

**EXTERNAL ASSURANCE REVIEW - GOVERNANCE
WIRRAL METROPOLITAN BOROUGH COUNCIL**

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1. Review Terms of Reference

1.1 A condition of Wirral Metropolitan Borough Council's capitalisation direction for 2021/22 was an external assurance review. In undertaking the governance element of the review, I was asked to determine whether "the Council has effective mechanisms in place to ensure that savings are delivered and that the Council are fully committed to sustainable transformation". In particular, the review was asked to consider the following themes:

- Governance, e.g. a sense of strategic vision and direction, adequate structure and internal processes, key senior posts filled with permanent appointments
- Culture and Leadership, e.g. positive and open relationships between Councillors and Officers, openness to challenge
- Financial Governance, e.g. the extent to which poor financial management has been caused by weak decision making, scrutiny of financial decisions and governance arrangements including for commercial investments
- Services, e.g. whether governance weaknesses have impacted upon the effectiveness and/or efficiency of service delivery
- Capacity and/or capability to improve, e.g. acknowledging problems and engaging with sector support; evidence that attempts at improvement (possibly with sector support) have been effective

1.2 The review was undertaken via a series of interviews, observation of Committee and other meetings, and reading. Details are included within Appendix A. I would extend my thanks to Officers and Members who have been helpful and generous with their time. I have had access to documents as required and while it would be better to undertake a review of this nature on site, the Council's use of webcasting meetings and Teams largely overcame any disadvantages from distance. This is a snapshot and inevitably some of the evidence from which I have drawn wider conclusions may be specific to that service/Committee. However, I have liaised with the Chartered Institute of Public Finance and Accountancy (CIPFA) team undertaking the finance review and drawn evidence from their research where appropriate.

2. Summary

- 2.1 Wirral Metropolitan Borough Council was established in 1974. It is a metropolitan district council, which is one of five in Merseyside, one of the 15 Metropolitan Districts of North West and one of 36 in the metropolitan counties of England. It also provides the majority of local government services in Wirral. It is a constituent council of Liverpool City Region Combined Authority with a population of 322,796.
- 2.2 Following the 6 May 2021 council elections, the council is no overall control with a political makeup of 30 Labour, 23 Conservative, 6 Liberal Democrat, 5 Green, 2 Independents.
- 2.3 The submission for a capitalisation direction of £19.68m over 2020/21 and 2021/22 noted three factors to the requirement for assistance: non delivery of savings as a consequence of Covid, increases in demand, and Covid related income losses not covered by Government compensation funds.

Overview

- The political and managerial environment over more than a decade has engendered a set of significant challenges to improvement and the financial sustainability of Wirral Metropolitan Borough Council.
- The request for a Capitalisation Directive, whilst necessitated by the specific challenges of the Covid Pandemic, has its underlying causes in the failure to ensure a sustainable financial model for the Council, the reliance upon balances and the failure to deliver on past savings plans.
- Elections in thirds, changes in political control, and changes in political Group leadership have, since the first election to the Council in 1973, worked against the stability needed to make and carry through long term strategies.
- There is no evidence of work from the Political Groups to build political consensus on medium term financial strategies that could cushion the impacts of the electoral cycle.
- On the managerial side persistent weakness in corporate culture and capacity have both contributed to serious service failings and to a current situation where much of the architecture of a well-run Council is being established or re-established.
- Improvements are being made by the current well respected Chief Executive, but by his own admission this is probably a five-year turnaround programme.
- Approaches to managing change programmes, service reviews and improvements to commissioning are robust, but process heavy and run against the need for pace in releasing cashable savings.

- There is a disconnect between the likely and necessary outcomes of these new approaches and a political culture that has been resistant to making difficult decisions, for example in seeking to reduce staff numbers only via voluntary redundancy and natural wastage.
- Members are not receiving clear and consistent information on the Council's finances, on the choices open to them, and robust advice on the decisions required to achieve financial sustainability within the timescale needed.
- While the Council has a strategy and ambitions for Wirral 2025 there is no effective read across between the goals within the Wirral Plan and the financial realities and choices that will now need to be made.
- The move to a Committee system, implemented in the middle of the pandemic has clearly improved Member engagement but poses a further risk to the improvement journey because of its immaturity, its overelaborate design, and the administrative burden its placing on Officers.
- While budgets at the start of the year have been balanced, this has been based in large part on untested proposals which frequently have not been realised.
- The consequent movement within year and use of underspends and one-off funds to manage year end is imprudent and has also damaged the credibility of the budget strategy and plan. The Council's External Auditor issued a "qualified adverse conclusion in respect of the arrangements to secure economy, efficiency and effectiveness in the Council's use of resources" 2018/19 Audit report. And further noted that "we do not consider that the Council effectively set or controlled its budget in 2019/20".
- The added financial impact of Covid has resulted in the Council reaching a place where it has sought a Capitalisation Directive to buy sufficient breathing space to resolve the underlying issues in its revenue spend.

2.4 The following sections examine the constituent parts of the Councils operation and culture to determine if there is sufficient in place to avoid the need for any further assistance.

3. Governance

Strategies and Plans

- 3.1 There are a number of strategies and plans which taken together signal both the ambition of the Council and the approach to realising greater financial resilience and sustainability.

The Wirral Plan

- 3.2 This is a Strategic Plan for Wirral which has been refreshed (delayed as a consequence of Covid) and is currently being taken through the Committee process. The Plan sets out the overarching aspirations for Wirral. It aims to address deep seated inequalities and deprivation in parts of the borough whilst capitalising on the unique assets and opportunities that Wirral has to create a sustainable and equitable place to live and work. It appears to enjoy widespread Member support and work is underway to develop delivery plans for its key ambitions.
- 3.3 While referencing the intention to develop a financial sustainability strategy it is not clear what impact the urgent need to achieve a viable financial model may have on the timescale or approach to achieving the Plan's aspirations and ambitions.
- 3.4 Reading the Plan could lead one to conclude that there will be no adverse impact on service reach, quality, or cost to the user. It is unclear how this is to be achieved.
- 3.5 It is clear that there are significant economic growth opportunities and the Council is to be congratulated on the amount of external funding secured which will help to tackle the legacy of industrial decline. Models have been developed to map the realisation of income from these for the Council, nevertheless there is inevitably significant risk in delivery in regeneration, and it would not generally be advised to rely on new business rates or increased Council tax to balance the MTFP. This risk is not articulated in the budget papers.

Medium Term Financial Strategy (MTFS)

- 3.6 The five-year financial strategy, the MTFS, was appended to the Budget report to Council on 3rd March 2021. It contains many of the elements one would expect to see in a strategy – the role of benchmarking to identify high cost and high spend services, the role of fees and charges, housing and business growth, the need to review delivery arrangements for services, the role of demand management etc.
- 3.7 However, there is an absence of detail putting flesh on how these techniques and approaches were applied to the Medium Term Financial Plan and 2021/22 budget, and how they will drive the budget process for the next three years.

- 3.8 The first 2022/23 budget workshop observed, for Policy and Resources Committee, involved a series of slides describing only for their respective budgets, ideas from Officers on where savings or extra income for 2022/23 could be made.
- 3.9 The MTFs makes a link to the Wirral Plan ambitions but again does not signal the implications that a plan to reduce recurrent revenue spending will have on the timescale or approach to delivering these, as clearly recommended by the Council's Auditors.
- 3.10 This somewhat disingenuous drafting is evident in Committee reports too. For example, the development of a new Sport and Physical Activity Leisure Strategy was cited in interviews as a vehicle to reduce the very significant Council subsidy to a discretionary service. Within the MTFP Appendix E, agreed in March a saving of £1.380m is detailed as an outcome over three years. Given what we understand from interviews and from the MTFP appendices to be the desired outcome – a good service at significantly lower cost to the Council – one might have expected this goal to be explicit up front, with the Committee asked to agree the financial target to direct Officers. The two Committee reports to date do suggest that there may be financial implications, without indicating whether these are about growth or cuts. Anyone reading the reports could be forgiven for believing that the Council will invest more in its leisure assets and services. While Officers are at pains to reference tough conversations in private with Members on the required outcomes, it is an essential part of good governance that these outcomes are documented in reports, recommendations and decisions, and that accountability is clear.

Target Operating Model and Change Programme

- 3.11 The MTFs makes reference to the Target Operating Model (TOM) which is in draft, dated October 2020. Explicitly it says that its purpose is “not designed to address immediate financial challenges...but is a vehicle to financial sustainability over the medium to long term”.
- 3.12 Again, many of the things one might expect are here, and there are programmes detailed within the body of the document with savings targets attached that apply these. The Change Programme is in development and is monitored by the Investment and Change Board (chaired by the Director of Resources). With assistance from CIPFA, the Programme Office is bringing forward robust and rigorous models to manage in particular a range of corporate savings with the goal of saving £7.4m in 2022/23. Much of this work will address issues highlighted within the Annual Governance Statements, including new commissioning models, greater rigour around contracting, lean and business process re-engineering.
- 3.13 However, while the architecture for reducing recurrent revenue spend is being put in place, a dialogue with Members, and the development of a cross party consensus on what will need to change, and how quickly is not apparent.

- 3.14 While it is of course possible and indeed essential that change programmes do improve outcomes, genuinely doing more or better for less, with the scale of financial gap Wirral faces this cannot be assumed to be the only outcome. The risk analysis for the Change programme, notes that “reliance upon voluntary redundancy and natural wastage” to reduce the establishment is “challenging”.
- 3.15 The first step is an explicit message about the road ahead, from the Leader, the Chief Executive and from the statutory Officers in particular.
- 3.16 The ambitions of the Council are shaped by an understanding of the community it serves and by the laudable desire of any elected Politician to enable the best outcomes and opportunities for their residents. But these cannot be achieved without a clear plan as to how to operate within the resources known and projected to be available to the Council over a rolling three-year plan, and a dialogue with staff and the public on the journey ahead.
- 3.17 These three documents, the Wirral Plan, the MTFs and the TOM, need to be aligned in a clear, costed and timed plan in order to put the Councils finances on a sustainable footing. There needs to be clear accountability for what, how, and when steps to reduce recurrent revenue spend are to be delivered.**

Committee System

- 3.18 Wirral MBC moved to a Committee system in the Autumn of 2020. It was developed in a very swift timeframe following the move to No Overall Control in the 2019 elections. The LGA provided support to the Council in developing its thinking and is lined up to support a review in the Autumn of the current year.
- 3.19 Potentially it has a valuable role to play in allowing space for deep Member involvement and consensus building, and transparency and engagement have been cited in every interview as a positive benefit of the move. This is particularly valuable in an environment of No Overall Control with five political groupings and elections in thirds.
- 3.20 However, there are significant risks to the ability of the system to support swift and sustained progress on finances. The risks sit with the division of responsibility and resources into seven Policy Committees, with the retention in addition of a Decision Review Committee. This poses a risk of fragmentation and delay, for example where corporate and service savings strategies need sign up from all Committees. The risks of fragmentation could be mitigated where there is a comprehensive Council financial strategy (as above) which Policy and Resources would lead and delegate to the Committees to drive forward. I’ve seen no evidence that this is in place and indeed the budget development process agreed by Policy and Resources Committee on 17th March 2021 revolves around a consideration by each Committee of only the budgets relevant to their responsibilities.

- 3.21 The number of Committees and requirements to ensure appropriate briefing of all the five Political Groups in the lead up to each meeting is posing a significant resource burden on the Council. The volume of papers and length of agendas is both an administrative burden and a likely distraction from a necessary focus on key decisions.
- 3.22 Further, the existence and procedures of the Decision Review Committee poses a risk to swift decision making, and it is difficult to understand the rationale for retaining a feature of the strong Leader and Cabinet model in a Committee system. For example, Policy and Resources Committee recommended a budget to Council in March that included an objective to raise £1m in car parking charges. This was agreed by all parties at full Council and the Environment, Climate Emergency and Transport Committee in June 2021 agreed the plan to achieve this sum. The decision was called in and the Decision Review Committee met on 29th July to consider this. I observed the Committee meeting between 6.00pm and 10.00pm by which time Officers had not participated in the process (beyond answering a couple of procedural questions). I understand that the meeting adjourned without a decision at 11.30pm.
- 3.23 Any budget proposal that reduces or cuts or increases charges for a service will be unpopular with a section of the public and therefore it may be assumed that as the Council gets to grips with its spending reductions that there will be more unpopular decisions to be taken. A Committee system which has the potential to delay implementation will work against achieving the Plan and restoring sustainable finances. Committee meetings would be more effective if procedures and processes ensured that they utilised Officer expertise and advice from the outset.
- 3.24 The forthcoming review should ensure that the Committee system is fit for purpose and should ensure in particular that the Policy and Resources Committee exercises leadership for the development and implementation of a robust financial recovery plan.**
- 3.25 The Senior Leadership Team is complete with permanent appointments although it is noted that a number of these Officers are relatively new in post.

4. Culture and Leadership

- 4.1 There is universal praise for the style and achievements to date of the relatively recent Chief Executive, and the words used to describe the Council were “changing, improving, becoming more corporate, a cohesive Senior Leadership Team (SLT), ambitious, innovative”.
- 4.2 The Chief Executive is regarded as accessible and open, but with a significant turn-around job still to do. A meeting of the SLT was observed and there was good engagement from all Directors on the agenda. There is praise too for the members of the Senior Leadership Team although differences expressed across the political divide.
- 4.3 In a Council engaged on a significant improvement journey, it is particularly important that the three statutory Officers are giving clear leadership and robust advice to Members. The weakness in financial grip and the cumbersome nature of the Committee system are not helping to achieve the momentum required.
- 4.4 It was noted that as might be expected there is ongoing work to ensure that management culture and capability is similarly focused on improvement, and this may be impacted on by historic recruitment difficulties and the need to avoid compulsory redundancies. A People Plan is in place and supporting improvements on appraisal, and succession planning. The scheme to significantly grow apprenticeships across the Council is a positive development to manage an ageing workforce and contribute to the Wirral Plan goals.
- 4.5 Wirral MBC is a self-declared “member led” Council and as with the Committee processes observed this is evident in a more transactional form of relationship with Officers. Officers prepare reports and then step back while Members debate and decide how they want to proceed, although there are more informal negotiations behind the scenes.
- 4.6 In the 2021/22 budget setting process Members at a late stage of the budget build rejected £2m of Officer proposals in favour of alternatives which might not be expected to have had the degree of rigour that would give the S151 Officer assurance.
- 4.7 This episode could be the consequence of a lack of confidence in what Officers were bringing forward, a desire to reinforce political strength, or a more fundamental lack of understanding of the scale of financial problem and the decisions that are going to be required in the years ahead.
- 4.8 With leadership comes accountability and, in a Member-led Council, one expects to see a high degree of accountability exercised for delivery of key priorities and in this instance financial stability and resilience. That has not been observed in this process. Leading Members interviewed did not articulate a common view of how the Council was to achieve financial stability, and interventions within Committees and meetings observed did not demonstrate a strong directive to Officers to prioritise the MTFS. The existence and use of the call-in power

provides a further opportunity for Members to engage in point scoring at the expense of their responsibility to the people of Wirral.

- 4.9 Wirral MBC has apparently struggled with conduct issues in the past and while references were made to “robust” challenge and questioning, this was not observed and assurances were received that poor behaviour would be called out.
- 4.10 It is the case that Officers who have risen in seniority during the years of the strong leader and executive model will have had less exposure to politicians than within a committee system, and it may be that more training is necessary to ensure that they make their input appropriately and effectively.
- 4.11 Given that there is apparently a good Officer/Member relationship and given the confidence Members have in the Chief Executive, then it may be expected that Officers would be comfortable to ensure that robust advice is given the Members.
- 4.12 For example, Officers have invested time in exploring at the request of Members a Community Investment Bond idea, and there is a commitment to support the development of a Mutual Bank for Wirral. While both ideas undoubtedly fit with the ambitions in the Wirral Plan, they are risky, will not contribute to the immediate challenge the Council faces, and will consume Officer time in a service area where capacity is said to be very thin. One would expect Officers to give very clear advice to Members that these and other new initiatives should be deferred for any further consideration until finances are on a stable and sustainable footing. This has not been observed.
- 4.13 The statutory assurance from the S151 Officer in the budget papers appears as Appendix 10 and many hundreds of pages beyond where one might expect she would want Members to focus their attention.
- 4.14 In the political leadership there have been changes within the last year in the two main parties. Both the Council Leader and Conservative Group Leader are in their first period in these senior roles. The Council Leader has drawn on support from the LGA.
- 4.15 In a Council in the political and financial situation that Wirral finds itself in, building relationships across the Groups can enable agreement to be reached on key plans and strategies. While Covid has not helped, there was an appetite from Group Leaders to have more engagement with the Leader to build trust and consensus where possible.
- 4.16 **So, while relationships appear to be functional and there is respect and communication, there is a need for both the Chief Executive and Leader to make sure that the whole Council is focused and accountable for addressing the challenges the Council faces.**

5. Financial Governance

- 5.1 There are continuing weaknesses in assurance and grip on finance which pose an ongoing risk to achieving financial sustainability.
- 5.2 There is no mandated training for Members on local government finance and the challenges facing Wirral MBC. In some instances, and particularly with the electoral cycle bringing new members onto Committees, the levels of financial literacy are low and Members interviewed have expressed a wish to be better informed.
- 5.3 The Corporate financial system underpinning financial monitoring and management is out of date and being replaced, although Adult Services are able to utilise more up-to-date and responsive software. It may be as a consequence of the poor infrastructure but for the Policy and Resources budget workshop the quality of financial data provided for Members to consider spending reduction proposals was very poor and limited. Some Members have expressed a desire to see detailed budget data in Committee to underpin savings identification but this has not as yet been provided.
- 5.4 Without a dialogue with Members based on comprehensive data on all budget lines, Officers run the risk of their savings proposals again being rejected at a later stage in the process.
- 5.5 It appears that not all savings proposals included within the 2021/22 balanced budget are founded on robust business cases and accurately profiled, a finding previously referenced in External Audit reports.
- 5.6 As an example, in the May finance updates for SLT, and just two months into the new financial year, some £3m of the £20m agreed savings proposals were noted as undeliverable. £1.4m of these relate to the Environment, Climate Emergency and Transport Committee and the update makes reference to “options on how to implement” the savings proposals being considered at the June Environment, Climate Emergency and Transport Committee.
- 5.7 In an agenda pack of 132 pages, the update on budget monitoring comes at page 82. It notes that of the savings attributable to the Committee, the £1.3m saving from the installation of LED lights will not be achieved in full as the sum was based on a 2018/19 estimate. The report also notes that because of the need to agree how to implement the other savings attributed to that Committee, only a part year saving can be assumed to be deliverable. The Committee only considered options for car parking income achievement which was the subject of a Call In.
- 5.8 It is reasonable that all of these items were included in the 2021/22 budget proposals, but they should have come with a realistic assessment of the timeframe for delivery and profile over the two or three years required. That however would have resulted in a further hole to be filled and it may be assumed that that was felt to be too difficult to do.

- 5.9 But the practice of producing a very optimistic balanced budget each year and then having significant in year movement undermines the credibility of work to focus minds on the choices to be made.
- 5.10 Within the remit of the Change Programme, work is progressing to develop a new model of Commissioning and much tighter procurement and contract management. There is evidence of improvement in the amount of spend incurred without purchase orders in the latest Annual Governance Statement. It is proposed to create a Procurement Board to exercise a stronger corporate grip on contracting and contribute to savings.
- 5.11 It was noted that the draft Commissioning Model places a very significant focus on delivery of the Council's Social Value objectives but less on how these need to be balanced off against spending reductions from contracts. Similarly it was noted that the establishment of the Procurement Board will require further consultation with commissioners across the Council. Given evidence from elsewhere that it can save money there does not appear to be a good reason to delay.
- 5.12 In terms of how corporate strategic risks are managed the most recent Risk Strategy considered in July 2021 by the Audit and Risk Committee is incomplete and cannot be regarded as supporting assurance on the most significant risks facing Wirral.
- 5.13 There are gaps in the scores attributed to key risks (and no explanation on what the scores represent), no details on the target score (recognising that many risks cannot be eliminated), and no dates for mitigating actions to be completed.
- 5.14 In particular, it would be expected that the issues highlighted within the External Audit report as posing risks (investment in arm's length companies for example) would be highlighted within the register.
- 5.15 Given the immaturity of strategic risk management, and the fragility of Council finances, it is of concern that the Council is projecting an additional £1m income from Treasury Management activity in 2022/23 by adjusting risk appetite.
- 5.16 As noted above, the Council is engaged in an exciting and hugely significant programme of regeneration which will re-shape the physical environment. It has been very successful in accessing external funds. Given the complexity of the many programmes and many different funding routes, it may be expected that specific and careful consideration is given to the risks to the Council within the Programme. This has not been observed.
- 5.17 The Annual Audit Letter and report has not been considered by Policy and Resources Committee, which might be expected given its conclusions on value for money.
- 5.18 The quality of financial leadership in any authority is pivotal, and it needs to be confident, clear, and transparent, have and exercise the authority to drive delivery of agreed plans.**

6. Services

- 6.1 The review examined in brief four key service groupings which have the potential to be damaged by weaknesses in governance, and to damage financial recovery plans.
- 6.2 In respect of Children's Services, the issues around governance were not observed to have impacted negatively upon the ongoing improvement plans. This may be a legacy of the fact that prior to the move to a Committee system there was an Improvement Board with good Member engagement following the Ofsted notice. There is an experienced Director in place since the Spring and clear evidenced plans to reduce and manage demand and placements were seen. It may be expected however that as with other local authorities across the country there will be new pressures on safeguarding expenditure as children re-engage with face to face services. **It will be important therefore to see a strong Corporate focus on ensuring that cashable savings are released from the investments made to manage demand and placement costs.**
- 6.3 In respect of Adult's Services there is an experienced Director in place and clear evidenced plans to reshape conversations to a strength based model, with investments secured from the Better Care Fund. The Department in particular has a role to play in supporting the emerging new commissioning model and ensuring that this delivers best value. **Savings plans appear to be on track but these are ambitious going into future years and continued focus is required**, along with continued good engagement with the development of the ICS.
- 6.4 Wirral is seeing, after many years of stagnation and false starts, the signs of regeneration bearing fruit, with stronger relationships with key agencies such as the Combined Authority and Homes England. The Director is relatively recently in post and is taking steps to increase the capacity of the Officer team. There are, within the Annual External Audit report, ongoing risks associated with the companies and vehicles set up to drive delivery and given the scale, the pace and the complexity of schemes and funding, it is very important that these risks are addressed and explained fully to Members.
- 6.5 There may be merit in commissioning a Peer Review of capacity, risk and oversight of all aspects of regeneration plans and delivery.**
- 6.6 Neighbourhood Services holds a major part of the discretionary spend and the relatively new Director is bringing energy to the service reviews and to supporting corporate improvement around performance management.
- 6.7 As reviews bring forward savings proposals that are likely, as with car parking charges, to prove unpopular with sections of the public, she needs the explicit backing of Members and SLT to drive implementation.**

7. Capacity and/or Capability to Improve

- 7.1 The Council is very open about its improvement journey and it is reassuring to hear of the extensive use of support from the LGA, and CIPFA. The LGA supported the implementation of the Committee system and is to undertake a review in the Autumn. The Council has agreed to a Corporate Governance Peer Review and while there is a risk that this distracts the Council it may offer opportunities for further reflection on wider improvement, especially in the context of building more cross party consensus.
- 7.2 The SLT has undertaken team and leadership development, and within its People Plan work is underway to refresh the appraisal process, communications and engagement. Capacity may be an issue although this was not examined in great detail.
- 7.3 An area of risk, however, is ensuring that there is sufficient financial and legal expertise assigned to the very complex and fast moving delivery and investment vehicles in regeneration. Pleasure at seeing external funding secured and schemes progressing after many years of false starts may be bringing a degree of optimism that clouds a rigorous and healthily sceptical view of the financial risks.
- 7.4 External support has been secured to develop a new Economic Strategy. There are resources allocated to the Change programme office and to develop delivery plans around the Wirral Plan.
- 7.5 The LGA has supported the new Leader with a mentor. Extensive work has been undertaken to refresh the Member Training and Development arrangements with a new Member Portal and induction although as noted above mandated training does not include local government finance.
- 7.6 In service areas additional capacity and expertise is being drawn down to support the redesign of services, and in particular children's and adults social care services where relationships and opportunities to work across other the NHS, schools and other public services is being taken.
- 7.7 There are however a number of areas of weakness identified which are particularly pertinent to the focus of this review.
- 7.8 The Director of Resources has a wide span of responsibility and some gaps in her department. A relentless focus on the numbers, on the plans short and medium term, an absolute grip on delivery, and the development of the costed, timed plan to achieve financial stability is needed from the Director and she may not have the capacity to lead this.
- 7.9 Support to the Director is required to help her to move beyond an annual hunt for euphemistically described "savings" so that she can land and carry through specific recommendations on the actions required for stability and the rebuilding of reserves.

- 7.10 As noted above the tone of Officer engagement with Members set by the Chief Executive needs to be more assertive on the actions required, the tough decisions, the need to park new initiatives (unless they contribute cashable savings), and the priority for Wirral Plan delivery activity to focusing on sorting the money first.
- 7.11 The relative inexperience of the Leader and the impact of Covid on face to face engagement at a time of huge challenge for Wirral represents a potential risk to improvement. There is an urgent need to see across the Political Groups strong and very public political leadership and priority to the requirement to build financial stability. As noted above, the challenges of the electoral cycle, if it does not change, require the building of a solid cross party consensus around delivery of the financial recovery plan, and this needs to come from the Leader with the support of the statutory Officers.
- 7.12 The electoral cycle and the particularly volatile politics of some Council seats in Wirral is a barrier to continued improvement. While Members interviewed have expressed total support for the model, the advantages of securing a four year window to undertake the sort of radical remodelling of services and finances needed should be reconsidered.
- 7.13 The Committee system as already noted is offering greater engagement and this could be very powerful in bringing Members to collective decisions and consensus on the money. But it is overly elaborate, and is creating too much of an administrative burden, not just in the number of Committees but in the length of agendas, and the volume of papers and reports.
- 7.14 **As noted above, the Council is on an improvement journey, has a respected Chief Executive who is bringing about demonstrable improvements in governance, performance and reputation, has an increasingly cohesive senior leadership team, and has tackled some of the weaknesses of the former Strong Leader and Cabinet model in terms of Member engagement. However, the financial impact of Covid has accelerated the pace at which sustainable transformation needs to take place and this Rapid Review has not been able to conclude that the governance, leadership and mechanisms are yet in place to take assurance that this will be achieved.**

8. Recommendations

Wirral Metropolitan Borough Council should:

Financial Recovery

- Within the next three months (and by the end of Quarter 3) develop a financial recovery plan for the three years 2022/23 to 2024/25;
 - a) the plan to be developed with the active engagement of Members, built from robust data, and following a training programme on local government finance;
 - b) all Group Leaders to engage constructively with the plan and support a dialogue with the public;
- Suspend all work on new initiatives which do not directly contribute to the development or implementation of the plan or are otherwise required to meet statutory obligations.

See Note

- Appoint an independent Panel, with appropriate legal and financial expertise, to:
 - (a) advise and scrutinise the plan to provide assurance to the Council that it is robust and deliverable;
 - (b) monitor delivery of the plan and report to the Council on performance against the plan twice a year
- The Department for Levelling Up, Housing and Communities should consider the Panel's report on progress against the Plan to seek assurance that the Council is moving effectively towards financial sustainability
- Wirral Metropolitan Borough Council should move to implement a four year, "all out" electoral cycle at the earliest opportunity

Additional Recommendations for Wirral MBC

- Prioritise income from growth to support the re-building of reserves
- The Director of Resources to ensure that all reports include explicit financial implications
- The Chief Executive to review the portfolio of the Director of Resources to ensure that she has the capacity and support to develop and manage delivery of the financial recovery plan
- Undertake an LGA Corporate Governance Peer Review at an appropriate point to further underpin broader improvement in governance and outcomes
- Consider commissioning an LGA Peer Review of its arrangements for regeneration

- Strengthen its approach to management of corporate risk and ensure better visibility on key risks
- Consider the Annual Audit letter at Policy and Resources Committee
- Members to work with the Director of Law and Governance to review the Committee system to reduce the number of Committees, assign authority to the Policy and Resources Committee in respect of financial recovery, and significantly reduce the related administrative burden

Note to the Financial Recovery Plan

- the Plan to be constructed from robust and comprehensive data on spend, with Members able to see the distinctions and sector benchmarks for statutory and discretionary services
- the Plan to be costed and realistically profiled over the three years
- all service reviews to include a financial goal at the outset as a success criteria
- the Plan to exclude estimated income from growth or other one off funding; there may be an exception to this in the first year of the Plan as a result of the profiling of spending reductions/recurrent income increases

Appendix 1

Evidence Pack

1. General:

LA overview briefing
LGA headline report (from LG Inform)
Capitalisation Direction Submission¹
FISA review
FISA review Appendix 1
FISA review Appendix 2
Wirral Data Pack

2. Financial:

External audit plan 2020/21
External audit findings report 2019/20
Statement of Accounts for last financial year 2020/21
Budget **2020/21** and Medium Term Financial Plan²
Budget **2021/22** and Medium Term Financial Plan
Budget Monitoring 2021/22 and Budget Process 2022/23
Provisional outturn for capital 2020/21
Provisional outturn for revenue 2020/21
MTFS and FRP 2020/21 – 2024/25
MTFS and FRP 2019/20-2022/23
2021/22 Budget Monitoring and 2022/23 Budget Process report
Medium Term Financial Strategy and Resilience Plan

3. Governance and Committee Reports:

Annual Governance Statement 2019-20
Wirral Council Corporate Plan 2025
Target Operating Model October 2020
Committee System Structure
Overview and Scrutiny Committee Annual Report 2018-19
Audit and Risk Management Committee Annual Report 2018/19
Internal Audit Annual Plan 2020-21
Internal audit update March 2021

June/July Committee Agendas for
Adults Social Care and Public Health
Audit and Risk Management
Decision Review Committee
Economy Regeneration and Development
Environment, Climate Emergency and Transport
Tourism, Communities, Culture and Leisure
Policy and Resources

Presentation slides for Policy and Resources Committee Budget Workshop
Investment and Change Board papers 2/08/21

4. Other:

Ofsted Inspection of LA Children's Services 2019
Ofsted Inspection of LA Children's Services 2016
LGA Corporate Peer Challenge Report
Relevant local media stories

Interviews

Paul Satoor, Chief Executive
Cllr Janette Williamson, Leader

Shaer Halewood, Director of Resources
Nicki Butterworth, Director of Neighbourhoods
Graham Hodgkinson, Director of Adults Care and Health
Alan Evans, Director of Regeneration
Phil McCourt, Director of Law & Governance and Monitoring Officer
Simone White, Director of Children's Services
David Armstrong, Assistant Chief Executive

Cllr Tom Anderson, Conservative Group Leader
Cllr Phil Gilchrist, Lib Dem Group Leader
Cllr Steve Hayes, Independent Group Leader
Cllr Pat Cleary, Green Group Leader
Cllr Kathy Hodson, Chair of Audit and Risk Committee
Focus Group – Cllr Yvonne Nolan, Chair of Adults, Cllr Wendy Clements, Chair of Children,
Cllr Elizabeth Grey, Chair of Environment, Cllr Helen Cameron, Chair of Tourism

Claire Hogan, LGA Principle Advisor

Observed

Policy & Resources Committee
Policy & Resources Committee Budget Workshop
Decision Review Committee
Group Leaders Briefing
Senior Leadership Team