

**WIRRAL COUNCIL RESPONSE TO DLUHC REPORT RECOMMENDATIONS**

Ref	Report	Recommendation	RAG	Comment	Officer Lead	SLT Lead	Supporting Evidence
1.1	Ada Burns	Within the next three months (and by the end of Quarter 3) <b>develop a financial recovery plan for the three years 2022/23 to 2024/25:</b> a) the plan to be developed with the active engagement of Members, built from robust data, and following a <b>training programme on local government finance;</b> b) all Group Leaders to engage constructively with the plan and support a dialogue with the public.		An Improvement Plan is in development that will incorporate a dedicated section for the Financial Recovery Plan. The Plan will be reported to Policy & Resources committee as early as possible following the local government elections 5 May. (a) The 2022/23 budget has been developed following Local Government Finance Training for Members and with significant engagement of Group Leaders and weekly Finance Sub-Group meetings. (b) A series of Group Leader planning sessions will be scheduled following the elections to secure support and full buy-in to the Improvement Plan.	Simon Carrigan	Shaer Halewood	Member Training MTFs - 01/12/21 Budget - 17/01/22 Budget - 15/02/22
1.2	Ada Burns	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.		Work has ceased on the creation of a Community Bank. The PMO has developed a process for scoring and prioritising all non-core (project) activities. Refreshed operational & programme governance arrangements have been developed to maintain grip on Council activity.	Tim Games	Shaer Halewood	Q3 Capital Report PMO - SLT paper
1.3	Ada Burns	<b>Appoint an independent Panel</b> , 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.		Panel and draft ToR set up December 2021. Informal introduction meeting 21/12/21 plus a number of dedicated sessions on specific issues - finance, regeneration, audit. Regular monthly meetings are now being held.	Mike Callon	Paul Satoor	Panel ToR Panel Membership
1.4	Ada Burns	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.		The Chief Executive and Panel Chair have regular meetings with DLUHC. The first formal report to DLUHC will be provided in May after the election.	Paul Satoor	Paul Satoor	TBC
1.5	Ada Burns	The Wirral Metropolitan Borough Council should move to implement a four year, "all out" electoral cycle at the earliest opportunity.		The Public consultation on the Whole Council Election Scheme ran from 13 December to 20 February. The outcome of the consultation was reported to Council 21 March 2022 and a decision taken on proceeding to the introduction of all out elections from May 2023.	Steve Fox	Phil McCourt	P&R - 30/11/21 Consultation link Council 21/03/21
1.6	Ada Burns	Prioritise income from growth to support the re-building of reserves.		The MTFs/MTFP removes income from growth. The 2022/23 budget increases the Council's general reserve from 3.2% to 4% and the MTFs sets the goal of increasing it to 5% in 2023/24.	Dan Kirwan	Shaer Halewood	P&R - 15/02/21
1.7	Ada Burns	The Director of Resources to ensure that <u>all</u> reports include explicit financial implications.		Report sign-off arrangements for SLT & committees have been refreshed. Financial implications are a key element of this. The S151 officer oversees and signs off on all reports through the reports sign-off system.	Dan Kirwan	Shaer Halewood	Revised SLT template CCOG Meetings
1.8	Ada Burns	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.		Stuart Fair was appointed in November 2021 to support the 2022/23 budget process and development of a Financial Recovery Plan. The LGA has been commissioned to undertake a review of capacity within Resources, Legal Services and Assets. This is due to complete in May 2022 and will inform any required restructuring to ensure there is sufficient capacity in place.	Tony Williams	Paul Satoor	SF - appointment LGA Review
1.9	Ada Burns	Undertake an LGA Corporate Governance Peer Review at an appropriate point to further underpin broader improvement in governance and outcomes.		The LGA Corporate Peer Challenge was undertaken 21 - 24 March 2022. The findings of the CPC have been used to inform the Council's Improvement Plan.	Mike Callon	Paul Satoor	LGA CPC Scope Self-assessment
1.1	Ada Burns	Consider commissioning an LGA Peer Review of its arrangements for regeneration.		The Independent Panel is undertaking a deep dive into the Council's Regeneration Programme and capacity to deliver. Monitoring of progress will be continuous by the Panel.	TBC	TBC	TBC

1.11	Ada Burns	Strengthen its approach to management of corporate risk and ensure better visibility on key risks.		Independent Members were appointed to Audit & Risk Management Committee from January 2022. A Member training session on risk management was delivered to 31 Members on 19 January and recorded to be used as a resource on the Members portal. An SLT focus session was delivered in March to review the corporate risk register . Future risk reporting will be included on P&R Committee agenda and forward plan.	Mark Niblock	Shaer Halewood	ARM January 2022
1.12	Ada Burns	Consider the Annual Audit letter at Policy and Resources Committee.		The Annual Audit Report has been delayed due to thw whole of government accounts. This will be reported at the earliest possible time and is expected to be November 2022.	Dan Kirwan	Shaer Halewood	Committee Report
1.13	Ada Burns	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.		Authority in respect of financial recovery was assigned to P&R committee at the 30 November meeting. The LGA and officer review of the committee system were completed in January with findings reported to the Members Governance Working Group. Proposals in respect of reducing the number of committees and increasing delegation will be recommended to Council by Constitution and Standards committee for adoption at Annual Council in May.	Steve Fox	Phil McCourt	P&R - 30/11/21
2.1	CIPFA	<b>(A) On reserves:</b> Develop a mitigation plan for outturn variances in 2021-22. (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. (ii) Identify and pursue additional savings, such as in the <b>Neighbourhoods directorate and in staffing efficiencies</b> that, if necessary, can be used to offset current savings that are unlikely to be delivered in the current financial year.		The in-year savings position was assessed in summer 2021 and regular reporting has been maintained to understand where mitigation was required and this was idenfied accordingly. The overall 2021/22 budget position has been closely monitored on a monthly basis by officers reported through Policy and Resources Committee as part of regular financial reporting.	Dan Kirwan	Shaer Halewood	Savings Dashboard
2.2	CIPFA	<b>(B) On Reserves:</b> Develop a plan to rebuild general reserves over the period of the Medium-Term Financial Strategy (i) Undertake a review of financial reserves that considers increased risks in terms of savings delivery and those associated with Council's companies (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 (iii) Build in an obligation to increase the General Fund reserve in line with the above risks assessment over the period of the MTFs.		(i) 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 commissioned by 31 March 2022 and reported through Audit and Risk Management Committee later in the New Year. (ii) A detailed review of earmarked reserves has been undertaken as part of the 2022/23 budget process. (iii) The MTFs sets out a clear goal/timetable to build the general reserves position to 5%. The 2022/23 budget seeks to imprve the general reserve position from 3.2% to 4%. 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.	Dan Kirwan	Shaer Halewood	Figures for 22/23 reserves increase
2.3	CIPFA	<b>(C) On future sustainability:</b> Prepare a more realistic Medium Term Finance Strategy that better reflects the challenges facing the Council (i) Ensure that the Strategy is explicit about the challenges facing the Council and the tough choices that it will need to make (ii) Adopt a realistic approach to regeneration and prevention measures and the limited impact they may have on the MTFs in the short term. (ii) 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.		A new MTFs was approved at Policy & Resources Committee 1 December 2021. (i)The new MTFs sets out a more realistic assessment of the Council's financial position and challenges as well as providing a series of principles for prioritisation to inform decision-making. (ii) Regeneration and prevention measures have been reviewed and adjusted accordingly in MTFs/MTFP assumptions. (iii) The MTFs was used to develop the budget envelopes for Directorates for the 2022/23 budget development process. These envelopes were agreed by Finance Sub-Committee and critical to the agreement of the 2022/23 budget proposals.	Dan Kirwan	Shaer Halewood	P&R report 1 Dec 2021 Budget Envelopes

2.4	CIPFA	<p><b>(D) On future sustainability:</b> 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>The updated MTFP provides a more realistic assessment of the Council's financial challenges.</p> <p>(i) A sensitivity model was incorporated into the budget preparation report that went to Policy and Resources committee on 25 October 2021.</p> <p>(ii) A risk-based approach for 2022/23 savings proposals has been incorporated with internal and external (CIPFA) validation of all proposals put forward. A £3m reserve has been allocated in year to mitigate non-delivery of any of the £18m savings required.</p> <p>(iii) Errors identified in the CIPFA external assurance report have been corrected in the refreshed MTFP that was reported to P&amp;R in February 2022.</p> <p>(iv) 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>	Dan Kirwan	Shaer Halewood	P&R Report 25/10/21
2.5	CIPFA	<p><b>(E) On savings plans:</b> Engage Members at an early stage in identifying savings</p> <p>(i) Task the P&amp;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 <b>Neighbourhoods Directorate</b>, for consideration by Members of the P&amp;R Committee.</p> <p>(iii) Set <b>clear financial targets for any service reviews in line with the Medium-Term Financial Strategy</b>. This should include a review of the benefits and costs of discretionary spend. (P&amp;R Committee).</p> <p>(iv) Task the Senior Responsible Officers for each planned saving to develop <b>detailed delivery plans</b> that can be signed off by Members at the relevant Committee. (P&amp;R Committee).</p> <p>(v) Establish a <b>working group of the Executive Team and all Group Leaders</b> 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&amp;R Committee with regularly reviewing progress with the delivery of savings so that any slippage can be identified and mitigated timeously.</p>	<p>Policy Committees were engaged in the budget setting process from July 2021 onwards. A Finance Sub-Committee was set up in October 2021 to oversee the process and review all savings proposals.</p> <p>(i) The updated MTFS (1 December 2021) provided the framework for developing savings proposals. The creation of the Finance Sub-Committee ensured the required focus and control for approving the budget envelopes and financial targets for Directorates.</p> <p>(ii) The budget envelopes defined the targets for Directorates and were approved by the Finance Sub-Committee in November 2021.</p> <p>(iii) A programme of service reviews is being brought forward aligned to the savings targets set out in the MTFP.</p> <p>(iv) SRO are being appointed for all service reviews to own the associated business for change.</p> <p>(v) Regular Group Leader / SLT meetings have supported the Finance Sub-Committee in developing the MTFS and 2022/23 budget setting process.</p> <p>(vi) The Finance Sub-Committee will follow a star chamber approach to ensure there is effective oversight and monitoring in terms of delivering 2022/23 savings plans, with Committee Chairs and Directors being held to account.</p>	Dan Kirwan	Shaer Halewood	<p>MTFS Budget Envelopes Service Review Prog Role of Fin-Sub</p>
2.6	CIPFA	<p><b>(F) On commercial practices and borrowing:</b> 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>(i) A review of the Capital Programme has been conducted and the impact on future pressures factored into the MTFP reported to P&amp;R in February.</p> <p>(ii) The Council employs prudential indicators to maintain limits on future borrowing to ensure the MRP remains prudent. Updates on this are reported to P&amp;R and full council. Given the scale of planned investment in regeneration, an independent external review of the Council's financial risk exposure will be commissioned and reported to P&amp;R / Audit &amp; Risk committees to determine the need to update the risk register and Treasury Management / MRP policies. This will comply with external audit advice to ensure members are aware of our investment risks.</p> <p>(iii) An Asset Management Plan has been drafted and is awaiting sign-off. An accompanying Asset Disposal Strategy will be commissioned for completion by June 2022 to inform a programme of assets disposals that supports payback of the Council's capitalisation directive.</p>	Dan Kirwan	Shaer Halewood	<p>Capital Reporting Draft Asset Strategy</p>

2.7	CIPFA	<p><b>(G) On assets:</b> The Council should develop a clear asset disposal strategy</p> <p>(i) Review the condition of all Council assets to determine maintenance requirements over the medium term</p> <p>(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</p> <p>(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>	<p>An asset disposal strategy will be brought forward by July 2022.</p> <p>(i) The Council maintains a continuous process of conditions surveys. This will be aligned with the Asset Disposal Strategy as this is developed by July 2022.</p> <p>(ii) The draft Asset Disposal Strategy will be provided for Members and a dedicated session convened to finalise this in advance of formal approval.</p> <p>(iii) Negotiations have concluded with Muse Ltd to take back assets that has been optioned to Wirral Growth Company. The disposal strategy will set out a programme of work to best realise value from these sites to pay off the borrowing required to support the Council's capitalisation request.</p>	J. Royle	Alan Evans	<p>Draft Asset Strategy</p> <p>Wirral Growth Co P&amp;R report 21/03/22.</p>
2.8	CIPFA	<p><b>(E) On governance and oversight:</b> Prioritise the work required to build financial resilience</p> <p>(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.</p> <p>(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>	<p>The recommendation of Policy &amp; Resources Committee 30 November 2021 highlighted the prioritisation of financial resilience and planning.</p> <p>(i) The Community Bank project has been halted and a detailed review of other Council initiatives will be subject to prioritisation.</p> <p>(ii) Additional capacity has been brought in to support the Section 151 Officer to ensure sufficient focus on financial resilience through the appointment of Stuart Fair. An LGA review of capacity in relation to Resources, Legal Services and Assets will be completed in May 2022.</p>	Dan Kirwan	Shaer Halewood	<p>P&amp;R Report 30/11/21</p> <p>P&amp;R Capital Monitoring Report - 17/02/22</p>
2.9	CIPFA	<p><b>(F) On governance and oversight:</b> Strengthen financial governance</p> <p>(i) Provide a <b>mandatory annual training session for Members on local government finance and their core financial responsibilities as members</b></p> <p>(ii) Provide <b>briefings on Council financial challenges to all Council managers.</b></p> <p>(iii) Provide a <b>mandatory briefing to all Members</b> on the key financial challenges facing the Council.</p> <p>(iv) <b>Appoint shareholder representatives</b> and task a senior manager in finance with responsibility for monitoring the resource needs of the Council's companies.</p> <p>(v) Develop <b>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</b> and what actions are proposed</p>	<p>(i) A dedicated Training Session on Local Government Finance was delivered to P&amp;R Committee Members 24 November and all Elected Members 30 November.</p> <p>(ii) Regular briefings on the DLUHC reports and the Council's financial challenges have been maintained through regular manager briefing channels (Manager Network / CMT).</p> <p>(iii) An all-Member briefing on the financial challenges facing the Council will provide the starting point for this on 15 November.</p> <p>(iv) Officer responsibilities in relation to monitoring Council companies have been assigned and shareholder representatives reviewed.</p> <p>(v) The Independent Panel has provided the quality assurance to ensure effective reporting of our financial position and the 2022/23 budget recommendation process.</p>	Shaer Halewood	Paul Satoor	<p>Member briefings &amp; training sessions.</p> <p>Officer networks &amp; briefings.</p> <p>Nominated officer for monitoring companies.</p>
2.10	CIPFA	<p>(G) On governance and oversight: Ensure that all key risks are identified.</p> <p>(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</p> <p>(ii) Ensure that all major Council risks in relation to financial resilience are scored</p> <p>(iii) Include <b>risk management awareness</b>, particularly in relation to financial risks as part of the member awareness training.</p>	<p>(i) An independent review of our risk exposure in relation to all commercial investments will be commissioned by 31 March 2022 and completed later in the year.</p> <p>(ii) All Council risks in relation to financial resilience have now been scored.</p> <p>(iii) Risk management awareness training was delivered to Elected Members 19 January, commissioned by CIPFA. 31 Members attended this training session which was recorded and made available for those that could not attend and future reference.</p>	Di Grisdale	Shaer Halewood	<p>Corporate Risk Register</p> <p>Corporate Risk Register</p> <p>Risk Training Session</p>