

Appendix B

ADA BURNS RECOMMENDATIONS		
1	<p>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;</p> <p>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;</p> <p>b) all Group Leaders to engage constructively with the plan and support a dialogue with the public;</p>	<p>A Programme Management approach is being developed to support the implementation of the Financial Recovery Plan (FRP). The Chief Executive has appointed Stuart Fair to provide additional capacity in relation to the Council's section 151 duties. Stuart will lead on pulling the FRP together by the end of December and this will dovetail with the Council's Medium Term Financial Plan which will be agreed alongside the budget for 2022/23 in February. The FRP will address all the financial recommendations in both reports and will form a discrete element of the Council's wider Improvement Plan which will be updated to reflect the recommendations from the External Assurance reports and the Peer Challenge scheduled for January 2022. The FRP will also be supported by an organisational development plan of Member and officer training. Sessions for Members will commence with an all-Member briefing 15 November and a first training session on Local Government Finance for members of the P&R Committee 24 November.</p>
2	<p>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</p>	<p>Wirral has suspended its proposal to implement a Community Bank (see CIPFA recommendation 8). Officers have developed an approach to prioritisation and we will put all live projects through this to determine which can be halted. New project proposals will be subject to this prioritisation process which will feature as part of a new corporate project approvals process to ensure projects only progress where the business case determines that the planned benefits merit the required investment.</p>
3	<p>Appoint an independent Panel, with appropriate legal and financial expertise, to:</p> <p>(a) advise and scrutinise the plan to provide assurance to the Council that it is robust and deliverable;</p> <p>(b) monitor delivery of the plan and report to the Council on performance against the plan twice a year</p>	<p>Officers are in dialogue with the LGA with a view to getting an Independent Panel established as early as possible. Draft Terms of Reference are in place and we are now assessing appropriate candidates from which to form the Panel membership. Officers are also reviewing the approach taken by other local authorities that have been granted exceptional financial support. The intention is to have a first panel meeting soon after we have responded to the Secretary of State. It is anticipated, the Panel will meet intensively for the first 3 months to ensure progress through budget setting and the approval</p>
4	<p>The Ministry of Housing, Communities and Local Government should consider the Panel's report on progress against the Plan to seek assurance that the Council is moving effectively towards financial sustainability.</p>	

		of the Financial Recovery Plan. Following that, meetings and reporting on progress will be quarterly and will continue for the 3 year life of the plan.
5	The Wirral Metropolitan Borough Council should move to implement a four year, "all out" electoral cycle at the earliest opportunity.	The earliest opportunity to implement a whole Council election scheme (all-out elections) will be 2022 or 2023. A report setting out the statutory requirements and a timeframe to implement this will be presented to Policy & Resources Committee on 30 November.
6	Prioritise income from growth to support the re-building of reserves.	This recommendation will be incorporated into the Financial Recovery Plan. A 15-year model is available that identifies recurrent funding from council tax and business rates as a result of regeneration growth. This funding has been discounted for associated expenditure growth. The model has been validated by CIPFA and deemed to be robust. This income is included in the funding assumptions in the MTFP as would be expected. Non-recurrent income from regeneration growth i.e. Wirral Growth Company income has been removed from the MTFP and will be used to contribute to reserves.
7	The Director of Resources to ensure that <u>all</u> reports include explicit financial implications.	A programme of finance training will be provided to officers as part of the wider organisational development piece that supports the implementation of the FRP. This will be developed in draft by the end of December 2021. Arrangements for the clearance of committee reports specifically any financial implications will be reviewed and refreshed by the Head of Democratic & Members Services.
8	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.	The Chief Executive has agreed additional financial capacity to support the Director of Resources in the development and management of the recovery plan. An external assessment will be commissioned by 30 November to review and consider capacity, reporting and accountabilities in relation to Resources, Assets and Legal Services.
9	Undertake an LGA Corporate Governance Peer Review at an appropriate point to further underpin broader improvement in governance and outcomes.	A Corporate Governance Peer Review is scheduled for 24-27 January 2022. The scope for this has been agreed with the LGA and planning is under way.

10	Consider commissioning an LGA Peer Review of its arrangements for regeneration.	A number of commissions are already underway to review the Council's regeneration capabilities and refresh our Asset Management Plan. An assessment of the progress with this work will be undertaken to inform a decision on whether to progress a Peer Review of Regeneration at this stage.
11	Strengthen its approach to management of corporate risk and ensure better visibility on key risks.	Zurich are finalising their work following a review in relation to the Council's risk appetite. A wider review of the Council's risk management arrangements will be undertaken at the point this work is completed. Consideration will be given to strengthening the role of Audit & Risk Management Committee. It is proposed that regular reporting of the Council's key risks to Policy and Resources committee will feature as part of quarterly performance reporting in the New Year.
12	Consider the Annual Audit letter at Policy and Resources Committee.	This will be reported at the next available opportunity and no later than 31 March 2022.
13	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.	Two reviews, one by officers and one supported by the LGA are underway and the outcome of both will be reported to Constitution and Standards Committee in January 2022 to inform new committee arrangements in the new municipal year. A report setting out proposals to delegate authority to Policy & Resources committee in respect of Financial Recovery, increased thresholds for delegation and other opportunities for reducing the administrative burden will be brought to Policy and Resources Committee in due course.
CIPFA RECOMMENDATIONS		
1	<p>STRENGTHEN FINANCIAL SUSTAINABILITY</p> <p>(A) On reserves: Develop a mitigation plan for outturn variances in 2021-22.</p> <p>(i) Carry out a more realistic assessment of the current year savings and the extent to which they will be delivered in the current financial year</p> <p>(ii) Identify and pursue additional savings, such as in the Neighbourhoods directorate and in staffing efficiencies that, if necessary, can be used to offset current savings that are unlikely to be delivered in the current financial year.</p>	This recommendation has been completed and the in-year position and level of mitigation required is monitored monthly by officers and is being reported through Policy and Resources Committee as part of regular financial reporting.

2	<p>(B) On Reserves: Develop a plan to rebuild general reserves over the period of the Medium-Term Financial Strategy</p> <p>(i) Undertake a review of financial reserves that considers increased risks in terms of savings delivery and those associated with Council's companies</p> <p>(ii) Review the level of earmarked reserves to determine whether they are still required for the purpose that they were established with a view to using any monies that are no longer required to rebuild general reserves to a level that adequately mitigates the risks to longer financial sustainability</p> <p>(iii) Build in an obligation to increase the General Fund reserve in line with the above risks assessment over the period of the MTFs.</p>	<p>A review of financial reserves and risks in terms of saving's delivery has been completed. A further review of reserves and the risks associated with Council companies will be undertaken and reported through Policy and Resources Committee in the New Year. It is proposed that in future, all reserves will be held centrally, and a reserves strategy will be brought forward as part of quarter 3 monitoring as a deliverable of the FRP. The 2022/23 and 2023/24 budget proposes an increase in the General Fund balance.</p>
3	<p>(C) On future sustainability: Prepare a more realistic Medium Term Finance Strategy that better reflects the challenges facing the Council</p> <p>(i) Ensure that the Strategy is explicit about the challenges facing the Council and the tough choices that it will need to make</p> <p>(ii) Adopt a realistic approach to regeneration and prevention measures and the limited impact they may have on the MTFs in the short term.</p> <p>(iii) Seek Member approval either through Council or the Policy and Resources Committee for the updated MTFs at the start of the budget process to set the framework for committees to consider outline spending plans or budget options.</p>	<p>A more realistic MTFs has been produced which aligns financial planning with the Council's strategic priorities as set out in the Wirral Plan. The MTFs also includes principles that will support the Council's financial decision-making. The MTFs will be reported to Policy and Resource Committee on 1 December for approval. Officers are reviewing the approach to regeneration and prevention. Assumptions in respect of returns from regeneration activity have now been removed from the MTFs and will be held for reserves and investment.</p>
4	<p>(D) On future sustainability: Update the Medium-Term Financial Plan so that it provides a realistic assessment of the financial challenge facing the Council.</p> <p>(i) Use a sensitivity model to show the potential range of the funding gap over the period of the MTFP if various key assumptions e.g., inflation/pay/council tax are changed.</p> <p>(ii) Use a risk-based approach to the delivery of savings within the MTFP. Factor in the likelihood that a proportion of savings will not be delivered each year</p> <p>(iii) Revise the MTFP to correct the errors identified in relation to post Covid income</p> <p>(iv) Remove the assumed profit share from the Wirral Growth company as this should not be relied upon for financial planning purposes</p>	<p>A sensitivity model has been incorporated into the Budget Preparation Report that went to Policy and Resources committee on 25 October. A risk-based approach to the delivery of savings in the MTFP will be brought forward in the supporting business cases as these are produced. Errors identified have been corrected in the MTFP reviewed by CIPFA and an updated position was reported to Policy and Resources committee on 25 October. To reflect a more prudent approach, the profit share from the Wirral Growth Company has now been removed from the MTFP and will be held in a regeneration reserve.</p>

<p>5</p>	<p>(E) On savings plans: Engage Members at an early stage in identifying savings</p> <p>(i) Task the P&R Committee with specifying the parameters, assessment criteria and targets for the savings required from each Committee as part of the process for agreeing the Medium-Term Financial Strategy at the outset of the budget process.</p> <p>(ii) Set challenging targets to identify additional savings in existing high-spend areas, such as the Neighbourhoods Directorate, for consideration by Members of the P&R Committee.</p> <p>(iii) Set clear financial targets for any service reviews in line with the Medium-Term Financial Strategy. This should include a review of the benefits and costs of discretionary spend. (P&R Committee).</p> <p>(iv) Task the Senior Responsible Officers for each planned saving to develop detailed delivery plans that can be signed off by Members at the relevant Committee. (P&R Committee).</p> <p>(v) Establish a working group of the Executive Team and all Group Leaders to develop a robust Medium Term Financial Strategy and associated plans for a more fundamental reshaping of council budgets and service delivery to achieve a balanced budget.</p> <p>(vi) Task the P&R Committee with regularly reviewing progress with the delivery of savings so that any slippage can be identified and mitigated timeously.</p>	<p>The Policy and Resources Committee has established a Finance Sub-Committee which will define the savings required from the Policy and Service Committees. The MTFS puts forward a set of principles to support financial decision-making including reviewing spend in high-cost service areas. Officers have developed a Change Programme which will bring forward a schedule of service reviews to be delivered through the Financial Recovery Plan. Service reviews will have Senior Responsible Officers allotted and detailed delivery plans with clear targets set. Regular briefings are provided by the Executive Team to Group Leaders and these sessions will be re-focused to ensure dedicated time is allocated to developing the MTFS. The Finance Sub-Committee will maintain oversight of the implementation of the MTFS and will review progress on savings delivery.</p>
<p>6</p>	<p>(F) On commercial practices and borrowing: Maintain oversight over existing level of borrowing</p> <p>(i) Review its capital programme and ensure that it has identified realistic capital programme pressures in 2023-26 so that it can assess the overall impact on Council borrowing.</p> <p>(ii) Consider setting tight limits on the level of future borrowing to ensure that the minimum revenue provision remains prudent.</p> <p>(iii) Dispose of sufficient assets to obviate the longer-term need for borrowing under the capital direction.</p>	<p>A review of the Capital Programme was conducted earlier in the year. The programme will be further reviewed with projects being put through the prioritisation process set out above. Prudential indicators are incorporated to maintain limits on future borrowing to ensure the MRP remains prudent. Updates on this are reported to P&R and full council. An Asset Management Plan is in production and work is being commissioned to deliver an accompanying Asset Disposal Strategy. We will bring forward a programme of assets disposals at pace to support the MTFS.</p>

7	<p>(G) On assets: The Council should develop a clear asset disposal strategy</p> <ul style="list-style-type: none"> (i) Review the condition of all Council assets to determine maintenance requirements over the medium term (ii) Engage with Members at an early stage to develop a realistic asset disposal strategy that focusses on the disposal of assets that require significant maintenance and repair (iii) Identify asset disposals to offset the risk of increased council borrowing which could fund the repair and maintenance of existing council assets, the cost of the capitalisation direction and future potential regeneration plans 	<p>An Asset Disposal Strategy will be brought forward alongside our refreshed Asset Management Plan. A review of condition surveys will be conducted and conditions surveys commissioned where they are not up to date. Once the Asset Disposal Strategy has been approved, a programme of disposals will be brought forward and implemented.</p>
8	<p>(E)On governance and oversight: Prioritise the work required to build financial resilience</p> <ul style="list-style-type: none"> (i) Halt those initiatives, such as the development of a Community Bank, that would otherwise divert the focus of the organisation from addressing the Council’s finances as well as exposing it to additional financial risk. (ii) Re-assign the non-financial responsibilities of the Section 151 Officer to enable the individual to focus on financial resilience. If the role is re-assigned, the Section 151 Officer should continue to be part of the executive leadership team. 	<p>The Community Bank project has been halted and a detailed review of other Council initiatives will be subject to the prioritisation approach referred to above to identify other projects that it would be prudent to suspend or cease entirely. Additional capacity has been brought in to support the Section 151 Officer to ensure sufficient focus on financial resilience.</p>
9	<p>(F) On governance and oversight: Strengthen financial governance</p> <ul style="list-style-type: none"> (i) Provide a mandatory annual training session for Members on local government finance and their core financial responsibilities as members (ii) Provide briefings on Council financial challenges to all Council managers. (iii) Provide a mandatory briefing to all Members on the key financial challenges facing the Council. (iv) Appoint shareholder representatives and task a senior manager in finance with responsibility for monitoring the resource needs of the Council’s companies. (v) Develop quality assurance arrangements, such as a peer-based improvement panel, to ensure written and oral briefings and other materials provided to Members clearly state the financial position and what actions are proposed 	<p>A programme of Member training on local government finance will be developed. An all-Member briefing on the financial challenges facing the Council will provide the starting point for this on 15 November. A dedicated training session for Members of P&R will be delivered on 24 November. Further member training sessions will be specified as part of the organisational development plan for Members and officers that will be developed to support the implementation of the Financial Recovery Plan. Officer responsibilities in relation to monitoring Council companies will be assigned and shareholder representatives reviewed. The Corporate Governance Peer Review and Independent Panel will provide the quality assurance arrangements to ensure effective reporting of our financial position.</p>

<p>10</p>	<p>(G) On governance and oversight: Ensure that all key risks are identified</p> <ul style="list-style-type: none">(i) Commission an independent review of the financial position of the Council's companies and other commercial ventures to ensure all potential risks are identified(ii) Ensure that all major Council risks in relation to financial resilience are scored(iii) Include risk management awareness, particularly in relation to financial risks as part of the member awareness training.	<p>An independent review of our risk exposure in relation to all commercial investments will be commissioned by 31 December 2021. All Council risks in relation to financial resilience have now been scored. Risk management awareness will be included within the scope of local government finance training for officers and members.</p>
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