

## LGA Wirral Improvement Board

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### Chairs report to Wirral Improvement Board Public Session 22<sup>nd</sup> March 2013

The Improvement Board is a partnership between Wirral Metropolitan Borough Council and the Local Government Association and will provide oversight, support and challenge to Wirral's improvement and transformation journey.

The Board aims to support the Council to:

- Demonstrate its ambitions for its local communities
- Drive forward its plans for improvement in corporate governance and services in a timely way
- Prioritise what is most important
- Create the capacity and plans to embed lasting improvements and culture change
- Deliver improved services within realistic spending constraints

The Improvement Board's role is to:

- Provide support and guidance
- Identify and signpost appropriate good practice
- Provide challenge and act as a critical friend
- Ensure the contributions from different external agencies/bodies to Wirral's improvement journey are coordinated
- Ensure there is a single, integrated and holistic improvement plan that can be clearly understood and communicated internally and externally
- Endorse decisions which impact on political and managerial leadership arrangements, corporate governance and improvement in advance of them going through Wirral's own decision-making structures, e.g. Cabinet or Council.

**Meeting in Public** - Every third meeting of the Board will be held in public to report on progress and take questions. These sessions will be organised by the Council. The public will be asked to supply questions in advance of the meeting. The Chair will be responsible for answering these questions. Any questions relating to issues that are not the business of the Improvement Board will be forward to the correct officer for them to respond directly.

## **Introduction**

The key messages from 3 scheduled meetings on 19 October, 16 November and 23 January are attached. In addition Wirral Council requested a special single item meeting on the budget and the key messages from that meeting, held on 1 March, are also attached.

Set out below are areas of focus and development extracted from those notes

## **Budget**

The priority area of work through the whole period has been preparing, consulting and developing a budget approach for the next 3 years and particularly for 2013/14. The scale of the challenge, once historic budget practice and bad debt provision were more fully understood, was deemed unprecedented in the Board's experience.

The Board recognised the open approach taken in both public consultation on the budget and in bringing in an external expert to assist with understanding of bad debt and previous budget practice.

There was acknowledged to be much greater clarity on options in terms of the budget given the financial position of the Authority all of those options presented tough choices requiring some strong leadership at both political and managerial level.

There has been a change in senior management contributing to the overall savings required and altering the managerial ownership of implementation. However despite the passage of a legal budget by the Council there is an acknowledgement from both Council and the external Board members that implementation will be challenging and have risks attached. The Council have plans in place and will be sharing those with the Board including an open monitoring approach to the budget to enable all Councillors and the public to also monitor progress. The Board asked for delivery plans to be brought to the Board each meeting in order to keep oversight of implementation. The Board were of the view that the Council would have to consider new forms of service delivery to make the necessary savings.

## **Leadership and Development**

An update on leadership and elected member development was given including helpful sessions on the "shape of things to come". An outline Change Management Strategy was discussed and the conclusion was that an integrated and pragmatic approach was required. A full staff survey would be undertaken.

## **Governance/Scrutiny**

Progress on governance work including the scheme of delegation was shared. Again it was about ensuring that any changes were in practice not on paper and ensuring that the scrutiny process was used to ensure improved working within the Council. The Board stressed the importance of greater transparency in decision making and noted that that an effective and operational Constitution and Scheme of Delegations would be a key success measure for the Improvement Plan.

## **Peer Challenge**

The findings of the Peer Challenge team were shared openly and had informed the Council's approach and thinking on its own development. The Peer Challenge team are due to revisit in May to consider progress.

## **Key Messages – 19<sup>th</sup> October 2012**

The first part of the Board was held in Public session. The Chair explained the role of the Board and updated the public present on the progress made since the last meeting and thanked them for their attendance.

The Chair then updated the Board that Steven Pleasant, Chief Executive of Tameside, will be joining the Board at Chief Executive Peer.

The Board agreed that given the encouraging progress that has been made in implementing the Improvement Plan that meetings would move to every other month. This will enable Council Officers to better support the desire of the Board to focus on Strategic outcomes in the future.

Cabinet lead for the Improvement Board – Councillor Ann McLachlan reported progress on the following:

- Consultation on the first stage of the Council's budget setting process has closed with an encouraging response. Members were thanked for their involvement in scrutiny workshops. This new way of working will be imbedded in the forthcoming member's engagement plan.
- Investors in People accreditation has been retained with improvements identified by the inspection team
- The Board were also updated on the Council's budget process and the work of the Members Development Group
- The Chief Executive thanked the three group Leaders for their continued support and updated the Board on the recent departure of Senior Officers, the forthcoming Senior Management restructure, and progress on the appointment of Strategic Directors. The Board recorded their congratulations to all three Group Leaders for the progress that had been made.

The Board was provided with an update on progress relating to leadership, elected member development and culture change. Performance appraisal for the Chief Executive and Senior Management team has commenced which includes a more systematic approach to leadership capabilities and values. A programme of member development activity is underway as are plans to implement a culture change programme in 2013.

The Board noted the ambitious nature of the programme and stressed the importance of more joint working between Officers and Members, the vital role Group Leaders will play and asked that to be reflected in plans moving forward. It was restated that Leadership Development should be the number one priority for the Council and that appropriate resources should be put in place.

The Board considered reports relating to progress made to improve the Council's decision making and scrutiny processes. The Board stressed the key objective was not to have it on paper but improved process in practice that would result in better decision making. The Board believed that this would be a key indicator that the Council is making progress.

The Board welcomed a presentation outlining the Council's investment strategy and the approach taken to Economic Development. The Board recognised this as an

area of high achievement that would not require the Boards close attention in the future.

## **Key Messages – 16<sup>th</sup> November 2012**

The Cabinet lead for the Improvement Board, Councillor Ann McLachlan, update the Board on progress as follows:

- The Corporate Peer Challenge was recently completed and confirmed that the Council had adopted an appropriate framework for improvement.
- The outcome of the 'What Really Matters' consultation was reported to Cabinet on the 8<sup>th</sup> November.
- The members planning event 'The shape of thing to come' which took place on the 30<sup>th</sup> November was well attended by members and supported by the Local Government Association. This event re-emphasized the commitment of engagement with all members.
- The progress of the improvement plan will be reported to Cabinet on the 29<sup>th</sup> November and circulated to the Board

The Acting Deputy Chief Executive provided an update on the Senior Management restructure and budget process. The Board noted that although Wirral was behind other authorities in addressing the budgetary challenges this did present opportunities to learn from others.

The Board received a report on the draft Communications and Engagement Strategy and stressed the importance of aligning activity with the Cultural Change Programme and other plans. In particular a focus on the importance of forging a new relationship with residents and reflecting the future shape of the council in plans moving forward.

A report was received of the current budget process, progress on investigating shared services and the future Information Technology Strategy. The Board expressed its concern with the current in year budget overspend and the potential impact this could have on future plans. The Board welcomed the new approach, however stressed the importance of transparency and clarity of the current position and the need for 'cash limited' budgets in the future. In reviewing the Officer Budget Options the Board expressed some concerns that there were not higher savings identified from back office functions, specifically Information Technology, Asset Management and Procurement. Members of the Board from the LGA offered assistance in these areas.

An overview report was provided on the ongoing work to review the Councils Scheme of Delegations. The Board stressed the importance of greater transparency in decision making and noted that that an effective and operational Constitution and Scheme of Delegations would be a key success measure for the Improvement Plan.

An outline Change Management Strategy was discussed by the Board and it was agreed that an integrated and pragmatic approach to change management was required. A report will be brought forward to the Board in the New Year which will address this area.

The Board agreed that now Wirral was implementing much of the Improvement Plan that in future meetings would be held every two months with a clear focus on improvement progress. Dates of future meeting in 2013 were agreed by the Board. The next meeting would be the 1st February 2013

Key themes throughout the meeting were the importance of accountability and improved values and behaviours. The Board welcomed the outcome of the Peer Challenge and stressed the importance of using the outcomes from this as a tool for further progress.

## **Key Messages – 23<sup>rd</sup> January 2013**

### Improvement Plan progress

Cllr. Ann McLachlan updated the Board on the progress made against the Improvement Plan, emphasising that the key target of ensuring future budget stability for the Council had been the priority since the last meeting. Work is underway regarding the review of the Council's Constitution and new models of working relating to Scrutiny and Neighbourhood Working are being developed. She made clear the importance of ensuring all Elected Members are engaged moving forward with particular reference to the Democracy Working Party.

Cllr. Tom Harney, Leader of the Liberal Democrat Group stressed the importance of ensuring future plans are based on an honest appraisal of the Council and where mistakes had been made before, particularly relating to the treatment of staff. Chief Executive, Graham Burgess reported that a full staff survey would be undertaken in the autumn to ensure that any ongoing issues are identified and addressed in the Organisational Development Plan that is currently being developed.

It was agreed that regular meetings of the Council's Leaders Board are crucial and that at their next meeting this matter would be discussed with a report brought back to a future meeting of the Improvement Board.

### Chief Executive Update

Graham Burgess presented his report stressing the support provided by Members that has facilitated good progress since the last meeting.

The Board were updated regarding the budget consultation process and other matters including negotiations towards a new severance scheme. Both reports will be shared with Improvement Board for their consideration. He also reported on the appointment of new Strategic Directors, Claire Fish and Joe Blott. The Board welcomed the appointments and the associated management restructure which will deliver savings and ensure more effective delivery of improvements.

### Council Budget position

The substantive item considered was a report regarding the Council's budget position.

Graham Burgess presented the report, which can be found on the Council website. SIGOMA (Special Interest Group of Metropolitan Authorities outside London) have indicated that Wirral has received the largest cut in funding from Central Government, 2.62% - representing a reduction of £151 per resident.

The Chief Executive also outlined the Council's substantial in year budget issues including bad debt and under funded budgets. He outlined the steps currently being taken to address these which include ongoing discussions with the Department of Communities and Local Government. The Board welcomed the appointment of

Eugene Sullivan, previously Chief Executive of the Audit Commission, who will provide additional external scrutiny moving forward.

The Board made clear their view that Wirral Council faces budget pressures that are, in their view, unprecedented. Detailed debate took place and it was agreed a single item meeting take place to consider the budget issues further prior to the setting of the Council's budget on 5<sup>th</sup> March.

### **Key Messages – 1<sup>st</sup> March 2013**

Councillor Ann McLachlan updated the Board regarding progress since the last meeting. This included a 'visioning event' that looked at new models of working and the role of the Councillor moving forward. It was agreed that the next meeting of the Improvement Board would include a report on Neighbourhood working prior to Council for consideration.

The Chief Executive provided an update on progress on a number of matters including the return visit of the Peer challenge team on the 8<sup>th</sup> and 9<sup>th</sup> May 2013 that will provide a progress update. It was agreed that the Improvement Board will be invited to be involved.

### **Substantive item – presentation Councils budget position and policy priorities.**

Councillor Phil Davies outlined the guiding principles that have informed the budget moving forward. Councillor Davies also outlined the vision for transformation services.

The Chief Executive then outlined the latest budget position detailing the make up of the £109m funding gap, steps to address the immediate challenge and direction of travel for future years including management of the transformation programme moving forward.

Eugene Sullivan, former Chief Executive of the Audit Commission and currently Managing Director Converto Consulting Ltd, presented an analysis of the historic budget process including the bad debt position. When his full report is received it will be taken to the Council's Cabinet and placed in the public domain, it will also be shared with the Improvement Board.

The Board had a detailed debate and made a series of contributions including:

- Encouraging honesty and transparency in approach to budget and importance of holistic corporate approach.
- Importance of new culture of financial management and collective responsibility.
- Significance of Adult and Children's Social Care spending and need to manage both demand and expectations and integration of Health in Social Care.
- Importance of engaging and involving all members of staff and residents moving forward.
- Importance of ensuring effective implementation of the budget options and the need for appropriate contingency planning.
- Need for robust approach to risk and monitoring with an important role for the Improvement Board.

The next meeting of the Improvement Board will take place on 22<sup>nd</sup> March.

**Presentation Councils budget position and policy priorities**



**IMPROVEMENT BOARD**

**FRIDAY 1 MARCH 2013**



**OVER-RIDING PRINCIPLES**

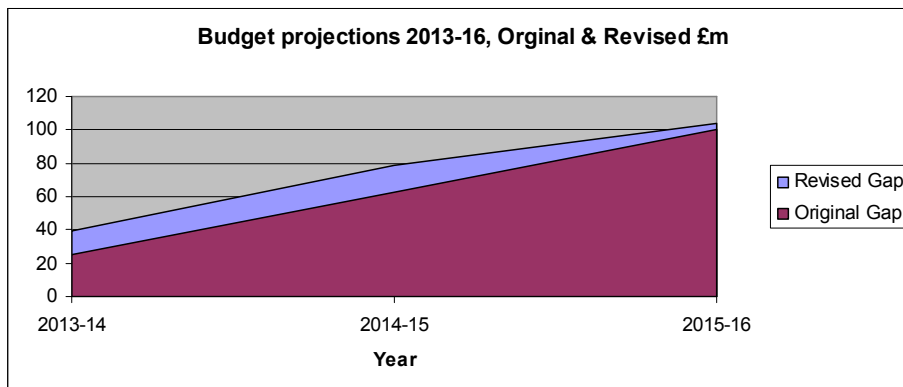
- Spend less on ourselves
- Take the savings from the back office and mitigate, as much as possible, the impact on the front line and jobs
- Those with the broadest shoulders must bear the greatest burden



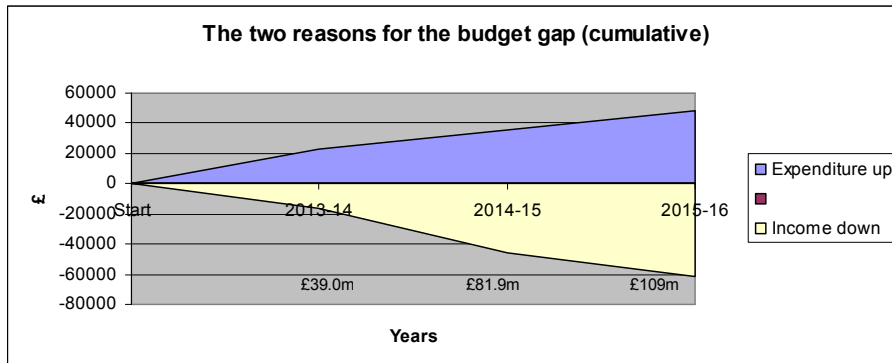
## POLICY PRIORITIES

- Jobs and the Economy (including regeneration in the broadest sense embracing decent housing, transport, infrastructure etc)
- Public health
- Protecting vulnerable people (i.e. our statutory duties to look after children and adults and protecting disadvantaged communities).
- Cross-cutting theme: - addressing inequalities throughout the Borough.

## BUDGET PROJECTIONS



## INCOME / EXPENDITURE



Expenditure up by 44% and income down by 56%

## THE FUNDING GAP AND EXCEPTIONAL ITEMS PRESENTATION TO IMPROVEMENT BOARD 23 JANUARY 2013

All Local Authorities are required to reduce expenditure, in Wirral this is profiled as:-

Funding Gap	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Increased costs (including Demographic Changes)	22	13	12	47
Reduced Grants	17	30	15	62
<b>Funding Gap</b>	<b>39</b>	<b>43</b>	<b>27</b>	<b>109</b>

(one off savings increase total to £122m)

2013/14 Funding Gap = £39 Million  
 2013/14 Exception Items = £24.8 Million  
 2013/14 Total = £63.8 Million



## OUTCOME FROM FEB 18TH CABINET

- 2013-14 savings target of £39m achieved, with some resilience (based on over target savings). A 1.9% increase in Council Tax. Balances set at £13m for 2013-14.
- Capital reduced significantly :- primarily grant funded or invest to save – £16m of schemes deferred.

Exceptional items – these have largely been resolved.

£m

13.7	Underbudgeting – supported by Balances;
???	Job Evaluation – Review of scheme to be discussed during 2013/14
6.1	Bad debts – use of Earmarked Reserve;
<u>5.0</u>	Capitalisation – temporary cover from resilience (awaiting outcome of bid to DCLG)
24.8	(plus costs for Job Evaluation)



## MANAGING THE DELIVERY 2013/14

### 2013/14 Budget Delivery

- Each Chief Officer will receive training and will be required to sign off departmental / divisional budgets
- Each saving has been allocated to a Chief Officer, Strategic Director and Portfolio Holder
- Delivery of savings will be subject to formal monthly monitoring with Portfolio Holder and Chief Executive's Strategy Group
- Cabinet will receive a full savings report each month to transparently report progress in delivering each saving
- Training for all budget holders on financial management by March 31st



## MANAGING THE FINANCIAL FUTURE

### 2014/15/16 Budget Strategy

- 5 transformation projects will be identified including:
  - Shared service for IT and Procurement with Cheshire West & Chester Council
  - Review of Leisure Services
  - Establishing business support units
- These projects will be reported to Cabinet in May for endorsement
- Governance of the overall transformation programme will include Leader and Deputy Leaders, Chief Executive Strategy Group and Director of Finance who will meet on a monthly basis
- Plans are being developed to establish the budget for 2014/15/16 in September / October 2014