects
Total	95,778	(8,384)	87,394	

Note 25 Unusable Reserves

Unusable Reserves	31/03/2018	Movement	31/03/2019
	£'000	in year £'000	£'000
Revaluation Reserve	220,912	23,414	244,326
Available for Sale Financial Instruments Reserve	(19)	19	-
Capital Adjustment Account	135,165	(3,047)	132,118
Financial Instrument Reserves	(3,423)	637	(2,786)
Deferred Capital Receipts Reserve (England and Wales)	2,660	(2,061)	599
Pensions Reserve	(480,226)	(70,367)	(550,593)
Collection Fund Adjustment Account	(1,588)	2,429	841
Accumulated Absences Account	(3,465)	245	(3,220)
Total Unusable Reserves	(129,985)	(48,732)	(178,717)

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Further information on each of the above reserves is included on the pages that follow as part of Note 25.

Note 25 Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve Adjustments

When an asset is revalued downwards (impaired) and there has been a previous upward revaluation which has created a revaluation reserve, the impairment is charged to the revaluation reserve until it is depleted; thereafter it is charged to service revenue accounts.

When an asset that has been revalued is depreciated, the associated revaluation reserve is written off at the same rate. In this situation the revaluation reserve is debited and the capital adjustment account is credited. If an asset is deemed to have a residual value, depreciation stops when the residual value has been reached. Writing off of the revaluation reserve stops at the same time.

31/03/2019		31/03/2018
£'000		£'000
220,912	Balance at 1 April	228,563
49,248	Upward Revaluation of Assets	15,784
(6,520)	Downward Revaluation of Assets and Impairment Losses not charged to the Surplus or Deficit on the Provision of Services	(6,465)
42,728	Surplus or Deficit on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on the Provision of Services	9,319
(4,485)	Difference between Fair Value Depreciation and Historical Cost Depreciation	(3,888)
(14,829)	Revaluation Balances on Assets scrapped or disposed of	(13,082)
(19,314)	Amount written off to the Capital Adjustment Account	(16,970)
244,326	Balance at 31 March	220,912

Note 25 Unusable Reserves (continued)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different accounting arrangements for the consumption of non-current assets and for their financing under statutory provisions. The Account is charged with costs of acquisition, construction or enhancement of assets. Depreciation, impairment losses and amortisations of assets are charged to the Comprehensive Income and Expenditure Statement with postings from the Revaluation Reserve to convert fair values to an historical cost basis.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

31/03/2019		31/03/2018
£'000		£'000
135,165	Balance at 1 April	158,492
	Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(19,102)	Charges for Depreciation, Revaluation Losses and Impairment of Non-Current Assets	(24,372)
4,485	Historic Cost Adjustment on Revaluation Losses on Property, Plant and Equipment	3,888
(19,015)	Revenue Expenditure funded from Capital under Statute	(15,099)
(21,548)	Amounts of Non Current Assets written off on Disposal or Sale as part of the Gain/Loss on disposal to the Comprehensive Income and Expenditure Statement	(33,044)
(55,180)		(68,627)
	Capital Financing applied in the Year:	
14,339	Use of the Capital Receipts Reserve to finance New Capital Expenditure	10,419
14,717	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	14,235
8,196	Statutory Provision for the financing of Capital Investment charged against the General Fund	7,307
11	Capital Expenditure charged against the General Fund	189
37,263		32,150
14,829	Balance in Revaluation Reserve written off on disposal of Assets	13,081
204	Movements in the Market Value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	273
(163)	Public Sector Housing Loans	(204)
132,118	Balance at 31 March	135,165

Note 25 Unusable Reserves (continued)

Deferred Capital Receipts

Deferred capital receipts relate to the principal element of loans provided by the Council, which are repaid over a number of years. The capital receipt is only recognised as and when the principal sum is repaid. At 31 March 2019 the reserve had a balance of £0.599 million (2017/18 £2.660 million).

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees – including the impact of a recent court ruling on pensions as outlined in Note 3 - and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Due to an agreement to prepay a three year sum in relation to the historic pension deficit, starting in 17/18 (see note 44 for details) the Pensions Reserve total shown below does not match the Pensions Liability in note 42. This is because the liability was reduced by the whole sum of the repayment in the first year and the reserve will be reduced as it is applied to the General Fund.

31/03/2019		31/03/2018
£'000		£'000
(480,226)	Balance at 1 April	(535,408)
(47,956)	Remeasurements of the Net Defined Benefit Liability/(Asset)	61,113
(56,735)	Reversal of Items relating to Retirement Benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(39,417)
34,324	Employers Pensions Contributions and Direct Payments to Pensioners payable in the Year	33,486
(550,593)	Balance at 31 March	(480,226)

Note 25 Unusable Reserves (continued)

OTHER RESERVES

Financial Instrument Reserves:

Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The balance in the Financial Instrument Adjustment Account at the end of the year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require to be deferred over future years. At 31 March 2019 the account had a balance of £2.689 million (2017/18 £3.423 million)

Financial Instrument Revaluation Reserve & Pooled Fund Adjustment Account

The Financial Instrument Revaluation Reserve & Pooled Fund Adjustment Accounts contain gains or losses made by the Council arising from movements in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. At 31 March 2019, these reserves had a total debit balance of £0.097 million (2017/18 nil).

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and National Non-domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. At 31 March 2019, the account had a balance of £841 million Credit (2017/18 £1.588 million Debit), representing the Council's share of the overall Collection Fund balance.

Accumulated Absences Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The account had a credit/debit balance of £3.220 million at 31 March 2019 (2017/18 balance £3.465 million credit).

Note 26 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2018/19		2017/18
£'000		£'000
	The Net (Surplus)/Deficit on the Provision of Services includes:	
13,113	Interest paid	12,625
(611)	Interest received	(686)
	Adjustment to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements:	
(21,466)	Depreciation	(20,185)
2,952	Net Impairments and Revaluations	(3,531)
(384)	Amortisation of Intangible Assets	(383)
(6,188)	Increase/(Decrease) in Debtors	14,325
5,506	(Increase)/Decrease in Creditors	(6,180)
22	Increase/(Decrease) in Stock/WIP	8
(22,410)	Movement in Pension Liability	(5,932)
(21,548)	Non-Cash Items relating to the Disposal of Fixed Assets	(33,044)
195	Other Non-Cash Items charged to the Net Surplus or Deficit on the Provision of Services	(2,908)
(63,321)		(57,830)
	Adjustment for Items in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities	
16,580	Grants applied to the Financing of Capital Expenditure	13,704
6,494	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	6,331
23,074		20,035

Note 27 Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2018/19		2017/18
£'000		£'000
29,270	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	28,126
(15,177)	Purchase of Short Term & Long Term Investments	511
149	Other Payments for Investing Activities	103
(6,494)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(6,331)
(15,477)	Proceeds from Short Term & Long Term Investments	361
(19,353)	Other Receipts from Investing Activities	(18,289)
(27,082)	Net Cash Flows from Investing Activities	4,481

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Note 28 Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2018/19		2017/18
£000		£000
(3,700)	Cash Receipts from Short and Long Term Borrowing	(57,371)
2,947	Cash Payments for the Reduction of the Outstanding Liability relating to a Finance Lease and On-Balance Sheet PFI Contracts	2,620
6,988	Repayment of Short and Long Term Borrowing	2,711
9,254	Other Payments for Financing Activities	28,679
15,489	Net Cash Flows from Financing Activities	(23,361)

Note 29 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

2018/19		2017/18
£'000		£'000
275,018	Employees	254,489
431,279	Other Service Expenses	410,902
40,611	Depreciation, Amortisement & Impairment	57,347
24,665	Interest Payments	24,653
38,161	Precepts & Levies	37,541
(1)	Payments to Housing Capital Receipts Pool	2
8,108	Loss/(Gain) on Disposal of Assets	26,775
817,841	Total Expenditure	811,709
(128,054)	Fees, Charges and Other Service Income	(119,612)
(1,422)	Interest and Investment Income	(1,845)
(265,219)	Income from Council Tax and Non Domestic Rates	(247,026)
(373,299)	Government Grants and Contributions	(387,337)
(767,994)	Total Income	(755,820)
49,847	(Surplus)/ Deficit on the Provision of Services	55,889

Note 30 Trading Account

The Council has currently one trading unit for Building Cleaning where the service manager is required to operate in a commercial environment and balance the budget by generating income from other parts of the Council or other organisations.

Details are shown in the table:

	2018/19			2017/18		
Expenditure	Income	Net		Expenditure	Income	Net
		Expenditure/				Expenditure/
		(Income)				(Income)
£'000	£'000	£'000		£'000	£'000	£'000
730	(654)	76	Building Cleaning	613	(575)	38
730	(654)	76	Total	613	(575)	38

Note 31 Pooled Budgets

Wirral Council has a pooled budget arrangement in partnership with Wirral NHS Clinical Commissioning Group, under Section 75 of the Health Act 2006, for the commissioning and delivery of various integrated Care & Health functions. This pooled budget is hosted by Wirral Council and commenced on 1st April 2015; it includes, but is not limited to, services funded by the Better Care Fund.

The pool incentivises the NHS and local government to work more closely together around people, placing their well-being as the focus of care and health services.

Locally, the primary aims of the pooled budget are:

Supporting independence in the community by placed-based activity

Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community

- Facilitating earlier hospital discharge

The pooled budget is governed by Wirral Health & Care Commissioning (WHCC).

The increase in funding provided to the pooled budget during 18/19 reflects additional services brought into the revenue pool - including complex care packages and mental health services.

2018/19		2017/18
£'000		£'000
	Revenue	
	Funding provided to the Pooled Budget:	
79,862	Wirral Council	18,913
48,136	Wirral Clinical Commissioning Group	25,369
127,998	Total	44,282
	Expenditure met from the Pooled Budget:	
79,492	Wirral Council	36,650
48,731	Wirral Clinical Commissioning Group	6,781
128,223	Total	43,431
(225)	Net Surplus/(Deficit) arising on the Pooled Budget during the Year	851
(113)	Cost of the Council's Share of the Surplus/(Deficit) on the Pooled Budget for the Year	426

Note 31 Pooled Budgets (continued)

Capital Pooled Budgets

2018/19 £'000		2017/18 £'000
	Capital (Disabled Facilities Grant)	
	Funding provided to the pooled budget:	
3,858	Wirral Council	3,592
-	Wirral Clinical Commissioning Group	-
3,858	Total	3,592
	Expenditure met from the pooled budget:	
3,858	Wirral Council	1,662
-	Wirral Clinical Commissioning Group	-
3,858	Total	1,662
-	Net Surplus/(Deficit) arising on the Pooled Budget during the Year	1,930
-	Cost of the Council's Share of the Surplus/(Deficit) on the Pooled Budget for the Year	1,930

Note 32 Members Allowances

During the year Members' allowances, including Employer's costs totalled £792,000 (2017/18 £790,000) as set out in the table:

2018/19		2017/18
£'000		£'000
12	Mayor/Deputy Allowance	12
776	Allowances	773
4	Expenses	5
792	Total	790

Note 33 Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2018/19	Employment Period	Notes	Salaries £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive (Eric Robinson)	01/04/18-31/03/19		175,874	176	-	25,665	201,715
Director for Strategy and Partnerships	01/04/18-31/03/19		109,700	-	56,376	15,855	181,931
Director for Delivery (Asst CEX)	01/04/18-31/03/19		116,779	-	-	17,050	133,828
Director for Health and Wellbeing	01/04/18-31/03/19		82,708	407	-	11,930	95,046
Director of Finance and Investment	01/04/18-31/03/19		108,296	32	-	15,698	124,026
Director for Care and Health	01/04/18-31/03/19		116,779	-	-	17,050	133,828
Director for Children	01/04/18-31/03/19		143,750	-	-	20,988	164,738
Director of Economic & Housing Growth	25/06/18-13/12/18	a)	85,140	-	-	7,877	93,016
Director for Business Management	01/04/18-31/03/19	b)	126,162	-	-	18,403	144,565
Director for Governance and Assurance	01/04/18-31/03/19		108,155	-	-	15,744	123,899
Total			1,173,343	616	56,376	166,258	1,396,593

a) - Left organisation 13/12/18

b) - Covered Director of Economic & Housing Growth post in addition to Director for Business Management from 13/12/18

Note 33 Officers' Remuneration (continued)

2017/18	Employment Period	Notes	Salaries £	Expenses Allowances £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive (Eric Robinson)	01/04/17-31/03/18		175,905	150	-	23,907	199,962
Director for Strategy and Partnerships	01/04/2017-31/07/17	a)	41,517	-	-	120,509	162,026
Director for Strategy and Partnerships	01/08/17-31/03/18		69,071	-	-	9,877	78,948
Managing Director for Delivery	01/04/17-31/03/18		118,753	34	93,413	357,223	569,423
Director of Transformation	01/04/17-31/03/18		121,370	-	-	16,501	137,871
Director for Health and Wellbeing	01/04/17-31/07/18	b)	30,951	-	-	4,426	35,377
Director for Health and Wellbeing	01/08/17-31/03/18		72,751	-	-	6,373	79,125
Acting Section 151 Officer	01/04/17-31/12/17	c)	99,947	-	-	8,579	108,526
Director of Finance and Investment	11/12/17-31/03/18		30,558	-	-	4,156	34,714
Director for Care and Health	01/04/17-31/03/18		113,532	1,073	-	15,416	130,021
Director for Children	01/04/17-22/05/17	d)	59,045	-	-	2,231	61,276
Director for Children	23/05/17-03/12/17	e)	54,330	24	-	7,389	61,743
Director for Children	04/12/17-31/03/18		43,927	-	-	5,974	49,901
Director for Business Services (Ast CEX)	01/04/17-31/03/18		113,406	38	-	15,416	128,861
Assistant Director Governance and Assurance	01/04/17-03/09/17	f) & g)	39,675	36	-	-	39,711
Total			1,184,737	1,355	93,413	597,978	1,877,482

a) Left organisation 31/07/17

b) Left post 31/07/17

c) Left organisation 31/12/17

d) Left organisation 22/05/17

e) Left post 03/12/17

f) Left organisation 03/09/17

g) Director of Governance and Assurance covered by interim from 04/09/17-31/03/18

Note 33 Officers' Remuneration (continued)

The following table shows remuneration over £50,000 to employees in bands of £5,000, including senior officers shown in the previous tables. Remuneration does, however, include severance and pension strain costs where the Council has made decisions to release staff from the employment of the Council through redundancy and early retirement. The numbers of employees by band are therefore inflated by these one-off costs and do not represent ongoing staff numbers being paid salaries within the remuneration bands shown.

The costs of providing additional retirement benefits are calculated by the Pension Fund and recharged to the Council, who reimburse the Fund over 5 years.

Remuneration Band	2018/19 Number of Employees	2017/18 Number of Employees
£50,001 to £55,000	67	65
£55,001 to £60,000	44	48
£60,001 to £65,000	46	46
£65,001 to £70,000	28	20
£70,001 to £75,000	9	14
£75,001 to £80,000	16	7
£80,001 to £85,000	9	7
£85,001 to £90,000	6	4
£90,001 to £95,000	5	1
£95,001 to £100,000	1	2
£100,001 to £105,000	1	1
£105,001 to £110,000	2	1
£110,001 to £115,000	2	2
£115,001 to £120,000	2	-
£120,001 to £125,000	-	1
£125,001 to £130,000	1	-
£130,001 to £135,000	1	-
£140,001 to £145,000	1	-
£165,001 to £170,000	1	-
£175,001 to £180,000	1	1
£215,000 to £219,999	-	1
Total	243	221

Note 33 Officers' Remuneration (continued)

The numbers of exit packages with total cost per band of compulsory and other redundancies are set out in the table:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
£0-£20,000	-	1	86	62	86	63	742	385
£20,001 - £40,000	-	-	26	21	26	21	768	568
£40,001 - £60,000	-	-	5	-	5	-	247	-
£60,001 - £100,000	-	-	2	2	2	2	147	164
Total	-	1	119	85	119	86	1,904	1,117

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Note 34 External Audit Costs

In 2018/19 the following fees were paid relating to external audit and inspection:

2018/19		2017/18
£'000		£'000
123	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	160
29	Fees payable to Grant Thornton for the certification of grant claims and returns for the year	24
13	Fees payable in respect of other services provided during the year	8
165	Total	192

Note 35 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2018/19 are shown in the table:

2018/19	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2018/19 before Academies recoupment			257,851
Academy figure recouped for 2018/19			(89,347)
Total DSG after academy recoupment for 2018/19			168,504
Plus: Brought forward from 2017/18			2,286
Less: Carry forward to 2019/20 (agreed in advance)			(794)
Agreed initial budgeted distribution in 2018/19	28,689	141,307	169,996
In year adjustments	48	-	48
Final budget distribution for 2018/19	28,737	141,307	170,044
Less: Actual central expenditure	(28,514)	-	(28,514)
Less: Actual ISB deployed to schools	-	(141,307)	(141,307)
Plus: Local Authority contribution for 2018/19	1,192	-	1,192
To carry forward to 2019/20 agreed in advance	-	-	794
Carry forward to 2019/20	1,415	-	2,209

Note 35 Dedicated Schools Grant (continued)

Comparative figures for 2017/18 are as follows:

2017/18	Central Expenditure	Individual Schools Budget	Total
	£'000	£'000	£'000
Final DSG for 2017/18 before Academies recoupment			245,917
Academy figure recouped for 2017/18			(79,825)
Total DSG after academy recoupment for 2017/18			166,092
Plus: Brought forward from 2016/17			1,903
Less: Carry forward to 2018/19 (agreed in advance)			(794)
Agreed initial budgeted distribution in 2017/18	26,098	141,103	167,201
In year adjustments	-	187	187
Final budget distribution for 2017/18	26,098	141,290	167,388
Less: Actual central expenditure	(25,227)		(25,227)
Less: Actual ISB deployed to schools		(141,290)	(141,290)
Plus: Local Authority contribution for 2017/18	621	-	621
To carry forward to 2018/19 agreed in advance	-	-	794
Carry forward to 2018/19	1,492	-	2,286

Note 36 Grant Income

The Council credited the following grants and contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19.

2018/19		2017/18
£'000	Credited to Taxation and Non-Specific Grant Income	£'000
	Revenue Grants:	
5,471	School Private Finance Initiative	5,471
-	Education Services Grant	918
9,586	Grant to compensate Authorities for changes to the business rates	8,764
1,230	Levy Account Surplus Grant	-
1,520	New Homes Bonus Grant	2,444
1,125	Adult Social Care Support Grant	1,808
1,571	Independent Living Fund Grant	1,622
441	Other Revenue Grants (less than £250k)	572
543	Local Council Tax Support Admin Grant	569
253	Local Reform & Community Voices	250
223	SEND Implementation	217
21,963	Total Revenue Grants	22,635
	Capital Grants:	
6,195	Local Transport Grant	4,645
-	DFT Challenge	752
2,638	School Condition	2,535
949	Sustainable Transport Enhance Programme	735
4,058	Disabled Facilities Grants	3,898
-	Basic Needs Grant	620
1,058	Formula Capital	281
900	Civilised Streets	-
340	Land Drainage / Flood Protection	-
442	Other Capital Grants (less than £250k)	238
16,580	Total Capital Grants	13,704
38,543	Total credited to Taxation and Non-Specific Grant Income	36,339

Note 36 Grant Income (continued)

Grant Income Credited to Services

	2018/19		2017/18
	£'000	Credited to Services	£'000
	168,616	Dedicated Schools Grant	166,256
	104,656	Housing Benefits	119,287
	29,079	Public Health Grant	29,898
	13,056	Pupil Premium	13,179
	5,143	Improved Better Care Fund Grant	8,307
	3,188	16-19 Further Education YPLA	3,446
	1,239	Housing Benefits Admin. Grant	1,399
	3,228	Universal Infant Free School Meals (UIFSM)	3,440
	857	Discretionary Housing Payments	872
	1,606	PE & Sports Grant	1,302
	526	Adult Safeguarded Learning	839
	552	Youth Justice Board	552
	2,398	Wirral Ways to Work	2,221
	612	Teachers Pay Grant	-
	334,756	Total	350,998

Note 36 Grant Income (continued)

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them. These will require the monies to be returned to the giver, if not spent in accordance with the conditions. The balances at the year-end totalled £0.830 million. Revenue grants with conditions totalling less than £1 million are included in short term creditors.

2018/19		2017/18
£'000	Grants Received in Advance	£'000
290	Cluster of Empty Homes	303
67	Mulberry Properties	67
473	Basic Needs	-
-	Other	3
830	Total	373

Note 37 Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the analysis in Note 35.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 32. During 2018/19, works and services to the value of £22.2 million were commissioned from companies in which Members had an interest, including payments to Wirral Evolutions (£6.64 million in 2018/19, £5.67 million in 2017/18), Edsential (£4.33 million in 2018/19, £4.6 million in 2017/18), Merseyside Pension Fund (£3.85 million in 2018/19, £4.7

million in 2017/18), Cheshire & Wirral Partnership NHS Foundation Trust (£4 million in 2018/19) and to various other organisations (£3.3 million in 2018/19). In all instances, the payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

Officers

During 2018/19, the Assistant Chief Executive declared interests as a director of two companies significantly influenced by the Council - Edsential CIC and the Wirral Growth Company. The acting officer hadn't taken part in any discussion or decision relating to the awarding of contracts or making payments to the companies that they have declared an interest in.

Entities Controlled or Significantly Influenced by the Authority

The Council has significant influence over Wirral Evolutions Limited through its ownership of 100% of the shares in the company. The Council purchased adult social care services to the value of £6.64 million from the company in 2018/19 (£5.63 million in 2017/18) and has provided payroll services for Wirral Evolutions. Wirral Evolutions has a net pension deficit of £4.7 million as at 31st March 2019 (£3.5 million as at 31st March 2018)

The Council has significant influence over Edsential Community Interest Company through its ownership of 50% of the shares in the company and having a senior officer on the Board. The Council purchased Catering and Educational services to the value of £4.3 million from the company in 2018/19 (£4.6 million in 2017/18) and provided payroll services to Edsential CIC. The Council also guarantees the Merseyside Pension Fund element of Edsential's pension liability, which equates to £3 million (£2.5 million in 2017/18).

The Council acts as guarantor for a number of staff who work in various external bodies that have been admitted to the Merseyside Pension Fund. On cessation of the body's participation in the fund, any shortfalls are initially claimed from the admitted body. If they cannot be recovered from that source, the pension fund would look at the guarantee arrangements and draw down from bonds that are in place and, if still insufficient, from the guarantor. The Council acts as guarantor for a number of bodies. The estimated unrecorded liability is not material at 31 March 2019 and has not been reflected in the 2018/19 Accounts.

Note 37 Related Party Transactions (continued)

Other Public Bodies

The Council has member representation on committees of the following organisations to which the Council pays a levy or precept.

The Authority has a pooled budget arrangement with Wirral Community NHS Trust for the provision of integrated community equipment services. Further details are contained in note 30.

The Council acts as the administering Council to Merseyside Pension Fund and charged the Fund £3.58 million (2017/18 £3.3 million) for administration and investment management costs.

	Number of Representatives	Precept/ Levy 2017/18 £'000	Precept/ Levy 2018/19 £'000
Merseyside Police Authority	2	15,155	16,418
Merseyside Fire and Rescue Service	4	6,788	7,757
Merseyside Recycling and Waste Authority	2	15,373	16,100
Merseyside Port Health	6	68	33
Liverpool City Region Combined Authority	4	21,898	21,786

Note 38 Capital Expenditure and Capital Financing

Capital Expenditure and Capital Financing		2018/19
	<i>Note</i>	£'000
Opening Capital Financing Requirement		339,086
Property, Plant and Equipment		22,035
Investment Properties		7,235
Other		149
Expenditure re flexible use of capital receipts		13,863
Revenue Expenditure Funded from Capital under Statute		5,221
Total		48,503
Sources of finance		
Capital receipts		(14,339)
Government grants and other contributions		(14,786)
Sums set aside from revenue:		
Revenue Contributions		(11)
Minimum Revenue Provision		(12,665)
Total		(41,801)
Closing Capital Finance Requirement		345,788
<i>Explanation of movements in year</i>		
Increase in underlying need to borrowing (supported by government financial assistance)		6,702

Note 39 Leases

Council as Lessor

The Council has leased out the following properties on finance leases with the remaining terms shown in the table. . During the year the Council acquired Birkenhead Market which explains most of the movement between March 2018 and March 2019 in the tables below.

Property	Lessor	Remaining Term
Wirral Country Park Caravan Site (Touring)	The Caravan Club Ltd	10 years
Wirral Country Park Caravan Site (Static)	The Caravan Club Ltd	30 years
New Brighton Marine Point	Promenade Wirral Limited	243 years

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The Council has gross investments in the leases, made up of the minimum lease payments expected to be received over the remaining terms and the residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtors for the interest in the properties acquired by the lessees and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the amounts shown in the table.

2018/19 £'000		2017/18 £'000
	Finance Lease Debtor (Net Present Value of Minimum Lease Payments):	
4	- Current	4
595	- Non-Current	2,656
10,681	Unearned Finance Income	25,256
11,280	Gross investment in the lease	27,916

Note 39 Leases (continued)

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Investment in the Lease		Lease Payments	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
No later than 1 year	136	287	80	129
Later than 1 year and no later than 5 years	546	1,146	270	430
Later than 5 years	10,598	26,484	805	1,216
Total	11,280	27,917	1,155	1,775

Note 40 Private Finance Initiative (PFI) and Similar Contracts

The Wirral Schools' PFI Scheme Project Agreement was originally signed in March 2001 and involved the rebuilding and/or refurbishment of one primary and eight secondary schools in Wirral. A Deed of Amendment was entered into on 9 September 2004 to extend the contract until July 2031.

The first phase of the Project (Construction Works) was completed on the final schools in August 2006 and the Council now receive support services in accordance with a detailed set of Output Specifications. These include building and services maintenance, grounds maintenance, catering, cleaning, caretaking, security, utilities and telecommunications.

The specifications for Support Services are not prescriptive and it is up to our PFI Partner, Wirral Schools' Services Ltd (WSSL) to devise a programme of service delivery which achieves the Council's Output Specifications. The success of this is measured by way of a payment mechanism and deductions system.

It is only in pre-agreed circumstances that WSSL is excused from performance. These situations are known as Relief Events and they include the declaration of any emergency by the Council, failure by any utility company, loss or damage to a

road servicing a school or any strike affecting the relevant industry.

Other than under these clearly defined circumstances, risk on the above services is transferred to WSSL. There are examples of "Shared Risk" such as that on Utility Consumption, "Limited Risk" such as that on the maintenance of loose furniture, fittings and equipment and "No Risk" to WSSL whereby the costs of damage caused by an Act of Vandalism under specific conditions, rest with the Council.

The price for the provision of the services (i.e. the provision of the School accommodation and the Support Services) is essentially a fixed price for the duration of the term.

There are several provisos to this e.g. annual indexation in accordance with the Retail Prices Index and Value for Money Testing. The latter is carried out at five year intervals and basically involves a comparison between the current price paid for a particular service (such as cleaning or catering) with equivalent prevailing market costs. If the market average is higher or lower than the current cost by a certain amount, then any excess outside of that range leads to a price adjustment.

The Project Agreement will come to an end on its agreed expiry date of 31 July 2031.

Thirty months prior to the Expiry Date, a Handback Survey will be carried out. This will detail each asset and component of each school and will report on the residual life of those assets. On the Expiry Date, the facilities will be handed back to the Council, at nil consideration, in a condition which complies with specific standards / life expectancies for individual components within each school.

The Council only has the right to terminate the contract if it compensates the contractor. Guidelines are clearly set out for rules governing Compensation on Termination, as classified under events of Project Co. Default or Council Default.

Bebington High and South Wirral High have adopted Foundation status. University Academy Birkenhead, Weatherhead High, Hilbre High, Wirral Grammar School, Kingsway Academy and Prenton High have adopted Academy status. The assets relating to the Academies are no longer reflected in the Balance Sheet.

The contract was originally treated as an operating lease but with the introduction of IFRIC 12 'Service Concession Arrangements', it has now been accounted for as a finance lease. The value of assets held under the Schools PFI scheme is shown on the following page.

Note 40 Private Finance Initiative (PFI) and Similar Contracts (continued)

Valuation information for PFI assets recognised in the Balance Sheet:

	Leasowe Primary £'000	South Wirral High £'000	Bebington High £'000	Total £'000
Movement in 2018/19				
Valuation				
Expenditure	-	32	-	32
Revaluations	(98)	2,172	-	2,074
Accumulated depreciation at 1 April 2018	(23)	(377)	(385)	(785)
Depreciation 2018/19	-	(127)	(340)	(467)
Accumulated depreciation at 31 March 2019	(23)	(504)	(725)	(1,252)
Net Book Value				
At 31 March 2019	2,697	12,550	11,745	26,992
At 31 March 2018	2,795	10,473	12,085	25,353
Comparative Movement in 2017/18				
Valuation 1 April 2017	2,749	10,750	12,540	26,039
Expenditure	10	-	-	10
Revaluations	59	100	(70)	89
Accumulated depreciation at 1 April 2017	(27)	(291)	(301)	(619)
Depreciation 2017/18	4	(86)	(84)	(166)
Accumulated depreciation at 21 March 2018	(23)	(377)	(385)	(785)

Note 40 Private Finance Initiative (PFI) and Similar Contracts (continued)

Payments

Estimated future payments remaining to be made under PFI contracts are as follows:

2018/19	Payment for Services	Lease Liability	Interest	Life-cycle Costs	Total
	£'000	£'000	£'000	£'000	£'000
Payable within one year	4,570	2,862	3,952	1,074	12,458
Payable within two to five years	19,802	11,567	16,358	5,891	53,618
Payable within six to ten years	28,747	18,615	24,567	4,972	76,901
Payable within eleven to fifteen years	15,331	9,374	11,899	1,101	37,705
Payable within sixteen to twenty years	-	-	-	-	-
Total	68,450	42,418	56,776	13,038	180,682

The unitary payment in 2018/19 is £12.163 million (2017/18 £11.73 million), allocated as follows:

2018/19		2017/18
£'000		£'000
4,450	Service costs	4,279
3,994	Interest and Similar Charges	3,731
2,947	Lease Liability	2,624
772	Life Cycle Costs	1,094
12,163	Total	11,728

Note 40 Private Finance Initiative (PFI) and Similar Contracts (continued)

The value of the outstanding lease liability which reflects both the short and long term is shown in the table.

In calculating the future unitary payments to the end of the contract from 2016-17 onward the most up to date information available has been used. This gives a more accurate estimate of the total outstanding liability. The annual unitary payment is increased by the Retail Price Index less 10%. RPI is based on the most up to date information as opposed to the estimates in the operator's financial model.

2018/19	Current Year	2017/18
£'000		£'000
45,365	Balance outstanding at start of year	47,985
(2,947)	Payments during the year	(2,624)
-	Other Movements	4
42,418	Balance outstanding at year-end	45,365

Note 41 Long Term Debtors

Long Term Debtors	MCC Debt £'000	Regeneration Loans £'000	Council Mortgages £'000	Leases £'000	Capital Receipts £'000	Total £'000
Balance at 1 April 2017	35,746	4,199	8	2,660	-	42,613
Advances	-	93	-	-	-	93
Repaid	(4,468)	(203)	(3)	(4)	-	(4,678)
Balance at 31 March 2018	31,278	4,089	5	2,656	-	38,028
Balance at 1 April 2018	31,278	4,089	5	2,656	-	38,028
Advances	-	149	-	-	3,465	3,614
Reclassified	-	345	-	-	-	345
Repaid	(4,469)	(200)	(5)	(2,058)	-	(6,732)
Balance at 31 March 2019	26,809	4,383	-	598	3,465	35,255

Note 42 Other Long Term Liabilities

The 2018/19 increase in Other Long Term Liabilities is mainly due to a increase in the Pension Liability, and the requirement to fund this deficit in future years. The increased liability is the Actuary's revised assessment of the value of the assets and liabilities of the Merseyside pension scheme. More details are shown in note 44.

	PFI Long Term Liability	Other lease liability	Pensions liability	Total
	£'000	£'000	£'000	£'000
Balance 1 April 2017	45,361	-	535,408	580,769
Repayments	(2,943)	-	-	(2,943)
Deficit Funding	-	-	(78,076)	(78,076)
Balance 31 March 2018	42,418	-	457,332	499,750
Balance 1 April 2018	42,418	-	457,332	499,750
Repayments	(2,862)	-	-	(2,862)
Deficit Funding	-	-	82,049	82,049
Balance 31 March 2019	39,556	-	539,381	578,937

Note 43 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has 3,700 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2019, the Authority's own contributions are negligible.

In 2018/19, the Council paid £9.74m (2017/18: £9.826m) to Teachers' Pensions in respect of teachers' retirement benefits. There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £9.44m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 44. The Authority is not liable to the Scheme for any other entities' obligations under the plan.

Public Health

When Public Health staff transferred from Wirral primary care trust (PCT) in April 2013 on the abolition of the PCTs nationally, they retained access to the NHS Pension Scheme. The Scheme provides specified benefits upon retirement towards which the Council makes contributions based on a percentage of members' salaries. The Scheme is administered by the NHS Business Services Authority on behalf of the Department of Health in England and Wales

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department of Health uses a notional fund as the basis for setting

employer contribution rates. Valuations of the fund are undertaken every four years.

The Scheme has over 1.3m active members employed in a wide variety of organisations. A small number of staff (41) transferred from the Wirral PCT and consequently the Council is unable to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the NHS Pension Scheme during the year ending 31 March 2018, the Authority's own contributions are negligible.

In 2018/19 the Authority paid £0.181m (2017/18: £0.164m) to the NHS Pension Scheme in respect of the retirement benefits of public health staff. There were no contributions remaining payable at the year-end. Contributions due to be paid in the next financial year are estimated to be £0.260m.

The Authority is not liable to the Scheme for any other entities' obligations under the plan.

Note 44 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the following post-employment schemes:

The Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme, administered locally by Wirral Borough Council - this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are

made. However there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Merseyside Pension Fund is a multi-employer scheme operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Fund Pensions Committee, which comprises Councillors and representatives from other employers. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Unfunded Teachers' Scheme

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme referred to in Note 43. These costs are accounted for on a defined benefit basis and the Council is not liable to the Scheme for any other entities' obligations under the plan.

Note 44 Defined Benefit Pension Schemes (continued)

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement on Reserves Statement. The transactions shown in the table below have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits		Unfunded Teachers Scheme	
	2018/19 *	2017/18	2018/19	2017/18	2018/19	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement						
<i>Cost of services:</i>						
Current Service Cost	34,028	35,449	-	-	-	-
(Gain)/Loss from Settlements	(2,291)	(9,038)	-	-	-	-
Past Service Cost	12,908	456	-	-	-	-
<i>Other Operating Expenditure</i>						
Administration Cost	538	522	-	-	-	-
<i>Financing and Investment Income and Expenditure:</i>						
Net Interest Expense	9,840	10,259	1,013	1,038	699	731
Total Post-employment Benefits Charged to the Surplus of Deficit on the Provision of Services	55,023	37,648	1,013	1,038	699	731
<i>Other Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement</i>						
<i>Remeasurement of the Net Defined Benefit Liability Comprising:</i>						
Return on Plan Assets (Excluding the Amount Included in the Net Interest Expense)	(35,223)	(69)	-	-	-	-
Actuarial Gains and Losses Arising on Changes in Demographic Assumptions	-	-	-	-	-	-
Actuarial Gains and Losses Arising on Changes in Financial Assumptions	80,931	(59,637)	1,338	(924)	910	(483)
Total remeasurement of the net Defined Benefit Liability	45,708	(59,706)	1,338	(924)	910	(483)
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	100,731	(22,058)	2,351	114	1,609	248
<i>Movement in Reserves Statement</i>						
Reversal of Net Charges made to the Surplus or Deficit on the Provision of Services for Post-employment Benefits in Accordance with the Code	(55,023)	(37,648)	(1,013)	(1,038)	(699)	(731)
<i>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</i>						
Employers' Contributions Payable to Scheme	17,454	51,072	-	-	-	-
Retirement Benefits Payable to Pensioners	-	-	2,630	2,640	2,558	2,668

* The 18/19 costs of the Local Government Pension Scheme include £16.7m resulting from the McCloud and Sargeant court case (see note 3). £11.1m of this relates to past service costs and £5.6m reflects the associated remeasurement of assets and liabilities included in the Return on Plan Assets line of the above table.

Note 44 Defined Benefit Pension Schemes (continued)

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as set out in the table below.

The liability below differs to the pension reserve in note 25. This is due to a prepayment agreement referred to in the Impact on the Authority's Cashflows section of this note. This is because the liability was reduced by the whole sum of the three year prepayment in the first year and the reserve is reduced as it is applied to the General Fund each year.

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	Local Government Pension Scheme		Discretionary Benefits		Unfunded Teachers Scheme		Total	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Present Value of Liabilities	1,635,141	1,510,562	40,013	40,292	27,212	28,161	1,702,366	1,579,015
Fair value of Assets	1,162,985	1,121,683	-	-	-	-	1,162,985	1,121,683
Net liability arising from Defined Benefit Obligation	(472,156)	(388,879)	(40,013)	(40,292)	(27,212)	(28,161)	(539,381)	(457,332)

Note 44 Defined Benefit Pension Schemes (continued)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Discretionary Benefits		Unfunded Teachers Scheme	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Opening Balance at 1 April	1,121,683	1,094,377	-	-	-	-
Interest on Plan Assets	28,869	27,602	-	-	-	-
Remeasurements:	34,371	(15,999)	-	-	-	-
Employers Contributions	17,454	51,072	2,630	2,640	2,558	2,668
Contributions by scheme participants	6,760	6,572	-	-	-	-
Benefits paid	(45,614)	(41,419)	(2,630)	(2,640)	(2,558)	(2,668)
Administration Costs	(538)	(522)	-	-	-	-
Closing value of scheme assets	1,162,985	1,121,683	-	-	-	-

Note 44 Defined Benefit Pension Schemes (continued)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	Local Government Pension Scheme		Discretionary Benefits		Unfunded Teachers Scheme	
	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000	2018/19 £'000	2017/18 £'000
Opening balance at 1 April	1,510,562	1,556,386	40,292	42,818	28,161	30,581
Current Service Cost	34,028	35,449	-	-	-	-
Interest Cost	38,709	37,861	1,013	1,038	699	731
Contributions from Scheme Participants	6,760	6,572	-	-	-	-
Remeasurements (Liabilities)	80,931	(59,637)	1,338	(924)	910	(483)
Past service cost	11,093	142	-	-	-	-
Curtailments	1,815	314	-	-	-	-
Liabilities assumed on entity combinations	-	-	-	-	-	-
Benefits paid	(45,614)	(41,419)	(2,630)	(2,640)	(2,558)	(2,668)
Settlements	(3,143)	(25,106)	-	-	-	-
Balance as at 31 March	1,635,141	1,510,562	40,013	40,292	27,212	28,161

Note 44 Defined Benefit Pension Schemes (continued)

Local Government Pension Scheme Assets Comprised:

2018/19		2018/19		2017/18		2017/18	
£'000	%			£'000	%		
Equities:							
178,527		UK Quoted		236,337			
30,713		UK Unquoted		-			
242,879		Global Quoted		355,013			
118,986		Global Unquoted		-			
571,105	49.1%			591,350	52.7%		
Bonds:							
142,293		UK Corporate (including UK Index-Linked)		139,537			
42,158		UK Government		40,268			
184,451	15.9%			179,805	16.0%		
Property:							
70,991		UK Direct Property		65,170			
23,492		UK Managed Property (Quoted and Unquoted)		19,068			
16,547		Global Managed Properties		15,704			
111,030	9.5%			99,942	8.9%		
Private equity							
36,941		UK Quoted & Unquoted		37,015			
41,235		Global		35,109			
78,176	6.7%			72,124	6.4%		
Hedge Funds							
5,769		UK Hedge Funds		5,721			
29,404		Global Hedge Funds		29,388			
35,173	3.0%			35,109	3.1%		
Infrastructure							
44,912		UK Infrastructure		27,706			
28,365		Global Infrastructure		22,097			
73,277	6.3%			49,803	4.4%		
Opportunities							
46,394		UK Opportunities		43,522			
29,491		Global Opportunities		20,079			
75,885	6.5%			63,601	5.7%		
33,888	2.9%	Cash Instruments		29,949	2.7%		
1,162,985	100.0%	Total assets		1,121,683	100.0%		

Note 44 Defined Benefit Pension Schemes (continued)

Basis for Estimating Assets and Liabilities

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by Mercers, an independent firm of actuaries, estimates for the Merseyside Pension Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary are set out in the table.

Local Government Pension Scheme

2018/19		2017/18
	Long-term expected rate of return on Scheme Assets:	
6.5%	Equity investments	6.5%
2.2%	Government Bonds	2.2%
2.9%	Other Bonds	2.9%
5.9%	Property	5.9%
0.5%	Cash/Liquidity	0.5%
Variable	Other	Variable
	Mortality assumptions:	
	Longevity at 65 current pensioners:	
22.2	Men	22.0
25.0	Women	24.8
	Longevity at 65 for future pensioners:	
25.2	Men	25.0
27.9	Women	27.8
	Financial assumptions:	
2.2%	Rate of CPI inflation	2.1%
3.7%	Rate of increase in salaries	3.6%
2.3%	Rate of increase in pensions	2.2%
2.4%	Rate for discounting scheme liabilities	2.6%

Note 44 Defined Benefit Pension Schemes (continued)

Sensitivity analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table on the previous page.

The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The longevity assumptions, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis opposite did not change from those used in the previous period.

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	Defined Benefit		Unfunded Teachers Scheme	
	Increase in assumption £000	Decrease in assumption £000	Increase in assumption £000	Decrease in assumption £000
Longevity (increase or decrease in one year)	(33,752)	33,752	(1,126)	1,126
Rate of inflation (increase or decrease by 1%)	(28,907)	28,907	(232)	232
Rate of increase in salaries (increase or decrease by 1%)	(4,223)	4,223	-	-
Rate of increase in pensions (increase or decrease by 1%)	-	-	-	-
Rate for discounting liabilities (increase or decrease by 1%)	28,417	(28,417)	230	(230)

In 18/19 the impact of the McCloud and Sargeant court ruling (see note 3) resulted in additional pension costs of £16.7m, which remain very sensitive to the assumptions applied. For example, if future real pay growth assumptions were changed from 1.5% above CPI to zero, the additional costs could be as low as zero. If future real pay growth of 0.75% p.a. above CPI was anticipated this could result in additional past service liabilities of c £5.5m at 31 March 2019 and additional projected service costs for the year commencing 1 April 2019 of £1m pa.

Note 44 Defined Benefit Pension Schemes (continued)

Asset and Liability Matching Strategy

The Pensions Committee of the Merseyside Pension Fund has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (49% of scheme assets) and bonds (16%).

These percentages are materially the same as the comparative year. The scheme also invests in properties as a part of the diversification of the scheme's investments

There is a limited use of derivatives to manage bond risk for the shorter-term instruments. The ALM strategy is monitored annually or more frequently if necessary.

Impact on the Authority's Cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate

as possible. The Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

As part of the funding strategy agreed with Merseyside Pension Fund, the Council pays an annual sum in respect of recovery of the historic pension deficit. In April 2017 the Council agreed to pay upfront the total amount due for the three year period 2017/18-2019/20. This secured a significant discount on paying the money in instalments over the three years. The total amount paid was £35.068m of which £12.174m is chargeable to the General Fund in 2017/18, £11.683m chargeable in 2018/19 and £11.211 chargeable in 2019/20, in accordance with statutory provisions.

The Council anticipates to pay £19.4m expected contributions to the scheme in 2019/20. Expected contributions to the Discretionary Benefits scheme in 2019/20 are £2.6m. The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2018/19 (17 years 2017/18).

Qualitative Disclosures required under IAS19

Under the revised IAS19, the Council is required to disclose additional information in relation to the Merseyside Pension Fund. This information has been provided by Mercers, the firm of actuaries responsible for valuing the Fund.

Retirement Benefit Obligations

At 31 March 2019 the Council's principal pension arrangement for its employees was the Merseyside Pension Fund, which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit pension arrangement for local authorities and related employers, and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

Note 44 Defined Benefit Pension Schemes (continued)

The Merseyside Pension Fund is a multi-employer arrangement, under which each employer is responsible for the pension costs, liabilities and funding risks relating to its own employees and former employees. Each employer's contributions to the Fund are calculated in accordance with the LGPS Regulations, which require an actuarial valuation to be carried out every three years. The latest actuarial valuation of the Fund was carried out at 31 March 2016, and at that date showed a funding level of 85% (assets of £6.85bn against accrued liabilities of £8.081bn). The weighted average duration of the liabilities of the Fund as a whole is 19 years, measured on the IAS19 actuarial assumptions. The duration of the liabilities for the individual employers which participate in the scheme can be significantly different from this, reflecting the profile of its employees and former employees.

In addition, the Council also participates in some other defined benefit pension arrangements, also governed under statute, but these other schemes are unfunded. These other arrangements relate to:

Teachers: The Authority's costs in relation to this arrangement are set by central government as a percentage of contributing members' pay. The related funding risks are borne by central government. The Council is, however, responsible for paying some additional pensions to retired teachers which were awarded at the point of

retirement.

Health workers: The Authority's costs in relation to this scheme are set by central government as a percentage of contributing members' pay. The related funding risks are borne by central government.

Governance and Risk Management

The liability associated with the Authority's pension arrangements is material to the Council, as is the cash funding required.

Nature of Fund

The Fund targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2014 and on revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

Governance

Wirral Metropolitan Borough Council is the Administering Authority of the Fund. The overall responsibility for the management of the Fund rests with the Pensions Committee. The committee comprises Councillors and representatives from other employers.

The Pensions Committee reviews the Fund's investments, administration,

strategies and policies at regular intervals, with the help of its various professional advisers, to ensure that they remain appropriate. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by an Investment Monitoring Working Party, which includes representatives from the Pensions Committee and external advisors.

Funding the Liabilities

Regulations governing the Fund require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require the contributions to be set with a view to targeting the Fund's solvency, and the detailed provisions are set out in the Fund's Funding Strategy Statement. The most recent valuation was carried out as at 31 March 2016, which showed a shortfall of assets against liabilities of £1.231bn as at that date, equivalent to a funding level of 85%. The fund's employers are paying additional contributions over a period of up to 22 years in order to meet the shortfall.

The weighted average duration of the Authority's defined benefit obligation is 17 years, measured on the actuarial assumptions used for IAS19 purposes.

Note 44 Defined Benefit Pension Schemes (continued)

Risks and Investment Strategy

The Fund's objective is to achieve a funding level position of 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective.

The Fund is cognisant of the risk that the shorter term returns may vary significantly from one period to another and between the benchmark and actual returns. Diversification of assets is seen as key to managing this risk and the risk/return characteristics of each asset and their relative correlations are reflected in the make-up of the strategic benchmark.

A mix of short term assets such as bonds and cash is maintained to cover short term liabilities while equities, private equity and direct property are held to benefit from the potential rewards arising from volatility and illiquidity risks. The Fund recognises that risk is inherent in investment activity and seeks to manage these risks.

Market Price / Interest rate / Currency risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is aware that its key risk is market risk i.e. the unpredictability of market performance in the future. The Fund manages investment risks through having a broad diversification

of types of investment and investment managers and has comprehensive monitoring procedures for investment managers.

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur financial loss. The Fund does not hold any fixed interest securities directly and the managers of the pooled fixed income vehicles are responsible for managing credit risk. The short term cash deposits and other investment balances are diversified with investment grade financial institutions. The Fund has a treasury management policy that is compliant with current best practice.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's key priority is to pay pensions in the long term and in the short term and the asset allocation is the key strategy in ensuring this. To ensure liquidity for payment of pensions the Fund has a cash allocation, and further amounts which could be realised in under 7 days' notice. The Fund has no borrowing or borrowing facilities. The management of the Fund also prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows.

Other Risks

Actions taken by the government, or changes to European legislation, could result in stronger local funding standards, which could materially affect the Authority's cash flow.

There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

The methods used to carry out the sensitivity analyses presented above for the material assumptions are the same as those the Council has used previously. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remain the same. This approach is not necessarily realistic, since some assumptions are related: for example, if the scenario is to show the effect if inflation is higher than expected, it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

Note 44 Defined Benefit Pension Schemes (continued)

Amendments, Curtailments and Settlements

The provisions of the Fund were amended with effect from 1 April 2014. As explained above for service up to 31 March 2014 benefits were based on salaries when members leave the scheme, whereas for service after that date benefits are based on career average salary. Further details of the changes are available from the Authority.

Curtailments shown in the accounting figures relate to the cost of providing retirement benefits for members who retire early, to the extent that provision has not already been made for the relevant defined benefit obligations.

Settlements shown in the accounting figures relate to the admission of new employers into the Fund, and who take on part of the Authority's assets and liabilities as a result of employing members who have accrued benefits with the Authority.

Schemes for Teachers and Health Workers

Nature of Funds

The Funds target a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2015 and on revalued average salary (a "career average" scheme)

for service from 1 April 2015 onwards.

Governance

These arrangements are managed centrally by government departments/agencies, and there is no material involvement for the Authority.

Funding the Liabilities

Contributions to the arrangements are set by the government, having taken advice from the government actuary. Again, the Council has no material involvement in this process. The exception to this is the additional pensions to retired teachers which were awarded at the point of retirement, and for which the Council is responsible. The weighted average duration of these particular liabilities is 8 years, measured on the actuarial assumptions used for IAS19 purposes.

Investment Risks

There are no investment risks in relation to these arrangements, given their unfunded nature. The greatest single risk is that the government could change the funding standards relating to them, which could increase the Authority's contributions to them.

Other Risks

There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the

defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material. The sensitivity analysis above indicates the change in the defined benefit obligation for changes in the key assumptions.

The methods used to carry out the sensitivity analyses presented above for the material assumptions are the same as those the Council has used previously. The calculations alter the relevant assumption by the amount specified, whilst assuming that all other variables remain the same. This approach is not necessarily realistic, since some assumptions are related: for example, if the scenario is to show the effect if inflation is higher than expected, it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

Note 45 Trust Funds

The Council acts as a trustee for a number of trust funds. These do not represent assets of the Council and have not been included in the Balance Sheet.

The E.F. Callister trust promotes youth development. The Stitt and Russell trusts exist to promote educational achievement.

2018/19	Income	Expenditure	Assets	Liabilities
	£'000	£'000	£'000	£'000
EF Callister	-	-	373	-
Stitt Scholarship	-	-	38	-
Criminal Injuries	-	-	6	-
Other	1	-	80	-
Total	1	-	497	-

Note 46 Contingent Assets and Liabilities

National Non-Domestic Rates Appeals

The Council has made a provision for National Non-Domestic Rates appeals based upon its best estimate of the actual liability in known appeals at 31 March 2019. However, as appeals can be backdated for several years it is possible that additional costs could be incurred by the Council if any subsequent appeals are successful.

Note 47 Nature and Extent of Risks Arising From Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

As part of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Investment Guidance for Local Authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a

loss to the other party;

- Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments;
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

Credit Risk

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit is placed on the amount of money that can be invested with a single counterparty (other than the UK

government). The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than 75% in total can be invested for a period longer than one year.

Note 47 Nature and Extent of Risks Arising From Financial Instruments (continued)

The table opposite summarises the credit risk exposures of the Council's investment portfolio as at 31 March 2019 by the counterparty's country of origin and its credit rating. The table confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

Credit Rating *	Maturity of Investment			Balance Invested as at 31 March 2019	Balance Invested as at 31 March 2018
	Cash Equivalent	Short Term Investment	Long Term Investment		
	£'000	£'000	£'000	£'000	£'000
AAA	13,828	7,000	-	20,828	22,650
AA-	3,277	4,000	-	7,277	6,000
A+	5,000	-	-	5,000	-
A	-	-	-	-	6,000
Unrated Building Societies	-	-	-	-	3,000
Other Local Authorities	-	-	-	-	5,000
Unrated Subsidiaries +Corporate	-	-	1,550	1,550	1,650
Total	22,105	11,000	1,550	34,655	44,300
Credit risk not applicable *	7,000	-	-	7,000	6,000
Total Investments	29,105	11,000	1,550	41,655	50,300

*Credit rating is the lowest common denominator equivalent derived from the rating allocated by the Agencies Fitch, Standard & Poors and Moody's

Note 47 Nature and Extent of Risks Arising From Financial Instruments (continued)

Liquidity Risk

The Council has access to borrowing facilities from the Public Works Loan Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates by aiming to have an even spread of maturities in each year.

The maturity analysis of the nominal value of the Council's debt at 31 March 2019 was as follows:

	31 March 2019		31 March 2018	
	£'000	%	£'000	%
Maturity of Borrowing (years): *				
Not over 1 year	94,233	36.4%	95,295	35.7%
Over 1 year but not over 2	3,615	1.4%	2,682	1.0%
Over 2 years but not over 5	5,650	2.2%	8,482	3.2%
Over 5 years but not over 10	6,716	2.6%	5,645	2.1%
Over 10 years but not over 20	2,406	0.9%	-	0.0%
Over 20 years but not over 40	16,239	6.3%	15,765	5.9%
Over 40 years	26,464	10.2%	27,096	10.2%
Uncertain date	103,451	40.0%	111,833	41.9%
Total Borrowing	258,774	100.0%	266,798	100.0%

* Included in the table above (on the Uncertain date line) are £102.1m (2018: £112.1m) of "Lender's option, borrower's option" (LOBO) loans, valued at amortised cost (see Note 18), with a principal value of £107.5m (2018: £113.5m). These are loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain. The Effective Interest Rate on these loans ranges from 4.68% to 9.18%.

Trade Receivables

Trade receivables are also subject to non-payment and are reviewed for impairment. By adjusting for impairment the credit risk is recognised in the accounts:

2018/19	Trade Receivables	2017/18
£'000		£'000
45,780	Gross Receivables	51,033
(19,594)	Impairment	(18,899)
26,186	Net Trade Receivables	32,134

Market Risk

Interest Rate Risk:

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall

Note 47 Nature and Extent of Risks Arising From Financial Instruments (continued)

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be (shown in the table):

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

The Council has £107.5m (2018: £113.5m) of "Lender's option, borrower's option" (LOBO) loans with maturity dates between 2021 and 2065 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. In the current low interest rate environment, the likelihood of the lender increasing the rate is low; however, the likelihood will increase in later years should market interest rates rise.

31/03/2019	31/03/2018
£'000	£'000
633 Increase in interest payable on variable rate borrowings	463
(291) Increase in interest receivable on variable rate investments	(419)
51 Decrease in Fair Value of Investments held at Fair Value reported in Profit and Loss (FVPL)	43
393 Impact on Surplus or Deficit on the Provision of Services	87
27 Decrease in Fair Value of Investments reported at Fair Value in Other Comprehensive Income (FVOCI)	32
420 Impact on Comprehensive Income and Expenditure	119
3 Decrease in Fair Value of Loans and Investments at Amortised Cost*	37
(45,959) Decrease in Fair Value of Fixed Rate Borrowing	(48,261)

*No impact on Comprehensive Income and Expenditure.

Market Risk: Price risk:

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £10m per fund. A 5% fall in commercial property prices at 31st March 2019 would result in a £0.05m (2018: No such investment) charge to Other Comprehensive Income and Expenditure which is then transferred to the Pooled Investment Funds Adjustment Account.

Market Risk: Foreign exchange risk

The Council has no financial assets or liabilities denominated in a foreign currency. It, therefore, has no exposure to loss arising as a result of adverse movements in exchange rates.

Note 47 Nature and Extent of Risks Arising From Financial Instruments (continued)

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets and the remeasurement of modified loan liabilities.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement.

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Note 48 Involvement with Companies

Involvement with Companies

The Council has relationships with a number of entities over which it has varying degrees of control and influence.

These are classified according to whether they are subsidiaries, associates or joint ventures.

Evolutions Limited is an associate of the Council, with Edsential Limited and the Wirral Growth Company Limited Liability Partnership being classified as joint ventures.

An entity is an associate when the Council is an investor and has the power to exercise significant influence over the entity's operating and financial policies. It is presumed that significant influence exists when the Council holds more than 20% (but less than 50%) of the voting rights of an entity.

An entity is a joint venture when the Council has established a contractual arrangement with a third party to undertake an activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of all parties, and where the Council has rights to share the net assets of the arrangement.

Note 49 Restatement of 2017/18 Cost of Services

Reclassification of 2017/18 Cost of Services in the Comprehensive Income and Expenditure Statement

During 2018/19, the Council restructured into six Directorates. To enable comparison between 2017/18 and 2018/19, all 2017/18 expenditure and income by cost of service has been restated in the Comprehensive Income and Expenditure Statement - as shown within the Core Financial Statements section of these accounts.

The table below shows how this information was originally presented in the 2017/18 Comprehensive Income and Expenditure Statement and the table opposite shows how this maps to the Directorate structure applied in 2018/19:

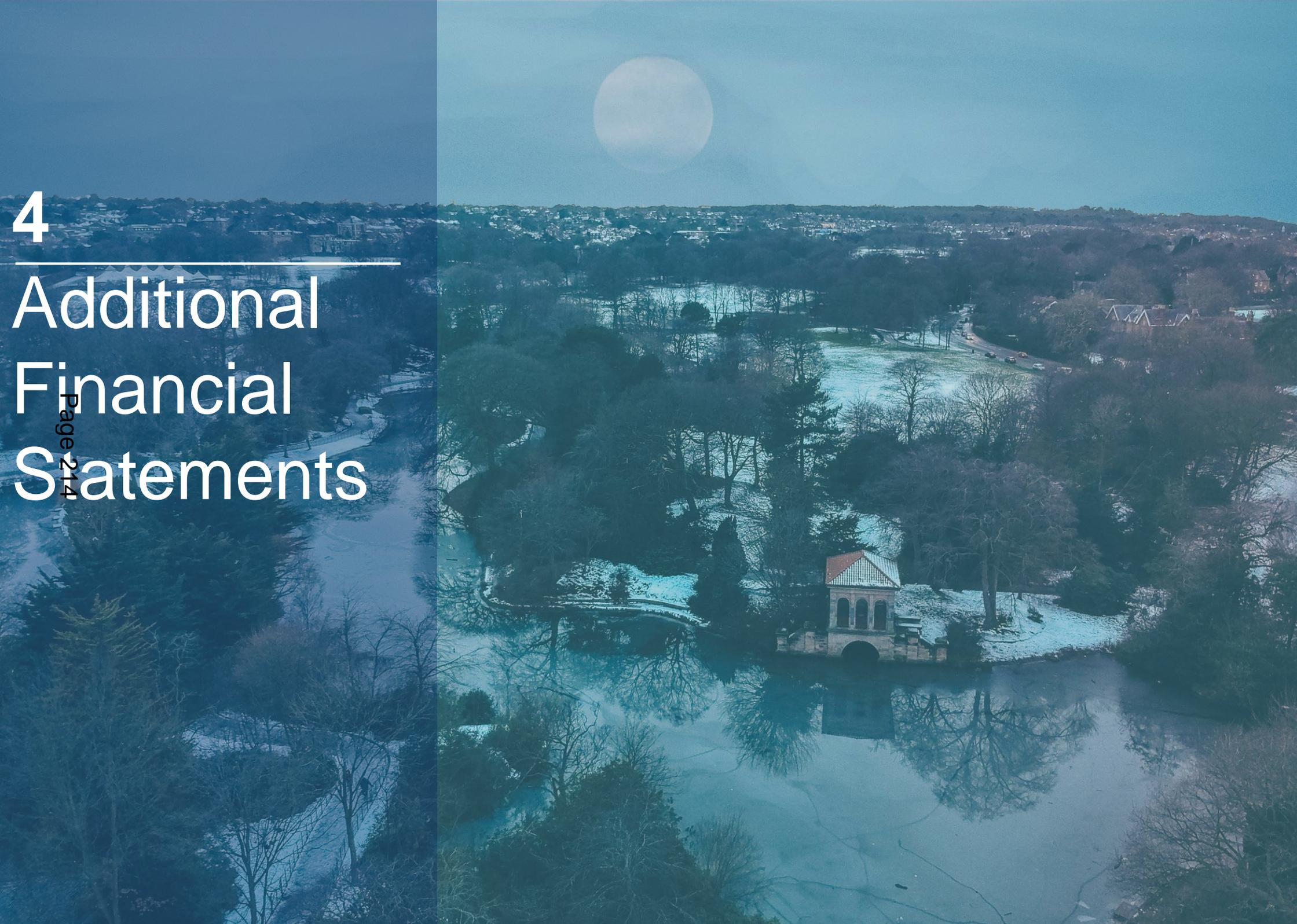
Wirral Plan Theme and Portfolio	2017/18		
	Expenditure £'000	Income £'000	Net £'000
People			
Adult Care and Health	160,967	87,944	73,023
Children & Families	61,641	4,233	57,408
Children & Families - Schools	230,144	210,023	20,121
People Total	452,752	302,200	150,552
Environment			
Environment	48,516	23,933	24,583
Housing & Community Safety	154,882	127,899	26,983
Localism & Engagement	1,731	112	1,619
Environment Total	205,129	151,944	53,185
Business			
Finance & Income Generation	32,788	5,642	27,146
Highways & Transport	22,259	7,643	14,616
Leadership	4,601	2,058	2,543
Transformation	3,946	398	3,548
Business Total	63,594	15,741	47,853
Cost of Service	721,475	469,885	251,590

Directorate	Theme	Portfolio	2017/18		
			Expenditure £'000	Income £'000	Net £'000
Adult Care & Health			139,656	56,987	82,669
	People		139,656	56,987	82,669
		Adult Care & Health	137,243	56,920	80,322
		Childrens & Families	2,413	66	2,347
Business Management			140,027	114,688	25,338
	Business		20,964	2,776	18,188
		Finance and Income Generation	17,088	2,414	14,674
		Highways and Transport	(43)	(1)	(42)
		Leadership	(28)	(35)	7
		Transformation	3,946	398	3,549
	Environment		132,320	124,935	7,384
		Environment	(596)	(77)	(519)
		Housing and Community Safety	132,946	125,043	7,904
		Localism and Engagement	(30)	(30)	-
	People		(13,257)	(13,023)	(235)
		Adult Care & Health	(1,407)	-	(1,407)
		Childrens & Families	(165)	(165)	-
		Childrens & Families - Schools	(11,684)	(12,857)	1,173
Childrens Services			298,498	225,963	72,535
	Business		1	-	1
		Finance and Income Generation	1	-	1
	People		298,498	225,963	72,534
		Childrens & Families	57,207	3,322	53,885
		Childrens & Families - Schools	241,291	222,641	18,650
Delivery Services			104,312	35,592	68,720
	Business		37,522	10,862	26,660
		Finance and Income Generation	15,419	3,228	12,191
		Highways and Transport	22,103	7,634	14,469
	Environment		66,253	24,491	41,762
		Environment	46,053	22,284	23,769
		Housing and Community Safety	20,200	2,207	17,993
	People		538	239	298
		Childrens & Families - Schools	538	239	298
Economic & Housing Growth			6,136	3,782	2,354
	Business		3,423	2,076	1,347
		Highways and Transport	199	10	189
		Leadership	3,224	2,066	1,159
	Environment		2,712	1,706	1,007
		Environment	2,712	1,706	1,007
Strategy & Partnerships			32,847	32,873	(26)
	Business		1,684	27	1,657
		Finance and Income Generation	280	-	280
		Leadership	1,404	27	1,377
	Environment		3,844	812	3,032
		Environment	347	20	327
		Housing and Community Safety	1,736	650	1,086
		Localism and Engagement	1,761	143	1,619
	People		27,319	32,034	(4,715)
		Adult Care & Health	25,132	31,023	(5,891)
		Childrens & Families	2,187	1,011	1,177
Total			721,476	469,885	251,590

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Additional Financial Statements

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Collection Fund and Income and Expenditure Account

2018/19			2017/18	
£'000	£'000		£'000	£'000
Council Tax				
Income				
	164,881	Council Tax due for the Year (Note 2)		153,761
	164,881	Total Income		153,761
Expenditure				
Precepts (Note 2):				
136,464		Wirral Council	127,430	
16,419		Police & Crime Commissioner for Merseyside	15,155	
7,063	159,946	Merseyside Fire & Rescue Service	6,788	149,373
	3,590	Provision for Bad and Doubtful Debts (Note 4)		2,148
Apportionment of previous year surplus / (deficit) (Note 5):				
1,450		Wirral Council	3,924	
170		Police & Crime Commissioner for Merseyside	480	
80	1,700	Merseyside Fire & Rescue Service	215	4,619
	165,236	Total Expenditure		156,140
	355	Council Tax - Net Expenditure / (Income) in the year		2,379
National Non-Domestic Rates (NNDR) - Business Rates				
Income				
	72,448	National Non-Domestic Rates (NNDR) due for the year (Note 3)		66,689
	72,448	Total Income		66,689
Expenditure				
	333	Cost of Collection		334
	1,219	Transitional Arrangements		1,907
Payments to Major Precepting Authorities (Note 3):				
70,711		Wirral Council	67,892	
714	71,425	Merseyside Fire & Rescue Service	686	68,578
	760	Provision for Bad and Doubtful Debts (Note 4)		842
	(2,094)	Provision for Appeals (Note 4)		(1,892)
Apportionment of previous year surplus / (deficit) (Note 5):				
(10)		Central Government	737	
(1,945)		Wirral Council	722	
(20)	(1,975)	Merseyside Fire & Rescue Service	15	1,474
	69,668	Total Expenditure		71,243
	(2,780)	NNDR - Net Expenditure / (income) in the year		4,554
	(2,425)	Total Net Expenditure / (Income) in the Collection Fund for the year		6,933

Collection Fund and Income and Expenditure Account (continued)

In accordance with proper accounting practice, the Collection Fund balance has been allocated in 2018/19 to individual preceptors, which includes Wirral Council (see Note 6).

	2018/19	2017/18
	£'000	£'000
Council Tax		
Opening balance at 1 April	(1,725)	(4,104)
Movement in Year	355	2,379
Closing balance at 31 March	(1,370)	(1,725)
NNDR (Business Rates)		
Opening balance at 1 April	3,101	(1,453)
Movement in Year	(2,780)	4,554
Closing balance at 31 March	321	3,101
Overall Collection Fund balance 31 March	(1,049)	1,376

Notes to the Collection Fund and Income and Expenditure Account

1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local government bodies and Central Government of Council Tax and National Non-Domestic Rates (NNDR).

Collection Fund surpluses and deficits declared by the billing Authority relating to Council Tax are apportioned to the relevant precepting bodies in the following financial year. The precepting bodies for Council Tax for Wirral are the Police & Crime Commissioner for Merseyside, and Merseyside Fire & Rescue Service.

A national 50% Business Rates Retention Scheme was introduced by the Government on 1 April 2013. The Council along with fellow Liverpool City Region authorities agreed from 1st April 2017 to participate in a 100% Business Rates Retention Scheme. The result of this pilot scheme being that business rates income is collected and apportioned only between Wirral Council (99%) and Merseyside Fire and Rescue Service (1%), with no apportionment to Central Government.

Government believes the 100% scheme will give Councils more incentive to grow the economy in their Boroughs. The pilot is to be without detriment to the resources that would have been available to individual Liverpool City Region authorities under the previous local government finance regime, over the four year Settlement period. However financial risk is increased due to the volatile nature of the NNDR tax base and non-collection. Under the no detriment clause there is the possibility that authorities in a 'surplus' position versus the previous 50% scheme methodology would have to release some of the surplus if another Authority in the pilot scheme was in a detriment position.

As with Council Tax, Collection Fund surpluses and deficits declared by the billing Authority in relation to NNDR are apportioned to the relevant precepting bodies in the subsequent financial year.

The National Code of Practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Consolidated Balance Sheet.

Notes to the Collection Fund and Income and Expenditure Account (continued)

2. INCOME FROM COUNCIL TAX

The Council set a Council Tax in 2018/19 for each band of dwelling as shown below:

Band	£	Band	£	Band	£	Band	£
A	1,155.82	B	1,348.45	C	1,541.09	D	1,733.72
E	2,118.98	F	2,504.26	G	2,889.54	H	3,467.44

The Council Tax was set by estimating the number of properties in each band after allowing for discounts and a 3.25% provision for non-collection. The tax in each band is set in relation to Band D, the maximum being Band H which is twice Band D, and the minimum being Band A which is 2/3 of Band D.

The 3.25% provision for non-collection remains unchanged from 2017/18. The properties making up the estimated tax base are shown below. A number of adjustments are made to reflect the estimated reductions, reliefs and exemptions that apply to properties in each band. This gives the number of effective properties in each band, which is converted to the Band D equivalent using the ratios given:

Band	No. of Properties Band D Equivalent	Less Discounts	Effective Properties	Band Ratio	Band D Equivalent
A	60,161	25,267.2	34,893.8	6/9	23,262.5
B	32,323	7,388.5	24,934.5	7/9	19,393.5
C	27,326	4,114.9	23,211.0	8/9	20,632.1
D	13,347	1,468.4	11,878.6	1	11,878.6
E	8,165	701.0	7,464.0	11/9	9,122.7
F	4,278	325.0	3,953.0	13/9	5,709.9
G	3,120	201.8	2,918.2	15/9	4,863.6
H	262	38.0	224.0	18/9	448.0
	148,982	39,504.8	109,477.2		95,310.9
Add Band A Disabled Relief Band D Equivalent					44.0
Total					95,354.9
Estimated Collection Rate					96.75%
Adjusted Council Tax Base					92,255.9

Notes to the Collection Fund and Income and Expenditure Account (continued)

2. INCOME FROM COUNCIL TAX (CONTINUED)

The Adjusted Council Tax Base is used to calculate the amount of Council Tax to be raised by a Band D equivalent to raise the value of the precepts to be paid by the Collection Fund. The calculation is as follows:

	2018/19	2017/18
	£'000	£'000
Precepts		
Wirral Council	136,464	127,430
Police & Crime Commissioner for Merseyside	16,419	15,155
Merseyside Fire & Rescue Service	7,063	6,788
Total Precepts	159,946	149,373
Council Tax Base	92,255.90	91,309.50
Band D Equivalent (Precepts divided by Council Tax Base)	£1,733.72	£1,635.90

Council Tax levels increased in 2018/19 in comparison to 2017/18 as a result of increases in the levels of the precept demand of all precepting authorities, as shown above.

Notes to the Collection Fund and Income and Expenditure Account (continued)

3. INCOME FROM NATIONAL NON DOMESTIC RATES

The Council collects NNDR for its area. This is based on local estimated rateable values (provided by the Valuation Office Agency) multiplied by a standardised business rate set nationally by Central Government.

As stated in note 1, the 100% Business Rates Retention Pilot Scheme commenced on 1 April 2017 and as a result 1% is paid to Merseyside Fire & Rescue Service, with the remaining 99% being retained by Wirral Council. This replaced the previous 50% scheme where Wirral Council received 49%, Merseyside Fire and Rescue Service 1% and Central Government 50%.

The estimated rateable value is split between general and small businesses. For 2018/19, the initial bills raised were based on a total rateable value of £190,438,812 (2017/18 £190,142,512). Of this figure £128,217,796 related to general business rates, which are charged at 49.3p in the £ (2017/18 47.9p). The total value of small business rates was £62,210,016, charged at 48.0p in the £ (2017/18 46.6p). This gave an opening charge for 2018/19 of £93.078 million (2017/18 £90.789 million).

The effects registered within 2018/19 with an overall increase in the amount of NNDR income illustrated below. NNDR income due for the year in the Collection Fund statement as follows:

NNDR Income Due	2018/19	2017/18
	£'000	£'000
Opening charge	93,078	90,789
Adjustments	(3,893)	(7,813)
Small Business Rate Relief	(9,813)	(9,260)
Mandatory Relief	(5,794)	(5,657)
Discretionary Relief	(1,130)	(1,370)
NNDR Income Due:	72,448	66,689

The total rateable value of all hereditaments within the Council area as at 31 March 2019 was £191,308,071 (2017/18 £190,141,397).

The locally retained business rates are paid into the Council's General Fund. As a result of participating in the 100% Business Rates Retention scheme, the calculated shares of receipts for 2018/19 are as follows, with no payment due to Central Government:

Shares of receipts	2018/19	2017/18
	£'000	£'000
Wirral Council	71,507	64,843
Merseyside Fire & Rescue Service	722	655
Total	72,229	65,498

The Collection Fund paid the following precepts during the year:

Precepts	2018/19	2017/18
	£'000	£'000
Wirral Council	70,710	67,892
Merseyside Fire & Rescue Service	714	686
Wirral Council	(1,945)	722
Central Government	(10)	737
Merseyside Fire & Rescue Service	(19)	15
Total	69,450	70,052

Notes to the Collection Fund and Income and Expenditure Account (continued)

4. PROVISION FOR BAD AND DOUBTFUL DEBTS

Appeals

A significant amount of appeals against the rateable value set by the Valuation Office Agency are outstanding nationally. Successful appeals will reduce income receivable and can be backdated over a number of years.

Following the introduction of the Business Rates Retention Scheme billing authorities are required to make an estimate of the impact of successful appeals covering not only the current year, but also the backdated amounts relating to earlier years. 2013/14 was the first year the Collection Fund provided a provision against such appeals. The provision for appeals is being closely monitored to ensure it is sufficient, whilst not excessive. £10.611m was in the provision at the end of 2017/18, which has been reduced by £2.094m to £8.517m in 2018/19 to reflect current potential business rates reductions and appeals settled within the year. The provision is split between the Collection Fund preceptors based on their precept shares.

NNDR Appeals Provision	2018/19	2017/18
	£'000	£'000
Balance at 1 April	10,611	12,504
Settled appeals	(399)	(1,247)
Movement in Provision	(1,695)	(646)
Balance at 31 March	8,517	10,611

Bad and Doubtful Debts

Council Tax

A provision for Council Tax bad debts is made each year for uncollectable amounts. The Council assumed a general collection rate of 96.75% for 2018/19. The bad debts provision is assessed annually and amounts set aside adjusted on an age profile of outstanding debt and other factors.

In 2018/19 an additional £1.794 million has been placed in the provision versus the required provision at 31st March 2018. During 2018/19 £1.796 million of the provision was used to fund the write off of bad debts, the provision then required a contribution of £3.590 million from the Collection Fund to set aside the required provision at the end of 2018/19 of £13.812 million. The provision reflects increased billing arising from previously agreed decisions regarding the charging for empty properties, and potential future liabilities for non-payment as a result of the introduction of the localised Council Tax Support Scheme, and changes to discounts and exemptions.

The cost of bad and doubtful debts is split between the Collection Fund preceptors based upon their precept shares.

Council Tax Bad Debt Provision	2018/19	2017/18
	£'000	£'000
Balance at 1 April	12,018	14,267
Write-offs	(1,796)	(4,397)
Movement in Provision	3,590	2,148
Balance at 31 March	13,812	12,018

Notes to the Collection Fund and Income and Expenditure Account (continued)

4. PROVISIONS FOR BAD AND DOUBTFUL DEBTS (CONTINUED)

NNDR

The Collection Fund also provides for bad debts on NNDR arrears which is assessed annually and amounts set aside adjusted on an age profile of outstanding debt. In 2018/19 £0.761 million of the provision was used to fund the write off of bad debts, the provision then required a contribution of £0.760 million from the Collection Fund to set aside the required provision at the end of 2018/19 of £3.113 million (a reduction of £0.01million versus 2017/18) to reflect potential future liabilities for non-payment. The cost of bad and doubtful debts is split between the Collection Fund preceptors based upon their precept shares.

National Non-Domestic Rates Bad Debt Provision	2018/19	2017/18
	£'000	£'000
Balance at 1 April	3,114	3,233
Write-offs	(761)	(961)
Movement in Provision	760	842
Balance at 31 March	3,113	3,114

Notes to the Collection Fund and Income and Expenditure Account (continued)

5. CONTRIBUTION FROM/TO THE COLLECTION FUND

Council Tax

A year-end surplus or deficit on the Council Tax element of the Collection Fund is only physically distributed to or recovered from billing and precepting authorities where an estimated surplus/deficit has already been notified to those authorities.

During 2018/19 there was a reduction in the Council Tax element of the Collection Fund balance of £0.355 million. At 31 March 2019, there was a Council Tax surplus of £1.370 million (2017/18 £1.725 million) which has been allocated amongst the precepting authorities on the basis of the 2018/19 precept proportions.

In accordance with the changes in accounting practice any outstanding amounts at year end are distributed to preceptors on an accrued basis. Wirral's Balance Sheet reflects the share of any amounts owing or owed to it. An agency arrangement is reflected in Wirral Council's accounts with a single debtor or creditor representing amounts owed or owing to the Merseyside Fire & Rescue Service and the Police & Crime Commissioner for Merseyside.

NNDR

The billing Authority is also required to notify the Secretary of State and their precepting authorities of their NNDR income for the following financial year and an estimate of the surplus or deficit by 31 January, which is done by completing and returning the NNDR1 form.

During 2018/19 there was an increase in the NNDR element of the Collection Fund balance of £2.425 million. As at 31 March 2019 there was an NNDR deficit of £0.321 million (2017/18 £3.101 million deficit), which has been allocated amongst the precepting authorities based on the relevant percentages set out in the Non-Domestic Rating (Rates Retention) Regulations 2013.

Notes to the Collection Fund and Income and Expenditure Account (continued)

6. ALLOCATION OF YEAR END BALANCES

The year-end balance on the Collection Fund is in respect of Council Tax and NNDR and is shared in proportion to the precepts on the Collection Fund. The Council Tax surplus is allocated on two bases - the balance that was reported in January 2019 (for 2018/19 the estimated position was a £0.590 million surplus) is apportioned using the 2018/19 precept shares, whereas the additional surplus resulting from the final position as at 31 March 2019, is apportioned using the 2019/20 precept shares. The National Non-Domestic Rates deficit is allocated based on the relevant percentages set out in the Non-Domestic Rating (Rates Retention) Regulations 2013.

Payable to / (Received from):	Council Tax	NNDR	Total Allocation
	31 March 2019	31 March 2019	31 March 2019
	£'000	£'000	£'000
Wirral Council	1,159	(318)	841
Police & Crime Commissioner	147	-	147
Merseyside Fire and Rescue Service	64	(3)	61
Total	1,370	(321)	1,049

The share of any Collection Fund surplus or deficit is reflected within the precepting organisation's 2018/19 accounts. Wirral Council's element is included within the Taxation and Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement.

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Merseyside
Pension
Fund
Accounts

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Merseyside Pension Fund Accounts 2018/19

MERSEYSIDE PENSION FUND ACCOUNTS

2018/19	FUND ACCOUNT - For the year ended 31 March 2019	Note	2017/18
£'000			£'000
	Dealing with members, employers and others directly involved in the fund:		
210,577	Contributions Receivable	7	407,068
11,797	Transfers In	8	12,174
222,374			419,242
(340,698)	Benefits Payable	9	(314,556)
(19,035)	Payments to and on account of Leavers	10	(14,804)
(359,733)			(329,360)
(137,359)	Net additions/(withdrawals) from dealing with members		89,882
(44,434)	Management Expenses	11	(40,027)
(181,793)	Net additions/(withdrawals) including Fund Management Expenses		49,855
	Return on Investments:		
220,626	Investment Income		197,008
284,842	Profit and Losses on Disposal of Investments and Change in Market Value of Investments		141,671
(4,378)	Taxes on Income		(3,578)
501,090	Net Return on Investments		335,101
319,297	Net Increase/(Decrease) in the Fund during the year		384,956
8,563,441	Net Assets of the Fund at the start of the year		8,178,485
8,882,738	Net Assets of the Fund at the end of the year		8,563,441

MERSEYSIDE PENSION FUND ACCOUNTS

2018/19	NET ASSETS STATEMENT - For the year ended 31 March 2019	<i>Note</i>	2017/18
£'000			£'000
	Investment Assets	<i>13</i>	
2,795,439	Equities		2,768,408
665,610	Bonds		-
4,695,505	Pooled Investment Vehicles		5,074,479
-	Derivative Contracts		218
521,750	Direct Property		519,750
86,098	Short Term Cash Deposits		53,226
104,196	Other Investment Balances		99,613
8,868,598			8,515,694
(8,445)	Investment Liabilities	<i>18</i>	(13,736)
8,860,153	Total Net Investment Assets		8,501,958
4,146	Long Term Assets	<i>19</i>	5,013
35,413	Current Assets	<i>20</i>	79,909
(16,974)	Current Liabilities	<i>20</i>	(23,439)
8,882,738	Net Assets of the Fund as at 31 March		8,563,441

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Notes to the Merseyside Pension Fund Accounts

1. DESCRIPTION OF THE FUND

Merseyside Pension Fund (MPF/the Fund) is part of the Local Government Pension Scheme (LGPS) and Wirral Council is the administering Authority. Wirral Council is the reporting entity for this pension fund.

The overall responsibility for the management of the Fund rests with the Pensions Committee, which for 2018/19 included 10 Councillors from Wirral Council, the Administering Authority, and one Councillor from each of the 4 other Merseyside Borough Councils. Representatives of trade unions also attend. The more detailed consideration of investment strategy and asset allocation of the Fund's portfolios is considered by the Investment Monitoring Working Party, which includes two external advisers and a consultant. The more detailed consideration of governance and risk issues is considered by the Governance and Risk Working Party.

In 2015/16 a local Pensions Board was introduced in accordance with the Public Service Pensions legislation and regulations. The Board's aim is to assist the Administering Authority with ensuring compliance and the effective governance and administration of the Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to Merseyside Pension Fund Annual Report 2018/19 and the underlying statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is a contributory defined benefit pension scheme administered by Wirral Council to provide pensions and other benefits for pensionable employees of the Merseyside Local Authorities and a range of other scheduled and admitted bodies. Teachers, Police Officers and Fire Fighters are not included as they come within other national pension schemes.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the Scheme, remain in the Scheme or make their own personal arrangements outside the Scheme.

Organisations participating in Merseyside Pension Fund include:

- Scheduled bodies, which are Local Authorities and similar bodies whose staff

are automatically entitled to be members of the Fund.

- Admitted bodies, which are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation.

There are 208 employer organisations within Merseyside Pension Fund including Wirral Council itself, the Fund also has 138,570 members as detailed below:

31 March 2019		31 March 2018
208	Number of Employers with Active Members	194
46,726	Number of Employees in Scheme	49,151
45,038	Number of Pensioners	43,495
6,547	Number of Dependants	6,665
40,259	Number of Deferred Pensioners	38,176
138,570	Total Number of Members in the Scheme	137,487

c) Funding

Benefits are funded by employee and employer contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS and are matched by employers' contributions which are set based on triennial actuarial funding valuations.

Notes to the Merseyside Pension Fund Accounts

1. DESCRIPTION OF THE FUND (continued)

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the table below.

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump sum	Automatic lump sum of 3 x salary. In addition, part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th.

Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme, for more details please refer to the Fund's website. [Merseyside Pension Fund Website](#)

2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2018/19 financial year and its position at year end as at 31 March 2019. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, are shown within the statement by the Actuary, which is published as an addendum to the accounts.

The accounts have been prepared on a going concern basis.

3a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accruals basis, unless otherwise stated.

Contributions and Benefits

Contributions are accounted for on an accruals basis. Contributions are made by active members of the Fund in accordance with LGPS Regulations and employers contributions are based on triennial actuarial valuations.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' pension strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Benefits payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year end. Benefits payable includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Notes to the Merseyside Pension Fund Accounts

3a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates for post year end outstanding items have been used for payments of retirement grants and death grants:

- Retirement grants due for payment, but not paid by 31 March: using actual figures as far as possible, and assuming maximum commutation to be taken where the knowledge of the individual member's choice is still outstanding.
- Death grants due for payment, but not paid by 31 March: for example awaiting Probate.

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Management Expenses

The Fund discloses its management expenses analysed into three categories, administration costs, investment management costs and oversight and governance costs in accordance with CIPFA "Accounting for Local Government and Management Costs".

Administration Costs

All administration expenses are accounted for

on an accruals basis. All staff costs of the pensions administration team are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

Investment Management Costs

All investment expenses are accounted for on an accrual basis.

Fees of the external Investment Managers and Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market values of the investments under their management and therefore increase or reduce as the value of these investments change.

Costs in respect of the internal investment team are classified as investment expenses.

Estimates for post year end outstanding items have been used for external Investment Management fees using the Fund's valuations as at 31 March.

In accordance with CIPFA "Accounting for Local Government Management Costs" guidance, transaction costs and property related expenses are shown under investment expenses.

For certain unquoted investments including Private Equity, Hedge Funds, Opportunities and Infrastructure the Fund do not charge costs for these to the Fund Account because the Fund Manager costs are not charged directly to the Fund. They are instead deducted from the value of the Fund's holding in that investment or from investment income paid to the Fund. If the Fund has been charged directly for fund manager costs they are shown as external investment management fees.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with oversight and governance are charged direct to the Fund. Associated management and other overheads are apportioned to the Fund in accordance with Council Policy.

The cost of obtaining investment advice from external consultants is included in governance and oversight expenses.

Investment Income

Income from Equities is accounted for when the related investment is quoted ex dividend. Income from Bonds, Pooled Investment Vehicles and interest on Short Term Deposits has been accounted for on an accruals basis. Distributions from Private Equity are treated as return of capital until the book value is nil then treated as income on an accruals basis.

Rental income from properties is recognised on a straight-line basis over the term of the lease. Rent is accounted for in the period it relates to and is shown gross of related expenses. The Fund accrues rent up to 24 March each year. Rent received on the Quarter Day, 25 March, is accounted for in full in the following year.

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Notes to the Merseyside Pension Fund Accounts

3a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The Fund is a registered Public Service Scheme under Section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Valuation of Investments

Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. The values of investments as shown in the Net Asset Statement are determined as follows:

- Listed securities are valued at quoted bid market prices on the final day of the accounting period. The bid price is the price which the Fund would have obtained should the securities have been sold at that date.
- For unlisted investments wherever possible valuations are obtained via the Independent Administrator. Valuations that are obtained direct from the Manager are verified against the latest available audited accounts adjusted for any cash flows up to the reporting date.
- Hedge Funds and Infrastructure are recorded at fair value based on net asset values provided by Fund Administrators or using latest financial statements published by respective Fund Managers adjusted for any cash flows.

- Private Equity valuations are in accordance with the guidelines and conventions of the British Venture Capital Association/International Private Equity guidelines or equivalent.
- Indirect Property is valued at net asset value or capital fair value basis provided by the Fund Manager. For listed Funds the net asset value per unit is obtained through data vendors.
- The freehold and leasehold interests in the properties held within the Fund were independently valued as at 31 March 2019 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an External Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). The valuations accord with the requirements of IFRS 13, SSAP 19 and the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017 (the “RICS Red Book”).
- Pooled Investment Vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of Pooled Investment Vehicles that are Accumulation Funds, change in market value also includes income which is reinvested by the Manager of the vehicle in the underlying investment, net of applicable withholding tax.

Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year end. Foreign income received during the year is translated at the rate ruling at the date of receipt. All resulting exchange adjustments are included in the revenue account.

Derivatives

The Fund uses derivative financial assets to manage exposure to specific risks arising from its investment activities.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value.

The value of future contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin.

The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Notes to the Merseyside Pension Fund Accounts

3a. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short Term Deposits

Short-term deposits only cover cash balances held by the Fund. Cash held by Investment Managers awaiting investment is shown under "Other Investment Balances".

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Additional Voluntary Contributions

The Committee holds assets invested separately from the main Fund. In accordance with regulation 4 (1) (b) of the Pensions Schemes (Management and Investment of Funds) Regulations 2016, these assets are excluded from the Pension Fund accounts.

The Scheme providers are Equitable Life, Standard Life and Prudential. Individual members participating in this arrangement each receive an annual statement confirming the amounts held on their account and the movements in the year.

3b. CHANGES TO ACCOUNTING POLICY AND PRESENTATION

The following accounting standards have been issued and are applicable to 2018/19:

IFRS 9 Financial Instruments - this has introduced changes to the classification and measurement of financial assets, financial assets reported as "loans and receivables" in 2017/18 are reclassified as "assets at amortised cost". Impairment is recognised on an expected loss basis rather than when objective evidence of impairment has been identified.

IFRS 15 Revenue from Contracts with Customers - the core principal is for revenue to be recognised in an amount that reflects the consideration to which the fund expects to be entitled for transferring promised goods and services to the service recipient/customer. This accounting standard has minimal impact on the fund.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund has not applied any critical judgements.

5. ESTIMATION

Unquoted Investments

The Fund has significant unquoted investments within Private Equity, Infrastructure, Property and other Alternative investments. These are valued within the financial statements using valuations from the Managers of the respective assets. There are clear accounting standards for these valuations and the Fund has in place procedures for ensuring that valuations applied by Managers comply with these standards and any other relevant best

practice. The value of unquoted assets as at 31 March 2019 was £4,221 million (£4,603 million at 31 March 2018).

Private Equity investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Hedge Funds are valued at the sum of the fair values provided by the Administrators of the underlying Funds plus adjustments that the Hedge Fund Directors or Independent Administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.

Direct property and pooled property funds use valuation techniques to determine the carrying amount. Where possible these valuations are based on observable data, but where this is not possible management uses the best available data.

6. EVENTS AFTER REPORTING DATE

There have been no events since 31 March 2019, and up to the date when these accounts were authorised that require any adjustments to these accounts.

Note 7 Contributions Receivable

Contributions are made by active members of the Fund in accordance with the LGPS and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2019. Employee contributions are matched by employers' contributions which are based on triennial actuarial valuations. The 2018/19 contributions above were calculated at the valuation dated 31 March 2016. The 2016 actuarial valuation calculated the average primary employer contribution rate of 15.4% (2013 13.3%).

"Pension Strain" represents the cost to employers when their employees retire early to compensate the Fund for the reduction in contribution income and the early payment of benefits. Payments to the Fund for such costs are made over agreed periods. An accrual has been made for agreed future payments to the Fund.

"Deficit Funding" includes payments by employers for past service deficit and additional payments by employers to reduce a deficit. During 2018/19 the fund has received additional and upfront payments, totalling £2.2 million, (in 2017/18, a number of employers opted to pay their three years deficit as a lump sum payment in year 1 totalling £141.2 million).

The Fund does reserve the right to levy interest charges on late receipt of contributions from employers. In 2018/19 no such charges were levied.

2018/19 £'000	Contributions Receivable	2017/18 £'000
Employers		
127,865	Normal	119,408
9,274	Pension Strain	10,426
18,016	Deficit Funding	223,096
155,155	Total Employers	352,930
Employees		
55,422	Normal	54,138
210,577		407,068
Relating to:		
24,581	Administering Authority	57,357
160,776	Statutory Bodies	319,948
25,220	Admission Bodies	29,763
210,577		407,068

Note 8 Transfers In

2018/19	Transfers In	2017/18
£'000		£'000
11,797	Individual transfers	12,174
11,797		12,174

There were no group transfers to the Fund during 2018/19.

Note 10 Payments to and on account of Leavers

2018/19	Payments to and on account of Leavers	2017/18
£'000		£'000
538	Refunds to Members Leaving Service	447
8	Payment for Members Joining State Scheme	37
-	Income for Members from State Scheme	(1)
-	Group Transfers to Other Schemes	-
18,489	Individual Transfers to Other Schemes	14,321
19,035		14,804

There were no group transfers to the Fund during 2018/19.

Note 9 Benefits Payable

2018/19	Benefits payable	2017/18
£'000		£'000
265,886	Pensions	252,874
66,173	Lump Sum Retiring Allowances	56,141
8,639	Lump Sum Death Benefits	5,541
340,698		314,556
	Relating to:	
46,919	Administering Authority	43,387
240,601	Statutory Bodies	222,117
53,178	Admission Bodies	49,052
340,698		314,556

Note 11 Management Expenses

2018/19	Management Expenses	2017/18
£'000		£'000
2,778	Administration Costs	2,587
39,708	Investment Management Costs	35,922
2,269	Oversight and Governance Costs	1,727
(321)	Other Income	(209)
44,434		40,027

Note 11b Investment Management Costs

2018/19	Investment Management Costs	2017/18
£'000		£'000
27,652	External Investment Management Fees	22,707
544	External Investment Management Performance Fees	1,546
799	External Services	565
713	Internal Investment Management Fees	614
6,334	Property Related Expenses	6,377
3,666	Transaction Costs	4,113
39,708		35,922

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Note 11a Administration Costs

2018/19	Administration Costs	2017/18
£'000		£'000
1,867	Employee Costs	1,665
616	IT Costs	611
255	General Costs	276
40	Other Costs	35
2,778		2,587

Note 11c Oversight & Governance Costs

Actuarial fees included within External Services opposite (note 11c) are shown gross of any fees that have been recharged to employers. Included within Other Income for 2018/19 is £259,917 relating to recharged Actuarial fees (2017/18 £195,994).

External Audit fees for 2018/19 also include £2,180 relating to additional services in respect of IAS19 assurances for admitted body auditors, which are recharged to those admitted bodies.

2018/19 £'000	Oversight & Governance Costs	2017/18 £'000
520	Employee Costs	475
1,179	External Services	767
49	Internal Audit	34
31	External Audit	39
490	Other Costs	412
2,269		1,727

Note 12 Investment Income

Rental income is shown gross of any property related expenses, with related expenses shown under investment expenses (note 12b).

Investment income figures are shown gross of tax. Included in these figures is recoverable taxation of £6.3 million (2017/18 £4.8 million).

The Fund is seeking to recover tax withheld by UK and overseas tax regimes under the EU principle of free movement of capital within its borders, repayments received in 2018/19 £20,981 (2017/18 £nil).

2018/19 £'000	Investment Income	2017/18 £'000
99,895	Dividends from Equities	84,247
69	Income from Bonds	-
54,612	Income from Pooled Investment Vehicles	52,333
30,512	Rents from Properties	26,754
712	Interest on Short Term Cash Deposits	267
33,877	Income from Private Equity	32,422
949	Other	985
220,626		197,008
(4,378)	Irrecoverable Withholding Tax	(3,578)
216,248		193,430

Note 12a Property Income

No contingent rents have been recognised as income during the period.

2018/19 £'000	Property Income	2017/18 £'000
30,512	Rental Income	26,754
(6,334)	Direct Operating Expenses	(6,377)
24,178	Net Rent from properties	20,377

Note 12b Property Operating Leases

The Fund's property portfolio comprises a variety of units which are leased to organisations with the objective of generating appropriate investment returns.

These leases are all categorised as operating leases due to the relatively short length of the agreements i.e. relative to the overall life of the asset and proportion of the assets overall value. The leases do not meet the assessment criteria for finance leases, and the risks and rewards of ownership of the leased assets are retained by the Fund and reflected in the Net Assets Statement.

The properties comprise a mix of office, retail and industrial buildings. These leases vary in length from short term to over 25 years.

The future minimum lease payments receivable under non-cancellable leases in future years are:

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2018/19	Age Profile of Lease Income	2017/18
£'000		£'000
5,195	No later than one year	1,302
11,208	Between one and five years	8,114
11,635	Later than five years	17,540
28,038	Total	26,956

With regards to the properties owned and leased by the Fund, all are leased to the tenants under contracts that have been assessed as operating leases and which may include periodic rent reviews etc. The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease entered into, such as adjustments following rent reviews.

Note 13 Investments

Direct transaction costs are shown under investment management costs in note 11b in accordance with CIPFA guidance. Indirect costs are incurred through the bid-offer spread on investments in pooled vehicles. The amount of indirect costs is not provided directly to the Fund.

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Note: The change in market value of investments during the year comprises all realised and unrealised appreciation and depreciation.

2018/19	Market Value at 31 March 2018	Purchases at Cost & Derivative Payments	Sale Proceeds & Derivative Receipts	Change in Market Value *	Market Value at 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Equities	2,768,408	1,635,758	(1,634,730)	26,003	2,795,439
Bonds	-	689,963	-	(24,353)	665,610
Pooled Investment Vehicles	5,074,479	1,077,179	(1,740,461)	284,308	4,695,505
Derivative Contracts	218	613,961	(614,344)	165	-
Direct Property	519,750	3,636	-	(1,636)	521,750
	8,362,855	4,020,497	(3,989,535)	284,487	8,678,304
Short term cash deposits	53,226				86,098
Other investment balances	99,613			355	104,196
	8,515,694			284,842	8,868,598
2017/18	Market Value at 31 March 2017	Purchases at Cost & Derivative Payments	Sale Proceeds & Derivative Receipts	Change in Market Value *	Market Value at 31 March 2018
	£'000	£'000	£'000	£'000	£'000
Equities	2,728,658	1,272,950	(1,225,858)	(7,342)	2,768,408
Bonds	-	-	-	-	-
Pooled Investment Vehicles	4,804,297	550,657	(414,391)	133,916	5,074,479
Derivative Contracts	224	979,418	(982,541)	3,117	218
Direct Property	431,150	71,899	-	16,701	519,750
	7,964,329	2,874,924	(2,622,790)	146,392	8,362,855
Short term cash deposits	75,222				53,226
Other investment balances	117,550			(4,721)	99,613
	8,157,101			141,671	8,515,694

Note 13a Analysis of Investments

2018/19		2017/18
£'000		£'000
Equities (segregated holdings)		
1,150,144	UK Quoted	1,261,630
1,645,295	Overseas Quoted	1,506,778
2,795,439		2,768,408
Bonds - UK Public Sector Quoted		
665,610		-
Pooled Investment Vehicles		
UK Managed Funds:		
53,948	Property	43,961
138,487	Equities	130,528
1,086,359	Private Equity	311,657
41,772	Hedge Funds	44,079
1,854,726	Corporate Bonds	343,277
1,253,669	Infrastructure	252,983
1,343,556	Opportunities	324,309
Overseas Managed Funds:		
494,233	Equities	486,772
279,333	Private Equity	251,754
221,975	Hedge Funds	226,624
192,604	Infrastructure	175,233
209,989	Opportunities	136,854
UK Unit Trusts:		
116,426	Property	107,949
Overseas Unit Trusts:		
124,120	Property	96,448
1,484,308	Other Unitised Funds	2,142,051
4,695,505		5,074,479
Derivative Contracts		
-		218

2018/19		2017/18
£'000		£'000
UK Properties		
387,820	Freehold	394,100
133,930	Leasehold	125,650
521,750		519,750
519,750	Balance at 1 April	431,150
3,636	Additions	71,899
-	Disposals	-
-	Net gain/(loss) on fair value	-
(1,636)	Other changes in fair value	16,701
521,750	Balance at 31 March	519,750
Short term cash deposits - Sterling		
86,098		53,226
Other investment balances		
7,439	Outstanding Trades	9,486
22,275	Outstanding Dividends Entitlements and	17,566
74,482	Cash Deposits	72,561
104,196		99,613
8,868,598	Total Investments	8,515,694

As at 31 March 2019 there were no restrictions on the realisability of investment property or of the remittance of income or proceeds of disposal and the Fund is not under any contractual obligations to purchase, construct or develop any of these properties.

Note 13b Analysis of Derivatives

Forward currency contracts

The Fund's forward currency contracts are exchange traded and are used by a number of our external Investment Managers to hedge exposures to foreign currency back into sterling.

Settlement Date	Currency bought '000	Currency sold '000	Asset £'000	Liability £'000
Up to one month	GBP 20,080	EUR 23,389	-	(91)
			-	(91)
Net Forward Currency Contracts at 31 March 2019				(91)
Prior Year Comparative				
Open Forward Currency Contracts at 31 March 2018			218	-
Net Forward Currency Contracts at 31 March 2018				218

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Note 13c Summary of Managers' Portfolio Values at 31 March 2019

2018/19			2017/18	
£million	%		£million	%
Externally Managed				
260	2.9	JP Morgan (European equities)	252	3.0
353	4.0	Nomura (Japan)	461	5.4
355	4.0	Schroders (fixed income)	343	4.0
382	4.3	Legal & General (fixed income)	369	4.3
337	3.8	Unigestion (European equities and pooled Emerging Markets)	319	3.8
188	2.1	M&G (global emerging markets)	183	2.1
249	2.8	TT International (UK equities)	249	2.9
272	3.1	Blackrock (UK equities)	252	3.0
158	1.8	Blackrock (Pacific Rim)	152	1.8
91	1.0	Blackrock (QIF)	87	1.0
281	3.2	Newton (UK equities)	263	3.1
187	2.1	Amundi (global emerging markets)	186	2.2
177	2.0	Maple-Brown Abbot (Pacific Rim equities)	166	1.9
1,104	12.3	State Street Global Advisor (Passive Manager)	1,773	20.9
666	7.5	State Street Global Advisor (Bonds Manager)	-	-
1	-	Blackrock Transition Manager	195	2.3
5,061	56.9	Total Externally Managed	5,250	61.7
Internally Managed				
450	5.1	UK equities	401	4.7
247	2.8	European equities	246	2.9
522	5.9	Property (direct)	520	6.1
316	3.6	Property (indirect)	270	3.2
566	6.4	Private equity	563	6.6
264	3.0	Hedge funds	271	3.2
546	6.2	Infrastructure	428	5.0
580	6.5	Opportunities	486	5.7
201	2.3	Global Equities Internal Factor	-	-
116	1.3	Short term deposits & other investments	80	0.9
3,808	43.1	Total Internally Managed	3,265	38.3
8,869	100.0	Total	8,515	100.0

Note 13c Summary of Managers' Portfolio Values at 31 March 2019 (continued)

As at 31 March 2019 no single investment represented more than 5% of the net assets of the Fund, the table opposite also shows the position as at 31 March 2018:

2018/19			2017/18	
£million	%		£million	%
-	-	SSGA Pooled UK Index Linked Gilts	682	8.0
396	4.5	SSGA USA Equity Tracker	613	7.2

Note 13d Stock Lending

As at 31 March 2019, £275.1 million of stock was on loan to market makers, which was covered by cash and non-cash collateral, totaling £301.2 million. Collateral is marked to market, and adjusted daily. Income from Stock Lending amounted to £926,260 and is included within "Other" Investment Income. As the Fund retains its economic interest in stock on loan, their value remains within the Fund valuation. As the Fund has an obligation to return collateral to the borrowers, collateral is excluded from the Fund valuation. The Fund used its Custodian as agent lender, lending only to an agreed list of approved borrowers. An indemnity is in place which gives the Fund further protection against losses.

Note 14 Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out in the table below.

There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Derivatives - futures and options	Level 1	Published exchange prices at year end	Not required	Not required
Exchange traded pooled investments	Level 1	Closing bid value on published exchanges	Not required	Not required
Unquoted bonds	Level 2	Average of broker prices	Evaluated price feeds	Not required
Derivatives - forward currency contracts	Level 2	Market forward exchange rates at the year end	Not required	Not required
Pooled investments - overseas unit trusts and property funds	Level 2	Closed bid price where bid and offer prices are published - closing single price where single price is published. Valuation for property funds are provided by fund managers and where available closing bid prices are used.	NAV - based pricing set on a forward pricing basis	Not required

Table continued on next page

Note 14 Fair Value – Basis of Valuation (continued)

Table continued from previous page

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Direct property	Level 3	Valued at fair value at the year-end using independent external Valuers in accordance with FRS 13, SSAP 19 and the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (the "RICS Red Book").	Existing lease terms and rentals, independent market research, nature of tenancies, covenant strength of existing tenants, assumed vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines or equivalent	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.
Pooled investments - hedge funds and infrastructure	Level 3	The funds are valued in accordance with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transitions in similar techniques, third party independent appraisals or pricing models.	NAV - based pricing set on a forward pricing basis	Material events occurring between the date of the financial statements provided and MPF's own reporting date, changes to expected cashflows, differences between audited and unaudited accounts.

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Note 14 Fair Value – Basis of Valuation (continued)

Sensitivity of assets valued at level 3

The table below sets out the assets classified as level 3 assets. The Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges (as provided by the Fund's investment consultants), and has set out below the consequent potential impact on the closing value of investments held at 31 March 2019. There are various factors that affect the complexity of valuation and the realisable value of assets and certain asset specific issues may lead to realisable valuations falling outside the stated range.

Level 3 Assets	Value at 31 March 2019	Potential variance	Value on increase	Value on decrease
	£'000	%	£'000	£'000
Property	846,330	10.0	930,963	761,697
Unquoted UK equity	109,288	15.0	125,681	92,895
Unquoted overseas equity	84,709	15.0	97,415	72,003
Hedge funds	223,678	10.0	246,046	201,310
Infrastructure	530,218	15.0	609,751	450,685
Private equity	656,899	15.0	755,434	558,364
Total	2,451,122			

Note 14a Fair Value Hierarchy

Assets valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values.

For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in “Practical Guidance on Investment Disclosures (PRAG/Investment Association 2016)”.

Level 1

Assets at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.

Note 14a Fair Value Hierarchy (continued)

Level 2

Assets at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Assets at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such investments would include unquoted equity investments and Hedge Fund of Funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in Private Equity are based on valuations provided by the general partners to the Private Equity funds in which Merseyside Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The values of the investment in Hedge Funds are based on the net asset value provided by the Fund Manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the financial assets of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Note 14a Fair Value Hierarchy (continued)

Values at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Financial Assets at Fair Value through Profit and Loss	4,457,295	1,769,887	1,929,372	8,156,554
Non-Financial Assets at Fair Value through Profit and Loss	-	-	521,750	521,750
Financial Liabilities at Fair Value through Profit and Loss	-	(91)	-	(91)
Net Investment Assets	4,457,295	1,769,796	2,451,122	8,678,213

Values at 31 March 2018 *	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Financial Assets at Fair Value through Profit and Loss	3,760,289	2,411,082	1,671,734	7,843,105
Non-Financial Assets at Fair Value through Profit and Loss	-	-	519,750	519,750
Net Investment Assets	3,760,289	2,411,082	2,191,484	8,362,855

- The financial assets at fair value through profit and loss values at 31 March 2018 have been restated, £63.6 million has moved from level 2 to level 3.

A reconciliation of fair value measurements in Level 3 is set out below:

2018/19 £'000		2017/18 * £'000
2,191,484	Opening balance	1,884,029
372,555	Acquisitions	357,280
(232,512)	Disposal proceeds	(179,809)
-	Transfer into Level 3	66,145
	Total gain/(losses) included in the fund account:	
(7,717)	On assets sold	2,487
127,312	On assets held at year end	61,352
2,451,122	Closing balance	2,191,484

* The information for 2017/18 has been restated

Note 15 Financial Instruments

Note 15a Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net asset statement heading.

Financial Assets & Liabilities at 31 March 2019	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Fair value through profit and loss £'000	Total £'000
Financial Assets				
Equities	-	-	2,795,439	2,795,439
Bonds	-	-	665,610	665,610
Pooled Investment Vehicles	-	-	4,695,505	4,695,505
Derivatives	-	-	-	-
Cash Deposits	86,098	-	-	86,098
Other Investment Balances	104,196	-	-	104,196
Long Term and Current Assets	39,559	-	-	39,559
Total Financial Assets	229,853	-	8,156,554	8,386,407
Financial Liabilities				
Derivatives	-	-	(91)	(91)
Other Investment Balances	-	(8,354)	-	(8,354)
Current Liabilities	-	(16,974)	-	(16,974)
Total Financial Liabilities	-	(25,328)	(91)	(25,419)
Total Net Assets	229,853	(25,328)	8,156,463	8,360,988
Financial Assets & Liabilities at 31 March 2018				
	Assets at amortised cost £'000	Liabilities at amortised cost £'000	Fair value through profit and loss £'000	Total £'000
Financial Assets				
Equities	-	-	2,768,408	2,768,408
Bonds	-	-	-	-
Pooled Investment Vehicles	-	-	5,074,479	5,074,479
Derivatives	-	-	218	218
Cash Deposits	53,226	-	-	53,226
Other Investment Balances	99,613	-	-	99,613
Long Term and Current Assets	84,922	-	-	84,922
Total Financial Assets	237,761	-	7,843,105	8,080,866
Financial Liabilities				
Other Investment Balances	-	(13,736)	-	(13,736)
Current Liabilities	-	(23,439)	-	(23,439)
Total Financial Liabilities	-	(37,175)	-	(37,175)
Total Net Assets	237,761	(37,175)	7,843,105	8,043,691

To allow reconciliation to the Net Asset Statement and for ease to the reader all long term & current assets and current liabilities have been included in the above note, although not all are classified as financial instruments, the amounts that are not financial instruments are considered immaterial.

Note 15b Net Gains & Losses on Financial Instruments

2018/19 £'000	Net Gains and Losses on Financial Instruments	2017/18 £'000
	Financial Assets	
286,123	Fair Value through Profit and Loss	129,691
286,123	Total Financial Assets	129,691
-	Financial Liabilities	-
-	Total Financial Liabilities	-
286,123	Net gains and losses on Financial Instruments	129,691

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Note 15c Fair Value of Financial Instruments

There is no material difference between the carrying value and fair value of financial instruments. The majority of financial instruments are held at fair value and for those which aren't their amortised cost is considered to be equivalent to an approximation of fair value.

Note 16 Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

The Fund's objective is to achieve a funding level position of 100% whilst minimising the level and volatility of employer contributions. Investment strategy is decided with clear reference to this objective.

Over the long term, the Fund's objective is to set policies that will seek to ensure that investment returns achieved will at least match the assumptions underlying the actuarial valuation and therefore be appropriate to the liabilities of the Fund.

Having regard to its liability profile, the Fund has determined that adopting a bespoke benchmark should best enable it to implement an effective investment strategy. This strategic benchmark is reviewed every three years, at a minimum, at the time of the actuarial valuation but will be reviewed as required particularly if there have been significant changes in the underlying liability profile or the investment environment.

The Fund has carefully considered the expected returns from the various permitted asset classes and has concluded that in the longer term the return on equities will be greater than from other conventional assets. Consequently, the benchmark is biased towards equities and skewed towards active management, particularly in less developed markets.

The Fund is also cognisant of the risk that the shorter term returns may vary significantly from one period to another and between the benchmark and actual returns. Diversification of assets is seen as key to managing this risk and the risk/return characteristics of each asset and their relative correlations are reflected in the make up of the strategic benchmark.

The Fund believes that, over the long term, a willingness to take on volatility and illiquidity is likely to be rewarded with outperformance. The Fund considers that its strong employer covenant, maturity profile and cash flows enable it to adopt a long term investment perspective. A mix of short term assets such as bonds and cash is maintained to cover short term liabilities while equities (both passive and active), private equity and direct property are held to benefit from the potential rewards arising from volatility and illiquidity risks. The Fund recognises that risk is inherent in investment activity and seeks to manage the level of risk that it takes in an appropriate manner. The Fund manages investment risks through the following measures:

- Broad diversification of types of investment and Investment Managers.
- Explicit mandates governing the activity of Investment Managers.
- The use of a specific benchmark, related to liabilities of the Fund for investment asset allocation.
- The appointment of Independent Investment Advisors to the Investment Monitoring Working Party.
- Comprehensive monitoring procedures for Investment Managers including internal officers and scrutiny by elected Members

Note 16a Market Risk

The Fund is aware that its key risk is market risk i.e. the unpredictability of market performance in the future. The general practice to quantify these risks is to measure the volatility of historical performance. The tables opposite show the Fund's exposure to asset classes and their reasonable predicted variance (as provided by the Fund's investment consultants) and the resulting potential changes in net assets available to pay pensions. The figures provided are a forward looking assumption of future volatility based on analysis of previous performance and probability.

	Value at 31 March 2019 £million	Potential Variance %	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	1,496	19.0	1,780	1,211
US Equities	569	21.0	689	450
Canadian Equities	9	24.0	11	7
European Equities	841	22.5	1,030	652
Japanese Equities	379	20.5	456	301
Emerging Markets Equities inc Pac Rim	876	28.0	1,121	630
Global Equities (all equities including pooled vehicles)	428	19.5	512	345
UK Fixed Income Pooled Vehicles	735	11.0	816	655
UK Bonds	666	9.0	726	606
Pooled Property	294	12.5	331	258
Private Equity	566	27.5	721	410
Hedge Funds	264	9.5	289	239
Infrastructure	546	18.5	647	445
Other Alternative Assets	488	14.1	557	419
Short Term Deposits & Other Investment Balances	204	-	204	204
Total	8,361			

	Value at 31 March 2018 £million	Potential Variance %	Value on increase £million	Value on decrease £million
UK Equities (all equities including pooled vehicles)	1,801	19.0	2,143	1,459
US Equities	652	21.0	789	515
European Equities	777	22.5	952	603
Japanese Equities	461	20.5	556	367
Emerging Markets Equities inc Pac Rim	819	28.0	1,049	590
UK Fixed Income Pooled Vehicles	712	11.0	790	634
UK Index Linked Pooled Vehicles	682	9.0	743	620
Pooled Property	248	12.5	279	217
Private Equity	563	27.5	718	408
Hedge Funds	271	9.5	296	245
Infrastructure	428	18.5	507	349
Other Alternative Assets	429	14.0	489	369
Short Term Deposits & Other Investment Balances	201	-	201	201
Total	8,044			

Note 16b Credit Risk

The Fund does not hold any Fixed Interest Securities directly and the Managers of the Fixed Income Vehicles are responsible for managing credit risk, section 16a of this note covers the market risks of these holdings.

The Fund's arrangements for derivatives, securities lending and impaired items are dealt with in other notes to the accounts.

The short term cash deposits and other investment balances are diversified with investment grade financial institutions. The Fund has a treasury management policy that is compliant with current best practice.

The Fund's cash holding under its treasury management arrangements as at 31 March 2019 was £86.1 million (31 March 2018 £53.2 million). This was held on instant access accounts with the following institutions:

2018/19 £'000	Rating (S & P)		2017/18 £'000
22,717	Lloyds Bank	Long A Short A-1	33,226
15,000	Invesco	AAAm	10,000
0	Santander	Long A Short A-1	10,000
0	Svenska Handelsbanken	Long AA- Short A-1+	-
28,381	Northern Trust	AAAm	-
86,098	Total		53,226

Note 16c Liquidity Risk

The Fund's key priority is to pay pensions in the long term and in the short term and the asset allocation is the key strategy in ensuring this. The earlier sections have dealt with the longer term risks associated with market volatility.

The Fund has a cash balance at 31 March of £86.1 million. The Fund has £6,249 million in assets which could be realised in under 7 days' notice, £822 million in assets which could be realised in under 90 days' notice and £1,290 million in assets which could not be realised within a 90 day period.

The Fund has no borrowing or borrowing facilities.

The management of the Fund also prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. Whilst the Fund has a net withdrawal for 2018/19 in its dealing with members of £137 million and management expenses of £44 million, this is offset by investment income of £221 million.

Note 16d Outlook for Real Investment Returns

The expectation of future real investment returns can affect the Fund's liabilities as they may impact on the discount rate used by the actuary to discount the liabilities; the Fund's actuary has calculated that the Fund has sensitivity to this discount rate of 20% per 1% change in real investment returns. The Fund considers both the liabilities and assets together and assesses the funding ratio and the implications for investment strategy on a quarterly basis at the IMWP.

Note 17 Funding Arrangements

In line with The Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2016. The next valuation will take place as at 31 March 2019.

The most recent Triennial Valuation by the actuary was as at 31 March 2016, when the funding level was 85% of projected actuarial liabilities (2013 76%). The funding objective is to achieve and then maintain assets equal to the funding target. The funding target is the present value of 100% of projected accrued liabilities, including allowance for projected final pay. The FSS specifies a maximum period for achieving full funding of 19 years.

The funding method adopted is the projected unit method, which implicitly allows for new entrants replacing leavers.

The key elements of the funding policy are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due
- Enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, scheduled, designating and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes
- Maximise the returns from investments within reasonable risk parameters taking into account the above aims.

Note 17 Funding Arrangements (continued)

Summary of Key Whole Fund Assumptions used for calculating Funding Target	31 March 2016
Long Term Yields	% p.a.
Market Implied RPI Inflation	3.20
Solvency Funding Target Financial Assumptions	
Investment Return	4.20
CPI Price Inflation	2.20
Salary Increases	3.70
Pension Increases	2.20
Future Service Accrual Financial Assumptions	
Investment Return/Discount Rate	4.95
CPI Price Inflation	2.20
Salary Increases	3.70
CARE	2.20

Note 18 Investment Liabilities

2018/19	Investment Liabilities	2017/18
£'000		£'000
91	Derivative Contracts	-
8,354	Amounts due to Stockbrokers	13,736
8,445	Total	13,736

Note 19 Long Term Assets

2018/19	Long Term Assets	2017/18
£'000		£'000
4,146	Assets due in more than one year	5,013
4,146	Total	5,013

Assets due in more than one year include future payments of pension strain and reimbursement of lifetime tax allowances.

Note 20 Current Assets & Liabilities

"Sundries" mainly covers general debtors, property arrears due, agents' balances and recoverable taxation.

"Provision for Credit Losses" relates to general debtors and property rental income and is based on an assessment of all individual debts as at 31 March 2019.

The main components of "Miscellaneous Liabilities" are the outstanding charges for Investment Management fees, payable quarterly in arrears, Custodian and Actuarial fees, plus income tax due, pre-paid rent and Administering Authority re-imbusement.

2018/19 £'000	Current Assets & Liabilities	2017/18 £'000
	Assets	
17,270	Contributions due	17,431
417	Amounts due from external managers	41,296
344	Accrued and outstanding investment income	1,152
14,192	Sundries	14,889
(157)	Provision for credit losses	(118)
3,347	Cash at bank	5,259
35,413	Current Assets	79,909
	Liabilities	
165	Amounts due to external managers	966
2,177	Retirement grants due	3,467
494	Provisions	432
14,138	Miscellaneous	18,574
16,974	Current Liabilities	23,439
18,439	Net Current Assets	56,470

Note 21 Contractual Commitments

Commitments for investments amounted to £1,064 million as at 31st March 2019. (2017/18 £534.86 million). These commitments relate to Private Equity £494.08 million, Infrastructure £276.54 million, Opportunities £72.46 million, Indirect Property £221.13 million. As some of these funds are denominated in foreign currencies, the commitment in sterling is subject to change due to currency fluctuations.

Note 22 Contingent Assets

When determining the appropriate Fund policy for employers the different participating characteristics as either a contractor or community body or whether a guarantor of sufficient financial standing agrees to support the pension obligations is taken into consideration when setting the fiduciary strategy.

It is the policy to actively seek mechanisms to strengthen employer covenants by engaging "contingent assets" in the form of bonds/indemnity insurance, local authority guarantors, parent company guarantors or charge on assets to mitigate the risk of employers exiting the Fund leaving unrecoverable debt.

These financial undertakings are drawn in favour of Wirral Council, as the Administering Authority of Merseyside Pension Fund and payment will only be triggered in the event of employer default.

Note 23 Related Party Transactions

There are three groups of related parties: transactions between Wirral Council, as Administering Authority, and the Fund, between employers within the Fund and the Fund, and between Members and Senior Officers and the Fund.

Management expenses include charges by Wirral Council in providing services in its role as Administering Authority to the Fund, which amount to £3.7 million. (2017/18 £3.3 million). Such charges principally relate to staffing required to maintain the pension service. Central, Finance and IT costs are apportioned to the Fund on the basis of time spent on Fund work by Wirral Council. There was a debtor of £10.3 million (2017/18 £9.1 million) and a creditor of £341,033 as at 31 March 2019 (2017/18 £254,502).

Employers are related parties in so far as they pay contributions to the Fund in accordance with the appropriate Local Government Pension Scheme Regulations (LGPS). Contributions for the year are shown in note 7 and in respect of March 2019 payroll are included within the debtors figure in note 20.

A specific declaration has been received from Pension Committee Members, Pension Board Members and principal officers regarding membership of, and transactions with, such persons or their related parties. A number of Members act as Councillors or Board members of particular scheme employers, listed below, who maintain a conventional employer relationship with the Fund:

Liverpool City Council, Knowsley Council, Sefton Council and St Helens Borough Council, Wirral Council, Knowsley Youth Mutual, Whiston Town Council, Rainhill Parish Council, One Vision Housing, CDS Housing, Greater Hornby Homes and Wirral Partnership Homes (also known as Magenta Living). The value of the transactions with each of these related parties, namely the routine monthly payments to the Fund of employers' and employees' contributions, is determined by the LGPS Regulations, and as such no related party transactions have been declared.

Note 23 Related Party Transactions (continued)

Peter Wallach, Director of Pensions acts in an un-remunerated board advisory capacity on 5 investment bodies in which the Fund has an interest, Eclipse (£14.5 million), Standard Life (£14.7 million), F&C (£20.4 million), GLIL (£111.1 million) and NPEP.

Linda Desforges, Senior Portfolio Manager acts in an un-remunerated board advisory capacity on 5 investment bodies in which the Fund has an interest, Standard Life (£14.7 million), BBH Capital (£13.5 million), TEO Plc (£15.3 million), GCM Grosvenor Co-Investment Fund (£8.9 million) and F&C (£20.4 million).

Susannah Friar, Property Manager acts in an un-remunerated board advisory capacity on eleven investment bodies in which the Fund has an interest, Partners Group Real Estate Asia Pacific 2011 (£5.3 million), Bridges Property Alternatives IV (£2.1 million), Century Bridge China Real Estate Fund II (£3.5 million), Phoenix Asia Secured Debt Fund (£6.1 million) Alma Property Partners (£9.4 million), Barwood Property (£12.5 million), Chenavari Real Estate III (£3.0 million), Newcore Strategic Situations IV (£5.0 million), Hearthstone Residential Fund I (£5.5 million), European Student Housing Fund II (£3.2 million) and Locust Point Private Credit Fund (£4.0 million).

Asad Manzoor Portfolio Manager, acts in an un-remunerated board advisory capacity on 5 investment bodies in which the Fund has an interest, Standard Life Infrastructure Fund I (£8.8 million), Blackrock GRP Fund I (£19.3 million) and AMP GIF II (£12.1 million), Industrial Strategies Fund – Warrill UK Ltd (£21.5 million) and Impax New Energy Investors III LP (£1.1 million).

Each member of the Pension Fund Committee and Pension Board Members formally considers conflicts of interest at each meeting.

Key management personnel

The Fund's senior management during 2018/19 was comprised of 6 individuals: the Director of Pensions, the Head of Pensions Administration, Senior Portfolio Managers (x3) and Head of Finance & Risk, the remuneration paid to the senior management during 2018/19 was £402,649 (2017/18 £421,487). In addition, employer contributions of £58,063 (2017/18 £56,995) was also met from the Fund and charged to the Fund Account. The post of Senior Investment Manager was deleted during the year 2017/18.

Note 24 Additional Voluntary Contribution Investments

2018/19	Additional Voluntary Contribution (AVC) Investments	2017/18
£'000		£'000
	The aggregate amount of AVC investments is as follows :	
1,985	Equitable Life	2,015
5,286	Standard Life	5,988
8,739	Prudential	7,930
16,010		15,933
	Changes during the year were as follows:	
3,394	Contributions	3,432
3,685	Repayments	2,441
368	Change in market values	383

Scheme Employers with Active Members as at 31 March 2019

Scheduled Bodies

Academy of St Francis of Assisi
Bellerive FCJ Catholic College
Billinge Chapel End Parish Council
Birkdale High School (Academy)
Birkenhead High School Academy
Birkenhead Sixth Form College (Academy)
Bishop Martin CE Primary
Blacklow Brow School (Academy)
Blue Coat School (Academy)
Carmel College
Caldy Grange Grammar School (Academy)
Bishop Martin CE Primary
Chesterfield High School (Academy)
Chief Constable
Childwall Sports and Science Academy
Christ Church Moreton Primary (Academy)
Church Drive Primary
Church Town Primary (Academy)
Co-op Academy Portland
Co-op Academy Woodslee
Cronton C of E Primary (Academy)
Cronton Parish Council
Croxteth Community Primary School (Academy)
De la Salle Academy

Deyes High School (Academy)
Eccleston Parish Council
Edsential SLE
Egremont Primary School (Academy)
Emslie Morgan Academy
Everton Free School (Academy)
Finch Woods Academy
Formby High School (Academy)
Garston C of E Primary School (Academy)
Great Meols Primary School (Academy)
Greenbank High School (Academy)
Halewood Academy Centre for Learning
Halewood C of E Primary (Academy)
Halewood Town Council
Halsnead Primary School (Academy)
Harmonize (Academy)
Hawthornes Free School
Heygreen Community Primary (Academy)
Hilbre High School (Academy)
Hillside High School (Academy)
Holy Trinity CE Primary (Academy)
Hope Academy
Hugh Baird College
Huyton with Roby CE Primary (Academy)
Kings Leadership Academy (Liverpool)
Kirkby High School

Knowsley Lane Primary School (Academy)
Knowsley M.B.C.
Knowsley Town Council
LDST – Liverpool Diocesan Schools Trust (Academy)
Litherland High School (Academy)
Litherland Moss Primary (Academy)
Liverpool City Council
Liverpool City Region Combined Authority (LCRCA)
Liverpool College (Academy)
Liverpool John Moores University
Liverpool Life Science UTC (Academy)
Liverpool Street Scene Services Ltd
Lord Derby Academy
Maghull High School (Academy)
Maghull Town Council
Merseyside Fire & Rescue Authority
Merseyside Passenger Transport Executive (MPTE)
Merseyside Recycling and Waste Authority
New Park Primary (Academy)
North Liverpool Academy
Nutgrove Methodist Aided Primary
Office of the Police and Crime Commissioner for Merseyside (OPCCM)
Oldershaw Academy

Scheme Employers with Active Members as at 31 March 2019 (continued)

Scheduled Bodies (continued)

Our Lady of Pity RC Primary School (Academy)

Parish CE Primary (Academy)

Park View Academy

Poulton Lancelyn Primary School (Academy)

Prenton High School for Girls (Academy)

Prescot Town Council

Rainford High School (Academy)

Rainford Parish Council

Rainhill Parish Council

Rainhill High School (Academy)

Rainhill St Anns CE Primary School (Academy)

Range High School (Academy)

Roscoe Primary (Academy)

School Improvement Liverpool Ltd

Sefton M.B.C.

Shared Education Services Ltd

Shoreside Primary School

Southport College

St Andrew's CE Primary (Academy)

St. Anselms College (Academy)

St. Edwards College (Academy)

St. Francis Xavier's College (Academy)

St. Helens College

St. Helens M.B.C.

St James' Primary School (Academy)

St John Plessington Catholic College

St Joseph's Primary (Academy)

St Margaret Church of England Academy

St Mary & St Thomas CE Primary School (Academy)

St Marys Catholic College

St Michael's C of E High School (Academy)

St Silas C of E Primary School (Academy)

St Thomas C of E Primary (Academy)

Stanley High School (Academy)

Stanton Road Primary School

Studio @ Deyes Academy

Sylvester Primary Academy

The ACC Liverpool Group Ltd

The Academy of St Nicholas

The Beacon C E Primary School (Academy)

The Belvedere Academy

The Birkenhead Park School

The City of Liverpool College

The Prescot School (Academy)

The Studio (Academy)

The Sutton Academy

Town Lane Infant School (Academy)

Townfield Primary School (Academy)

Upton Hall School (Academy)

Weatherhead High School (Academy)

West Derby School (Academy)

West Kirby Grammar School (Academy)

Whiston Town Council

Whiston Willis Primary (Academy)

Willow Tree Primary

Wirral Council

Wirral Evolutions

Wirral Grammar School for Boys (Academy)

Wirral Grammar School for Girls (Academy)

Wirral Metropolitan College

Woodchurch High School (Academy)

Yew Tree Primary Academy

Scheme Employers with Active Members as at 31 March 2019 (continued)

Admission Bodies

Absolutely Catering (Longmoor)
 Absolutely Catering (St Oswald's)
 Addaction (Sefton)
 Age Concern – Liverpool
 Agilisys Limited
 Agilisys Ltd (Sefton)
 Arriva North West
 Association of Police Authorities
 Balfour Beatty PFI SEN School
 Balfour Beatty Workplace
 Berry Bridge Housing Ltd
 Birkenhead School (2002)
 Bouygues E & S FM UK Ltd
 Care Quality Commission
 Castlerock Recruitment Group Ltd
 Caterlink Ltd
 Catholic Children's Society
 CDS Housing
 Change Grow Live
 Citizens Advice Liverpool
 Cobalt Housing Ltd
 Commutual
 Compass Contract Services (UK)
 Compass (Scolarest) Liverpool Schools
 Compass (Scolarest) Wirral Schools

CWP (NHS)
 Friends of Birkenhead Council Kennels
 Fun 4 Kidz
 Geraud Markets Liverpool Ltd
 Glendale (Liverpool Parks Services) Ltd
 Glenvale Transport Ltd/Stagecoach
 Graysons Education
 Greater Hornby Homes
 Greater Merseyside Connexions
 Hochtief Liverpool Schools
 Hochtief Wirral Schools
 Interserve (Facilities Management) Ltd
 Kingswood Colomendy Ltd.
 Knowsley Youth Mutual
 L&T FM (Chroda)
 Lee Valley Housing Association Ltd
 Liverpool Hope University
 Liverpool Vision Limited
 Local Government Association
 Mellors Catering – Birkdale
 Mellors Catering – St Anns
 Mellors Catering – St Mary & St Thomas
 Mellors Catering - St Paul & St Timothy
 Merseyside Lieutenancy
 North Huyton Communities Future
 One Vision Housing Ltd

Orian Solutions
 Partners Credit Union
 Port Sunlight Village Trust
 Sefton New Directions Ltd.
 Shap Ltd
 Siemens Mobility Ltd
 South Liverpool Housing Ltd
 Southern Electric Co Ltd
 Tarmac Trading Ltd
 Taylor Shaw (Great Meols)
 Taylor Shaw (Hugh Baird)
 Taylor Shaw (Raeburn)
 Taylor Shaw (Range)
 Taylor Shaw (St Andrews)
 Torus 62 Ltd
 Veolia ES Merseyside & Halton
 Volair Ltd
 WCFT (NHS)
 Welsh Local Government Association
 WIRED
 Wirral Autistic Society (Autism Together)
 Wirral Partnership Homes (Magenta)

Statement by the Consulting Actuary

MERSEYSIDE PENSION FUND

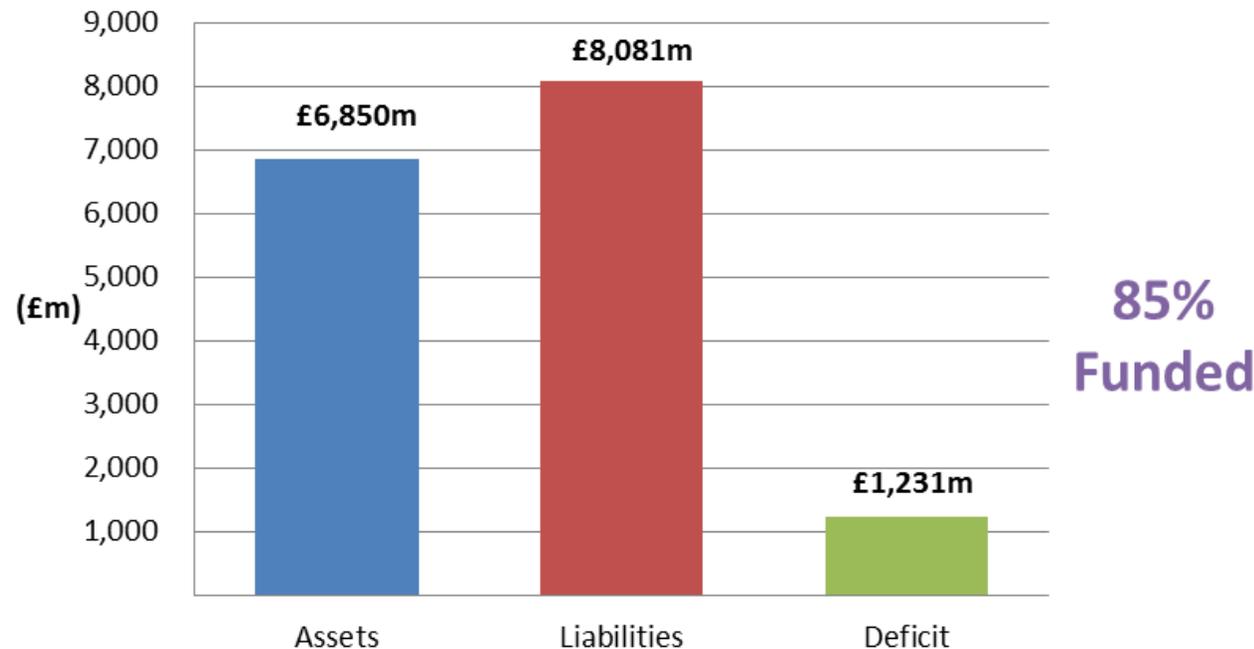
ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Merseyside Pension Fund was carried out as at 31 March 2016 to determine the contribution rates with effect from 1 April 2017 to 31 March 2020.

On the basis of the assumptions adopted, the Fund's assets of £6,850 million represented 85% of the Fund's past service liabilities of £8,081 million (the "Funding Target") at the valuation date. The deficit at the valuation was therefore £1,231 million.

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Statement by the Consulting Actuary (continued)

MERSEYSIDE PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

The valuation also showed that a Primary contribution rate of 15.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and then maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall (or contribution reductions to refund any surplus).

The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average deficit recovery period is 19 years, and the total initial recovery payment (the "Secondary rate") for 2019/20 is approximately £52.8 million (this allows for some employers to phase in any increases or to make a prepayment in April 2017). For all employers, the Secondary rate will increase at 3.7% per annum, except where phasing has been applied. With the agreement of the Administering Authority employers may also opt to pay some of their deficit contributions early (after suitably agreed reductions), with either all three years being paid in April 2017 or payment being made in the April of the year in question.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2017.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

Statement by the Consulting Actuary (continued)

MERSEYSIDE PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate)	4.2% per annum	4.95% per annum
Rate of pay increases (long term)*	3.7% per annum	3.7% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.2% per annum	2.2% per annum

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• A allowance was also made for short-term public sector pay restraint over a 4 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2019. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2020.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

Statement by the Consulting Actuary (continued)

MERSEYSIDE PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2019 (the 31 March 2018 assumptions are included for comparison):

	31 March 2018	31 March 2019
Rate of return on investments (discount rate)	2.6% per annum	2.4% per annum
Rate of CPI Inflation / CARE Benefit revaluation	2.1% per annum	2.2% per annum
Rate of pay increases*	3.6% per annum	3.7% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.2% per annum	2.3% per annum

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*includes a corresponding allowance to that made in the latest formal actuarial valuation for short-term public sector pay restraint.

The demographic assumptions are the same as those used for funding purposes. Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2017.

During the year, corporate bond yields decreased slightly, resulting in a lower discount rate being used for IAS 26 purposes at the year-end than at the beginning of the year (2.4% p.a. versus 2.6% p.a.). The expected long-term rate of CPI inflation increased during the year, from 2.1% p.a. to 2.2%. Both of these factors served to increase the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2018 was estimated as £11,285 million. Interest over the year increased the liabilities by c£293 million, and allowing for net benefits accrued/paid over the period decreased the liabilities by c£18 million (after allowing for any increase in liabilities arising as a result of early retirements/augmentations). We have also included an amount of £78 million by way of an estimate of the effect of the McCloud judgement (see note below for further details). There was an increase in liabilities of £627 million due to "actuarial gains" (i.e. the effect of the changes in the actuarial assumptions used, referred to above).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2019 is therefore £12,265 million.

Statement by the Consulting Actuary (continued)

MERSEYSIDE PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

The McCloud Case

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements. In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. The Government attempted to appeal the cases, but it was announced on 27 June 2019 that the appeal had been refused by the Supreme Court. Remedial action in the form of increases in benefits for some members of the Firefighter and Judicial arrangements will almost certainly be required. There may well also be knock-on effects for the other public service schemes, and the LGPS might therefore also be required to take some action. At this stage it is uncertain whether remedial action will be required, nor is it clear what the extent of any potential remedial action might be.

We have carried out some costings of the potential effect of McCloud as at 31 March 2019, based on the individual member data as supplied to us for the 2016 actuarial valuation, and this results in an additional liability of £78 million using the IAS26 assumptions outlined above. The approach to the calculations is as instructed by the administering authority after consideration of the categories of members potentially affected, but in very broad terms calculates the cost of applying a "final salary underpin" (on a member by member basis) to those active members who joined the Fund after 1 April 2012 and who would not otherwise have benefited from the underpin.

Statement by the Consulting Actuary (continued)

MERSEYSIDE PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019 - STATEMENT BY THE CONSULTING ACTUARY

GMP Equalisation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the “Barber” judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, but the 26 October 2018 Lloyds Bank court judgement has now provided further clarity in this area. However, in response to this judgement HM Treasury stated that “public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment”, clearly implying that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time, and so we have not made any allowance for any additional liabilities within the above figures at this stage. However, in due course there may be a further cost to the LGPS in connection with equalisation/indexation, when the Government confirms the overall approach which it wishes to adopt in this area following its consultation.

Paul Middleman
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
July 2019

Clive Lewis
Fellow of the Institute and Faculty of Actuaries
Mercer Limited
July 2019

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Glossary

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5 Glossary

Accruals

Income is recognised when it is earned rather than when it is received. Expenditure is recognised when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses

Actuaries assess financial and non-financial information provided to project levels of future pension Fund requirements. Changes in actuarial deficits or surpluses arise because:

Events have not coincided with the actuarial assumptions made at the last valuation

- The actuarial assumptions have changed.

Balances

The balances are to provide funding for unanticipated expenditure and / or expenditure that is of an unforeseen nature. The level is determined having regard to the strategic, operational and financial risks and uncertainties faced by the Council.

Budget

The Budget is a statement of the spending plans for the financial year.

Capital Expenditure

Expenditure on the acquisition of an asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Receipts

Income received from the disposal of land and other capital assets, and from the repayment of grants and loans to the Council.

Chartered Institute of Public Finance and Accountancy (CIPFA)

This Institute is the leading professional accountancy body for public services and produces the Code of Practice that must be followed in preparing the Council's financial statements.

Collection Fund

A Fund administered by the Council to record all income collected from local taxpayers and business ratepayers and show how this is passed on to other public authorities.

Community Assets

These are fixed assets which the Council intends to hold in perpetuity which have no

determinable finite useful life and may have restrictions on their disposal eg parks.

Council Tax

This is the main source of taxation for the Council. It is levied on households within the area and the proceeds are paid into the Collection Fund for distribution to precepting authorities and for use by the Council's General Fund.

Creditors

Amounts owed by the Council for works undertaken, goods received or services provided for which payment had not been made at the date of the Balance Sheet

Current Service Costs (Pensions)

For a defined benefit scheme, the value of the pension benefits earned by active employees in the period, net of contributions paid by employees in respect of those benefits. The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits earned by employees in the current year.

5 Glossary (continued)

Curtailment (Pensions)

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces the number of employees the accrual of defined benefits for some or all of their future service.

Debtors

Amounts owed to the Council that had not been received at the date of the Balance Sheet.

Defined Benefit Scheme

A pension, or other retirement benefit scheme, where the scheme's rules define the benefits payable independently of the contributions paid into the scheme. The benefits paid from the scheme are not directly related to the investments within the scheme. The scheme may be funded or unfunded.

Defined Contributions Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions, as an amount or as a % of pay, and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

A charge that represents the extent to which an asset has been worn-out or used or otherwise reduced the useful economic life of a fixed asset during the year.

Expected Rate of Return on Pensions Assets

For the Pension Fund the average rate of return, including both income and changes in fair value net of scheme expenses, expected over the remaining life of the asset.

Expenditure

Amounts paid by the Council for works undertaken, goods received or services provided, which is deemed to have been spent when the works, goods or services have been received.

FVOCI

Fair value other comprehensive income.

General Fund

The main revenue fund of the Council and includes the net costs of all services financed by local taxpayers and Government grants. It is the day to day spending on services.

Government Grants

Specific assistance by Government and

similar bodies in the form of cash. For specific grants to a particular service there is expected to be compliance with certain conditions relating to the activities of the Council but many grants are "general" and used to help pay for the net cost of Council services generally.

Heritage Assets

These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained for the contribution to knowledge and culture. This includes Civic Regalia, works of art and historic buildings.

Impairment

A reduction in the value of a fixed asset below the amount brought forward in the Balance Sheet. Reductions include items such as a significant decline in a fixed asset's market value.

Income

Amounts due to the Council for goods supplied or services provided with the income deemed to have been earned once the goods or services have been supplied.

5 Glossary (continued)

Infrastructure Assets

These are assets which generally cannot be sold and from which benefit can be obtained only from the continued use of the asset eg highways and bridges.

Intangible Assets

These are assets which do not have physical substance but are identifiable and controlled by the Council and include items such as software and licenses.

International Financial Reporting Standards (IFRS)

The Standards dictate specific accounting treatments. They must be applied to all financial statements in order to provide a true and fair view of the financial position, and a standardised method of comparison with others.

Investment Properties

Properties held solely to earn rentals or for capital appreciation, and not used to provide services or for administrative purposes.

Leases

Leasing costs are the rental for the use of an asset for a specified period of time. There are two different types of lease. Finance leases transfer substantially the risks and rewards of ownership of a fixed asset to the lessee. Operating leases are where the balance of risks and rewards remains with the lessor who retains the asset eg computer equipment.

Medium Term Financial Strategy (MTFS)

The Council's medium term financial plan.

Minimum Revenue Provision (MRP)

This is the minimum amount that the Council is required to charge to the revenue account each year to provide for the repayment of debt.

National Non-Domestic Rates (NNDR also known as Business Rates)

A levy on business property based on national rate in the £ applied to the rateable value of the premises. The Government determines the national rate and the Rates are collected by the Council and accounted for within the collection fund. The Council draws down from this an amount specified at the start of the year.

Net Book Value

The amount at which assets are included in the Balance Sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation

Net Expenditure

Gross expenditure less specific service income but before the deduction of non-ring fenced government grants and local taxation.

OCI

Other comprehensive income.

Precept

The amount the Council is required to raise from Council Tax on behalf of other authorities namely the Merseyside Recycling & Waste Authority and the Liverpool Combined Authority. It is collected and distributed on behalf of precepting authorities by the Council. These transactions are accounted for within the Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Property, Plant and Equipment

Assets that yield benefits to the Council and the services provided for a period of more than one year e.g. buildings, land and vehicles.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and / or timing of such costs is uncertain.

5 Glossary (continued)

Public Works Loans Board (PWLB)

A Central Government body which is the main provider of loans to local authorities to fund capital expenditure.

Reserves

These are amounts held to meet specific, known or predicted future expenditure.

Revenue Expenditure

This is spending on the day-to-day running costs of providing services and is primarily employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

This represents items of capital expenditure where no asset exists and the cost is allowed by statute to be charged as revenue expenditure to the Consolidated Income & Expenditure Statement.

Scheme Liabilities

These are the liabilities of the Pension Fund for outgoings in the future and reflect the benefits that the employer is committed to

provide for service up to a set date.

Unfunded Defined Benefit Scheme

An employer managed retirement plan that uses the employer's current income to fund pension payments as they become necessary. This is in contrast to a funded pension scheme where an employer sets aside funds systematically and in advance to cover any pension plan expenses such as payment to retirees and their beneficiaries.

Unsupported (Prudential) Borrowing

This is borrowing for which no support is given by Central Government. The Council is permitted to undertake unsupported borrowing but has to ensure that the borrowing costs are affordable and be met from the revenue budget.

Useful Life

This is the period over which the Council will derive benefit from the use of an asset.

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APPENDIX 4



Wirral Council

Business Management

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Grant Thornton UK LLP
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www.wirral.gov.uk

Date: 23 September 2019

Dear Sirs

Wirral Council

Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of Wirral Council for the year ended 31 March 2019, for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any

regulatory authorities that could have a material effect on the financial statements in the event of noncompliance.

- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi. Except as disclosed in the financial statements:
 - a. There are no unrecorded liabilities, actual or contingent;
 - b. None of the assets of the Council has been assigned, pledged or mortgaged; and
 - c. There are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of your audit; and
 - c. Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Risk Management Committee at its meeting on 23 September 2019.

Yours faithfully

Daniel Kirwan
Assistant Director: Finance & Investment

23 September 2019

Cllr Jeff Green
Chair of Audit & Risk Management
Committee

23 September 2019

The Audit Findings for Merseyside Pension Fund

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Year ended 31 March 2019
September 2019



Contents



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Section

1. Headlines
2. Financial statements
3. Independence and ethics

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Appendices

- A. Audit adjustments
- B. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Merseyside Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and• have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.	<p>Our audit work was undertaken on site during June and July. We reported our draft Audit Findings Report to the Pensions Committee, as a sub-group to those charged with governance, on 14 July 2019. This report updates that report to the current position. Our findings are summarised on pages 4 to 10. Subject to the completion of audit work we have not identified any adjustments to the financial statements that have resulted in an adjustment to the Pension Fund's reported financial position. Audit adjustments identified are detailed in Appendix A.</p> <p>As at this time our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:</p> <ul style="list-style-type: none">- Obtaining and reviewing the signed management representation letter; and,- updating our post balance sheet events review, to the date of signing the opinion. <p>Our anticipated audit report opinion will be unqualified.</p>
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Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- Controls testing of the Pension Fund's benefits payable system; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan, as communicated to the Pension Committee in March 2019 but as part of our work on disclosures we have discussed the potential impact upon the Fund of the McCloud judgement.

Conclusion

We have substantially completed our audit of your financial statements and subject to the completion of audit work we have not identified any adjustments to the financial statements that have resulted in an adjustment to the Pension Fund's reported financial position. We anticipate issuing an unqualified audit opinion following the Wirral Council Audit and Risk Management Committee meeting on 23 September 2019.

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Merseyside Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	£85.00m	Considered to be the level above which users of the accounts would wish to be aware of misstatements, in the context of overall expenditure – calculated as 1.0% of prior year (2017-18) net assets.
Performance materiality	£63.75m	Assessed to be 75% of financial statement materiality.
Trivial matters	£4.25m	ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>1 Improper revenue recognition Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Auditor commentary</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Wirral Council as the administering authority, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Merseyside Pension Fund.</p> <p>Our audit work has not identified any matters that would indicate the rebuttal was incorrect.</p>
<p>2 Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We identified management override of controls as a risk requiring special audit consideration.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> – review of accounting estimates, judgements and decisions made by management – testing of journal entries – review of unusual significant transactions. <p>Our audit work has not identified any evidence of management over-ride of controls. In particular, the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p>
<p>3 The valuation of Level 3 investments is incorrect Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>We identified the valuation of level 3 investments as a risk requiring special audit consideration.</p>	<p>Auditor commentary</p> <p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • gained an understanding of the Fund's process for valuing level 3 investments and evaluate the design of the associated controls • reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments. • consideration of the competence, expertise and objectivity of any management experts used. • for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2019 with reference to known movements in the intervening period. <p>Our work has not identified any significant issues in respect of this risk.</p>

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Level 3 investments	The Pension Fund has investments in direct property, unquoted investments and pooled investments that in total are valued on the balance sheet as at 31 March 2019 at £2.451bn. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management engage the services of a property valuer for direct property and rely on the valuations provided by the general partners to the private equity funds which the Fund invests in. The value of the investments has increased by £260m in 2018/19, largely due to acquisitions and improvements in market conditions.	Management determine the value of Level 3 Investments through placing reliance on the expertise property valuer and the investment managers. As such we have sought confirmations of year end valuations from all main mandate managers and send a letter to the valuer to understand his skills, competence and independence from the Fund in valuing the property. We have also tested a sample of level 3 investments to audited accounts to determine if the values estimated are reasonable. We have found no issues with this testing and are satisfied that the estimate is appropriately disclosed in the accounts.	
Level 2 investment	The Pension Fund have investments in unquoted bonds and pooled investments that in total are valued on the balance sheet as at 31 March 2019 at £2.435bn. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, management rely on the information which they are given from the various fund managers. The value of the investment has increased by £24m in 2018/19.	Management determine the value of Level 2 Investments through placing reliance on the expertise of the various fund managers. As such we have sought confirmations of year end valuations from all main mandate managers and also tested a sample of unit values used to value level 2 investments to externally quoted information sources, or where not quoted, to unit values provided by the investment manager's own independent custodian. We have found no issues with this testing and are satisfied that the estimate is appropriately disclosed in the accounts.	

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process and key assumptions to be reasonable

Significant findings - other issues

Issue	Commentary	Auditor view
<p>Potential impact of the McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other public sector pension schemes where they have implemented transitional arrangements on changing benefits i.e. the 2012 underpin for the LGPS.</p>	<p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>The Fund has requested a updated statement from the actuary which accounts for the impact of the McCloud ruling and this will be included in the updated final set of accounts.</p> <p>The updated actuary statement includes an amount of £78m for the estimated impact on increased liabilities due to the McCloud ruling.</p>	<p>Since the fund adopts Option C in relation to disclosing the actuarial present value of retirement benefits, this issue forms part of our assessment of the 'Other Information' issued alongside the accounts, as opposed to being covered by our audit opinion on the accounts.</p> <p>The potential impact of the McCloud judgment has been reflected within the wording of the updated actuary's statement and is such that a reader of the accounts will understand the position and not be mislead.</p> <p>The 2019 Triennial Valuation of the actuarial present value of promised retirement benefits is expected to include the impact of the McCloud judgment. This should be available following the conclusion of the 2019 actuarial funding valuation and be available for the 2019/20 financial statements.</p>

Other matters discussed with management - Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Officers have a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor commentary

- We are satisfied that management's assessment that the going concern basis is appropriate for the 2018/19 financial statements.

Work performed

We have assessed the judgment made by management as well as the forecasted financial information which they have provided us which supports the assessment that the Fund will continue as a going concern for at least 12 months from the date of our audit opinion.

Auditor commentary

- The Net Assets of the Fund at 31/3/19 were £8.6bn. This is approximately 25-30 times the annual benefit payments due.
- The Fund has £4.4bn of Level 1 assets. These assets are liquid and can be accessed quickly for cashflow purposes if required.
- The Local Government Pension Scheme is a statutory scheme and there are no events or conditions that would indicate the winding up of the scheme.
- No issues have been identified from the work performed

Concluding comments

Auditor commentary

We are satisfied that management's assessment that the going concern basis is appropriate for the 2018/19 financial statements and that we have nothing to report on in relation to going concern.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
①	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Pensions Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
②	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
③	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Pension Fund which is included in the Pensions Committee papers. We are in discussions with management over requesting specific representations over the M&G valuation due to the likelihood that we will not receive the ISAE 3402 controls report before we sign the opinion on the accounts.
⑤	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested direct confirmations from the custodian and all main mandate fund managers, plus a sample of managers for alternative investments for investment balances. For one of the Fund's Investment Managers, State Street, it is noted that the gap assurance letter only covers the period to 31/12/18 and not up to the MPF year end of 31/3/19. This is consistent with State Street's policy of not providing gap assurance letters beyond 3 months. However, through our assurance procedures we are satisfied that we have appropriate assurance over the valuation of the investments in the accounts as at 31 March 2019.
⑥	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
⑦	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information and explanations requested from management was provided.
⑧	Matters on which we report by exception	<ul style="list-style-type: none"> We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Funds Annual Report along with our opinion on the accounts.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed are below.

Audit Fees	Proposed fee	Final fee
Pension Fund Audit	£28,399	£30,399
Total audit fees (excluding VAT)	£28,399	£30,399*

*The additional fee charged relates to extra procedures undertaken to gain assurance over the impact on the accounts in relation to the McCloud Judgment

Audit and Non-audit related services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. The following non-audit services were identified:

	Fees £	Threats identified	Safeguards
Audit related			
IAS19 procedures for other bodies admitted to the pension fund	£7,500 (£750 per letter – 10 letters produced to date)	Self-Interest (because this is a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is relatively small in comparison to the total fee for the audit of £28,399 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>The Fund has accrued for a fee of £2,180 for IAS 19 work. The amount to be recharged is to be confirmed but we are satisfied that the amount disclosed in the accounts would only differ from that which would be recharged by an insignificant amount .</p>
Non-audit related			
None			

These services are consistent with the Fund's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000
1 None identified.			
Overall impact			

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Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Adjusted?
Fair Value Classification of Bond incorrect	Per note 14a of the accounts £665m of UK Public Sector Quoted Bonds have been incorrectly classified as Level 2 in the fair value hierarchy. This investment has fully observable inputs and so should be recorded as Level 1 in the fair value hierarchy.	✓

Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Wirral Council Audit & Risk Management Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
1 None identified.				
Overall impact				

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Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2017/18 financial statements.

Detail	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
None				

Audit opinion

We anticipate we will provide the Pension Fund with an unmodified audit report

Independent auditor's report to the members of Wirral Council on the pension fund financial statements of Merseyside Pension Fund

Opinion

We have audited the financial statements of Merseyside Pension Fund (the 'pension fund') administered by Wirral Council (the 'Authority') for the year ended 31 March 2019 which comprise the Fund Account, the Net Assets Statement and Notes to the Merseyside Pension Fund Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance and Investment (S151)'s use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate; or
- the Director of Finance and Investment (S151) has not disclosed in the pension fund's financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

Other information

The Director of Finance and Investment (S151) is responsible for the other information. The other information comprises the information included in the Authority's Statement of Accounts 2018/19, other than the pension fund's financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund's financial statements or our knowledge of the pension fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Audit opinion

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Authority's Statement of Accounts 2018/19, for the financial year for which the financial statements are prepared is consistent with the pension fund's financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Investment (S151) and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance and Investment (S151). The Director of Finance and Investment (S151) is responsible for the preparation of the Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Investment (S151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the Director of Finance and Investment (S151) is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the pension fund will no longer be provided.

The Audit and Risk Management Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the pension fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[Date]



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APPENDIX 6

EXTRACT

PENSIONS COMMITTEE 16 JULY 2019 MINUTE 18

STATEMENT OF ACCOUNTS/LETTER OF REPRESENTATION

Members gave consideration to a report of the Director of Finance & Investment (S151) that presented Members with the audited statement of accounts of Merseyside Pension Fund for 2018/19 and responded to the Audit Findings Report from Grant Thornton.

Donna Smith, Head of Finance & Risk, informed the Committee that subject to outstanding work, Grant Thornton had indicated there would be an unqualified opinion and there were no adjustments affecting the Fund's reported financial position for the year ended 31 March 2019 of net assets of £8.9bn and no recommendations.

It was reported that the one misclassification identified by Grant Thornton within the fair value hierarchy disclosure note had been agreed and amended.

During the audit period the Fund had obtained a revised actuarial statement on the value of retirement benefits that reflected the McCloud position.

A Letter of Representation had been prepared on behalf of the Committee that gave assurances to the Auditor on various aspects relating to the Pension Fund and was included as an appendix to the report.

Resolved – That;

1 having considered the amendments to the accounts, the Audit Findings Report and the Letter of Representation the audited Statement of Accounts for 2018/19 be approved.

2 the recommendations be referred to the Audit and Risk Management Committee.

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Shaer Halewood
Director of Finance and Investment
PO Box 290,
Brighton Street,
Wallasey,
Wirral,
CH27 9FQ.

to Grant Thornton UK LLP
Liver Buildings
Liverpool
L3 1PS

date 23 September 2019

my ref

Dear Sirs

**Merseyside Pension Fund
Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of Merseyside Pension Fund ('the Fund') for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Fund financial statements are presented fairly, other than liabilities to pay pensions and benefits after the end of the Fund year, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

- vi. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Fund financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund and involves:
 - a. management;

- b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
 - xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
 - xxii. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
 - xxiii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.
 - xxiv. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
 - xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
 - xxvi. At this point, we have not received the M&G ISAE 3402 Type II service auditor controls report, however based on our governance arrangements during the year we do not have any concerns that the valuation of the related investments are materially misstated.

Approval

The approval of this letter of representation was minuted by the **Pensions Committee** at its meeting on **16 July 2019** and by the **Audit and Risk Management Committee** at its meeting on the **23 September 2019**.

Yours faithfully

Name Shaer Halewood

Position Director of Finance & Investment (S151).

Date 23 September 2019.

Name.....

Position Chair of Audit & Risk Committee .

Date 23 September 2019.

Signed on behalf of **Wirral Council** as administering body of **Merseyside Pension Fund**.

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APPENDIX 8

Chronological post publication changes to the Wirral Council Statement of Accounts 2018/19

Section	Note	Reason
Narrative report	-	Reportwhilst' typo amended to ... 'Report, whilst emphasising 2018/19..' - and sentence made into a new paragraph
	-	and' removed from 2nd para, first sentences, to state - 'Wirral Growth Company, working in partnership with..'
	-	Space removed from before 'The Council' in the 3rd para
	-	Capital removed to show outcomes not Outcomes below the Strategy and Partnerships heading
	-	Public Health added to the final sentence of the Strategy & Partnerships section
	-	Business Mgt section: Transformation, Transaction Centre, Law and Assets removed following changes that happened in May 2018. Customer Services added.
	-	Delivery Services section: Assets added
	-	Transformation of Children's social care para: 'the use of the flexible use of' amended to 'flexible use of'
	-	£000 changed to £'000
	-	Typo amended - Childrens corrected to Children's
	-	18/19 PPE value changed in the graphic to £686.7m from £684.7m to align with Balance sheet
	-	18/19 Long term investments in the graphic rounded up to £1.6m from £1.5m to agree to Balance sheet
	-	18/19 Net liability position in the graphic changed from £74.4m to £74.6m to agree to the Balance sheet
	-	Net liability position corrected from £74.10m to £74.6m to align to balance sheet
	-	17/18 Investments comparative changed from £27.8m to £27.7m to align to the balance sheet
	-	18/19 LT investments changed from £1.6m to £1.5m to align to the balance sheet
	-	18/19 creditors changed from £54.3m to £57.1m
	-	Format of text aligned with remainder of the document
	-	Decrease of £78.1m amended to £65.4m
	-	Typo on 17/18 unuseable reserves amended to show £130m not £30m to agree to the balance sheet
	-	Business rates equalisation amended to £8.7m from £8.9m in 18/19.
	-	Insurance fund amended to £8.6m and £7.6m (from £8.5m and £7.5m) in 18/19 and 17/18 respectively.
	-	Line space added below net assets, adjusting the presentation of the remainder of the page
	-	Lean amended to lean
	-	First para: 'financial business partnering' no longer with capitals and Transformation changed to 'transforming services'. 'developed' also changed to 'improved'.
	-	Reference to the SOA being produced have been removed as BAU. Remaining text has been respaced as a result
	-	Typo amended - Government changed to Governance
Balance sheet	-	Shading removed from sub-total lines
Cash flow statement	-	Rounding correction - resulting in £52.224m rather than £52.225m for the net surplus/deficit on non cash movements to align with note 26. Removal of reference to note 25 on the net cash flows from operating activities line.
Notes pages	-	Page footers amended throughout to remove double dots from 'Wirral Council Statement of Accounts · · Notes to the Core Financial Statements'
Accounting policies	1	Typo amended - 12month changed to 12 month
	1	Typo amended - Space removed in front of Impairment in second para of Expected credit loss section.
	1	Typo amended - Space removed from infront of 'Fair value gains..' and 'Where Fair Value..' in the Financial Assets Measured at Fair Value through Profit of Loss section
	1	Typo amended - Iniative corrected to Initiative
	1	Text box size increased to avoid 'fair value' being stranded at the top of the second column
	1	Text moved from page 59 to page 58 to avoid an incomplete sentence on page 58: 'recognised where capital spending does not result in a corresponding increase in the carrying value of an asset'.

Section	Note	Reason
Material items of income/expense	5	Cross-referenced to Note 21, with the comment - 'There were no significant items of income and expenditure in 2018/19 other than the sale of the Acre Lane Professional Excellence Centre, Eastham. (See note 21)'.
Accounting Basis and Funding Basis adjustments	8	Wording changed to show that £17.785m is the net MRP change in the year: 'The amount of £17.785m is made up of the annual provision for MRP of £8.58m, offset by a £26.36m adjustment resulting from the change in the CFR'.
	8	Line spacing made consistent throughout table
	8	Line spacing made consistent throughout table
Expenditure and Funding Analysis	9	Headings for each year changed to Arial 12
Earmarked General Fund Reserves	10	School Harmonisation changed to Schools Harmonisation for consistency with description
	10	Schools Capital Programme changed to Schools Capital Schemes in the table to align to the narrative
	10	HR Reserve expanded to Human Resources Reserve
	10	Typo amended - Reachour changed to Reachout in Wirral Ways to Work/Reachout Project Underspend. Also aligned in narrative heading and the word Underspend has been removed from the title in the table for consistency.
	10	GDPR changed to full name and abbreviation added to narrative on page 75
	10	Other Reserve changed to Other Reserves - to align to the narrative
	10	Schools balances: 'of: -' changed to 'of:'
	10	Wording changed to remove the words 'ongoing issue': 'The reserve is held to meet a potential claw-back of subsidy relating to the previous Housing Benefit Supporting People arrangement'.
	10	Transformation Fund: 'has been set up to fund' amended to 'is to fund'
	10	Parks Tree Maintenance: Removal of 'one-off' and wording simplified to: 'This reserve is to fund an extended Borough wide programme of tree maintenance works.'
	10	One Stop Shop / Libraries IT Network changed to One Stop Shop / Libraries IT Networks for consistency with the table on page 72
	10	Insurance fund - 'primarily' removed from first sentence
	10	H&S Flood Prevention - for the LA's changed to 'for Local Authorities'
	10	Commercial Management - in 2020/21 added to final sentence
	10	One Stop Shop: Removal of 'During 2017/18 £1 million of this reserve was released to General Fund Balances, as there were no future commitments against it' as this relates to last year.
	10	GDPR: Wording simplified to remove 17/18 explanations: 'This reserve is to cover additional costs associated with new General Data Protection Regulation which came into force in May 2018'.
	10	Wirral Ways to Work: Wording removed due to zero balance on reserve remaining: 'that is anticipated to operate until June 2020'
	10	Europa Centre: Typo amended: Tops changed to Top Ups
	10	Stay, Work, Learn Wise: 'has been provided' changed to 'was provided' as zero balance now
	10	Narratives on each reserve re-ordered to align with how they appear in the tables on pages 71 & 72
Other Operating Expenditure	11	Narrative amended to simplify: 'Included within gains and losses on the disposal of non current assets in 2018/19 are two primary schools which became part of the Co-op Academy Trust, with a further primary school transferring to Concordia Academy Trust. The net loss on transfer was £8.7 million. In 2017/18 four primary schools became academies, in addition to the transfer of one secondary school to its governors. This generated a loss on transfer of £23.5 million.
Financing and Investment Income	12	Note references to Note 26 added
Taxation and Non specific grant income	13	Note references updated (pending query on how these link to note 36)
PPE	14	In 2017/18 four primary schools became academies, in addition to the transfer of one secondary school to its governors. This generated a loss on transfer of £23.5 million.
	14	Font changed to Arial Unbold on Class of Asset table and Carrying Value table reduced in size
Investment Properties	16	Table size reduced
	16	Blank columns removed from table (ie Level 1 and 3 columns)
Financial instruments note	18	Short Term heading made bold and OCI expanded
	18	EIR changed to Effective Interest Rate Adjustments
	18	CCLA Property Fund expanded to: Churches, Charities and Local Authorities (CCLA) Property Fund
	18c	Table contents all right aligned for consistency and blank FV through OCI column hidden. (OCI also expanded rather than abbreviation)
	18d	Comments removed from table to remove 'triangles' and footnote amended to 'to approximate to..'
Debtors	19	Debtors revised into new classifications

Section	Note	Reason
Assets held for sale	21	Narrative added to explain the major disposal in year: 'The reduction in Assets Held for Sale during 2018/19 reflects the sale of the Acre Lane Professional Excellence Centre, Eastham. This site has been sold for housing development as part of the Wirral Plan'. Also cross-referenced from Note 5.
	21	Blank columns hidden and Non Current columns relabelled as Current.
Creditors	22	Creditors revised into new classifications
Provisions note	23	Page 100 removed as bad debt provision is offset against debtors.
	23	Missing Long term provision lines of the table for the Insurance Fund now imported from the toolkit, with final column made bold
	23	Severance pay: 17/18 amended to 18/19. Insurance Fund: 'primarily' removed from first line
Useable Reserves	24	'unexpected' now added to comment on General Fund
Unusable Reserves	25	18/19 column made bold
	25	To explain the £17.8m adjustment the following narrative has been included: 'The Statutory Provision for the financing of Capital Investment charged against the General Fund reflects the outcome of an independent review to advise the Council on how to profile its Minimum Revenue Provision (MRP) for the repayment of its underlying debt liability. The Capital Financing Requirement (CFR) was restated for 31 March 2004, which indicated that deferred charges and long term debtors had been excluded from the original calculation. The amount of £17.785m is made up of the annual provision for MRP of £8.58m, offset by a £26.36m adjustment resulting from the change in the CFR. (See Notes 8 and 10).'
Expenditure and Income analysed by Nature	29	authority amended to Authority and table re-sized
Trading Account	30	Narrative changed from 'their' budget to 'the' budget
Pooled budgets	31	Typo amended - Extra space removed from 'Cost of' in both tables, fonts aligned to Arial 12 and Surplus/(Deficit) added to total lines.
Members allowances	32	£'000 added to narrative, referencing table
Officers' Remuneration	33	Line spacing in table aligned
External audit costs	34	Table text left aligned and lines re-sized
Dedicated Schools Grant	35	Bold removed from value on first line of table and headings amended from £000 to £'000
Grant Income	36	Verdana font amended to Arial size 12 on Civilised Streets and Land Drainage lines of table. Tables also re-sized
Related party transactions note	37	Typo amended - Edsentials' corrected to Edsential's
Capital Expenditure & Capital Financing	38	Reference to Note 10 added for MRP reprofiling line
Leases	39	First table reformatted, with remaining term column right aligned and font changed to Arial 12
PFI	40	Expenditure line hidden - as zero - and lines re-sized to standardise spacing
	40	Table spacing resized to standardise spacing. Payments heading made bold and Unitary payments table re-sized to match the Payments table and fonts amended to Arial throughout
Other Long Term Liabilities	42	Typo amended to show 2nd part of the table is for 18/19. Advances line also hidden as zero in both years.
Defined Benefit Pension Schemes	44	Table amended to remove zero values against headings and to align line spacing. 'Other' line removed due to zero values. Reversal of net charges line description expanded to show full text.
	44	Heading colour changed to black from red
	44	Font amended to Arial 12 throughout table
	44	Line spacing gap between Men and Women reduced in table
Risks re Financial instruments	47	17/18 comparatives added to credit rating table, with 2019 added as the year on the 18/19 total column. Maturity of Investments heading centred across columns and credit rating note below table aligned with the table above.#
	47	Subtotal line unshaded. Market risk notes text changed to blocked format and aligned with table above
	47	Inconsistent formula flag removed. FVLP and FVOCI expanded
Glossary	-	Typo amended - Usupported changed to Unsupported
Front cover	-	Date amended from 31 May to 31 July
Contents page	-	New page added for Notes index

Section	Note	Reason	
Narrative Report	-	Spacing of text amended to fit better on the page.	
	-	Bullets added to improve spacing on page.	
	-	Replacement of: 'Following the Ofsted announced in September 2016 of an inadequate rating for Children's Services progress has continued to take place during the year on implementing the improvement plan. Improvements are taking place and will continue through the coming year with approaches such as early intervention being key to the future shape of Children's Services' with: 'Children's services has recently been re-inspected by Ofsted. The outcome has been positive and the service is no longer judged to be inadequate'.	
	-	Wording added to reference Academy conversions: 'During 2018/19, the following schools converted to Academies: Town Lane Infants, Portland Primary, Woodslee Primary, St Joseph's (Birkenhead) Catholic Primary, Christchurch CE Primary (Moreton) and Church Drive Primary'.	
	-	Council Tax charge increasing to £1,733.7 - amended to £1,733.70.	
	-	Pension liability increased by £16.7m. Note amended to reflect McCloud: 'The 2018/19 Pension Liability is £539.4 million (2017/18 £457.3 million). This includes additional pension costs of £16.7m in 2018/19, reflecting the expected implications of a recent court ruling on age discrimination (see note 3)'. Narrative updated to show net liability increasing from £74.6m to £91.3m due to the £16.7m pension adjustment. Councils changed to Council's. Graphic updated with latest balance sheet information and descriptions made clearer on what's included in each total.	
	-	investments' added after short term.	
	-	decrease' amended to 'increase' in the Pensions liability. Wording changed from: 'This change has primarily resulted from an improvement in financial assumptions related to a return on assets and a reduction in inflation factors and the discount rate' to: 'This change has primarily resulted from a change in actuarial assumptions on the Consumer Price Index (CPI) and pay inflation'.	
	-	Pension liability increased from £522.7m to £539.4m - due to £16.7m McCloud adjustment - with the increase in pension liability increased from £65.4m to £82.1m. Narrative amended to: 'This change has primarily resulted from a change in actuarial assumptions on the Consumer Price Index (CPI) and pay inflation, but also includes £16.7m in relation to the recent court ruling on age discrimination (see note 3). Space inserted between 1st and 2nd paras.	
	-	Debt reprofiling reserve removed from list following reversal of MRP adjustments	
	-	Governments changed to Government's	
	-	Note amended to make reference to the new Merseyside Pension Fund accounts section of the report - as requested by audit: Further information can be found within the Merseyside Pension Fund section of the Statement of Accounts, and also in the Merseyside Pension Fund Report and Accounts 2018/19. Paragraph format changed to block text.	
			Note amended to separate MPF from the Collection Fund: Additional Financial Statements are included for – The Collection Fund (and notes), which covers Council Tax and Non-Domestic Rates collected and the amounts paid to precepting authorities and to Government. The Merseyside Pension Fund Accounts, covering the financial position of the Merseyside Pension Fund, administered by Wirral Council, are also included in Section 5.
			Replacement of: 'Aligned to this the Council will in 2020 assume full responsibility for the raising and collection of income generated locally and used to fund the services accessed by Wirral residents.' with: 'As part of a current pilot scheme, the Council has full responsibility for the raising and collection of income generated locally and used to fund the services accessed by Wirral residents. Going forward the expectation is that this will continue'.
Statement of Responsibilities		Date amended from 31 May to 31 July	
AGS	-	Front sheet added to align with published AGS statement	
Comprehensive Income & Expenditure Statement	-	Pensions adjustment totalling £16.7m (£11.1m in cost of service, £5.6m in remeasurement of net defined benefit liability and £59k in financing and investment income (re building cleaning contracts share of £16.7m) and available for sale reserve adjustment (£3k). Footnote added to point to new note 49 on 17/18 restatement: * Expenditure and income by cost of service in 2017/18 has been restated to align with the Directorate structure applied in 2018/19. See note 49 for further details	
Movement in Reserves Statement	-	Adjustments for MRP reversal, pensions adjustment and available for sale reserve. New column added for Total General Fund balance	
Balance sheet	-	Other long term liabilities increased by £16.7m, Useable reserves reduced by £26m and Unuseable reserves increased by £9.3m (net impact of £26m MRP reversal and increase in pensions liability of £16.7m)	
Cash flow statement	-	Movement of £11.1m between net surplus/deficit on provision of services and non-cash movements re pension adjustment flowing through cost of services. Rounding diff of £1k to Balance sheet now amended	

Section	Note	Reason
Accounting Policies	1	Bracket added to IFRS 15 reference - before Financial Instruments
	1	Changes to Accounting Policies There are no new accounting policies adopted in 2018/19. The existing accounting policies have been updated to reflect the changes required by the Code the most significant being the adoption of two new accounting standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).
	1	Additional wording added to explain the implications of IFRS 9 and 15 - resulting in an additional page: IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. It made changes to previous guidance on the classification and measurement of financial assets and introduced an 'expected credit loss' model for impairment of financial assets. The Authority's trade receivables and investments in financial assets classed as held to maturity (unless classed as fair value through profit and loss) have been assessed for impairment by applying the expected credit loss model. The reclassification changes have not had a material impact upon the financial statements because the majority of the financial assets have retained the same measurement bases. With respect to trade receivables, the Authority already makes a provision for doubtful debts on its service assets. IFRS 15 Revenue from Contracts with Customers. This standard introduced new methodology for determining when income from providing goods and services is to be recognised in the Comprehensive Income and Expenditure Statement and replaced IAS 18 Revenue and IAS 11 Construction Contracts. The standard introduced the concept of contracting assets and liabilities to account for timing differences between the obligation to deliver goods or services with the unconditional right to receive payment by way of a five step model framework for revenue recognition. As the Authority has relatively predictable income streams the impact has been minimal.
	1	Useable receipts now shown with a capital.
	1	Note added to refer to collection fund impairment: Although Council Tax and Non Domestic Rates within the Collection Fund accounts are statutory debts rather than financial instruments, the assessment of impairment allowance for doubtful debts takes into account the same type of information. In the current economic climate there is some uncertainty regarding future collection rates.
		Reference to note 48 now added (in addition to Note 37): In order to ensure compliance with the Code further details are covered in Note 37 Related Party Transactions and Note 48 Involvement with Companies.
	1	Accounting policy on Assets Held for Sale removed: The Council classifies assets as assets held for sale if the carrying amount is to be recovered through a sale rather than through continued use. The criteria for such a classification also include the asset being available for immediate sale in its present condition, the sale must be highly probable, there must be a management plan to sell the asset and it is being actively marketed. The sale also has to be expected to be completed within one year from the date of classification, although there are exceptions. Assets classified as held for sale are valued at the lower of carrying value, immediately prior to classification, and fair value less costs to sell, where known. If assets no longer meet the criteria to be classified as held for sale, they are reclassified as non-current assets, usually as Property, Plant and Equipment. The value of an asset treated in this way is the lower of: The carrying amount before it was classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale, or its recoverable amount at the date of the decision not to sell was reached.
	1	Additional information added on PFI: The Wirral Schools' PFI Scheme Project Agreement was originally signed in March 2001 and involved the rebuilding and/or refurbishment of one primary and eight secondary schools in Wirral. A Deed of Amendment was entered into on 9 September 2004 to extend the contract until July 2031. The first phase of the Project (Construction Works) was completed on the final schools in August 2006 and the Council now receive support services in accordance with a detailed set of Output Specifications. These include building and services maintenance, grounds maintenance, catering, cleaning, caretaking, security, utilities and telecommunications. Bullet points also added to existing note.
	1	Change from: Land and buildings, vehicles, plant, furniture and equipment are included at fair value' to: Land and buildings are included at current value. Specialist properties were valued using the Depreciated Replacement Cost method. Operational properties, where business is assumed to continue, were valued using the Existing Use Value method.
	1	Change from: Infrastructure assets and community assets are included in the Balance Sheet at historic cost net of depreciation, where appropriate; to: Infrastructure assets, community assets, vehicles, plant, furniture and equipment are included in the Balance Sheet at historic cost net of depreciation, where appropriate.
	1	Colon replaced with a full stop at the end of the sentence: Assets under construction are held at cost.
	1	Sentence amended to remove bad debt reference and include severance pay: The principal provisions relate to bad debts, rates appeals, severance pay and insurance claims. Sentence removed: The bad debt provision is deducted from debtors in the Balance Sheet, rather than being shown in provisions. As part of compliance with International Financial Reporting Standard 7, "Financial Instruments: Disclosure", amounts shown as due from debtors are individually or collectively (for debts that are not significant) reviewed for impairment annually and the level of the bad debt provision is adjusted accordingly. Debts due to the Council that become uncollectable are charged to the provision when the debt is approved for write-off. Debts which are found to have been raised in error, rather than being uncollectable, are charged back directly to services that raised the initial charges.

Section	Note	Reason
Critical Judgements in applying accounting policies	3	Narrative removed: The Council has made judgements about the likelihood of pending liabilities and whether a provision is required or a contingent liability noted. A provision will be made where a future event is uncertain but there is a legal or constructive obligation. For the 3 year period 2017/18 – 2019/20 the Council has agreed with the Merseyside Pension Fund that the pension deficit contribution payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. In 2017/18 the Council paid £35.068 million. Agreed as part of the Triennial review of the fund this arrangement has made a budget saving. In line with the Council's accounting policies and relevant regulations the amount relating to 2018/19 (£11million) has been accounted for in year, the amounts relating to 2018/19 (£11.683million) and 2019/20 (£11.211 million) has been offset against the pension liability in the balance sheet. The pension reserve will be brought into line with the pension liability in 2019/20 as the up-front payment arrangements are accounted for. For further details see note 44 Defined Benefit Pension Schemes. Investment properties have been assessed using the identifiable criteria under the international accounting standards and are being held for rental income or for capital appreciation. Properties have been assessed using this criteria, which is subject to interpretation to determine if there is an operational reason for holding the property such as regeneration.
Material items of income and expense	5	Note amended to include reference to McCloud: Significant items of income and expenditure in 2018/19 include: An additional increase in pension liabilities of £16.7m, reflecting the outcome of a recent court ruling. (See Note 3). The sale of the Acre Lane Professional Excellence Centre, Eastham. (See Note 21). An additional increase in pension costs of £16.7m, reflecting the outcome of a recent court ruling. (See Note 3).
Events after the balance sheet date	7	Date amended from 31 May to 31 July
Adjustments between Accounting Basis and Funding Basis under Regulations	8	Revised 18/19 table, reflecting pensions adjustment and MRP reversal & removal of: * An independent review has been undertaken to advise the Council on how to profile its Minimum Revenue Provision (MRP) for the repayment of its underlying debt liability. The Capital Financing Requirement (CFR) was restated for 31 March 2004, which indicated that deferred charges and long term debtors had been excluded from the original calculation. The amount of £17.785m is made up of the annual provision for MRP of £8.58m, offset by a £26.36m adjustment resulting from the change in the CFR. (See Note 10)
Expenditure & Funding Analysis	9	Updated for MRP reversal and pensions adjustment and £3k available for sale reserve adj. Rounding of £1k corrected in 17/18 total
Earmarked General Fund Reserves	10	Removal of Debt reprofiling reserve following MRP reversal and removal of the footnote: * An independent review has been undertaken to advise the Council on how to profile its Minimum Revenue Provision (MRP) for the repayment of its underlying debt liability. The Capital Financing Requirement (CFR) was restated for 31 March 2004, which indicated that deferred charges and long term debtors had been excluded from the original calculation. This has resulted in reassessment of the past provision for MRP of £26.36m, which, offset by the 2018/19 drawdown of £0.379 million, has resulted in a net movement on the Debt Reprofiling Reserve of £25.98m. (See Note 8) Overall movement in the reserves narrative amended from £30.7 million to £4.7m (made up of £31.3m million additions to reserve and £26.6 million contributions from reserve).
	10	Removal of: Debt Reprofiling. The Council takes a prudential approach the management of the repayment of long-term borrowing debt. The aim is to minimise the financial commitment to the revenue budget, over the long term, of the cost of meeting the capital financing requirement of the capital programme. This reserve has been created in 2018/19 following a debt payment review that examined past capital financing requirements and reprofiled the requirements for the funding of the consequences of this past borrowing. Consequently, this reserve holds the funding that has resulted from the assessment and the re-profiling debt payments over the long term. These annual revenue payments will be funded from an annual release of a specific
	10	'and PMO Development' removed.
	10	Rounding amended to align with MIRS and Note 25
Other Operating Expenditure	11	Replacement of: '..two primary schools which became part of the Co-op Academy Trust, with a further primary school transferring to Concordia Academy Trust' with: '.. two primary schools (Portland Primary and Woodslee Primary) which became part of the Co-op Academy Trust, with Town Lane Infants also transferring to Concordia Academy Trust'.
Financing & Investment Income	12	Note reference added to Note 30 on gains and losses on trading accounts line
	12	Gains and losses on trading accounts increased by £59k for building cleaning's share of the £16.7m pension increase
Heritage Assets	15	Re Environmental monitoring, wording changed to 'is' instead of 'will be'.
Investment Properties	16	Comparatives now added to the table on fair values
	16	Statement amended from: 'There were no transfers between levels 1 and 2 throughout the year' to 'There were no transfers from Level 2 to Levels 1 or 3 throughout the year'.
Financial instruments	18	Net gain/(loss) line made bold in the table
	18	Restatement to IFRS 9 table now included with narrative.
Useable reserves	24	General fund balance reduced by £3k (available for sale reserve correction). Earmarked reserves down by £25.98m due to reversal of MRP
	24	Rounding of values to match to MIRS

Section	Note	Reason
Unusable reserves	25	Capital adjustment reserve increase of £25.98m re MRP reversal and Pensions reserve increase of £16.7m. Footnote added to table: 'Further information on each of the above reserves is included on the pages that follow as part of Note 25'.
	25	Financial Instruments Adjustment Account amended to Financial Instrument Reserves (to enable this to be explained in the narrative as 3 separate reserves)
	25	Note added to explain the pension prepayment and the difference to Note 42: Due to an agreement to prepay a three year sum in relation to the historic pension deficit, starting in 17/18 (see note 44 for details) the Pensions Reserve total shown below does not match the Pensions Liability in note 42. This is because the liability was reduced by the whole sum of the prepayment in the first year and the reserve will be reduced as it is applied to the general fund.
	25	Removal of MRP reference: The Statutory Provision for the financing of Capital Investment charged against the General Fund reflects the outcome of an independent review to advise the Council on how to profile its Minimum Revenue Provision (MRP) for the repayment of its underlying debt liability. The Capital Financing Requirement (CFR) was restated for 31 March 2004, which indicated that deferred charges and long term debtors had been excluded from the original calculation. The amount of £17.785m is made up of the annual provision for MRP of £8.58m, offset by a £26.36m adjustment resulting from the change in the CFR. (See Notes 8 and 10).
	25	Deferred capital receipts: £0.598m increased to £0.599 million to align with main table. Note added to reference the McCloud case and refer back to Note 3: – including the impact of a recent court ruling on pensions as outlined in Note 3
	25	Accumulated absences note amended to £3.220 million to correct rounding of £1k.
	25	Collection fund reserve note amended to: At 31 March 2019, the account had a balance of £841 million Credit (2017/18 £1.588 million Debit), representing the Council's share of the overall Collection Fund balance. Financial instruments reserve note amended to show the 18/19 balance on the FI adj account as ££2.689m and 17/18 amended to nil on the FI revaluation reserve/pooled fund.
Cash flow statement	26	Cost of service pension adjustment of £11.1m in operating cash flows and £3k reduction in other non cash items (for available for sale reserves adjustment)
Pooled budgets	31	£59k increase in loss - due to share of pensions adj of £16.7m
	31	Additional wording added to explain the funding increase: The pooled budget is governed by Wirral Health & Care Commissioning (WHCC). The increase in funding provided to the Pooled Budget during 18/19 reflects additional services brought into the revenue pool - including complex care packages and mental health services. 'entered into' removed from 1st line of note.
Officers Remuneration	33	Eric Robinson's name added to 18/19 table
	33	£60k-£80k and £80k to £100k bands combined - as only one individual in each band. (Agreed with S Halewood)
	33	Remuneration typo in headings amended to Remuneration
External Audit Costs	34	£17k added for CFO insight costs
Grant income	36	Pupil premium increased to £13,056k from £10,788k
Capex & capital financing	38	MRP reprofiling removed - £26,360k - and MRP line reduced by £379k for the in year drawdown
PFI	40	Additional wording added: Bebington High and South Wirral High have adopted Foundation status. University Academy Birkenhead, Weatherhead High, Hilbre High, Wirral Grammar School, Kingsway Academy and Prenton High have adopted Academy status. The assets relating to the Academies are no longer reflected in the Balance Sheet.
	40	2 additional schools added into PFI note.
Defined Benefit Pension Schemes	44	Note amended to say 'The Council participates in the following post-employment schemes:' rather than 2 schemes. Note added on the Unfunded Teachers Scheme - linking back to Note 43: Unfunded Teachers' Scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme referred to in Note 43. These costs are accounted for on a defined benefit basis and the Council is not liable to the Scheme for any other entities' obligations under the plan.
	44	Gain/(loss) on settlements increased by the cost of service pension adj of £11.1m. Return on plan assets increased by £5.6m for the remainder of the £16.7m pension adjustment
	44	LGP liability increased by £16.7m
	44	Note added to explain the pension prepayment: The liability below differs to the pension reserve in note 25. This is due to a prepayment agreement referred to in the Impact on the Authority's Cashflows section of this note. This is because the liability was reduced by the whole sum of the prepayment in the first year and the reserve will be reduced as it is applied to the general fund.
	44	Remeasurements reduced by £5.610k due to £16.7m pensions adjustment
	44	Past service costs increased by £11093k - being remainder of £16.7m pension adj
	44	LGPS assets reduced by £5.61m as part of £16.7m pension adj
	44	Sensitivities updated for revised actuarial report

Section	Note	Reason
Risks arising from Financial Instruments	47	Bad debt provision reference changed to impairment and table values aligned with note 19. Narrative changed from: Trade receivables are also subject to non-payment, a bad debt provision is calculated for these based on the historic experience of levels of default. By including these provisions within the accounts the credit risk is recognised in the accounts'. Changed to: Trade receivables are also subject to non-payment and are reviewed for impairment. By adjusting for impairment the credit risk is recognised in the accounts.
	47	Trade receivables table aligned with Debtors note, including reference to impairment
	47	Maturity of borrowings table amended to include Over 10 but not over 20 line and shift cells down. (Cells previously aligned with the heading). Asterix also added to link to note below on LOBO loans.
	47	LOBO loan footnote amended to link back to Note 18: * Included in the table above (on the Uncertain date line) are £102.1m (2018: £112.1m) of "Lender's option, borrower's option" (LOBO) loans, valued at amortised cost (see Note 18), with a principal value of £107.5m (2018: £113.5m). These are loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain. The Effective Interest Rate on these loans ranges from 4.68% to 9.18%. Note re-ordered to fit better on page.
Involvement with Companies	48	New note added to cover relationships with other entities: Involvement with Companies. The Council has relationships with a number of entities over which it has varying degrees of control and influence. These are classified according to whether they are subsidiaries, associates or joint ventures. Evolutions Limited is an associate of the Council, with Edsential Limited and the Wirral Growth Company Limited Liability Partnership being classified as joint ventures. An entity is an associate when the Council is an investor and has the power to exercise significant influence over the entity's operating and financial policies. It is presumed that significant influence exists when the Council holds more than 20% (but less than 50%) of the voting rights of an entity. An entity is a joint venture when the Council has established a contractual arrangement with a third party to undertake an activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of all parties, and where the Council has rights to share the net assets of the arrangement.
Restatement of 2017/18 cost of services	49	New note added to show how cost of services in the 17/18 accounts have been remapped in 18/19.
Pension accounts		Presentational changes made as advised by Pensions team (Donna Smith)
Glossary		Section number changed to 6
Narrative Report	-	Removal of duplicated wording: 'In managing borrowing levels the aims are to reduce..
	-	Amounts for Useable reserves changed to £87.4m from £113.4million at 31 March 2019 and Earmarked Reserves amended to £59.6m from £85.5 million - reflecting the MRP adjustment of £26m.
Statement of responsibilities	-	Wording amended to reflect the change in ARMC date: The accounts remain subject to formal external audit and may be amended as part of that process. The Statement of Accounts are to be considered by the Audit and Risk Management Committee on 22 September and will be published following approval by the Committee.
Audit report	-	Wording updated to reflect the date changes on ARMC timings: These statements are presented prior to the start of the audit of the accounts. The auditor's report on the 2018/19 Statement of Accounts will be included in the final Statement of Accounts to be published following the Audit & Risk Management Committee meeting on 22 September 2019, once formally approved by the Committee.
AGS	-	Paul Satoor's signature updated to replace Eric's and date changed to 31 July.
Accounting policies	1	Sentence removed: Impairment can also be recognised where capital spending does not result in a corresponding increase in the carrying value of an asset.
Earmarked General Fund Reserves	10	Overall movement in the reserves narrative amended from £30.7 million to £4.7m (made up of £31.3m million additions to reserve and £26.6 million contributions from reserve).
Cash & Cash Equivalents	20	Bank overdraft changed to Cash at bank/(Overdraft) as 17/18 was in credit
Pensions	44	Table updated to switch descriptions of Past Service Cost and (Gain)/Loss from Settlements with the to align to the right values. Formula in the Total post employment benefits line changed to add to the correct values.
	44	New footnote added re McCloud impact and * added to 18/19 LGPS column heading: * The 18/19 costs of the Local Government Pension Scheme include £16.7m resulting from the McCloud and Sargeant court case (see note 3). £11.1m of this relates to past service costs and £5.6m reflects the associated remeasurement of assets and liabilities included in the Return on Plan Assets line of the above table.
	44	Wording changed from '.is as follows:' to 'as set out in the table below'. Final sentence amended from: This is because the liability was reduced by the whole sum of the prepayment in the first year and the reserve will be reduced as it is applied to the general fund. To: This is because the liability was reduced by the whole sum of the three year prepayment in the first year and the reserve is reduced as it is applied to the general fund each year.
	44	Additional sensitivity comment added on McCloud: In 18/19 the impact of the McCloud and Sargeant court ruling (see note 3) resulted in additional pension costs of £16.7m, which remain very sensitive to the assumptions applied. For example, if future real pay growth assumptions were changed from 1.5% above CPI to zero, the additional costs could be as low as zero. If future real pay growth of 0.75% p.a. above CPI was anticipated this could result in additional past service liabilities of c £5.5m at 31 March 2019 and additional projected service costs for the year commencing 1 April 2019 of £1m pa.

Section	Note	Reason
Involvement with Companies & Restatement of 17/18 cost of services	48-49	Format of note headings aligned with other notes (unbold).
Narrative report	-	Link to Ofsted report added: The full report is available to view on the Ofsted website: https://files.api.ofsted.gov.uk/v1/file/50096454
Narrative report	-	'is referred to below in' removed, with 'below' added to the end of the sentence.
Statement of Responsibilities	-	Date amended to 23 September 2019 - to reflect the agreed Audit Committee date
Audit report	-	presented prior to completion' of the audit, has now replaced prior to the start of the audit. Date of the Audit Committee amended to 23 September 2019
Earmarked reserves	10	Values amended to align with the table: Overall movement in the reserves is £4.7 million (made up of £14.0 million additions to reserve and £9.3 million contributions from reserve).
Cash flow	26	Proceeds from sale of property adjustment reduced by £6.93m - representing the Acre Lane debtor
	27	Proceeds from sale of property reduced by £6.93m - representing the Acre Lane debtor
	-	Revisions reflecting the above adjustments for the Acre Lane debtor of £6.93m.
External Audit Costs	34	£4.2k Teachers Pension fund audit moved to fees payable for grant claims and returns line, rather than being shown in other services
Pension schemes	43	The figures for 2017/18 were £9.826m' has been removed with 17/18 values added in brackets next to 18/19 numbers. 'The figure for 2017/18 was £0.164m' has been removed with 17/18 values added in brackets next to 18/19 numbers. Stranded 'were' removed from first sentence under Public Health. Full stops added to the end of sentences where they were missing.
Defined Benefit Pension Schemes	44	(LGPS) added after Local Government Pension Scheme
	44	'below' added to refer to table (first para)
	44	General Fund' amended to capital first letters - and amended throughout the document for consistency.
	44	Font amended to Arial from Calibri and paragraph spacing added
	44	Heading on Defined Benefit columns now centred
	44	Final para of Impact on the Authority's cashflows amended to refer to 19/20 not 18/19 - re anticipated contributions.
	44	Accrued liabilities amended from £8.81bn to £8.081bn. Teachers and Health workers headings changed to italics.
	44	Stranded 'Other Risks' heading moved to next column
Risks from financial instruments	47	£'000 added to final column in table. 'the' added before Council's in the narrative.
General		Council, Councillor and Authority changed to start with Capitals throughout main accounts
Expenditure & Income Analysed by Nature	29	Gain on disposal amended to 'Loss/(Gain) on Disposal'.
CGS		£1,125 million amended to £1.125 million
Grant Income	36	Levy account surplus grant of £1.23m now split out from business rates line.
Defined Benefit Pension Schemes	44	2018/19 Global Unquoted Investments in pension scheme assets table amended from £30,713k to £118,986k. (Link had been made to UK Unquoted toolkit value in error, duplicating the value of £30,713k in the table. No change required to totals).
MPF accounts		'tEST' removed from table heading. (No change required to accounts presented to Pension Committee as this was an error in the consolidated version only, when the links to supporting Excel table were being tested)
Front cover		'Subject to Audit' removed.

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**Audit and Risk Management Committee
Monday, 23 September 2019**

REPORT TITLE:	Closedown Process 19/20
REPORT OF:	Director of Finance & Investment (S151)

REPORT SUMMARY

This report has been produced in response to a request from the Audit & Risk Management Committee to provide assurance on planned improvements to the annual Closedown Process. These improvements are designed to achieve submission of the annual Statement of Accounts to the Committee - for final approval - in advance of the target publication date of 31 July.

RECOMMENDATION/S

The Audit & Risk Management Committee is requested to note and support the following actions being taken by the Director of Finance and Investment (S151):

- i. Investigation of the option to purchase Chartered Institute of Public Finance and Accountancy (CIPFA) Closedown Software, to enable greater automation of the Closedown Process and Statement of Accounts production; and
- ii. Initiation of a joint workshop with Grant Thornton LLP, the Council’s external auditors, on audit planning improvements for the year ending 31 March 2020.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The current Closedown Process accounts for a significant proportion of finance resource time and effort in any given year - with activity spanning an intensive period of at least six months, from February to July each year.
- 1.2 The intensity of this activity was recently heightened in 17/18 when the deadline for finalisation of the accounts was brought forward from 30 September to 31 July. This change was made despite warnings issued by the Local Government Association (LGA) about curtailing the timetable, in the context of reducing funding and pressures on front-line services.
- 1.3 Recent statistics published by the Public Sector Audit Appointments Limited (PSAA) confirm that 40% of Local Authority audits had not concluded by the target date of 31 July. In response to this, the LGA has now made a request for the deadline of 30 September to be restored.
- 1.4 In acknowledgement of the burden placed on Councils of the Closedown Process, the new CIPFA president has also set an objective for this year to simplify Council accounts and make them 'more useful to stakeholders'.
- 1.5 During the Closedown Process, the current deadlines for publication and finalisation of the Statement of Accounts - by 31 May and 31 July respectively – have to be given priority and divert key Finance Team members from other business critical tasks for a significant period of time.
- 1.6 Although the 31 May deadline was met this year and the accounts were formally re-published on 31 July, the audit of the accounts had not concluded in time for the accounts to be formally approved by this date.
- 1.7 The key reasons for this are the number of changes that needed to be made to the accounts, after their initial publication, to reflect:
 - Additional pension fund liabilities, following a court ruling at the end of June 2019 on the McCloud & Sargeant case;
 - Changes to the accounting treatment of the Minimum Revenue Provision (MRP); and
 - Additional disclosures to reflect the impact of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'.
- 1.8 The extent and timing of these changes, coupled with significant resource pressures experienced by both the Council and Grant Thornton, led to a delay in conclusion of the audit.
- 1.9 To minimise the risk of this situation happening again, efficiency improvements need to be made to internal processes for closing the accounts and preparing for the external audit. In addition, opportunities to improve the efficiency of the external audit also need to be explored.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Bringing in temporary additional resources to help address pressures on the Finance Team during the Closedown Process is an option that has been considered. However, the Finance Team Restructure – which is currently underway – is expected to address several issues that contributed to the delay in finalising the Statement of Accounts this year.
- 2.2 These include the creation of a designated Strategy, Policy & Financial Accounts team which, once all vacancies are filled, will increase the number of staff directly responsible for this activity. As a result of the restructure, reliance on key individuals will also be reduced to ensure that the Finance Team is better able to respond to instances of unplanned absence.
- 2.3 Increasing resources in the Strategy, Policy & Financial Accounts team is also expected to enhance technical capability and help to reduce pressures on key individuals during Closedown.

3.0 BACKGROUND INFORMATION

- 3.1 The key activities carried out by the Finance Team as part of the Closedown Process are as follows:
- Planning, producing and communicating the Closedown Process timetable across the organisation;
 - Ensuring that the year-end Trial Balance in the accounting system appropriately reflects all transactions for the year, in line with Accounting Standards and the Council's own Accounting Policies;
 - Completing the CIPFA Toolkit – to collate the financial information needed to complete the Statement of Accounts tables;
 - Producing the Statement of Accounts and gathering supporting narrative information from across the organisation;
 - Preparing detailed Audit Working Papers to support all values included in the Statement of Accounts and demonstrate compliance with the CIPFA Code of Practice;
 - Supporting the external audit by gathering responses to audit queries on the Statement of Accounts and detailed transactional activity (pre and post year-end), as well as accounting processes and controls;
 - Processing any agreed changes through the Statement of Accounts; and
 - Responding to any Public Accounts Inspection queries.
- 3.2 The Statement of Accounts is a complex document, consisting of over 200 pages; incorporating the accounts of the Collection Fund and the Merseyside Pension Fund. The level of disclosure required in the accounts is significant and the complexity of the Council's operations, coupled with changes in accounting standards, often require careful consideration of highly technical accounting issues.

- 3.3 Creating the financial tables for inclusion in the Statement of Accounts is currently a manual process, requiring Trial Balance information to be re-keyed into an Excel based CIPFA Toolkit. During this year, changes were made to the format of the Statement of Accounts which enabled the financial tables to be directly linked to the Toolkit for the first time. This improvement was designed to enable changes to be made more dynamically and to reduce the risk of error. Ultimately, this approach has reduced the time needed to process changes through the Statement of Accounts and the risk of error. However, the time and effort invested in making this change was significant – requiring detailed validation checks on the form and content of the new style tables.
- 3.4 Moving to greater automation, particularly in terms of creating the financial tables for inclusion in the Statement of Accounts, is seen as the logical next step to further improve the process for next year. The option to explore the potential benefits of implementing the CIPFA Closedown Software is therefore recommended in this report.
- 3.5 The expected advantages of the CIPFA Closedown Software are:
- Faster Closedown - through automated, direct links from the Trial Balance held in the accounting system into the financial tables in the Statement of Accounts;
 - Simplified Compliance – through routine updates to the software for changes in Accounting Standards and compliance with the CIPFA Code of Practice. Use of updated software will require changes to be made in the accounting systems from the outset to achieve compliance. (The current CIPFA Toolkit is no longer being updated for Accounting Standard changes. Manual adjustments were therefore required this year in the Toolkit to reflect key changes resulting from IFRS 9 ‘Financial Instruments’);
 - Reduced Risk of Error – resulting from automation and reduced manual intervention;
 - Faster Audit – due to improved transparency of the link between the Trial Balance and the Statement of Accounts, fewer compliance issues (due to use of updated software to drive compliance with changes in Accounting Standards) and lower risk of error; and
 - Reduced Resource Demand - enabling key Finance Team resources to allocate more time to critical, value added activity across the Council’s operations.
- 3.6 A number of issues were experienced with the audit process this year, which are acknowledged by both the Council and Grant Thornton. The areas of improvement that have been identified, as a result of a Lessons Learned exercise within the Finance Team and initial consultation with Grant Thornton, largely relate to improvements in planning to ensure that the right resources are in place, at the right time, and with the right quality of information available to them.
- 3.7 Key areas for focus include:
- Visibility of detailed plans for external audit activity, to enable co-ordination of activity with key Finance Team resources supporting each area and upfront agreement of deadlines;

- Review of the form and content of standard audit working papers – to ensure that their content meets the needs of the audit and that analytical review, explaining variances from one year to another, is captured as an integral part of their production;
- Increased pre-year activity to prepare for the audit, with as much audit work as possible completed in advance of 31 March and information to support audit working papers gathered throughout the year;
- Greater knowledge sharing with new members of the audit team - to ensure familiarity with their areas of responsibility, the appropriateness of their skill levels (ideally matched with previous Local Authority experience) and a basic understanding of the Council's systems and processes;
- Prioritisation of audit fieldwork to focus on key risk areas - to ensure that the most significant areas are covered first, with any issues discussed and resolved at the very start of the audit; and
- Preparation of a high-level plan for annual Finance Team activity, to ensure that other key activities (including annual Budget preparation and Medium Term Financial Plan updates) do not conflict with the demands of the Closedown Process.

3.8 To explore these key areas, a joint workshop is proposed with Grant Thornton, with an expectation that this will be timetabled within the next four to six weeks.

4.0 FINANCIAL IMPLICATIONS

4.1 If the outcome of a review of the CIPFA Closedown Software results in a recommendation to purchase the software, the expectation is that this may cost in the region of £15k to £25k (£10k for the software purchase plus CIPFA implementation costs). In addition, temporary specialist resources may be required for a short period to support the initial set-up and testing phase.

5.0 LEGAL IMPLICATIONS

5.1 It is a legal requirement to publish the Statement of Accounts. This would ordinarily be completed by 31 July each year, subject to completion of the audit. If the audit has not concluded by 31 July, as was the case this year, the Council is required to publish the reasons for this under Section 10.2a of the Accounts and Audit Regulations 2015 and to issue the audited Statement of Accounts as soon as reasonably practicable after the issue of the Audit Opinion.

5.2 Implementing the recommendations included in this report would help to reduce the risk of the Council being in this position again.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no resource implications arising directly from this report. Should a decision be made to implement the CIPFA Closedown Software, additional temporary resources may be required, as stated in the Financial Implications section above.

7.0 RELEVANT RISKS

- 7.1 Although failure to meet statutory deadlines for the publication and finalisation of the Statement of Accounts carries no formal penalty, failure to improve the efficiency of the Closedown Process carries a reputational risk to the Council.
- 7.2 In addition, if the Closedown Process is not improved, key resources in the Finance Team cannot support other business critical activity on a timely basis.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Grant Thornton have been consulted in producing this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 There are none arising directly from this report.

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APPENDICES

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	22 July 2019



Audit and Risk Management Committee
Monday, 23 September 2019

REPORT TITLE:	Statement of Revenue and Capital Budget Position for 2019/20
REPORT OF:	Director of Finance & Investment (S151)

REPORT SUMMARY

REPORT SUMMARY

This Statement provides a summary of the projected year-end revenue and capital positions as at Quarter 1, 2019/20 (June 2019).

Regular monitoring and reporting of the Revenue Budgets, savings achievements, medium term financial strategy (MTFS) position and the Capital Programme enable decisions to be taken faster which may produce revenue benefits and will improve financial control in Wirral Council.

The content of this report was presented to the Cabinet at its meeting on 2nd September 2019 and contained a number of recommendations, which have not been included here. It is the responsibility of Cabinet to monitor and make decisions on budgets. Scrutiny Committees have a responsibility to scrutinise the decisions of Cabinet. This report is produced to provide assurance that officers are monitoring and forecasting regularly and the risk of an adverse forecast is being mitigated.

The year-end revenue forecast recorded as part of June’s financial monitoring activity represents an adverse variance from budget of £4.327m. Plans are, in some cases, in place to mitigate the overspend whereas in other areas these are still being developed. Due to the Council’s financial position, an adverse budget variance is not viable and Corporate Directors will be supported to ensure that a balanced budget will be achieved by the year-end.

The report also provides an update on the progress of the Capital Programme for 2019/20 as at the end of June 2019. The 2019/20 Capital Programme of £88.3 million is inclusive of re-profiling, additional funding requirements and grant variations identified since February. Expenditure to date is £2.9 million.

This matter affects all Wards within the Borough.

RECOMMENDATIONS

Revenue

- The Committee notes the year-end adverse forecast position, as at Quarter 1, of £4.327 million above budget.
- The Committee notes the savings proposed for 2019/20.
- The Committee notes the revisions to the MTFS 2020-2025.

Capital

- The Committee notes the expenditure position as at Quarter 1 of £2.9 million.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide an update to the Audit and Risk Management Committee on the on-going monitoring and reporting of the Revenue Budgets, savings achievements, MTFS position and Capital Programme.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 REVENUE

3.1.1 This Statement provides a summary of the projected year-end revenue position as at Quarter 1, 2019/20 (June 2019).

3.1.2 The year-end forecast recorded as part of June's financial monitoring activity represents an adverse variance to budget of £4.327m. Plans are, in some cases, in place to mitigate the overspend whereas in other areas these are still being developed. Due to the Council's financial position, an adverse budget variance is not viable and Corporate Directors will be supported to ensure that a balanced budget will be achieved by year-end.

Table 1 2019/20 Budget and Forecast

Objective Analysis	Full Year		Variance		Adv/Fav
	Budget £m	Forecast £m	£m	%	
Adult Care & Health	87.790	87.790	(0.000)	0%	
Children	86.581	89.155	(2.575)	-3%	Adverse
Business Management	(11.963)	(11.766)	(0.198)	-2%	Adverse
Economic Housing Growth	20.048	19.969	0.079	0%	
Delivery	66.752	68.385	(1.634)	-2%	Adverse
Directorate Deficit	249.207	253.534	(4.327)	-2%	Adverse
Support / Admin Building Overhead	36.002	36.002	0.000	0%	
Total Deficit	285.209	289.535	(4.327)	-2%	Adverse

**An adverse variance is one where the forecast position is worse than the planned position, conversely, a favourable variance is where the forecast position is better than the planned position.*

3.2 DIRECTORATE SUMMARY

Adult Care and Health

- 3.2.1 Forecast - Balanced Position: The balanced position presented for Adult Care & Health is contingent upon the full delivery of the department's in-year efficiency plan.
- 3.2.2 Demand for services is the key driver of risk in Adult Care and Health: Increased demand for adult social care services is seen predominantly in the care at home sector, where the volume of home care and supported living services provided in the last twelve months has increased by 9.8% and 10.0% respectively.
- 3.2.3 In comparison, demand for traditional residential and nursing home services has only risen by 0.5% during the same period.
- 3.2.4 Failure to achieve some or all of this will result in a net budget deficit at year-end; the maximum risk exposure is £5.0m. The efficiency plan comprises two elements:
- Firstly, the department is building on the success of last year's £2m Learning Disabilities Transformation Programme in order to drive a further £2m of savings in 2019/20.
 - Secondly, work is ongoing with the Council's NHS partners (Wirral Community Trust and Cheshire & Wirral Partnership) in order to manage demand for social care by maximising service user's independence and wellbeing. Savings targets have been agreed with each provider and are being monitored through a robust contract management process.

Further detail regarding performance is held in the savings summary.

- 3.2.5 The ringfenced Public Health grant continues to be forecast to balance to the budget.

Children's Services

- 3.2.6 Forecast - £2.575m Adverse Variance Position: The £2.575m forecast adverse position is largely due to the Looked After Children (LAC) Placement and additional service pressures described below. Some of these pressures are forecast to be mitigated by employee vacancy savings:
- 3.2.7 Children's Social Care - Full Year Forecast: £2.347m Adverse
- 3.2.8 Looked After Children (LAC) placement expenditure – Full Year Forecast: £2.495m Adverse.
- Although there was not a significant increase in the number of LAC, there are pressures on expenditure which are driven by increases in complexity of need and market rates which are supplier driven. The average rate for residential placements for this period is £3,091 per week (£3,073 per week last quarter), an increase of 17% from the base rate used for budget setting. Following Ofsted inspections, detailed plans, which include the review of the future for the LAC placements, are underway.

- The neighbouring authorities are experiencing a similar trend of increased rates, also an increase in LAC numbers. Wirral is performing favourably compared with the other authorities in both aspects.

3.2.9 Modernisation & Support - Full Year Forecast: £0.048m Adverse

- £0.048m pressure from the contact contract (supervised visits) with Active8 is included in this area's forecast. The increased pressure is due to the extension of this contract and the delay in operating the service in-house, which will be at a reduced cost. This has been mitigated by the surplus from employee costs.

3.2.10 Early Help & Prevention - Full Year Forecast: £0.315m Favourable

- £0.3m pressure from the Complex Investigation Team, £0.17m loss of income from the cessation of non-statutory service and £0.14m additional pressure from the Emergency Duty Team (EDT). The favourable position is driven by part year vacancies and staff not at top of grade, as well as the Pause programme (£0.45m) being on hold.
- There is an additional burden of the new cost sharing arrangement with Adult Social Care (£0.106m).
- Troubled Families income is forecast to achieve the target. However, it remains challenging considering the increased income target by £0.6m in addition to addressing the reduction in guaranteed Government grant income on Attachment Fees by £0.48m.

3.2.11 Schools: Full Year Forecast: Balanced position

- Schools are forecasting a balanced position, but further detailed work is ongoing to identify likely spend on Special Education Needs (SEN), with a more representative forecast expected for Quarter 2. Current demand on SEN services is outweighing the grant funding available and the budget includes a contribution from the ringfenced Dedicated Schools Grant (DSG) reserve of £2.3m, leaving no funding in reserve for future years. An independent review of SEN provision is in progress with outcomes expected by the end of the Autumn term.
- Individual school budgets are also under increasing pressure due to increasing pay and pension costs amongst other pressures, and there is currently no indication of any additional funding in future years (subject to the Central Government spending review). There was £8.9m remaining in the school balances reserve at the end of 2018-19, but a number of schools are having difficulty setting a balanced budget for 2019-20, with a likelihood that the reserve will reduce further.
- A more detailed report identifying the key pressures and risks relating to schools funding will be produced for Cabinet later in the year.

3.2.12 Safer Wirral Hub - Full Year Forecast: £0.140m Adverse

- The key driver of the variance is within community safety, with regard to staffing related expenditure (£0.060m), and an under-achieved income target (£0.220m), due to a loss of major clients – Magenta Housing and Academy Schools. Restructure is currently ongoing to address this position.
- Other areas of Safer Wirral Hub are offsetting the overall position with no expectation of reduced service provision.

Business Management

3.2.13 Forecast - £0.198m Adverse Position

3.2.14 Legal & Governance is the main aspect of the forecast variance - Full Year Forecast: £0.265m Adverse

- The key driver is within the Coroner's service. Deficit position is due to an increase in accommodation costs and an increase in demand for the service. Currently the risk is not mitigated, but analysis is being undertaken with Liverpool City Council, as this is a shared service, with the aim of reducing the expenditure.

Economic Housing and Growth

3.2.15 Forecast - £0.079m Favourable Position

- The majority of the favourable forecast position is driven by savings of £0.073m in employee costs due to the delay in senior recruitment and £0.024m of improvements to income due to increased demand in planning.
- Income of £5.45m was originally anticipated in 2019-20 from development within the Wirral Growth company. However, as the partnership with Muse has matured, the partnership agreement has been refocussed to ensure any development is designed in consultation with residents, Members and partners to ensure the maximum financial and economic benefits can be realised for the Council. This may result in additional income but the expectation is that funds will be received later than originally planned. The income variance will be offset by a reduction in associated expenditure of £1m, expenditure that can be capitalised of £0.6m and a transfer from the Economic Growth reserve, which was established to cover such delays in regeneration developments.
- Delivery of the Local Plan remains a key priority, with regular meetings with the Queen's Council (external legal advisors) to ensure robust evidence is in place. Available reserves have been set aside to cover the local plan costs, with an estimated cost of delivery £2m over three years.

Delivery

3.2.16 Forecast - £1.634m Adverse Position

3.2.17 Community Services - Full Year Forecast: £1.046m Adverse

- There are ongoing income pressures (£0.3m) within Sport & Recreation which the service is working to mitigate. Commercial officers have been appointed to the Service to improve demand for memberships and explore new income streams aimed at reducing this adverse pressure.
- The expectation of the 2019-20 budget was for the approved budget savings, relating to the transfer of operations at the Floral and two golf courses, to be fully achieved. However, continuing delays in the implementation of both projects will mean the £0.66m saving target is unlikely to be realised in 2019-20 and has yet to be found.

3.2.18 Highways & Streetscene - Full Year Forecast: £0.985m Adverse

- Car parking income is expected to fall short of the budgeted target by approximately £0.3m. This is due to less car parking income available from Asda supermarket customers.
- The termination of the Council's Litter Enforcement contract highlighted a net budget shortfall of £0.5m within the Waste & Environment Service Area. Officers are reviewing alternative options to bridge this budget shortfall.
- There has been a slower than anticipated take up of the Garden Waste Subscription service. If this trend were to continue it could cause a budget shortfall of approximately £0.2m. Work is ongoing to attract new subscribers through promotional activity and advertising, aimed at reducing this variance.

3.2.19 Housing - Full Year Forecast: £0.392m Favourable

- The favourable budget forecast within Housing is predicated on the current cost of Supported Housing contracts based on current occupancy rates.

3.3 ACHIEVEMENT OF 2019-20 SAVINGS

3.3.1 In March, the Council approved £45m of savings to balance the 2019-20 budget. As at Q1, 86% are achieved or expected to be achieved. 8% are partly achieved or require further work to ensure the full saving can be achieved by the end of the year. 6% are at risk of not being delivered. These are:

- Children - Business Support Saving. This was originally planned to be delivered through a back-office review, and the restructure. The element required through the restructure has not materialised and the saving is now being re-analysed as part of back-office review.

- Floral - Submissions from preferred providers of an expert operator model for the Floral Theatre will be received, with a recommendation passed to the Portfolio Holder to enable negotiations. The saving was predicated on a full year saving of Revenue costs (£0.55m), which will not fully materialise in this financial year.
- Golf - A preferred provider, as an expert operator for the golf courses, has been identified. Following an O&S Committee the saving is yet to be realised. The delay in the project will impact the level of revenue savings which can be achieved in 19/20. The £0.11m saving was predicted on a full year position.

3.4 MEDIUM TERM FINANCIAL STRATEGY 2020-2025

- 3.4.1 Each quarter the revisions to the Medium Term Financial Strategy (MTFS) will be reported to Cabinet. The MTFS is a dynamic document which changes as a result of many factors e.g. changes to market growth, revisions to savings plans, changes to legislation, delays or accelerations to ongoing projects etc. Each year in order to reset the MTFS to ensure it is robust, all the current savings plans and pressures are removed to assess the extent of the budget gap for the following year. This is to enable a true representation of the financial position.
- 3.4.2 For 2020/21 the current pressures total £56m. These include the expected final cut of the government grant and an expected cut to the Public Health Grant, demand and increased case complexity pressures from social care, the loss of income from the termination of the Kingdom contract, contractual inflation and an anticipated increase in pension costs. These pressures have been reviewed and revised to ensure they represent an accurate picture. The savings to offset these pressures in 2020/21 total £16m. These include innovative and preventative activities to offset demand, increased income and staffing changes. Therefore, the anticipated budget gap for 2020/21 is £40m.
- 3.4.3 At present there is uncertainty over whether any funding will be available from the Government for 2020/21 as the outcome of the funding formula review has not yet been announced. This makes it very difficult to plan over the longer term. It is anticipated that the result of this and an announcement on funding will be available in December 2019. This may result in the current budget gap being less than expected of £40m. However due to the late notification of this, work is currently underway to identify proposals to meet the £40m gap from 2020/21. In the event of the Government providing additional support via funding, it is anticipated that this will only delay the requirement for the £40m by 12 months to 2021/22. Therefore, planning is underway to mitigate this gap in advance.

3.5 CAPITAL PROGRAMME

PROPOSED CAPITAL PROGRAMME FOR 2019/20

3.5.1 The Programme for 2019/20 is a dynamic programme and as a result is subject to change. It now reflects the following changes since the programme was originally approved in February. These are then detailed in Tables 2 and 3.

	£m
Programme agreed by Cabinet on 18 February 2019	90.083
Re-profiling	(7.079)
Additional grant funding	7.434
Additional requirement	0.642
Reduced requirements	(2.346)
Revised 2019/20 Programme	88.734

Table 2: Capital Programme 2019/20 at 30 June 2019

	Capital Strategy (as agreed at Council)	Proposed Programme	Q1 Actual Spend
	£m	£m	£m
Adult Care & Health	6.747	7.258	0.056
Business Management	9.951	10.508	0.009
Children Services	6.255	8.847	0.601
Delivery Services	39.418	42.869	2.093
Economic & Housing Growth	27.712	19.252	0.132
Total Expenditure	90.083	88.734	2.891

NB: Capital Programme expenditure is seasonal, actual spend to date is not the only indicator of over / underperformance of the capital programme. Analysis work is currently underway to enhance phased forecasting information.

Table 3: Significant Variations to the 2019/20 Programme identified since March 2019

Scheme	£m
Adult Care & Health	
Extra Care Housing - re-profiling	0.440
Business Management	
Sustainable Transport Enhancement Programme	0.374
Windows 10 Rollout	(0.250)
Children Services	
Schools modernisation, remodelling and basic needs – grant variation and re-profiling	2.169
Delivery Services	
Transport for Growth grant variation and re-profiling	2.661
LED street lighting replacement – reduced requirement and re-profiling	(1.666)
Street lighting column upgrade/replacement - re-profiling	(1.115)
Aids to navigation – re-profiling	(0.720)
Key Route Network	0.259
Landican chapels - re-profiling	0.200
West Kirby Sailing Centre – re-profiling	0.209
Aids, adaptations and DFGs - grant variation and re-profiling	4.006
Clearance	(0.200)
Home improvements	(220)
Parks machinery – subject to further review/report	(1.323)
Parks vehicles – subject to further review/report	(0.552)
Highway maintenance - reprofiling	0.193
Tower Road National Productivity Investment – re - profiling	0.188
Dock Bridge and other bridges – re-profiling	0.178
Beach cleaning equipment – re-profiling	0.171
Economic & Housing Growth	
Wirral Waters Investment Fund – re-profiling	(4.200)
Eureka – additional funding requirement	0.200
Community Bank - re-profiling	(4.250)
Other minor variations	1.457
Total	(1.791)

3.5.2 Current progress on the more significant schemes is provided in the following sections.

3.6 DIRECTORATE UPDATES

Adult and Social Care

- 3.6.1 **Extra Care Housing:** The Council is to pay Alpha Living 75% of the allocated grant of £0.44m in order for 78 units of extra care to be developed at Woodpecker Close. Site works have now commenced. Completion is expected to be in August 2020. 75% of the grant of £0.105m is also due to be paid to Magenta for the 21 extra care apartments at Barncroft. 25% of the grants are held back based on completion criteria.

Business Management

- 3.6.2 The largest scheme within this area is the Enterprise Resource Planning project. This scheme, relating to core IT financial systems, is currently in the Discovery stage with the intention to shortly move into the Design phase. The proposed Invitation to Tender is scheduled to go out in the Autumn.

Children's Services

- 3.6.3 **West Kirby Primary School:** The project consists of a new main entrance with improved security, reception and office, minor internal re-configuration and infill of an unused area to form a new classroom in a non-traditional design. The scheme has a committed value of over £0.3m of which £0.137m has been spent this year.
- 3.6.4 **New Brighton Sports Barn:** This is a stand-alone sports barn development to provide the school and community with the facility to carry out sports curriculum and improve pupil lifestyle and well-being. The project has been tendered to the amount of £0.4m; of which £0.12m has been spent this year.

Delivery Services

- 3.6.5 The demolition of Seacombe Community Centre has been completed at a cost of £0.13m.
- 3.6.6 Transport for Growth - the major work to date has focused on Twickenham Drive, Leasowe and Liscard Village town centre (£0.048m) and various footway and cycleway improvements (£0.057m).
- 3.6.7 Aids, adaptations and Disabled Facility Grants (DFGs) - spend is influenced by several factors including referrals received and the extent/value of the adaptations required. A new home adaptation pilot commenced August 2018 and the stair lift contract is facilitating faster installation of lifts and hoists. To date £0.523m has been spent.
- 3.6.8 Leasowe 3G pitches - work is expected to commence on 29th July with a 22 week build.
- 3.6.9 Fitness equipment upgrade - £0.28m has been spent already, with the remaining £0.06m allocated and on order for delivery in August.

3.6.10 Wirral Tennis Centre facility upgrade – utilising a framework agreement to award the contract which will be supported by asset management and procurement. This will be a trial of a partnership approach with the private sector.

3.6.11 Key Route Network – relates to schemes that ensure that key roads and routes operate efficiently. Two schemes are currently being progressed on which £0.483m has been spent – Wirral Waters safety upgrade and the A41 corridor improvements.

Economic and Housing Growth

3.6.12 Within the Programme is an allocation of £10m for investment in properties. Closely linked to progressing Wirral Growth Company, it is intended to fund potential acquisitions.

3.6.13 Wirral Waters Investment Fund – commitments total £1.8m for this year. £0.3m which must be spent by March on the “Green Civilised Streets” project and a contribution of £1.5m towards the Marine Energy Automotive Park.

3.6.14 Housing Infrastructure Fund – potential areas to be progressed are:

- Woodside Master Plan - £0.15m
- Urban Brownfield Sites Assessments Study - £0.17m
- Birkenhead Regeneration Framework and Delivery Action Plans (focused on housing delivery) - £0.2m;
- There will be further costs associated with the delivery of the Legacy Housing scheme (Wirral Waters One) and with the Urban Splash / Belong housing schemes. The scale of the costs is currently being assessed.

FINANCING OF THE CAPITAL PROGRAMME

3.7 Table 4 summarises the financing sources.

Table 4: Revised Capital Programme Financing

Capital Programme Financing	Capital Strategy	Q1 Revised Programme
	£m	£m
Borrowing	53.443	48.670
Grants/loans	30.640	37.822
Capital Receipts	0	0.442
Business Rates (Wirral Waters - ring-fenced)	6.000	1.800
Total Financing	90.083	88.734

Any re-profiling that reduces borrowing will produce one-off revenue savings. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2020/21 when the re-profiled expenditure is incurred.

4.0 FINANCIAL IMPLICATIONS

- 4.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn and progress against the capital Programme. The Council has robust methods for reporting and forecasting budgets in place and alongside formal Quarterly reporting to Cabinet, the financial position is reported monthly at each Directorate Management Team and corporately at the Strategic Leadership Team (SLT). In the event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

5.0 LEGAL IMPLICATIONS

- 5.1 The entire report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 The possible failure to deliver the Revenue Budget is being mitigated by:
- (I) Senior Leadership / Directorate Teams regularly reviewing the financial position.
 - (I) Availability of General Fund Balances.
- 7.2 The possibility of failure to deliver the Capital Programme will be mitigated by the monthly review by a senior group of officers, charged with improving performance.
- 7.3 The generation of capital receipts may be influenced by factors outside the Authority's control e.g. ecological issues. Lambert, Smith, Hampton are providing external support to maximise the Council's income and advise on strategy.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No consultation has been carried out in relation to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 This report is essentially a monitoring report on financial performance

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 This report is essentially a monitoring report on financial performance

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APPENDICES

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Budget Council	4 th March 2019



**Audit and Risk Management Committee
Monday, 23 September 2019**

REPORT TITLE:	INTERNAL AUDIT UPDATE REPORT
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1st July to 31st August 2019. There are 4 items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Section 3.2.

RECOMMENDATION

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified by CIPFA and the CIIA.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND AND AUDIT OUTPUT

- 3.1. Internal Audit operate an effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on timely bi-monthly basis. This report supports these arrangements by focussing on the following:

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1st July to 31st August 2019.

3.2. Items of Note

3.2.a Client Finance Support Unit

Following discussion at the previous meeting of this Committee Members requested more information relating to this matter.

The transfer of the Client Finance Support Team (CFST) from the former DASS organisational structure in late 2018 to operate within the Customer Services Division led to the new managers appraising the established manner of working which highlighted a number of concerns regarding ongoing working practices. Subsequent discussions between Internal Audit, Legal Services and officers in the CFST performing the duties increased concerns regarding the following:

- Adequacy of and effectiveness of financial procedures,

- Working processes and practices,
- Training and Development of staff,
- Risk assessments,
- Compliance with GDPR,
- Fitness for purpose of job descriptions in use.

The role of the CFST regarding Deputyship is significant and carries a high level of risk to the Council as the nominated Deputy (Director of Health and Care) is made responsible by the Court of Protection (CoP) to protect and administer the financial affairs of individuals who are classed as being vulnerable and not able to make appropriate financial decisions.

A Client Finance Support Review Group was established in April, coordinated by an external officer and chaired by the Director of Finance and Investment, to review, make decisions and escalate issues in order to drive the improvements required to the effective operation and governance of arrangements for clients requiring financial protection and wellbeing. The group includes representatives from Customer Services, Legal, Health and Care Commissioning and Internal Audit, to ensure that risks are clearly identified and appropriate actions taken.

In April and May 2019, the Director of Finance and Investment wrote to the Office of the Public Guardian (OPG), who supervises all Deputyships appointed by the CoP, informing them of the ongoing concerns and the review process in place. Specifically, it was expected that improvements would be made regarding variable practice that has emerged for both deputy team workers and social workers, the quality of the recordkeeping, the investment in additional capacity necessary and the training and development of staff.

The Review Group has met fortnightly since April 2019 and a visit by an OPG inspector in late August was positive in that initial pre report indications are that the outcome is that the decision-making regarding individual clients monies was seen as appropriate, with suggestions made regarding continuing to improve internal reporting lines, policies and procedures.

Internal Audit have been in regular attendance at the fortnightly group meetings and have input on an ongoing basis, specifically regarding the identified risks at the commencement of the exercise, advice on preparing for the OPG inspector's visit and likely questions, and in assessing the draft policies and procedures prior to finalisation.

The current position at September 2019 is that it is expected that the Review Group will meet for at least another month until all policies and procedures are in place and client monies transferred to dedicated client accounts with all risks and issues in the Action log being completed.

A comprehensive report is scheduled to be presented to this Committee by the Director of Finance and Investment in November 2019 identifying issues identified, outcomes from the external inspection and progress on actions being taken to implement agreed improvements.

3.2.b. Merseyside Pension Fund (MPF) – Civica Pensions5 Data Migration

An audit has been carried out at the request of the Senior Manager Operations and Information Governance at MPF of the migration of data held on the Civica Pensions5 system to the Altair System. The objective of the audit was to determine whether the controls within the phases of document migration from Civica Pensions5 to Altair provide stakeholders with reasonable assurance that the data migration has been effectively completed.

The audit focused on the following risk areas:

- Data integrity following each phase of the migration from Civica Pensions5 to Altair; and
- Data availability following the completion of migration and the decision to Go Live.

The conclusion drawn from the work carried out is that assurance can be provided to stakeholders that the data migration process has been effectively completed. This assurance covers the agreement of the data format specification, through the tripartite quality assurance checks, to the confirmation by sample testing of the integrity and availability of data migrated.

3.2.c Financial Regulations

The Financial Regulations within the Council's Constitution are currently in the process of being updated by Financial Services with the objective to produce a rationalised document that includes a scheme of delegation and seven themes of financial management. The current draft was provided to Internal Audit for comment as part of the review process before finalisation and initiation of the formal approval process. An extensive scrutiny of the draft document has now been completed by Internal Audit officers and a number of recommendations and queries have been included for discussion in the feedback to Financial Services. Internal Audit will continue to be involved in the review process and further updates will be provided in due course.

3.2.d ICT audit Work has been completed during the period to evaluate the effectiveness of controls in operation over a number of systems presenting risks to the Council including the following:

GDPR Compliance in Schools

An exercise was undertaken across a sample of schools using the Information Commissionaires Office (ICO)'s self-assessment checklist to gauge the level of compliance with the General Data Protection Regulation (GDPR) in Schools. We reported our findings and recommendations to the Director for Children's Services. Overall, at the time the exercise was undertaken indications were that good progress was being made working towards compliance. A number of recommendations were identified that included compliance assurances and reporting arrangements that were communicated to all schools via WESCOM. We plan to undertake further

work around this area in Quarter 3 & 4 of 2019/20 plan and the outcome from this work will be communicated to this Committee.

Business Continuity Planning – Crisis Communications

The audit reviewed the controls in place to ensure that an effective Crisis Communication Plan was in place for the Council and that it includes contingency arrangements should all digital communication platforms become unavailable. Four recommendations were made in reports for management that include the updating of the Business Continuity Policy and the updating and regularly testing of business continuity plans in both Digital and Strategic Hub areas. In addition, we also recommended that advice on what actions staff members should take in the event of a crisis should be more readily available and publicised, with targeted training also being provided.

Cyber Security Awareness

Cyber Security is identified as a risk in the Corporate Risk Register with the risk description; 'IT security is insufficient to detect, and prevent unauthorised access to IT systems, resulting in loss of data and disruption to Council services. We reviewed the existing and planned mitigating controls as stipulated in the Corporate Risk Register and benchmarked the Authority against guidance provided by the Local Government Association. We made six recommendations that include documenting a Cyber Security Strategy, requesting a Senior Councillor to take the lead on Cyber Security, mandatory training for Councillors and all staff and the completion of annual cyber security awareness campaign for all stakeholders. Further follow work is scheduled to be undertaken later in the year in this area and the outcome will be reported to this Committee in due course.

3.3 Audit Recommendations

- 3.3.a At the request of the Chair a comprehensive list of internal audit activity over the reporting period is attached at Appendix 1 detailing the audits completed and identifying opinions provided and a current BRAG rating indicating the current status of the report and progress being made by officers to address identified issues. This information has previously been provided directly to Members of this Committee on a bi-monthly basis.
- 3.3.b There are currently no outstanding actions identified in audit reports for this period. Many client actions are however currently in progress and Internal Audit will continue to monitor activity and escalate any items to this Committee for information/action if agreed deadlines are not achieved.

3.4 Internal Audit Performance Indicators

- 3.4.a The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. These include delivery of the annual Internal Audit Plan and ensuring that all of the audits identified in the plan are completed on schedule. This is particularly important

at the present time as the requirement for Internal Audit involvement in a number of important corporate initiatives has increased dramatically.

IA Performance Indicator	Annual Target	Actual % Delivery to date
Percentage delivery of Internal Audit Plan 2019/20.	90	27
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	100
Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	97

3.4.b There are currently no significant issues arising.

3.5 Internal Audit Developments

3.5.a Continuous Improvement

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such a Continuous Internal Audit Improvement and Development Plan is in operation that incorporates new and developing areas of best practice from across the profession, ensuring that the service continues to constantly challenge how efficient and effective it is at delivering its service to all of its stakeholders and making any relevant changes and improvements as required. Some of the actions currently ongoing include:

- Ongoing development of risk management function and corporate risk register including the appointment of a Risk and Continuity Manager from October 2019 reporting to the Chief Internal Auditor;
- Ongoing improvement of corporate counter fraud awareness across the Council as evidenced in Counter Fraud Update reports presented to this Committee and forthcoming publicity campaign;
- Continuing development of more automated working papers and reports to evidence and support audit findings;
- Continued ongoing development of the Mersey Region Counter Fraud group led by Wirral Internal Audit to include more joint fraud exercises and training across the local region and the North West of England;

- Continuing development of the Wirral Assurance Map identifying areas of assurance for the Council for utilisation in audit planning and risk management process;
- Ongoing development of performance management and reporting database with enhanced reporting;
- Ongoing improvements to the audit reporting format;
- Development of Traded Services offer to Academy Schools for Internal Audit services;
- Ongoing development of reciprocal arrangement with neighbouring authorities for audits of 'owned' non internal audit services
- Improvements to Maintained Schools audit provision through development of risk-based work programme;
- Ongoing development of client feedback through utilisation of survey monkey.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There is none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Appendix 1: Internal Audit Activity Summary

BACKGROUND PAPERS

Internal Audit Plan 2019/20

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.

**INTERNAL AUDIT ACTIVITY SUMMARY FOR ARMC
JULY 2019 to AUGUST 2019**

<u>Summary</u>	Total	R	A	G	B
1. Completed Audits	17	0	12	1	4
2. Follow Up Audits Completed	8	0	4	0	4
3. Advice And Guidance / Consultancy	4	0	1	2	1

1. Completed Audits

Audit	Date	Business Area	Organisational Risk	Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status
Local Pension Board Annual Report 19/20	01/07/2019	Merseyside Pension Fund	Minor	0 (0,0)	N/A Director of Merseyside Pension Fund	The report was issued to the Director of Merseyside Pension Fund on 01/07/19 and has been agreed for presentation to the Local Pensions Board on 13/6/18.	B
St Joseph's Catholic Primary School Wallasey	02/07/2019	Children's Services [Schools]	Minor	8 (0, 6)	Awaiting returned Action Plan Headteacher	Final report issued, recommendations agreed . Awaiting return of Action Plan.	A
St Josephs Catholic Primary School (Upton)	08/07/2019	Children's Services [Schools]	Minor	15 (1,13)	November 2019 Headteacher	Final report issued and recommendations agreed during visit. The action plan has been returned all actions have been or are in the process of being completed.	A
St John Infants Catholic Primary	08/07/2019	Children's Services [Schools]	Minor	12 (1,9)	November 2019 Headteacher	Final report issued and recommendations agreed during visit. We are waiting for the returned action plan	A
Council Tax – Empty Properties	11/07/2019	Business Management [Finance and Investment]	Minor	1 (0,1)	December 2019 Head of Customer Services	Final report issued and recommendations agreed during visit. Action Plan completed and returned	A
St Albans Catholic Primary	12/07/2019	Children's Services [Schools]	Minor	7 (0,6)	November 2019 Headteacher	Final report issued and recommendations agreed during visit. Awaiting completed action plan.	A
Wirral Hospitals' Schools	18/07/2019	Children's Services [Schools]	Minor	12 (1,10)	November 2019 Headteacher	Final report issued and recommendations agreed during visit. We are waiting for the returned action plan.	A
MPF Civica Pensions5 migration	19/07/2019	Merseyside Pension Fund	Negligible	1 (0,0)	October 2019 Director of Merseyside Pension Fund	Final report issued, recommendations agreed and completed action plan returned.	A
Crisis Communications	22/07/2019	Strategy & Partnerships / Business Management	Moderate	4 (2,2)	Awaiting Action Plan return Head of Internal Audit, Head of Communications and Head of ICT & Digital	Final Report issued. Awaiting action plan.	A
Foxfield School	23/07/2019	Children's Services [Schools]	Minor	10 (0,9)	November 2019 Headteacher	Final report issued and recommendations agreed, and action plan returned.	A
Thornton Hough Primary	24/07/2019	Children's Services [Schools]	Minor	1 (0, 1)	Awaiting returned Action Plan Headteacher	Final report issued, recommendations agreed . Awaiting return of Action Plan.	A
Troubled Families grant certification - July	31/07/2019	Children's Services [Modernisation & Support]	Minor	0 (0,0)	N/A	Completed	B
Key Route Network grant claim - 1st quarter	31/07/2019	Business Management [Commercial Management]	Minor	0 (0,0)	N/A	Completed	B
Sustainable Transport Enhancement Package grant claim - 1st quarter	31/07/2019	Business Management [Commercial Management]	Minor	0 (0,0)	N/A	Completed	B
Treasury and Capital Management	07/08/2019	Business Management [Finance and Investment]	Moderate	7 (0,5)	Awaiting Action Plan Senior Manager, Corporate Finance	Final report issued, awaiting return of action plan.	A

Audit	Date	Business Area	Organisational Risk	Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status
GDPR in Schools	15/08/2019	Childrens Services & Business Management	No opinion provided	3 (0,3)	Corporate Director for Children's Services	Report issued to Corporate Director for Children's Services on 15/08/19.	G
PRAD6 Data collation and review	21/08/2019	Business Management [Commercial Management]	Moderate	2 (0,2)	Corporate Governance Group/SLT	Initial report issued primarily for information. Can adjust format of future reports based on feedback.	A

2. Follow Up Audits Completed

Audit	Follow up date	Original Report date	Business Area	Organisational Risk Position as at the date of the original audit	Original Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status - Current position	Organisational Risk - Current Position
Free-Standing Payments	02/07/2019	Aug 18	Children's Services [Modernisation & Support]	Moderate	4 (0,3)	N/A Improvement Manager, Area Co-ordinators & Performance and Improvement Lead	Three recommendations have been actioned, and management have accepted the risk regarding cash transportation.	B	Negligible
Organisational Compliance – Performance Review Culture	04/07/2019	29/11/2018	Business Management [Change & Organisation Design]	Moderate	1(0,1)	November 19 Head of Organisational design & Development	Recommendation is in the process of being implemented, and a further follow-up will be undertaken in December 2019	A	Moderate
Mosslands School	17/07/2019	Jul 18	Children's Services [Schools]	Moderate	13 (1,11)	End of Academic Year 2017/18 Headteacher	09/07/19 - School visit identified that all recommendations have been fully implemented with the exception of 3 which are in the process of being implemented.	A	Moderate
MPF Performance Standards	25/07/2019	Mar 19	Merseyside Pension Fund	Minor	4 (0,4)	N/A Director of Merseyside Pension Fund	Assurance has been received that the recommendations have been implemented.	B	Negligible
Ethical framework	25/07/2019	Mar 18	Business Management [Change & Organisation Design]	Moderate	8(0,8)	31 March 2020 Head of Organisational design & Development Head of Human Resources Head of Commercial Procurement Head of Legal	Assurances were provided/obtained that: • one of the eight recommendations have been implemented; • seven of the eight recommendations are in the process of being implemented. A further follow-up will be undertaken in March 2020	A	Moderate
Electronic Billing – Accounts Payable	26/07/2019	Aug 16	Delivery Services [Strategic Asset Management] Business Management [Change & Organisation Design]	Moderate	2 (2,0)	December 2019 Senior Manager Asset Management / Head of ICT & Digital	Both recommendations have been partially implemented, and a further follow up will be carried out in December 2019.	A	Moderate
MPF - Contributions Receivable	05/08/2019	Jan 19	Merseyside Pension Fund	Minor	1 (0,0)	March 2019 Head of Finance & Risk	Assurance and evidence has been received that the recommendation has been implemented.	B	Negligible
Local Government Pension Scheme Annual Return	07/08/2019	Aug 16	Business Management [Finance and Investment]	Minor	1 (1,0)	N/A Transaction Centre Senior Manager	Assurance and evidence has been received that the recommendation has been implemented.	B	Negligible

3. Advice And Guidance / Consultancy

Audit	Date	Business Area	Internal Audit input / improvement activity	Outcome and timescale (if appropriate)	RAGB Status
Contract - Bona Fide Error	10/07/2019	Delivery [Construction, Maintenance & Facilities]	Referral by the Senior Quantity Surveyor of a tender submission made by KDE Ltd as the lowest bidder for the installation of a new fire alarm at Mosslands School. Advice required regarding a potential bona fide error and guidance on how to proceed.	The contract submission documentation was checked and the arithmetical error identified was considered to be bona fide. Guidance was provided on the procedure required to ensure compliance with the contract procedure rules. The revised tender was subsequently approved for acceptance by the Head of Corporate Procurement.	B
Hilbre High School	19/07/2019	Children's Services [Schools]	Academy work - one day audit completed at Hilbre High School, scope of audit agreed prior to site visit.	Audit report has been issued 19 July 2019, we are waiting for the management response and action plan.	A
Wirral Growth Company - Governance update	25/07/2019	Economic and Housing Growth	Discussion and appraisal regarding current position with reporting lines, approvals, and timetables for future development.	Verbal feedback on potential risks and evidence trails plus update of audit knowledge to assist in compilation of Audit Plan for the WGC and visit to development partner head office. Further meetings planned with Programme Manager to continually maintain awareness of governance, risks and control environment which will input into specific audit tasks.	G
Wirral Growth Company - Assurance & Planning Visit	12/08/2019	Economic and Housing Growth	Visit to partner regional HQ at Salford Quays to appraise evidence trails within ledger and review planned control environment to assist with compilation of audit plan for this programme.	Able to give full assurance on evidence trails based on sample of current schemes, and audit intelligence updated regarding progress and future plans.	G

KEY:

Organisational Risk	
MAJOR	A major organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and or corporate objectives if not
MODERATE	A moderate organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise would leave the Council open to moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of the systems and/or corporate objectives.
MINOR	A minor organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor risk.
NEGLIGIBLE	A negligible organisational risk opinion indicates that there were no weaknesses identified during the review and that the Council is not exposed to any risks directly associated with the findings.

RAGB status		
B	Audits	All actions agreed and implemented, with no further Internal Audit action necessary.
	Follow Ups	All actions implemented, with no further Internal Audit action necessary.
G	Audits	Most actions agreed and implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
	Follow Ups	Most actions implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
A	Audits	Actions agreed and officers committed to implement within agreed timescale.
	Follow Ups	Actions in process of being implemented within agreed timescale with some implemented.
R	Audits	Actions agreed
	Follow Ups	Little or no progress made to implement actions within agreed timescale.

Recommendation Priority Rating	
HIGH	A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).
MEDIUM	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.
LOW	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

23 SEPTEMBER 2019

SUBJECT:	CORPORATE RISK REGISTER UPDATE
REPORT OF:	DIRECTOR OF FINANCE AND INVESTMENT

1.0 REPORT SUMMARY

- 1.1 An improved focus on its most critical risks is a key component of the enhancements to arrangements for managing risk which the Council is working to embed. Ensuring that the leadership has a clear shared and current understanding of those risks is fundamental to that aim. This report provides an update in relation to the arrangements that underpin the corporate risk register and appends a copy of the current version of the register.

2.0 RECOMMENDATION

- 2.1 That the report be noted.

SUPPORTING INFORMATION

1. REASON FOR RECOMMENDATION

- 1.1 The committee needs to understand the authority's most significant risks in order to fulfil its role of providing independent assurance of the Council's Risk Management Framework.

2. OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3. BACKGROUND INFORMATION

- 3.1 My reports of 24 September and 19 November 2018 and 28 January 2019 indicated that work had been undertaken with the Strategic Leadership Team to draw out their view of the Council's most significant risks.
- 3.2 My report of 11 March 2019 confirmed that a second workshop with the sub-group of this committee was held on 28 January 2019. Within that session further consideration was given to the definitions of the risks and their mitigation. The register was then shared with Cabinet members and SLT in the week commencing 4 February 2019 and appended to the Revenue Budget 2019/20 and Medium-Term Financial Strategy report to Cabinet on 18 February 2019.
- 3.3 The revised corporate risk register was appended to the 11 March 2019 committee report. An update of the corporate risk register was reported to the 22 July ARMC meeting.

Current Update

- 3.4 The risk register has been updated through consultation with corporate risk owners, and lead risk management support officers within departments. This has included updates as appropriate to existing mitigations, risk owner, planned additional mitigation and target dates.
- 3.5 The updated risk register has been reported to SLT. The title for risk 3 has been changed from 'Employee Engagement & Capacity for Change' to the description included in the attached register. SLT have agreed that no changes to risk descriptions are required at this stage and the only changes to risk scores that are required, since the register was reported to the 22 July 2019 ARMC, are as follows:
 - Risk 2 - Demand Management - the likelihood of the risk arising has been reduced from 4 (Likely – will most probably occur within the period covered by the plan) to 2 (Unlikely – not expected to occur within the period covered by the plan), taking into account the updated mitigations in place as detailed in the updated register. This results in an overall risk score reduced from 16 to 8.

- Risk 4 – Failure to Implement Cultural Change necessary... - the likelihood of the risk arising has been reduced from 4 (Likely – will most probably occur within the period covered by the plan) to 3 (Possible – may possibly occur at some point within the period covered by the plan), taking into account the updated mitigations in place. This results in an overall risk score reduced from 16 to 12.
- 3.6 A new risk has been identified in relation to the Council’s compliance with information management accreditation. The Information Governance Group has recently been refreshed and is currently developing a work programme that will include the required actions to mitigate against the new risk identified. Once the details of this have been confirmed, this will be included in the next iteration of the Corporate Risk Register.
 - 3.7 A new risk has also been identified linked to the recent council declaration of an environment and climate emergency. Failure to respond effectively could present a risk to the council’s reputation, operations and finances and would potentially leave a council open to legal challenge. Work is being undertaken to confirm the nature of the risk to the Council and the existing and planned mitigations. Once the details of this have been confirmed, this will be included in the next iteration of the Corporate Risk Register
 - 3.8 Through active consideration of risks at a departmental and corporate SLT level, officers remain alert to emerging risks that may need to be escalated and included within the Corporate Risk Register. Emerging risks in relation to SEND (Special Education Needs and Disabilities) and Planning are currently being reviewed in this respect.

Further action planned

- 3.9 Work to improve the Council’s understanding of the key mitigation for each risk will continue.
- 3.10 The Internal Audit Plan for 2019/20 has been directly informed by the revised corporate risk register. During the forthcoming financial year, audits will shed light on the effectiveness of existing mitigation and areas for improvement. This work will also support the mapping of the key controls for each risk onto the ‘three lines of defence’ assurance model and the identification of any gaps in the control environment.
- 3.11 Target scores for the corporate risks will be completed following an exercise planned for later in 2019/20 to draw out the risk appetite of political and executive leaders for each of the revised corporate risks.
- 3.12 Directorate and Programme Management Office risk registers continue to be subject to review. The Risk Management Support Officers Group continues to meet monthly and help contribute to the further strengthening of the Council’s risk management arrangements. The arrangements for presenting risk management information to monthly DMTs and SLT are being further refined and will help contribute to the new monthly corporate risk review process where emerging or developing risks to programmes and business plans that

have potential corporate significance will be escalated to SLT. SLT will consider each such risk and decide whether it warrants addition to the corporate risk register or should continue to be managed within the directorate or programme risk registers.

3.13 At the ARMC meeting on 11 March 2019 it was resolved that Members would examine one of the revised corporate risks in detail at each future meeting of the committee. The Financial Resilience risk was considered at the 22 July ARMC. A programme for 'deep dive' corporate risk reporting is to be agreed at the next meeting of the ARMC Risk Sub-Group.

3.14 A programme of training for Member and officers (including Risk Management Support Leads) is to be developed following the appointment of the Risk, Continuity and Compliance Manager (Helen Turner) on 1 October 2019. It is planned to utilise Zurich Mutual in this area, as well as likely assisting with risk appetite work.

4. FINANCIAL IMPLICATIONS

4.1 There are no immediate financial implications arising directly from this report.

5. LEGAL IMPLICATIONS

5.1 There are no immediate legal implications arising directly from this report.

6. RESOURCE IMPLICATIONS

6.1 There are no immediate resource implications arising directly from this report.

7. RELEVANT RISKS

7.1 The work mentioned in section 3.0 is leading to the regular review and update of the revised corporate level risk register.

8. ENGAGEMENT/CONSULTATION

8.1 No specific consultation has been undertaken with regard to this report.

9. EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

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APPENDICES

Corporate Risk Register 110919 ARMC

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	
Improvements to the Corporate Risk Management Framework	23 July 2018
Development of the Revised Corporate Risk Register	24 September 2018
Development of the Revised Corporate Risk Register	19 November 2018
Development of the Revised Corporate Risk Register	28 January 2019
Development of the Revised Corporate Risk Register	11 March 2019
Update of the Corporate Risk Register	22 July 2019

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Corporate Risk Register
11 September 2019

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)				
Finance and Resources	1	Financial Resilience	5	5	25	Shaer Halewood - Director of Finance & Investment	Refreshed Medium Term Financial Plan based on investment and income generation approved at Council in March 2019	Shaer Halewood - Director of Finance & Investment	3	5	15	Mapping new and potential businesses in pipeline to quantify new income from business rates	Daniel Kirwan - AD Finance & Investment	Initial review Sept-19 but is ongoing	
							Continual (not annual) budget setting process with scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable					Community Wealth Building Strategy to keep wealth in the Borough	Shaer Halewood - Director of Finance & Investment	Draft Jul-19; Final Nov - 19	
2019/20 Priority Strategic Long Term Financial Plan for Wirral		Failure to effectively manage changes to the way that the Council is funded could lead to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the Council being unable to deliver priority services to vulnerable communities					Robust and rigorous monitoring of budgets and savings plans in year					Complete mandatory Budget workshops for all Budget Holders	Daniel Kirwan - AD Finance & Investment	Majority Jul-19: All Sept-19	→
							Scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable					Implement new Capital Budget arrangements with revised reporting and monitoring	Daniel Kirwan - AD Finance & Investment	From Sept 19 - ongoing during 19-20	
Page 351							Programme of service reviews considering the most financially sustainable models					Refreshed Financial Resilience Strategy including reducing reliance on reserves through a phased approach	Daniel Kirwan - AD Finance & Investment	Nov-19	
							Establishment of a Financial Governance Structure to improve Accountability, Management and Monitoring of Budgets					Develop a funding/investment strategy to identify internal finance pressures and external funding sources to support planned growth	Shaer Halewood - Director of Finance & Investment	Dec-19	
Adult Care and Health	2	Demand Management	5	4	20	Graham Hodgkinson - Director for (Adult) Care & Health	Better Care Fund investment in preventative and re-ablement services. NHS providers have agreed review targets to meet growth in demand. LD savings plan rolled forward under new commissioning lead	Graham Hodgkinson	2	4	8	Implementation of the Wirral Together Strategy to minimise reliance on public services through a phased programme over the next decade	Rachel Musgrave - Consultant in Public Health	From April 19 - ongoing during 19/20	
							Domiciliary Care recommissioned to manage demand and responsiveness of the market. Responding effectively and in a timely manner now exceeding residential care					Implementation of the Home First Pathway	Jacqui Evans - AD, Unplanned Care and Community Care Market commissioning	From 01/06/2019	
2019/20 Priority Improve Health & Wellbeing by Joining Up Services for Residents		Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need					Social Work services integrated with partners with a section 75 agreement for most services, focus on demand management, early intervention and prevention	Jason Oxley - AD - Health and Care Outcomes							↑
							Implementation of Healthy Wirral Strategy								
Jobs and Growth	3	Exposure to Economic and Market Risk	3	5	15	Alan Evans - Corporate Director of Economic & Housing Growth	Robust financial modelling on business cases with external due diligence as required	Shaer Halewood	2	5	10	Ensure long term project milestone plan to determine capacity and capability to deliver so as not to over expose the council to risk	Shaer Halewood	From July 19 - ongoing during 19/20	
							Long-term strategic regeneration framework that articulates the Council's approach to economic growth and investment.					Improve horizon scanning through Local Economic Assessment production	Nancy Clarkson	Sep-19	
2019/20 Priority Strategic Long Term Financial Plan for Wirral		The aggregate level of risk presented by multiple regeneration projects is not recognised, leaving the Council over-exposed in the event of a downturn in the economy and/or markets					A collaborative relationship with the LCR Combined Authority has been established to engage Strategic Investment Fund investment in Wirral growth projects	Sally Shah - AD Regeneration & Inward Investment				Develop detailed place specific 'blueprints/masterplans' to articulate a phased approach to growth projects	Sally Shah - AD Regeneration & Inward Investment	From April 19 - ongoing during 19/20	→
							Risk exposure analysis undertaken of immediate growth projects					Assessment of financial impact of market risk included in MTFS relevant to the year of risk exposure	Shaer Halewood	Report - July 19, MTFS - Dec 19	

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)				
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)								
Leader	4	Failure to implement the cultural change necessary to become an efficient and effective organisation, which is financially sustainable in the long term.	4	4	16	Nikki Boardman - Director of Change & Organisation Design	Delivery of People Strategy and underlying employee engagement strategy. - Well established people strategy timeline and roadmap on track. - Launch of values and behaviours complete - Launch of employee engagement multiple programme commenced - Performance appraisal pilot and quality approach commenced - People Strategy Programme Board in place providing strong governance - Performance framework under development to provide measurable evidence of capacity, capability and change	Nikki Boardman - Director of Change & Organisation Design	3	4	12	On going developments as per timeline	Suzanne Moore – Head of Organisational Design and Development	Apr 2020 for review against timeline	▲				
		There is a risk that insufficient capacity or expertise, cultural resistance from staff or ineffective engagement with partners means that the ambition of the Wirral Plan is not realised, perpetuating inefficiencies and preventing required outcomes from being achieved														Health and wellbeing strategy	Ensure clarity over the skills that are needed for the future through an organisational diagnostic and a new workforce planning process	Nikki Boardman	Dec-19
																Staff engagement sessions	Further improve managers' ability to address under-performance. A project to introduce a new performance management framework is underway	Nikki Boardman	Ongoing programme during 19-20
Housing and Planning 2019/20 Priority Local Plan	5	Local Plan	4	5	20	Alan Evans - Corporate Director of Economic & Housing Growth	Programme management approach to Local Plan implementation. In February 2019, the Council brought in a consultant to assist with the Programme Development and implementation. Council has an agreed timeline for production of the Local Plan Recruitment of additional capacity to Forward Planning Team and this is being supported by specialist consultancy support in relation to the evidence base. LGA, Planning Officers Society and Planning Advisory Service supporting the work on the Local Plan There is a Programme Board meeting with the Senior Responsible Officer, Paul Satoor, every two weeks and a technical Programme Board on the week in between. There are monthly meetings with MHCLG to monitor progress against the timeline set out in the MHCLG Action Plan. These meetings are constructive and allow discussion not only in relation to the Local Plan production but also how it will be delivered.	Tim Games - Head of Bus Change & Prog Management	3	4	12	Conduct green belt review	David Ball	Ongoing during 19/20	▶				
		A failure to ensure the Council's arrangements for the consultation, publication and implementation of the Local Plan could result in intervention, a loss of control over future development and missed opportunities to promote economic growth.														David Ball - AD Major Growth Projects & Hsg Delivery	Consultation process for the Local Plan	David Ball	Ongoing - From Sep 2018
																	Administrative support provided to the Forward Planning Team to assist with Local Plan	David Ball	Ongoing during 19/20

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)				
		Local Plan (continued)	4	5	20	Alan Evans - Corporate Director of Economic & Housing Growth	The Council is working with major landowners and developers in Wirral with a focus of bringing forward and maximizing development in key regeneration areas, for example Wirral Waters, and on brownfield land and employment designated sites where there is little or no demand for future employment uses. A number of these are moving into the planning process and once full planning permission is granted this will enable them to be included in the five year housing supply which is a critical piece of work for the Local Plan. Work is also progressing on the housing trajectory for years 6 to 15 of the plan.	David Ball - AD Major Growth Projects & Hsg Delivery				Peer review	David Ball	Sep-19	
Leader	6	Partnership Working Inability to take advantage of collaborative opportunities locally and nationally, limiting improvement in economic conditions for the community and the Council's funding position	4	4	16	Graham Hodgkinson - Director for (Adult) Care & Health	Co-ordination of all engagement and interaction with LCR partnerships	Rose Boylan - Policy and Strategy Manager - External	3	4	12	Refresh approach to Wirral Partnership	Shaer Halewood Alan Evans	Ongoing during 19-20	→
							Officer cross LCR working					Planned meetings with Chamber of Commerce		Dec-19	
							Refreshed approach for engagement and briefings to ensure Wirral plays an effective and influential role in wider Partnerships & Liverpool City Region. New process for communications will include monthly updates to SLT, regular briefings for the Leader and improved sharing of relevant information with officers.								
							The Wirral Partnership								
							Integration of health and social care. Positive peer review. Scrutiny review September.					Graham Hodgkinson			
							Engagement with City Region Partnerships eg: LEP, LCRCA Investment Team, LCR ESB, Local Industrial Strategy, LCR One Front Door					Sally Shah - AD Regeneration & Inward Investment & Rose Boylan			
Leader	7	Governance Failure to maintain effective corporate governance could result in poor decision-making, malpractice and breach of legislation, leading to regulatory intervention and significant cost, both in financial terms and to the reputation of the Council	4	4	16	Philip McCourt - Director of Governance and Assurance	Internal governance procedures (DMT, Leadership, SLT, Call over Board, Cabinet/SLT, portfolio holder briefings)	Philip McCourt - Director of Governance and Assurance	3	4	12	Complete the review of the Constitution	Philip McCourt	2020 (subject to possible change to committee system from May 20)	→
							Council Constitution.					Implement the new Scheme of Delegation		2020 (subject to possible change to committee system from May 20)	
							Code of Corporate Governance					Deliver Member development sessions		From April 19 - ongoing during 19/20	
							Member / Officer Protocol					Establish Chief Executive's office		From April 19 - ongoing during 19/20	
							Corporate Policies (e.g. Whistleblowing)								
							Ethical Framework for Members								
							Oversight provided by Corporate Governance Group								
							Improved Annual Governance Statement								
							Compliance Group								
2019/20 Priority Strategic Long Term Financial Plan for Wirral															
Jobs and Growth	8	Brexit	5	5	25	Paul Boyce - Corporate Director for Childrens Services	Maximising extensions for remainder of EU Funding programmes and engagement in negotiations for replacement/alternative sources of funding.	Sally Shah - AD Regeneration & Inward Investment	5	5	25	Monitor the international and national financial climate and to include any potential negative financial impact in the MTFS	Shaer Halewood	Oct-19	

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)	
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)					
2019/20 Priority Creating Jobs, Driving Regeneration		Uncertainty caused by Brexit adversely affects public and market confidence, impacting demand for housing and the level of inward investment in the borough. Other Brexit implications e.g. lack of workers available for care type work; withdrawal and/or reduction in external funds impacts ability to sustain investment in local programmes				Services	Identification and evaluation of potential implications and development of strategic responses.	Rose Boylan							→	
												Take legal advice on the impact of any changes to legislation affecting the council	Philip McCourt	Ongoing during 19/20		
													Delivery of Brexit Action Plan	Rose Boylan		Ongoing during 19/20
														Corporate Resilience Officer (Brexit Co-ordinator) to be appointed		Mark Camborne
Adult Care and Health Children & Families Page 354	9	Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.	4	4	16	Graham Hodkinson - Director for (Adult Care & Health) / Paul Boyce - Corporate Director for Childrens Services	Health and Social Care Integration. Key services currently integrated to deliver effective responses	Jacqui Evans - AD - Integrated Commissioning Programme	4	4	16	Improved business intelligence arrangements and tools for Population Health management.	Nancy Clarkson	Mar-20	→	
							Early Help and Prevention Strategy	Elizabeth Hartley, Assistant Director - Early Help and Prevention				Development of Restorative Practice approaches through Partners in Practice (PiP) arrangements with Stockport (Via DfE)	Paul Boyce, Corporate Director for Children	Mar-20		
							Public Health Commissioning	Julie Webster - Director for Health and Wellbeing				Joint Commissioning Forum/Framework	Carly Brown - Asst Director - Modernisation & Support	Mar-20		
							Partnership for Children and Families - Children's Strategy	Carly Brown - Asst Director - Modernisation & Support				Planned work in Adult Social Care to review the referral/single point of access arrangements, to enhance strength based approaches to assessment and support planning, to develop a neighbourhood model ensuring that people can access the right support at the right time.	Jason Oxley/Jacqui Evans/Graham Hodkinson.	Mar-20		
Jobs and Growth	10	Failure of the Wirral Growth Company to deliver anticipated benefits undermines the Council budgetary position, economic growth aspirations and public and investor confidence in the authority.	4	5	20	Alan Evans - Corporate Director of Economic & Housing Growth	Weekly Programme Steering Group Meetings, monthly Programme Board meetings and 2 weekly meetings with Muse. Supporting governance and programme structure & monitoring in place.	Sian Hartley - Programme Manager	3	5	15	Establishment of shareholder board	Philip McCourt	Ongoing during 19/20	→	
							Clearly documented legal framework and partnership agreement	Philip McCourt				All key decisions to be underpinned with robust business cases.	Daniel Kirwan & Alan Evans	Ongoing during 19/20		
2019/20 Priority Creating Jobs, Driving Regeneration							Existing relationships and historic knowledge with Muse and partners	Alan Evans				Partnership Business Plan being produced	Sian Hartley	Nov-19		
							Fundng model	Shaer Halewood				Public Consultation	Sian Hartley	From June 19 - ongoing during 2019/20		
												All- Member workshop	Sian Hartley	May 19 & Sept 19		
	11	Significant safeguarding incident	4	4	16	Graham Hodkinson - Director for (Adult Care & Health) Paul Boyce - Corporate Director for Children's Services	Multi-agency Safeguarding Arrangements for Children (formerly Wirral Safeguarding Children Board) activity including audit, scrutiny, training and publication of policies, procedures and guidance. Children and Families Overview and Scrutiny Committee. Integrated children's safeguarding performance management arrangements.	Simone White - Deputy Director for Children	3	4	12	New multi-agency safeguarding arrangements for children led by the LA, health economy and police including robust local audit and case review procedures	Paul Boyce	Sep-19		

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)				
		The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny					Merseyside combined Safeguarding Adult Board. Care and Health Overview and Scrutiny Committee/Care and health Panel. Ongoing grip in relation to safeguarding activity and learning from other LCR partners NB review of front door leading to practice changes	Graham Hodkinson				Review of referral and handling processes for safeguarding adult alerts, LCR benchmarking.	Graham Hodkinson	On-going during 19/20	▶
												Embed approach to Contextual Safeguarding	Tony Kirk, Head of Contextual Safeguarding	Mar-20	
	12	Business Continuity Planning Failure to coordinate and maintain effective business continuity plans leaves the Council unable to respond to an incident, resulting in a major failure in service delivery	2	4	8	Shaer Halewood - Director of Finance & Investment	Business Continuity Policy Compliance audits BC Tests	Shaer Halewood	2	4	8	Risk, Continuity and Compliance manager to be appointed	Mark Niblock	1 Oct 19	▶
Page 355	13	Cyber Security IT security is insufficient to deter, detect and prevent unauthorised access to IT systems, resulting in loss of data and disruption to Council services.	5	5	25	Nikki Boardman - Director of Change & Organisation Design	Cyber Security Policy	Pete Moulton - Head of ICT & Digital	2	5	10	Programme of migration from Windows 7 to Windows 10	Peter Moulton	Jan-20	▶
							Weekly review of security incidents					Responsibility for Information' training	Sue Blevins	Ongoing during 19/20	
							New threats communicated to staff and Members					Staff and Members Cyber Awareness Training	Jane Corrin	Dec-19	
							Technical controls: 1) Endpoint security software, 2) Network firewall 3), Prevention of								
							Implementation of 'patching' policy								
							Responsibility for Information' training					Sue Blevins - Senior HR Manager Schools & Commercial			
Creation of Cyber Security Board to review alignment against security best practice on monthly basis	Peter Moulton														
	14	Health & Safety Management If health and safety / compliance policies and procedures are not sufficiently developed, tested or adhered to by officers, members or contractors, this could lead to an incident resulting in harm to employees / Members / members of the public, legal challenge and reputational damage	4	4	16	Nikki Boardman - Director of Change & Organisation Design	Corporate health and safety policy Implementation of health and safety management arrangements. Essential H&S training for managers available. Specific Hazard related training available for managers and staff. Health surveillance monitoring in place and Occupational Health.	Andy McMillan - Health, Safety & Wellbeing Manager A McMillan	3	4	12	Paper approved by SLT in August - New H&S governing board set up - Emergency contingency procedures being re-established. Policy reviewed annually to be agreed by SLT Improvements in SLT/DMT oversight of compliance. Development of e-learning modules for key H&S processes Formation of a Strategic health, safety and wellbeing group. Setting of objectives to mitigate H&S risks	Tony Williams AMcM / SLT SLT/DMTs / AMcM A McMillan/Tony Williams	Dec-19 Apr-20 Apr-20 Apr-20	▶

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**Audit and Risk Management Committee
Monday, 23 September 2019**

REPORT TITLE:	INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

The purpose of this report is to advise Members of the Audit and Risk Management Committee of the continued utilisation by the Internal Audit Service of a comprehensive quality assurance and improvement programme developed to comply with the requirements of the Public Sector Internal Auditing Standards and to inform them of the outcome of the annual self-assessment exercise undertaken by the service against this.

RECOMMENDATION

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION/S

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service in accordance with the Public Sector Internal Auditing Standards.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit develops and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity.

The purpose of the QAIP is to provide reasonable assurance that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the PSIAS definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by Stakeholders as adding value and improving Internal Audit's operations.

- 3.2 Internal Audit's QAIP, has been developed in accordance with PSIAS Standard 1300 (Quality Assurance and Improvement Programme). It documents the approach that is taken in respect of the following:

- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (Ref: 1300);
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (Ref: 1300);
- Helping the Internal Audit activity add value and improve organisational operations (Ref: 1300);
- Undertaking both periodic and on-going internal assessments (Ref: 1311); and
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit and Risk Management Committee in accordance with Standard 1312 and 1320.

A copy of the QAIP for the Internal Audit Service is attached at Appendix 1.

3.3 The QAIP outlines measures which are applied to ensure that Internal Audit continues to operate effectively and efficiently and identifies and responds to opportunities for improvement. These measures are detailed below:

- An internal quality control checklist;
- Customer Questionnaires and Annual Performance Evaluation Feedback Forms designed to obtain client feedback, the outcome of which facilitates effective monitoring of the internal audit activity and enables opportunities for improvement to be identified; and
- An Auditor Skills Appraisal Assessment system developed and implemented during 2015/16 that incorporates elaborate post audit assessments to identify improvement areas and any training/development needs;
- Internal performance targets that are monitored and regularly reported to the Audit and Risk Management Committee.

3.4 Full details of each of these performance monitoring measures are appended to the attached QAIP.

3.5 PSIAS Standard 1320 requires that the form and content of the QAIP should be established through communication with the 'Board' (Audit & Risk Management Committee). Committee approved the QAIP in 2015/16 and subsequent annual updates thereafter.

3.6 Internal Audit undertakes a self-assessment review of its activities against the QAIP annually to ensure that service continues to comply with all aspects of the programme and informs this Committee of the outcome. The findings and outcome of the recent exercise is attached at Appendix 2 and details the actions currently undertaken by the service to ensure continued compliance. It is pleasing to note that the service continues to comply with all aspects of the programme.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee have been regularly consulted throughout the process via regular routine report updates.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

REPORT AUTHOR: Mark P Niblock
Chief Internal Auditor
telephone: 0151 666 3432
email: markniblock@wirral.gov.uk

APPENDICES

Appendix 1: Internal Audit Services Quality Assurance & Improvement Programme
Appendix 2: Internal Audit Service – Quality Assurance & Improvement Review

REFERENCE MATERIAL

Public Sector Internal Audit Standards

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Regular PSIAS updates presented to meetings of this Committee.

WIRRAL INTERNAL AUDIT SERVICE

QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

Prepared by: **Mark Niblock**
Chief Internal Auditor

Version 1.0

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1. Introduction

- 1.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:
- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards' (PSIAS) definition of Internal Auditing and Code of Ethics;
 - Operates in an effective and efficient manner; and
 - Is perceived by stakeholders as adding value and improving Internal Audit's operations.
- 1.2 Internal Audit's QAIP covers all aspects of the Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner (1300);
 - Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics (1300);
 - Helping the Internal Audit activity add value and improve organisational operations (1300);
 - Undertaking both periodic and on-going internal assessments (1311); and
 - Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit & Risk Management Committee in accordance with Standard 1312 and 1320.
- 1.3 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of Internal Audit activities.

2. Internal Assessments

2.1 In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

2.2 Continual assessments are conducted through:

- Management supervision of all engagements;
- Structured, documented review of working papers and draft reports by Internal Audit management;
- Audit Policies and Procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards;
- Comprehensive Internal Quality Reviews of audit processes including report findings, conclusions and working papers undertaken prior to completion of all audits. Control Checklist completed to ensure consistency of reporting and reduce administrative error (Appendix A);
- Feedback from audit clients obtained through completion of Customer Questionnaires at the closure of each engagement (Appendix B);
- Auditor Skills Appraisal Assessments undertaken following completion of audit assignments designed to evaluate an individual's performance against PSIAS best practice and the CIPFA Guidance document "The Excellent Internal Auditor" to identify areas of good practice and any development/improvement opportunities (Appendix C).
- Monitoring of internal performance targets (Appendix D) and quarterly outturn reporting to Audit & Risk Management Committee;
- Review and approval of all final reports, recommendations and levels of assurance by the Chief internal Auditor or Audit Manager; and
- Regular team briefings attended by all members of the Internal Audit team and chaired by the Chief Internal Auditor;

Periodic Reviews

- 2.3 Periodic assessments are designed to assess conformance with Internal Audit's Charter, the PSIAS' Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Periodic assessments are conducted through:
- Quarterly Internal Audit Update Reports, presented to the Audit & Risk Management Committee;
 - Annual performance evaluation form to all Chief Officers/Heads of Directorates (Appendix E);
 - Annual risk assessments, in accordance with the Internal Audit Strategy, for the purposes of annual audit planning;
 - Annual review of the effectiveness of Internal Audit, undertaken by the Chief Internal Auditor culminating in the identification of actions for development and improvement and reported via the Chief Internal Auditors Annual Report;
 - Annual review of compliance against the requirements of this Quality Assurance & Improvement Programme, the results of which are reported to Senior Leadership Team and the Audit & Risk Management Committee via the Chief Internal Auditors Report;
 - Feedback from the Chief Executive, Section 151 Officer and Chair of the Audit & Risk Management Committee to inform the annual appraisal of the Chief Internal Auditor, in accordance with Standard 1100;
 - Periodic Skills and Competency appraisal conducted for each Internal Auditor based on the principles of the CIPFA Guidance document "The Excellent Internal Auditor" (2010) to inform the appraisal process (Post Audit Assessment).
- 2.4 Improvement/development actions arising from assessments will be reported to the Audit & Risk Management Committee. The Chief Internal Auditor will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.
- 2.5 Any significant areas of non-compliance with the PSIAS that are identified through internal assessment will be reported in the Chief Internal Auditors Annual Report and used to inform the Annual Governance Statement (AGS).

3. External Assessments

3.1 External assessments will appraise and express an opinion about internal audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be endorsed by the Audit & Risk Management Committee.

Scope of External Assessment

3.3 The external assessment will consist of broad scope of coverage that includes the following elements of Internal Audit activity:

- Conformance with the *Standards*, Definition of Internal Auditing, the Code of Ethics, and internal audit's Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the Internal Audit activity into Wirral's governance framework, including the audit relationship between and among the key groups involved in the process;
- Tools and techniques used by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement programme;
- A determination whether Internal Audit adds value and improves Wirral Council operations.

3.3.1 Results of external assessments will be provided to the Senior Leadership Team and the Audit & Risk Management Committee. The external assessment report will be accompanied by a written action plan in response to significant comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Report of the Chief internal Auditor and in the Council's Annual Governance Statement (AGS).

4. Review of the QAIP

These documents will be appropriately updated following any changes to the PSIAS or internal audit's operating environment and will be reviewed at least on an annual basis.

APPENDIX A

CONTINUOUS/FINAL QUALITY REVIEW RECORD (Item 4)

Audit Assignment:

Gateway	Review Comments	Action Undertaken	Date	Outcome Agreed	Date
Letter of Engagement					
Risk and Control Evaluation Agreed Testing Approach					
Risk and Control Evaluation Findings / Recom.					
Subsections if applicable (as agreed on the Assignment Sheet, e.g. RCE risks, expected controls, findings)					
Draft Report: Any other key areas as agreed on the Assignment Sheet:					

Quality Reviewed by:

Date

'AUDIT REPORT' - QUALITY CONTROL CHECKLIST

Report Title:

Cover	
Report title, Draft issue date and Distribution details including relevant officer's names / job titles have been completed.	<input type="checkbox"/>
Contents	
Headings and sub-headings match those in the body of the report	<input type="checkbox"/>
Page numbers are correct	<input type="checkbox"/>
Report title has been added to the footer	<input type="checkbox"/>
Executive Summary	
Appropriate length	<input type="checkbox"/>
No "....." or "£XXXX" remain from the template	<input type="checkbox"/>
Assurance opinion is provided, is relative to the risk and agreed with client	<input type="checkbox"/>
Correct no of recommendations and appropriate priority rating identified	<input type="checkbox"/>
Highlighted instructions have been removed	<input type="checkbox"/>
Report Headings	
Correctly Identified	<input type="checkbox"/>
All relevant detail included and numbered correctly	<input type="checkbox"/>
Review of Effectiveness	
Appropriately summarised, supported by evidence obtained and numbered correctly	<input type="checkbox"/>
Areas of Good Practice	
Appropriate, balanced and correctly annotated and numbered	<input type="checkbox"/>
Findings & Recommendations	
Numbering within sections is consecutive	<input type="checkbox"/>
Recommendation(s) edited to correctly reflect number of recommendations made.	<input type="checkbox"/>
Priority levels included and correct	<input type="checkbox"/>
Action Plan	
Recommendations are identical to those in the "Findings & Recommendations" section	<input type="checkbox"/>
Appendix	
Customer Feedback form included	<input type="checkbox"/>
General	
Bullet style used is consistent throughout report and aligned with text: <ul style="list-style-type: none"> • <i>Example</i> 	<input type="checkbox"/>

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Bulleted lists formatted: <ul style="list-style-type: none"> • item a; • item b; and • item c. 	<input type="checkbox"/>
Text is justified correctly and tables are aligned to text/page margins	<input type="checkbox"/>
Final Reports	
Ensure the draft watermark has been removed	<input type="checkbox"/>
Cover: Final issue date and additional Distribution details including relevant officer's names / job titles have been completed and report authors etc identified.	<input type="checkbox"/>
Working Papers	
All working papers completed, signed and dated	<input type="checkbox"/>
Quality Review Record (Item 4) included/completed	<input type="checkbox"/>
Post Audit Assessment scheduled/completed	<input type="checkbox"/>
All Relevant Quality Checks identified completed	<input type="checkbox"/>

Checked by (Auditor):	
Date:	

Final checked by (Manager):	
All issues identified recorded on Item 4	<input type="checkbox"/>
Date:	

APPENDIX B

9. Customer Feedback

To help us to improve the service we deliver, it is important that you provide us with regular feedback. Therefore, please complete the following:

How satisfied were you with the overall service received from Internal Audit?								
Please Indicate	Very Satisfied		Satisfied		Dissatisfied		Very Dissatisfied	
<i>Please explain your answer</i>								

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If you would like to discuss any issues regarding this audit, please contact the Chief Internal Auditor.

Completed by: Signed: Date:

APPENDIX C

AUDITOR SKILLS APPRAISAL SYSTEM

POST-AUDIT ASSESSMENT

Guidance for Completion

This assessment should be completed and discussed by the auditor and the manager within one week of the completion of the audit review and sending of the audit report. A copy of the completed document should be forwarded to the Chief Internal Auditor.

The process should take no more than one hour in total.

The audit details should be completed, and details of any variances of hours spent on the audit, and any other relevant comments or contextual information included.

The form records the appraisal of the auditor's competence (in relation to the named audit) in each of the skills listed. The auditor and the manager complete their respective columns, utilising an assessment of 1 to 3 (in relation to their post level):

1 = Not meeting expectations

2 = Meeting expectations

3 = Exceeding expectations

The auditor and manager should hold a brief meeting to discuss their assessments, and agree a set of scores which should be recorded on the form. The "comments" column can be used to give any further details necessary to explain the assessment.

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The auditor’s development should then be discussed in light of their objectives and planned development opportunities as recorded on the Development Plan. The Development Plan should be updated to record the positive performance and progress evident during the audit, and any additional objectives or development opportunities required.

Please refer to the “Auditor Skills Framework - Explanatory Note” for further details.

Audit Details

Auditor name:.....

Manager name:.....

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Audit Title	Start date (date of first hours used by auditor)	End Date (date of final report issue)	Budget Hours (for auditor being assessed)	Actual hours (for auditor being assessed)	Reasons for variances: - budget hours exceeded - final report not issued in accordance with dates given in the Terms of Reference	Level of difficulty of this audit for an auditor of this post level (delete as appropriate)
						1. Routine 2. Challenging 3. Significantly Challenging

Any other relevant comments/contextual information

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Appraisal of Skills

1 = Not meeting expectations 2 = Meeting expectations

3 = Exceeding expectations

In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
BEHAVIOURAL				

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In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
1. Negotiating – successfully achieved win/win outcomes.				
2. Influencing – successfully and persuasively conveyed a point of view.				
3. Communication – raised the level of mutual understanding.				
4. Assertiveness – interacted with others in a positive and confident manner.				
5. Enthusiasm and initiative – was self-motivated and proactive.				
6. Team work – worked with others to achieve a common goal.				
7. Professionalism – presented self and function in a professional manner.				
TECHNICAL				
1. Audit methodology and scope – defined the scope of the audit.				
2. Analytical review – applied appropriate techniques and evaluated results.				
3. Testing – identified key controls and defined testing accordingly.				
4. Interviewing and questioning – extracted information effectively, using appropriate skills.				
5. Sampling – selected suitable samples from appropriate sources.				
6. IT Skills – used appropriate IT throughout audit.				

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In relation to the named audit, how did the auditor perform in comparison with the expectations of their post:	Auditor Score	Manager Score	Agreed Score	Comments
7. Specialist Skills - used appropriate skills and knowledge in audit work.				
MANAGEMENT				
1. Performance management – produced high quality output to meet deadlines.				
2. People management – encouraged development of self and others.				
3. Leadership – encouraged and motivated others.				

Sign and date:

Auditor:..... Date:.....

Manager:..... Date:.....

Copy to the Chief Internal Auditor and Audit Manager

INTERNAL AUDIT – PERFORMANCE TARGETS

**AP
PE
NDI
XD**

CATEGORY	DESCRIPTION	NARRATIVE	HOW IT'S MEASURED	TARGET
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WIRRAL COUNCIL INTERNAL AUDIT
Quality Assurance & Improvement Programme 2019/20

COMPLIANCE	PSIAS Compliance	Level of compliance with requirements of PSIAS / LGAN¹	PSIAS Annual Self-Assessment External Assessment (5 yearly)	100%
PRODUCTIVITY	Audit days utilised	Number of audit reviews completed within planned days allocated	APACE audit time recording / Performance Spreadsheet management system	>90%
PRODUCTIVITY	Audit days utilised/audit turnaround	Number of audit assignments delivered within ten days of completion of fieldwork	APACE audit time recording / Performance Spreadsheet management system	>95%
OUTPUTS	Audit coverage	%age of Audit Plan completed	APACE audit time recording / Performance Spreadsheet management system	>90%
OUTPUTS	Planned Audits completed	%age of planned audit reviews completed	APACE audit time recording / Performance Spreadsheet management system	>90%
QUALITY	Client Satisfaction	%age of Post Audit Customer Feedback Questionnaires in which management have responded as “Very Satisfied” or “Satisfied” with quality of audit	Post Audit Questionnaire	100%

¹ Public Sector Internal Audit Standards (PSIAS) / CIPFA Local Government Application Note (LGAN)

WIRRAL COUNCIL INTERNAL AUDIT
Quality Assurance & Improvement Programme 2019/20

ADDED VALUE	Management Perception	%age of positive responses in respect of perceived benefits and value of Internal Audit work	Customer Post Audit Feedback Questionnaire Annual Performance Evaluation Form (Heads of Service)	95%
ADDED VALUE	Corporate Management Satisfaction	%age of High priority recommendations agreed with clients	Returned Audit Action Plans	100%

APPENDIX E

ANNUAL PERFORMANCE EVALUATION FORM

Directorate	
--------------------	--

A number of performance indicators have been adopted by Internal Audit and one of the most important of these is your view of the service you receive.

Please spare the time to complete and return this survey.

Your responses will help Internal Audit to develop and maintain high levels of service.

Are you satisfied that:

Internal Audit is proactive in ensuring its role and objectives are understood	Click to respond
Internal Audit exhibits a good understanding of the Council's objectives	Click to respond
There are clear and effective lines of communication between Internal Audit and yourself	Click to respond
Internal Audit Reports are a valuable management tool	Click to respond
Internal Audit can be relied upon to provide objective and independent advice	Click to respond
Internal Audit staff respect confidentiality	Click to respond

<p>Please add any additional comments and/or suggestions</p>

Name	
Position	
Date	

Thank you for your time in completing this survey.

Please return to: Mark Niblock, Chief Internal Auditor

Quality Assurance and Improvement Programme Review - 2019/20

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Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
1. Development of the Quality Assurance and improvement Programme					
1.1	QAIP has been established for Internal Audit in line with the PSIAS.	QAIP established and approved by Audit and Risk Management Committee, last update review Jan 2018.	Annual	Chief Internal Auditor (CIA)/ARMC.	No issues
1.2	QAIP comprises of Internal assessments (both ongoing and periodic) and external Assessments.	QAIP contains these elements.	Annual	Chief Internal Auditor/ARMC.	No issues
2. Requirements of Internal Assessments – Ongoing					
2.1	Management Supervision.	Tracked changes on documents, documented evidence of supervisory review, Post Audit Assessment undertaken identifying training/development on relevant documentation.	Ongoing - every audit has a review.	All Programme Auditor's and Audit Manager (AM).	No issues
2.2	Structured, documented review of working papers during audits and draft/final reports.	Tracked changes on documents, evidence supervisory review, training and development / improvement issues arising documented as part of PAA.	Ongoing - every audit has a review	All Programme Auditor's and Audit Manager.	No issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
2.3	Audit Policies and Procedures used to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards.	Template documents exist and are utilised by all auditors on all assignments. Internal Audit Manual identifies all relevant policies, procedures and protocols. Quality Assurance Checklists in operation. Internal Audit Charter provides summary overview of the audit process	As required	Chief Internal Auditor	No issues.
2.4	Comprehensive Internal Quality Reviews regularly undertaken.	Ongoing supervisory reviews undertaken for all audits utilising documented template 4, includes final review by CIA/AM. Post Audit Assessment utilised for all audits, documenting the process and identifying areas for development/improvement. Control Checklist utilised as part of this process.	Ongoing – all audits.	Chief Internal Auditor/Audit Manager/Programme Auditors.	No Issues identified.
2.5	Feedback obtained via audit Client Questionnaire	Standard questionnaire issued after each and every audit. Outcomes reported to all ARMC meetings.	Ongoing	Chief internal Auditor/ Audit Manager/Programme Auditors/ Lead Auditors.	No issues.

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
2.6	Auditor Skills Appraisal Assessments regularly undertaken to assess auditors performance	Auditor Skills Appraisal Assessment undertaken after every audit, evaluating auditors performance against key core competencies and identifying areas for development and improvement.	Ongoing	Reviewed by Audit Manager and Chief Internal Auditor.	No issues
2.7	Monitoring of internal performance targets and quarterly outturn reporting to ARMC.	Performance targets achievement monitored on ongoing basis via performance spreadsheet and reported to every meeting of ARMC.	Ongoing	Chief Internal Auditor/ Audit Manager/Programme Auditor's.	No issues
2.8	Review and approval of all final reports by Chief Internal Auditor/Audit Manager.	Established quality review process requires reports to be reviewed and approved by CIA or AM and outcomes documented.	Ongoing	Chief Internal Auditor/Audit Manager.	No issues
3. Requirements of Internal Assessments – Periodic					
3.1	Self-assessment against PSIAS	Annual self- assessment completed. External Review undertaken 2018/19.	Annual or as the Standards change.	Chief Internal Auditor	No issues
3.2	Quarterly IA Update Reports presented to ARMC.	Quarterly update reports prepared by CIA summarising IA activity, items of note/escalation and performance data presented	Annual	Chief Internal Auditor	No Issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
		at every quarterly meeting of ARMC.			
3.3	Annual performance evaluation form to all Chief Officers.	Performance Evaluation Questionnaire discussed with Chief Officers at annual planning meetings each year and feedback utilised to help improve/develop the IA service.	Annual	Chief Internal Auditor	No issues although actual completion of forms can be problematic at times.
3.4	Annual Audit Planning Risk Assessments	The comprehensive annual audit planning process identifies all key issues and risks to the organisation and targets audit work in these areas. The Audit Plan is approved and endorsed by Chief Officers and ARMC.	Annual	Chief Internal Auditor/ARMC.	No Issues
3.5	Annual review of Internal Audit Service by Chief Internal Auditor.	Chief Internal Auditor undertakes ongoing review and evaluation of the service identifying areas for development/improvement arising from customer feedback, PAA's, Away Day sessions, Team Briefings, Peer sessions, self assessments against PSIAS and other best practice guidance etc and reports actions to ARMC on a quarterly basis. This is	Ongoing	Chief Internal Auditor	No Issues.

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
		summarised in the Chief Internal Auditors Annual report.			
3.6	Annual review of compliance with QAIP.	Review undertaken annually, reported to ARMC in January 2018.	Annual	Chief Internal Auditor	No Issues
3.7	Feedback from Chief Executive, Section 151 Officer and Chair of ARMC to inform annual appraisal of CIA.	Annual appraisal of CIA undertaken by Section 151 Officer who obtains input from CEO and ARMC Chair prior to appraisal.	Annual	Section 151, CEO, ARMC Chair.	No issues
3.8	Periodic Skills and Competency appraisal conducted for all Auditors.	Auditor Skills Appraisal Assessment undertaken after every audit, evaluating auditors performance against key core competencies and identifying areas for development / improvement. In addition, Corporate Performance Appraisal completed for each Auditor annually with outcomes from Auditor Skills Appraisal feeding this process and culminating in a development plan.	Ongoing/Annual	Chief Internal Auditor/Audit Manager/Programme Auditor/Lead Auditors.	No Issues
3.9	Improvement/development actions arising from	Quarterly Internal Audit Update reports for ARMC identify actions	Annual	Chief Internal Auditor	No Issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
	assessments are reported to ARMC.	taken to improve and develop the internal audit service.			
3.10	Any significant areas of non compliance with PSIAS are included in the Chief Internal Auditors Annual Report.	Any areas of non compliance would be routinely included in the Annual Report. External assessment during 2018 identifying 'full compliance' with PSIAS across all areas.	Annual	Chief Internal Auditor	No Issues
4. External Assessment					
4.1	An independent external assessment should be performed every 5 years	External assessment completed by external inspectors during 2018.	Every 5 years	Chief Internal Auditor/ North West Audit Group Peer Review	No Issues.
5. Reporting on the QAIP					
5.1	Review of compliance against the requirements of the QAIP, the results of which are reported to the ARMC.	Compliance reviewed annually and reported to ARMC in IA Update Report – January 2018.	Annual	Chief Internal Auditor/ARMC.	No Issues



**Audit and Risk Management Committee
Monday, 23 September 2019**

REPORT TITLE:	Procurement – Use of Procedure Rules Approval Document Permitted Under The Council Contract Procedure Rules
REPORT OF:	Head of Commercial Procurement

REPORT SUMMARY

This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (CPR's) Rule 12 - Waiving the Rules and Rule 13 – Extension/Variation

The Appendix details the contracts subject to the Extension/Variation or Waiver rules for the period 1st October 2018 to 31st March 2019, which under Contracts Procedure Rule 17 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee on a six monthly basis

- a) Contract is awarded, the total value of which exceeds £500k
- b) Variation or extension to a contract approved by The Director of Finance and Investment
- c) Waiver of the Contract Procedure Rules in relation to a contract which exceeds £50k in value

RECOMMENDATION/S

That the report is noted

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide the committee with assurance that the council is taking appropriate measures to comply with Contracts Procedure Rules

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's Contract Procedure Rules require this report to be presented to this Committee. The frequency of the reporting covers the previous six month period as agreed by this Committee on the 21st November 2017

3.0 BACKGROUND INFORMATION

- 3.1 Revised Contract Procedure Rules, approved by this Committee, came into effect on the 1st April 2016
- 3.2 The rules place the responsibility for the approval of contracts on officers of the Council
- 3.3 Each contract is posted on the Council's Contracts Register, The Chest, which is the regional eContracting Portal for the North West local authorities
- 3.4 Within the revised Rules, four distinct **Procedure Rules Approval Documents (PRAD)** of approval are:

PRAD 1 Exceptions
PRAD 2 Extensions
PRAD 3 Variations
PRAD 4 Awards

These form the basis of all reports to this Committee in accordance with Rule 17

- 3.5 The revised rules include the adoption of the The Public Procurement Regulations 2015, the Transparency Code 2015 and the requirement to publish all contracts above £5k in value
- 3.6 There have been 41 Exceptions approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) have been authorised only in the following circumstances, supported in all cases by the appropriate evidence;
- a) Goods, services or the execution of works are obtainable from one source or contractor and there is no reasonably satisfactory alternative.
 - b) Compatibility issues such that procurement from another source would be uneconomic given the investment in the previous infrastructure
 - c) A waiver of the rules would be in the interests of the Council, be lawful, and provide value for money

- d) Where there is a legal requirement to deal with a particular supplier
- e) Contracts awarded to suppliers because of exclusive rights

3.7 The remainder of the approved PRAD's are detailed as follows

Type	Description	Number Approved
PRAD 2	Extension	18
PRAD 3	Variation	10
PRAD 4	Award	18

4.0 IMPROVEMENT MEASURES

4.1 A range of measures to improve compliance are in progress;

- Engagement with the Senior Leadership Team to implement a programme of new measures and the backing of the Chief Executive and section 151 officer
- Contracts Review Planning to engage with commissioners early in respect of contract renewals, exception requests, and contract extensions
- Contracts Procedure Rules training programme for commissioners during November / December 2019
- NOPONOPAY workstream to improve the efficiency and effectiveness of procure to pay processes and methods

5.0 FINANCIAL IMPLICATIONS

5.1 The appendices detail a total of 87 PRAD's approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £200m during 2018/19

6.0 LEGAL IMPLICATIONS

6.1 The Council must comply with it's Contract Procedure Rules and relevant procurement legislation

7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

7.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes

7.2 The PRAD process includes assurances that the financial resources are available to fund the contracts and also achieves value for money prior to any approval being given

8.0 RELEVANT RISKS

8.1 There are none arising from this report

9.0 ENGAGEMENT/CONSULTATION

9.1 There was no specific consultation undertaken in respect of this report

10.0 EQUALITY IMPLICATIONS

10.1 No because there is no relevance to equality.

REPORT AUTHOR: Keith Patterson
Head of Commercial Procurement
telephone: (0151) 666 3388
email: keithpatterson@wirral.gov.uk

APPENDICES

Appendix 1

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	24/09/2018

PRAD 1 - Exception

Date	Project Title	Directorate	Service Area	Project Description	Annual Spend £k	Total Contract Spend £K	Departmental Contact	Signed By	Approval By
25/02/2019	Supported Housing & Homelessness	Delivery Services	Community Services	Provision of housing related support for up to 43 people with a Learning Disability to assist them to sustain their accommodation and independence. Subsidy funding is payable to client following a means test.	£359,346.00	£359,346.00	Sheila Jacobs	Lisa Newman	Mark Gandy
15/02/2019	Children and Adolescent Mental Health Service (CAMHS) for Children Looked After (CLA)	Childrens services	Performance Qual and Improve	The service provides a fast response for CLA who are suffering from poor mental health and wellbeing.	£333,737.00	£333,737.00	Alex Shears	Carly Brown	Ray Williams/Colin Hughes
23/11/2018	Supported Housing Contract- Harbour	Delivery Services	Place Services	Housing support service for up to max. 20 vulnerable people with mental health issues. Service houses and supports clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises and avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria.	£208,571.43	£208,571.43	Sheila Jacobs	Lisa Newman	Ray Williams
12/11/2018	Supervised Contact	Childrens services	Performance Qual and Improve	To deliver a service for children and young people across the borough of Wirral and work in partnership with Wirral's Children Services. The objective is to deliver a contact service where parental/ family involvement and ownership is established to improve the offer and deliver a child-centred provision which meets their needs and supports their key interests.	£200,000.00	£200,000.00	Carly Brown	Carly Brown	Ray Williams/Colin Hughes
21/12/2018	Tour of Britain	Business Management	Commercial management	To hold a Stage Race for Tour of Britain 2019	£200,000.00	£200,000.00	Nicola Butterworth	Paul Satoor	Keith Patterson
09/11/2018	Specialist Nursing Support Hepatitis B and C Screening and treatment, Specialist Substance Misuse Liaison Nurse, Community Tuberculosis Service.	Strategy and Partnerships	Health and wellbeing	Specialist Nursing Support Hepatitis B and C Screening and treatment, Specialist Substance Misuse Liaison Nurse, Community Tuberculosis Service.	£190,000.00	£190,000.00	Ian Shaw	Julie Webster	Ray Williams/Colin Hughes
23/11/2018	Supported Housing Contract - Cambrian	Delivery Services	Place Services	Housing support service, across Wirral, for up to max 28 vulnerable people with mental health issues. Service supports clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis & only for those people who meet eligibility criteria.	£178,528.80	£178,528.80	Sheila Jacobs	Lisa Newman	Ray Williams
21/12/2018	Sustainability Appraisal Strategic Environmental Assessment for Wirral Council	Economic and Housing Growth	Major Growth and Housing Delivery	Undertake statutory Sustainability Appraisal/Strategic Environmental Assessment/Health Impact Assessment of the Wirral Local Plan, to cover all remaining preparation stages up to and including adoption, including an initial baseline review. Undertake additional evidence base work required to address identified gaps arising from the baseline review and also during remaining stages to adoption.	£58,333.33	£175,000.00	Andrew Fraser	David Ball	Ray Williams
22/03/2019	Capita ONE Software	Childrens services	Performance Qual and Improve	The maintenance, support and development of a case management system linking with school management information systems and public facing portals, to support core functions of schools and the Council	£170,000.00	£170,000.00	Dan Wickham	Carly Brown	Ray Williams/Colin Hughes
08/10/2018	Highway Maintenance – Winter Maintenance	Delivery Services	Highways and Associated Services	Provision of winter maintenance, The Project team had explored the option for Assist (Driver Agency) to register under the corporate contract for Agency staff (Matrix). Matrix confirmed the terms of reference proposed for the engagement were outside their contract terms. Therefore, Wirral Council will procure the services required directly from Assist.	£168,000.00	£168,000.00	Mark Smith	Mark Smith	Keith Patterson
08/10/2018	Children and Adolescent Mental Health Service (CAMHS) for Children Looked After (CLA)	Childrens services	Performance Qual and Improve	The service provides a fast response for CLA who are suffering from poor mental health and wellbeing.	£166,868.50	£166,868.50	Alex Shears	Carly Brown	Ray Williams/Colin Hughes
29/03/2019	Delivery of Witching Hour Event 17-19 May	Economic and Housing Growth	Culture and Visitor Economy	The commissioning and delivery of the Witching Hour Event in Birkenhead Park 17-19 May plus community engagement event on 29-30 March.	£150,000.00	£150,000.00	Tom Smith	Lucy Barrow	Ray Williams

15/02/2019	Respite Care for People with Disabilities	Adult Care and Health	Health and Care	Respite (Short Break) care provides the eligible Service User with a planned break, which may be facilitated in a number of different ways to best suit the person with learning disabilities and/or autism and physical disabilities and the Carer. The contract is a 10 bedded respite unit which is commissioned on a block basis	£134,200.00	£134,200.00	Annamarie Wilkins	Jason Oxley	Ray Williams
15/02/2019	Occupational Therapy Service	Childrens services	Performance Qual and Improve	Occupational Therapy service for children with disabilities and / or development problems	£133,000.00	£133,000.00	Alex Shears	Carly Brown	Ray Williams
24/10/2018	Merseytravel scholars travel passes	Childrens services	Schools Commissioning	Reimburse Merseytravel for scholar's travel passes provided in accordance with the Council's home to school transport policy	£130,000.00	£130,000.00	Sally Gibbs	Sue Talbot	Ray Williams
12/11/2018	Parking Enforcement Services	Delivery Services	Highways and Associated Services	The issuing of Penalty Charge Notices within the Civil Enforcement Area for both on and off-street permitted parking, loading, waiting contraventions and associated activities. Compliance with the Traffic Management Act 2004 (TMA) Part 6 and all associated regulations and legislation. The provision of suitable operational accommodation, transport, necessary equipment and stationery.	£130,000.00	£130,000.00	Steve Atkins	Nicola Butterworth	Ray Williams/Colin Hughes
06/02/2019	Supply and Maintenance of Average Speed Cameras for A41 Rock Ferry Bypass	Delivery Services	Highways and Associated Services	The supply of a new system of cameras on the A41 Rock Ferry Bypass enabling the enforcement of the (average) speed of traffic using that road by Merseyside Police (in accordance with Home Office Type Approvals), as a casualty reduction scheme. (Quote 26198)	£122,052.50	£122,052.50	David Rees	Mark Smith	Ray Williams/Colin Hughes
12/11/2018	Assisted Travel In-House Fleet	Strategy and Partnerships	Environment	To provide newer (second-hand) wheelchair accessible minibus vehicles to transport vulnerable children and adults to and from schools, colleges and day centres.	£39,333.33	£118,000.00	Mark Camborne	Mark Camborne	Keith Patterson
26/02/2019	SEND Review Phases 2 and 3	Childrens services	Schools Commissioning	External review of local SEND provision which will advise the Local Authority, inform the number of places and type of provision that can and should be provided for within the mainstream and special schools sectors. It should also detail what other provision will need to be commissioned from either specialist providers and / or special school sector.	£116,325.00	£116,325.00	John Wood	Sue Talbot	Sue Talbot
06/02/2019	Slimming World Ltd	Strategy and Partnerships	Health and Wellbeing	A Tier 2 Weight Management service to support Wirral adults to lose weight and maintain healthy weight behaviours.	£100,000.00	£100,000.00	Ian Shaw	Julie Webster	Ray Williams/Colin Hughes
06/02/2019	Weight Watchers UK Ltd	Strategy and Partnerships	Health and Wellbeing	A Tier 2 weight management service to support Wirral adults to lose weight and maintain healthy weight behaviours	£100,000.00	£100,000.00	Ian Shaw	Julie Webster	Ray Williams/Colin Hughes
12/03/2019	Safe Families for Children Service	Childrens services	Performance Qual and Improve	This service provides family support as well as the hosting of children for overnight stays who are aged 0-18 years.	£95,000.00	£95,000.00	Sarah Robertson	Carly Brown	Ray Williams
15/10/2018	Expertise in development of the Wirral Growth company	Delivery Services	Delivery Services	Wirral Growth Company Consultancy Requirements until 31 March 2019.	£75,000.00	£75,000.00	David Armstrong	Paul Satoor	Ray Williams
21/12/2018	2018 Schedule of rates contract for Hand Arm Vibration measuring and monitoring equipment	Delivery Services	Community Services	To Supply goods and services for use with Hand Arm Vibration monitoring in relation to Health & Safety of Council Staff	£75,000.00	£75,000.00	Bill Hancox	Andrew Elkington	Ray Williams
24/01/2019	Support for Domestic Abuse	Childrens services	Performance Qual and Improve	The provider delivers a service across the borough of Wirral and works in partnership with the Wirral Safer Hub and Early Help. The service provides 9 x 10-week Leapfrog	£74,721.00	£74,721.00	Beth Hogg	Carly Brown	Ray Williams

25/01/2019	Licence, Support & Maintenance 01/19 - 12/19	Business Management	Finance	License, Support and Maintenance for Revs and Bens Document Management and Workflow system. This is a combined PRAD for 2 Invoices, 4 where submitted last year; as agreed with Procurement - and subsequently agreed with Civica - invoices to be consolidated to enable future review to take place. This is the reason of late submission by Civica	£73,250.40	£73,250.40	Lisa Jamieson	Lisa Jamieson	Ray Williams
12/03/2019	Merseyside Society for Deaf People, support to People who are Deaf or Hard of Hearing	Adult Care and Health	Health and Care	To support, promote and advance the independence and quality of life for all deaf and hard of hearing people/ adults in Wirral. The service includes social work service through assessment and care management; environmental aids service including the provision, installation and maintenance of equipment (not connected to mains electricity supply) and provision of information and advice	£73,000.00	£73,000.00	Carol Jones	Jacqui Evans	Ray Williams
23/11/2018	Supported Housing Contract- Sanctuary	Delivery Services	Place Services	Housing support service for up to maximum of 10 vulnerable people with mental health issues. Service supports clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria	£67,728.36	£67,728.36	Sheila Jacobs	Lisa Newman	Ray Williams
23/11/2018	Supported Housing Contract - Making Space	Delivery Services	Place Services	Housing support service, at 2 locations, for up to 16 vulnerable people with mental health issues. Service supports clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises & avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria	£63,964.69	£63,964.69	Sheila Jacobs	Lisa Newman	Ray Williams
25/01/2019	Safe Families for Children	Childrens services	Performance Qual and Improve	This service provides family support as well as the hosting of children for overnight stays who are aged 0-18 years.	£60,000.00	£60,000.00	Lindsay Davidson	Carly Brown	Ray Williams
19/03/2019	Project Manager Step up to Social Work Cohort 6	Delivery Services	Community Services	This sub regional project is the result of a successful Department for Education Bid and is grant funded. The Project Manager for is seconded from Knowsley Council from January 2019 to March 2021	£29,643.84	£59,287.68	Jo Williams	Tony Williams	Ray Williams
09/11/2018	Nurse Practitioner Service for the Homeless	Strategy and Partnerships	Health and wellbeing	This service will provide improved access, and particularly early access, to health promotion and harm reduction interventions and services for homeless people. It will Contribute towards the reduction in the number of A&E presentations by homeless people and towards their improved health.	£59,220.00	£59,220.00	Ian Shaw	Julie Webster	Ray Williams
10/10/2018	Charge for disposal and recycling of Wirral Council office waste	Strategy and Partnerships	Environment	Annual charge for the disposal and recycling of Wirral Council's office residual and recyclable waste collected via the Council's waste collection contractor Biffa.	£56,360.00	£56,360.00	Mike Cockburn	Mark Smith	Ray Williams
21/12/2018	Champs Public Health Collaborative	Strategy And Partnerships	Health and Wellbeing	The Collaborative has recently been successful in bidding to co-ordinate the Public Health Practitioner Registration scheme for the North West Region on behalf of Health Education England. This scheme is for professional registration for people working in Public Health and operates in a similar way in most other regions.	£56,250.00	£56,250.00	Adam Major	Dawn Leicester	Ray Williams
08/03/2019	Advanced Contract Management Module	Business Management	Commercial Management	Additional module to The Chest eSourcing Portal	£56,000.00	£56,000.00	Keith Patterson	Ray Williams	Ray Williams
09/11/2018	Wirral Council Affordable Housing Programme Grant for Fender Way and Feltree site	Delivery Services	Place Services	Council's affordable housing grant, part of the £1.5M Affordable Housing Programme to enable development of affordable housing in the borough.	£55,000.00	£55,000.00	Stella Edwards / Emma Foley	Lisa Newman	Ray Williams
09/11/2018	BME Health Improvement Service	Strategy and Partnerships	Health and wellbeing	Premises costs for 18/19	£52,525.00	£52,525.00	Ian Shaw	Julie Webster	Ray Williams
08/03/2019	Occupational Health Contract DN285019	Business Management	Change and Organisational Design	The provision of occupational health services, wellbeing support and an Employee Assistance Programme to Wirral Council and Wirral schools, Wirral Evolutions and Wirral Chamber of Commerce and via traded services B2B opportunities	£52,500.00	£52,500.00	Andy McMillan	Tony Williams	Ray Williams

31/01/2019	Halo Facilities Management	Delivery Services	Place Services	Provision of licensed security staff, bailing operator & cleaning staff	£52,000.00	£52,000.00	Jeanette Royle	David Armstrong	Ray Williams
26/11/2018	Pilot: Financial Consultancy	Business Management	Finance	A pilot scheme (12-month duration) to develop and undertake due diligence processes for assessing loan/grant applications and setting EU State Aid compliant terms. On pilot completion a full tender process will be undertaken subject to future anticipated applications	£50,000.00	£50,000.00	Peter Molyneux	Shaer Halewood	Ray Williams
19/03/2019	Wirral Council contribution to joint HRA contract of Local Plans (managed by Merseyside Environmental Advisory Service)	Economic and Housing Growth	Major Growth and Housing Delivery	MEAS is a shared service, provided by Sefton Council since 1988. MEAS manage a joint contract with AECOM to undertake Habitats Regulations Assessments (HRA) of Local Plans. Wirral proposes to utilise AECOM's Wirral-specific HRA expertise for its emerging Local Plan. Wirral needs to provide a new financial contribution to the joint HRA budget managed by MEAS to continue to access this expertise.	£16,666.66	£50,000.00	Andrew Fraser	David Ball	Ray Williams

PRAD 2 – Extension										
Date	Project Title	Directorate	Service Area	Project Description	Annual Spend £k	Total Contract Spend £K	Departmental Contact	Signed By	Approval By	
08/11/2018	Shared Lives	Adult Care and Health	Health and Care	Shared Lives is care and/or support provided by individuals, couples and families who have been approved and trained for that role by the Service Provider. Care and/or support may also be provided either within or outside of the home of the carer as well as support to people living in their own homes.	£970,446.00	£970,446.00	Clare Hazler	Jayne Marshall	Jenny Spick	
09/11/2018	Wirral Recovery Orientated Substance Misuse Treatment Services	Strategy and Partnerships	Health and wellbeing	Provision of integrated drug and alcohol treatment services	£7,068,208.00	£7,068,208.00	Ian Shaw	Julie Webster	Jenny Spick	
28/11/2018	Support for Oracle E-Business Suite (CRM/ERP) A35L-57AML1	Business Management	Change and Organisational Design	Support of Oracle Financials System	£75,000.00	£75,000.00	Jeff Ashworth	Jeff Ashworth	Jenny Spick	
28/11/2018	M3 Public Protection Systems (Environmental Health, Private Sector Housing, Trading Standard and Licensing) Software and Ongoing Support.	Delivery Services	Community Services	Critical database for statutory services (Env.Health, Private Sector Housing, Trading Standards & Licensing). Services unable to function without supporting database system. NWCE-8ZBCL6-M3 Public Protection Systems -CRM 64918	£23,500.00	£23,500.00	Colin Clayton	Andrew Elkington	Jenny Spick	
04/12/2018	The Supply of Arboriculture Services	Delivery Services	Highways and Associated Services	The management and maintenance of all Streetscene trees within the Wirral, along with a 24 hour, 365 days a year emergency / out-of-hours call-out service.	£220,000.00	£220,000.00	Shaun Brady	Mark Smith	Jenny Spick	
13/12/2018	Wirral Ways to Work Programme - Worklessness Support Service - Lot 1	Economic and Housing Growth	Regeneration and Inward Investment	Delivery of the Worklessness Support Service within Lot 1 of the Wirral Ways to Work Programme, part funded by European Social Fund. The service offers an intensive outreach, engagement and information, advice and guidance to unemployed or economically inactive residents.	£1,254,930.70	£1,254,930.70	Stephen Chapman	Alan Evans	Jenny Spick	
18/12/2018	Support for Oracle E-Business Suite (CRM/ERP)	Business Services	Digital	This contract is to Support 1Business. We signed a 2+1+1 in Jan 2016 and would like to take up another year.	£75,000.00	£75,000.00	Jeff Ashworth	Jeff Ashworth	Peter Molyneux	
18/12/2018	Wide Access Network	Business Services	Digital	The provision of Wide Access Network services to Wirral corporate and school sites. This encompasses data and telephony services and provides a secure private network across which IP traffic is routed in a PSN compliant way. The new WAN replaces an existing WAN which was aging and utilised as part of the network the BT LES2 product which has been decommissioned and withdrawn from service.	£400,000.00	£400,000.00	Pete Moulton	Jeff Ashworth	Peter Molyneux	
18/12/2018	Short Breaks for Disabled Children	Childrens services	Performance Qual and Improve	Carers Trust 4 All provide a Short Break service for Disabled Children and young people. In line with statutory requirements	£213,873.00	£213,873.00	Carly Brown	Carly Brown	Jenny Spick	

03/01/2019	Supported Housing Contract- Regenda Homes	Delivery Services	Place Services	Provision of 3 self-contained flats with onsite support delivered 24:7 to 3 young people aged 16-17 years old who are leaving care and owed a statutory duty. The contract was developed in partnership with CYP and is and jointly funded but is held and monitored by Supported Housing.	£146,500.00	£146,500.00	Shelia Jacobs	Lisa Newman	Jenny Spick
03/01/2019	Step up to Social Work Cohort 5	Business management	Change and Organisational Design	Edgehill is responsible for the delivery of the Post Graduate Diploma on Social Work programme for the Learn Together Partnership. It has responsibility for the development of the curriculum, validation, student registration, quality assuring its programme and administering national funding to Learn Together partners for placements and contributions to academic fees.	£213,118.08	£426,236.00	Jo Williams	Tony Williams	Jenny Spick
03/01/2019	Supply of Enforcement Agency services - WBC (Lot 2)	Delivery Services	Highways and Associated Services	Collection of Penalty Charge Notice Debts through Enforcement Agency (Bailiff) Services.	£0.00	£0.00	Steve Atkins	Mark Smith	Jenny Spick
16/01/2019	Provision of Mobile voice and data services	Business management	Change and Organisational Design	To provide mobile voice and data services to Wirral council elected members and employees	£117,838.00	£117,838.00	John Williams	Jeff Ashworth	Jenny Spick
21/01/2019	Foster Carer Review	Childrens services	Performance Qual and Improve	This service will Chair Foster Carer Reviews and make recommendations to the Agency Decision Maker and the Fostering Service. It will be a key element in ensuring that foster carer reviews are completed in a timely manner. This service will ensure that they gather the views of all parties to inform the process of the Foster Carer Review.	£43,000.00	£43,000.00	Alex Shears	Carly Brown	Jenny Spick
22/02/2019	Treasury Management External Advisory Services	Business management	Finance	This contract is for the provision of Treasury Management External Advisory Services to the Council on treasury related matters including, but not limited to, Investments, Borrowing, Treasury Risk Management, Counterparty Credit Analysis.	£16,571.86	£16,571.86	Shaer Halewood	Shaer Halewood	Peter Molyneux
28/03/2019	Target Hardening	Strategy and Partnerships	Environment	Target Hardening - Security to property for Domestic Abuse and Hate Crime Victim Dwellings including the supply and installation of closed-circuit camera recording systems	£30,000.00	£30,000.00	Bob Little	Mark Camborne	Mark Camborne
28/03/2019	Target Hardening - Domestic Abuse and Hate Crime Victim Dwellings	Childrens services	Safer Wirral service	Target Hardening - Security to property for Domestic Abuse and Hate Crime Victim Dwellings including the supply and installation of closed-circuit camera recording systems	£30,000.00	£30,000.00	Bob Little	Mark Camborne	Jenny Spick
28/03/2019	Alley gate Maintenance	Strategy and Partnerships	Environment	Alley gate Maintenance Reason for Extension: The contract is delivering objectives and providing good customer relations with Wirral residents, stakeholder agencies and the general public	£28,600.00	£28,600.00	Bob Little	Mark Camborne	Mark Camborne

PRAD 3 – Variation/Overspend

Date	Project Title	Directorate	Service Area	Project Description	Annual Spend £k	Total Contract Spend £K	Departmental Contact	Signed By	Approval By
03/10/2018	Accommodation Based Support 25+: YMCA	Delivery Services	Place Services	Provision of accommodation-based support service for adults (aged 25+) with high and/or chaotic/complex support needs, who present as Homeless/at risk of Homelessness. The Hostel provides a temporary housing-related support service to enable homeless people with multiple/complex needs (including alcohol problems, etc.) to be assessed, supported, signposted and moved on in a positive way to appropriate, permanent accommodation having completed their support programme	Existing budget 822960.00 New budget 865638.00	Existing budget 822960.00 New budget 865638.00	Sheila Jacobs	Lisa Newman	Peter Molyneux
03/10/2018	Accommodation Based Support 25+: Wirral Churches' Ark Project	Delivery Services	Place Services	Provision of accommodation-based support service for adults (aged 25+) with high and/or chaotic/complex support needs, who present as Homeless/at risk of Homelessness. The Hostel provides a temporary housing-related support service to enable homeless people with multiple/complex needs (including alcohol problems, etc.) to be assessed, supported, signposted and moved on in a positive way to appropriate, permanent accommodation having completed their support programme.	Existing budget 431551.60 New Budget 474229.60	Existing budget 431551.60 New Budget 474229.60	Shelia Jacobs	Lisa Newman	Peter Molyneux
08/11/2018	Community Connectors	Strategy and Partnerships	Health and Wellbeing	The service will engage the disengaged by setting up a network of new roles in the community to tackle the issue of social isolation and promote active inclusion which will improve and provide health benefits and lead to greater readiness for work.	Existing budget 462421.00 New Budget 523409.66	Existing budget 462421.00 New Budget 523409.66	Ian Shaw	Julie Webster	Julie Webster

08/11/2018	WIRRAL COUNCIL CIVIL ENGINEERING CONSULTANCY SUPPORT – 2018/19	Business Management	Commercial management	The contract is for the provision of multi-disciplinary ad-hoc consultancy services in Civil Engineering, supporting the Council's in-house resources. Services may include, but are not limited to: feasibility, outline and detailed design, contract document preparation, contract procurement advice and NEC3 'Project Manager' or 'Supervisor' roles.	Existing budget 168768.00 New budget 378005.00	Existing budget 168768.00 New budget 378005.00	Simon Fox	Nicki Butterworth	Jenny Spick
07/12/2018	Bevan Brittan - Wirral Growth Company Legal Advice	Business Management	Business Management	Ongoing legal support for completion of Wirral Growth Company Partnership agreement and supporting suite of corporate documentation	Existing budget 230000.00 New budget 540000.00	Existing budget 230000.00 New budget 540000.00	Stewart Halliday	Paul Satoor	Jenny Spick
07/12/2018	GVA Commercial advice and assurance for Wirral Growth Company	Business Management	Business Management	GVA Commercial advice and assurance for Wirral Growth Company	Existing budget 340000.00 New budget 430000.00	Existing budget 340000.00 New budget 430000.00	Stewart Halliday	Paul Satoor	Jenny Spick
20/12/2018	Oracle support	Business Management	Change and Organisational Design	The Council is replacing out of support systems at Merseyside Pension Fund. To do this requires vendor support to assist Wirral to move the Pension fund database to the new server. This was agreed under PRAD1 FS-Case=88074059	Existing budget £20,000 New budget £24,000	Existing budget £20,000 New budget £24,000	Mark Christian	Jeff Ashworth	Peter Molyneux
27/12/2018	Professional Services to Reimagine Leisure, Cultural and other Selected Services	Corporate resources and reform	Transformation office	Professional expertise to codesign sustainable services within a broad leisure and culture portfolio. The redesign may encompass changes in structure, ownership or operation, in order to reshape services to reduce significantly, over three to five years, the current overall level of subsidy to leisure and cultural services.	£25,000.00	£25,000.00	Michele Duerden	Paul Satoor	Peter Molyneux
07/01/2019	CLIENT CARE MANAGEMENT AND INFORMATION	Adult Care and Health	Health and Care	The contract covers the supply, installation, configuration and annual support of the Liquid logic & ContrOCC systems covering both Adults & Children's services.	£650,000.00	£650,000.00	Rebecca Doyle	Jacqui Evans	Jenny Spick
28/03/2019	Regional Adoption Agency (AiM) recharge	Business management	Finance	This is for a recharge of the costs of the Regional Adoption Agency incurred at Liverpool City Council and the Board has agreed to split between 4 Local Authorities.	Existing Budget Provision: 28000.00 New Budget Provision: 38500.00	Existing Budget Provision: 28000.00 New Budget Provision: 38500.00	Asako Brown	Simone White	Jenny Spick

PRAD 4 - Award									
Date	Project Title	Directorate	Service Area	Project Description	Annual Spend £k	Total Contract Spend £K	Departmental Contact	Signed By	Approval By
18/01/2019	ICT Strategic Partner	Business management	Change and organisational design	ICT Strategic Partner to provide all software and hardware renewal and support Digital in delivering projects	£3,000,000.00	£90,000,000.00	Peter Moulton	Jeff Ashworth	Jeff Ashworth
03/12/2018	Care & Support at Home	Adult Care and Health	Health and Care	The Care & Support at Home service will work in partnership with the Council, local health services and other agencies / organisations to develop a model of Care & Support at Home which covers all of the service areas detailed below; • Reablement • Domiciliary Care • Complex Care (Domiciliary) • CHC non-complex (not requiring nursing from registered provider) see below link • End of Life Care • Trusted assessment / Provider led review	£15,000,000.00	£75,000,000.00	Donna Locke	Jayne Marshall	Jayne Marshall
06/03/2019	Respite Care	Adult Care and Health	Health and Care	Contract respite service for people with disabilities, both planned and emergency support	£697,840.00	£2,791,360.00	Annamarie Wilkins	Jason Oxley	Jason Oxley
01/11/2018	Integrated Highway Asset Management System	Delivery Services	Highways and Associated Services	Acquisition of an integrated asset management system to support lifecycle planning of our infrastructure. This is fundamental to our asset management approach enabling us to demonstrate, via the DfT Highways Maintenance Capital Funding Self-Assessment Questionnaire, that we are competent in the management of highway assets thus ensuring we receive 100% of the incentive funding post 2021.	£266,445.00	£1,332,225.00	Shaun Brady	Mark Smith	Mark Smith
26/11/2018	Community Matters Lot 1	Childrens services	Early Help	Community Matters, seeks to create the right conditions for community-based early help to thrive. This includes revitalising the voluntary, community and faith sector by creating a vibrant and visible network of providers. Also providing support to children and families which is straight-forward and effective. It also requires sustainable stakeholder engagement.	£610,000.00	£1,321,666.60	Sarah Robertson	Elizabeth Hartley	N/A

26/11/2018	Community Matters Lot 2	Childrens services	Early Help	Community Matters, seeks to create the right conditions for community-based early help to thrive. This includes revitalising the voluntary, community and faith sector by creating a vibrant and visible network of providers. Also providing support to children and families which is straight-forward and effective. It also requires sustainable stakeholder engagement.	£610,000.00	£1,321,666.60	Sarah Robertson	Elizabeth Hartley	N/A
26/11/2018	Community Matters Lot 3	Childrens services	Early Help	Community Matters, seeks to create the right conditions for community-based early help to thrive. This includes revitalising the voluntary, community and faith sector by creating a vibrant and visible network of providers. Also providing support to children and families which is straight-forward and effective. It also requires sustainable stakeholder engagement.	£610,000.00	£1,321,666.60	Sarah Robertson	Elizabeth Hartley	N/A
01/02/2019	A2.1 Highway Maintenance Services - CARRIAGEWAY STRUCTURAL RESURFACING	Business Management	Commercial Management	Highway services term contract for carriageway structural resurfacing	£1,000,000.00	£1,166,666.60	Simon Fox	Mark Smith	Mark Smith
18/01/2019	Contract A3.1 Highway Maintenance Services - CIVIL ENGINEERING – HIGHWAY AND TRAFFIC IMPROVEMENTS	Business Management	Commercial management	Highway services term contract for civil engineering - highway and traffic improvement works.	£1,000,000.00	£1,166,666.00	Simon Fox	Mark Smith	Mark Smith
18/01/2019	Contract A3.2 Highway Maintenance Services - CIVIL ENGINEERING – MINOR CARRIAGEWAY AND FOOTWAY IMPROVEMENTS	Business Management	Commercial management	Highways term services contract for minor carriageway and footway improvements including vehicle crossings.	£1,000,000.00	£1,166,666.00	Simon Fox	Mark Smith	Mark Smith
28/11/2018	Schedule of Rates Curtain Walling & Auto Doors	Delivery Services	Place Services	Renewal and repairs to Window Walling and Auto Doors Contract Description: Renewal and repairs to Window Walling and Auto Doors	£522,000.00	£1,044,000.00	Jeff Sherlock	Jeff Sherlock	N/A
28/11/2018	Schedule of Rates Curtain Walling & Auto Doors	Delivery Services	Place Services	Renewal and repairs to Window Walling and Auto Doors	£522,000.00	£1,044,000.00	Jeff Sherlock	David Armstrong	David Armstrong
01/02/2019	A1.2 Highway Maintenance Services - MICRO ASPHALT PROCESSES	Business Management	Commercial Management	Highways services term contract for micro asphalt processes	£800,000.00	£933,333.32	Simon Fox	Mark Smith	Mark Smith
14/03/2019	Community Tuberculosis Service	Adult Care and Health	Health and Wellbeing	Community Tuberculosis Service	£242,228.00	£726,684.00	Ian Shaw	Julie Webster	Julie Webster
29/03/2019	New Chester Road STEP Cycleway	Business Management	Commercial Management	New Chester Road (Bolton Road roundabout to St Paul's Road) Cycleway and Pedestrian Improvement Scheme - Improved connectivity to the Croft Retail and Wirral International Business Parks and access to employment opportunities. Reduction in congestion and carbon emissions.	£700,000.00	£700,000.00	Mark Redman	Nicola Butterworth	N/A
22/02/2019	Schedule of Rates Contract 2018 - 20 General Building Works	Delivery services	Delivery Services	Schedule of rates General Building day to day, minor and planned works	£300,000.00	£600,000.00	Jeff Sherlock	David Armstrong	David Armstrong
05/11/2018	Supported Housing Contract- Dispersed services	Delivery Services	Place Services	Accommodation based housing support service to vulnerable singles/ couples, male/female, aged 18+. The Services will prevent homelessness and support clients to develop skills to manage/maintain independence. They will support people who have spent time in hostels and are ready to move-on, those who previously had their own tenancy and people who are too vulnerable to be placed in a hostel.	£294,085.00	£588,170.00	Sheila Jacobs	Lisa Newman	Lisa Newman
12/03/2019	Seasonal Trading Sites for Ice Cream and Refreshments 2019 -2021	Delivery Services	Place Services	Ice Cream and refreshments site (no hot food) for 2 ice cream vans at Marine Lake, New Brighton from 1/3/2019 to 31/01/2021. Income to Wirral Council.	30400 (income)	£582,666.70	David Dickenson	David Dickenson	N/A

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