

LGA Corporate Peer Challenge

Wirral Metropolitan Borough Council

4-7 November 2024

Final Feedback Report



Corporate Peer Challenge



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1. Executive Summary:

Wirral Council has made significant improvements in recent years to address identified challenges and shortcomings in key corporate areas including governance and culture. However, despite significant focus and effort and demonstrable progress there remains substantial financial challenges facing the organisation. This includes substantial savings targets in the council's Medium Term Financial Plan (MTFP). More urgently, challenges in delivering a legally balanced budget for 2025-2026 due to in-year pressures caused by demand-led budgets. These pressures create a significant risk of a Section 114 notice being issued.¹

Like other councils, Wirral has sought to minimise the impact of funding reductions over the last 14 years (totalling approximately £240 million) by limiting increases in council tax, avoiding reductions in service standards, and minimising increases through other income streams and charges such as parking. Whilst the council is proud of this approach, the cumulative impact has depleted general fund reserves, and contributed towards significant challenges in the council's medium-term financial position. These challenges have been exacerbated by rising demand for services and the high-deprivation and inequality which exists in the borough.

Despite the council's financial challenges, the organisation has maintained high levels of ambition, as illustrated through their large-scale regeneration ambitions, the political appetite to promote prevention, address inequality, and maintain universal services. In the council's current financial position, there is a need to reconcile these goals, recognising that some areas, for example the council's leisure subsidy and council tax reduction scheme are more generous than sector norms. Despite the council's progress in recent years, the '*exam question*' will remain about the organisations' ability to set and deliver balanced budgets over the coming-years, including taking the 'difficult decisions' for themselves in reconciling these competing priorities.

The Peer Team recognise that there is a high-level of 'awareness' of the council's financial challenges within the organisation, but challenge this to be progressed to 'understanding, ownership, and action', this is important given the pressing timescales that the council is working in to address these issues. At the time of writing the council is in dialogue with the Ministry of Housing, Communities, and Local Government (MHCLG) regarding exceptional financial support having already been provided with £12.4 million in 2021. In this context, there will be a need for clear, visible, and joint ownership of these financial issues to support the council's dialogue with government.

¹ A section 114 notice is issued by a council's chief financial officer to prevent certain types of expenditure under the 1988 Local Government Finance Act.

One condition of the council's first application for exceptional financial support was the completion of two external assurance reviews commissioned by central government. Published in November 2021, these reviews focused on issues of finance and governance respectively and set out 27 recommendations. It is to the council's credit that they have responded positively to these findings. This included accepting their content in full, inviting further challenge and support through Sector Led Improvement (including governance reviews, Corporate Peer Challenges, and support for training and development), as well as working through an externally Chaired Independent Improvement Panel with expert representation from across the local government sector. This positive engagement has in the view of the peer team supported improvement, but now requires further cultural work from the organisation regarding the internalisation of this external challenge and demonstrating a willingness to work to take difficult decisions in the absence of this external oversight. This Independent Panel met from December 2021 to March 2024 providing both advice and challenge to the council, meeting formally 13 times and engaging with the council regularly in-between. This process supported the development and oversight of the council's Strategic Improvement Plan to monitor progress against recommendations and support engagement on key issues. During this time, and with input from Panel members, the council adopted a four-yearly election cycle, developed a new Council Plan, and streamlined their Committee System. The Panel stood down in March 2024.

While the peer team recognised the council's openness to external challenge and the progress which has been made, they were concerned at the significant and increasing overspend position which emerged soon after Budget setting in March and the Independent Improvement Panel being stood down. The risk of renewed reliance on exceptional financial support illustrates that the focus on improvement remains a top priority if the council is to return to a sustainable position.

Wirral Council has been in no overall political control since 2019, with 29 Labour, 17 Conservative, 14 Green, and six Liberal Democrats Councillors since May 2023, with the next scheduled all seats elections will be contested in 2027. The council has operated through a Committee System of Governance since 2020 which creates a dispersed model of decision making across forums and groups.

The Council has developed a new Council Plan that was approved in December 2023. However, given the organisation's financial position, there is a need for this document to be revisited to support clearer prioritisation and effective decision making. In this context, the council should ensure that working within their budget as the organisations' first priority. Alongside this, the council's new performance framework will support a move towards an outcome-focused approach. There are a number of service areas where this attention should be directed in the first instance, including outcomes which are linked to specific

transformation programmes and proposed savings initiatives such as foster care and residential care placements.

Through this review the peer team were told of positive, proactive, and constructive relationships with partner organisations at the strategic, tactical, and operational levels. The development of a clear narrative regarding the council's vision and ambition will support further engagement with these partners and alignment of their activity towards the council's ambitions and priority outcomes.

The council has worked to iteratively improve governance over recent years. Their current governance structures are tailored to the circumstances of the Council under no-overall political control authority through the Committee System. Whilst there has been clear structural progress in this area, there is still more to be done, with the Peer Team aware of instances where the implementation of properly made decisions was delayed or revisited. These matters relate more to the council's culture of governance rather than governance structures. In this context, it is important that the Council considers the relationship between behaviours and decision making.

Despite the council's challenging financial context, the organisation retains an ambitious regeneration programme. This will require careful consideration and management over the coming years, and the council's current work in prioritising schemes and rationalising this programme will support oversight and management of interdependencies. There is clear political support for regeneration as a concept in the borough, albeit for differing purposes and goals. The development of a clear strategic narrative will support political and resident engagement on this work.

Finally, through this review, the Peer Team met with many committed, hard-working, passionate staff and councillors who want to do what is best for Wirral. This common ground will be an important starting point in the council making necessary improvements to address their current and future financial challenges.

2. Key Recommendations:

The executive summary and main body of this report contain a range of findings and recommendations that are relevant to Wirral Council and should be considered through the organisations' Action Plan. The following are the peer team's key recommendations which have been prioritised on grounds of strategic importance.

- 1. Recommendation One:** strengthen planning to address the council's financial challenges, including proactive dialogue on the potential implications of issuing a Section 114 notice. Activity should involve engagement with political groups to assess

borough-wide impacts and adopting an emergency budget approach to manage the in-year overspend. Key actions should include regular internal financial reporting, strict adherence to the budget framework, challenging growth assumptions, reducing non-essential expenditure, and making additional in-year decisions. This integrated strategy will help mitigate the need for a Section 114 notice, reduce reliance on exceptional financial support, and demonstrate the council's commitment to addressing its financial situation responsibly.

- 2. Recommendation Two: Progress from a shared awareness of the council's finances to shared ownership and actions through a clear financial improvement plan:** This Plan, containing both immediate and medium-term actions should report regularly to the councils' Senior Leadership Team, Budget Working Group and Audit to co-ordinate activity and provide a single view on financial issues. This will be central to the Council's culture and will support a transparent framework for engagement on these issues.
- 3. Recommendation Three: Refine the new Council Plan and performance management framework to support prioritisation:** These documents should be considered to ensure that they are aligned to the Council's Financial Improvement Plan (recommendation two) and support the prioritisation of Committee work programmes and officer capacity. Any such prioritisation must reflect the capacity of the organisation.
- 4. Recommendation Four: Ensure there is an appropriate political agreement to provide stability of decisions and direction:** There will be a need for difficult decisions to be made to address the council's finances. In the context of no-overall control, there will need to be a "*Wirral first*" approach across groups in order to provide clarity to officers as well as assurance to residents and external stakeholders.
- 5. Recommendation Five: Bring together Committee Chairs with the Leadership of the council on a regular basis to support strategic decision making:** Recognising the dispersed nature of decisions in the Committee System, a dedicated forum that supports joining up approaches on strategic issues will support the council's progress.
- 6. Recommendation Six: Promote the importance of the council's Medium-Term Financial Strategy (MTFS) within the council's wider Policy framework:** The new Council Plan is clearly aligned to supporting strategies; however, the council needs to ensure that the MTFS has primacy in this wider context.
- 7. Recommendation Seven: Develop a Wirral narrative that brings together the Council's progress, current challenges, and ambition for the future:** When describing the current context of the Council, it is challenging to balance the

improvements to-date, the remaining challenges, and the organisation's future ambitions. Therefore a clear structure and narrative will provide a clearer framework for future difficult decisions.

- 8. Recommendation Eight: Develop a shared corporate vision for regeneration at a borough wide level:** Bring together your wider programmes and projects under a single banner and narrative to support engagement with partners, promote your ambitions, and communicate your progress, and discontinue those which are not achievable in the short-term.
- 9. Recommendation Nine: Refine and develop the council's partnership forums to support public service reform at a borough level:** There is opportunity for the council to get further benefits from strategic partnership working, including joint work with public, community and voluntary sectors, to enable more joined-up approaches to cross-cutting issues.
- 10. Recommendation 10: Increase the political interface with the Cheshire and Merseyside ICB:** The council should explore how they could maximise the strategic contributions of elected members to support health and social care at a Cheshire and Merseyside level.
- 11. Recommendation 11: Maximise the contribution through Youth Participation and Engagement:** There is potential for further joint work and progress to be made through senior leadership sponsorship, including senior political and managerial engagement.

3. Summary of the Peer Challenge Approach:

3.1 Background and Overview:

Corporate Peer Challenge (CPC) is a well-established, respected, and rigorous process designed to support improvement and assurance in local government. This is reflected in the Best Value Standards published by the Ministry of Housing, Communities, and Local Government in May 2024. This guidance set-out the expectation for all Local Authorities to have a CPC every five-years and acts on the findings, recognising the benefit of external perspectives, ideas, and challenge. The Peer Challenge process is designed to support experience and expertise to be shared across the sector to enable sector-led improvement. Ultimately, the CPC process is locally led, with councils requesting Peer Challenges, engaging actively in the process, and findings and the council's response being locally owned.

3.2 Peer Challenge Team:

Each Peer Team is designed to reflect the context and scope of the review, drawing on relevant experience and expertise from across the sector. Ahead of the Wirral CPC, the LGA discussed the requirements for this team, including experience of working in a no-overall control political context, an understanding of the Committee System, and experience of exceptional finance support. Reflecting the political settlement of the Wirral, the Peer Team included Labour, Conservative, and independent councillors. The Team for this review included:

- Jacqui Gedman OBE (Recent Chief Executive of Kirklees council).
- Cllr Nick Peel (Leader Bolton council).
- Cllr Richard Clewer (Leader Wiltshire council).
- Cllr Jim Hakewill (North Northamptonshire council).
- David Courcoux (Head of Policy & Strategic Partnerships, Southampton City council).
- Neil Thornton (Recent Finance Officer, Rochdale council).
- Charli Fudge (Senior Advisor, Local Government Association).
- Matthew Dodd (LGA Peer Challenge Manager).

3.3 The Peer Challenge Methodology:

Peer challenges are not inspections, and as such, the process is not designed to provide a technical assessment of specific plans, proposals, or individual services. Instead, the Peer Team drew on their experience to reflect on the information presented, documents reviewed, meetings and focus groups, and the culture they saw having been invited to the council.

The peer team reviewed the position statement which the council produced specifically for this process, encouraging self-assessment and reflection across the organisation. Alongside this, the Team considered key documents relating to the councils operating context, priorities, and local issues. Alongside this, the LGA undertook a desktop analysis of the council's finances using publicly available documents. Beyond this desktop research the team also completed:

- Completed one-to-one meetings with council colleagues to understand local issues before arriving for the review.
- Benchmarked council performance and financial information using the LG Inform intelligence tool.
- Gathered information and insight from approximately 50 interviews and focus groups.

- Spoke to approximately 180 members of staff, councillors, as well as representatives from partner organisations.

The peer team provided immediate feedback to the council on the afternoon of Thursday 7 November. This session was attended by political group leaders and the council's senior officers. A copy of the slides delivered during this meeting were shared with the council to support the development of an action plan ahead of being provided the team's written report.

3.4 The Peer Challenge Scope:

The focus of this CPC included the five core themes (as set out below) which are included in all reviews. Alongside these, the council also requested that the Peer Team provide a perspective on their wider improvement journey, recognising the council's engagement with the Independent Improvement Panel (December 2021 to March 2024), as well as comment on the council's Regeneration Ambitions.

1. **Local priorities and outcomes:** Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities and achieving improved outcomes for all its communities?
2. **Organisational and place leadership:** Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture:** Are there clear and robust governance arrangements? Is there a culture of respect, challenge, and scrutiny?
4. **Financial planning and management:** Does the council have a grip on its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
5. **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

4. Feedback:

4.1 Understanding the local place and priority setting:

Wirral Council is one of 36 metropolitan authorities in England and is one of six Merseyside authorities that form part of the Liverpool City Region. The borough faces stark inequalities as shown with a 12-year life expectancy gap between those born in the most affluent and most deprived wards in the borough. These inequalities, and the challenges they create are well known and understood within the council, including through the work of the Wirral Intelligence Service which captures and presents a detailed evidence base to support priority setting and decision making.

The council's priorities are clearly set out in a new council Plan (2023-2027): "Wirral Working Together". This sets out the priorities, visions, delivery themes, and equality and diversity considerations of these plans. This Plan (and the supporting Performance Framework) were supported on a cross-party basis which is reflected in the content of the document, which includes broad priorities, including: high-quality universal services, prioritising support to those in need, addressing the climate emergency, supporting regeneration, and working with community groups. Whilst it is not the Team's remit to comment on the content of this Plan, in the council's current context, they advise that there is a need for the priority "*to deliver council services within the financial constraints of the council's budget*" to be treated as the first-amongst equals when the council needs to '*prioritise their priorities*', this will include prioritising borough wide challenges over their ward level impact.

A small but visible action which could support this, would be in promoting the council's Medium-Term Financial Strategy in the "*hierarchy of strategies*". This document is currently illustrated at the third tier, alongside 44 other documents and plans. The Team would encourage the promotion of the MTFS to both illustrate that importance of medium-term financial planning, but to also act as a process to shape, inform, and align the content of the remaining documents.

The council's new performance framework provides an opportunity to bring more grip on priority outcomes and support a cross-cutting view of the council's performance. This will help to ensure that attention, resource, and capacity is best focused, and will naturally require further time to become embedded. The Peer Team encourage the council to make greater use of benchmarking when discussing performance issues, as this will support identifying where services and outcomes are outliers to the sector norm and the council should use their performance framework to support improvement in these areas. From desktop analysis, illustrative examples include:

- **Housing Benefits:** Wirral Council takes 16 days to process new housing benefit claims, compared to 5 days as an English average.
- **Housing Waiting List:** Wirral has 110 household (per 1,000) on the housing Waiting list, which is more than double their statistical neighbours of 50.
- **Children's Social Care:** Wirral complete 71% of child protection cases within required timescales compared to 93% for statistical neighbours and have 31% of cases become a subject of a plan for a second or subsequent time (compared to 23% for statistical neighbours).

The Peer Team recognise that the 'have your say' website acts as the council's core approach to resident consultation. Given the decisions and changes that the council may make over coming weeks, the Team encourage the council to build on this through regular engagement and communication on plans and issues. Furthermore, the Team recognise that there is the opportunity to strengthen the voice of communities within the council. This will involve moving beyond a model of consultation, by increasing the visibility of the council within communities, and creating additional opportunities for resident engagement and input beyond the scope of consultations. Through this review, the Peer Team had the pleasure to meet with the council's Youth Focus Group, and this is one example of the opportunity to work with groups and develop services which would benefit from their input and enthusiasm.

The Peer Team were told by some that the council's relationship with the public could be improved through consideration of increasing public facing spaces and illustrates the need for regular and repeated communication on priorities, challenges, and decisions beyond digital channels only. This will be supported by improving the council's narrative and story regarding the organisation's vision, ambition, and priorities, and this will also support how partners and residents can contribute to these goals. This will also be required to ensure that decisions are placed in a wider context, rather than just being seen as a financially led exercise.

4.2 Organisational and Place Leadership:

From the staff, councillors, and partners that the peer team met, it is clear that the Chief Executive and Leader of the council are seen as an effective team who work well together. This included appreciation for the time which has recently been invested in communicating directly with staff through meetings with staff groups and visible leadership and communications.

Similarly, the peer team heard repeated praise for the council's Senior Leadership Team, both as individual officers and as a collective. This was often associated with a sense of additional energy and ideas which new appointments had brought to their roles, as well as an important underpinning of trust in relationships with councillors. The Peer Team appreciated the opportunity to attend the council's Senior Leadership Team meeting during the review, to observe how this team works first-hand.

The council's Leader has been in post since shortly after the 2023 all-out elections and has provided increased visibility to this role. The peer team were told of personal and political attempts of the Leader to work collegiately with other groups in the context of no-overall control and the wider committee system. The Leader has engaged constructively with other groups with the ambition to develop shared ownership of the council's improvement. This has been reflected both in the development of a new council Plan, but also in the council's

approach to this peer review. It is to the council's credit that they requested three political peers on the team and engaged all political parties in both the scene setting meeting, and initial feedback. Given the time and capacity required to work across groups in this context, the peer team encourage the council to consider the support required to the council Leader to maximise their contributions, be it through training, officer support, or wider systems to ensure that their time is prioritised towards key strategic issues.

In the context of no-overall control, the Peer Team recognise the tension that can exist between consensus and timely decision making. Whilst it is essential that there is space and time for political discussion and debate across groups, it is equally important that these debates are bound by the timelines associated with decisions, the terms of reference of committees, and the cultural norms of the council. This will mean that there are instances when groups work towards a majority over a consensus in order to make progress. Failure to work in this way may cause delay to implementing decisions, create uncertainty for residents, or have a negative impact on the council's finances.

All local political groups engaged in this review and confirmed their commitment to put the interests of the borough above politics. This will be central to how groups work together to provide the political leadership required for officers and residents, recognising that once a decision is made, there will be a need to move on to the next issue rather than revisiting it. In order to support this, there is also a requirement of officers to provide accurate, concise, and timely information and reports and briefings to enable candour in these discussions, and place decisions within appropriate boundaries.

The peer team were told by partners of the positive contributions that the council has made in a number of different forums and across a range of issues. This includes the commissioning of Wirral CVF to provide structure and support to community, voluntary and faith organisations in the borough. The council provide HR, finance, funding, and governance support for this body, and this approach has been cited as good practice in the wider Liverpool City Region. The council has also shown positive work with community groups through their programme of community asset transfers, which has included transferring responsibility for eight libraries to community groups to-date. This work has been underpinned by the council's Community Asset Policy which was approved in 2022.

Similarly, local public sector partners spoke repeatedly through this review of the 'positive' and 'proactive' contributions of the council on a number of priority issues. The Team were also told of the positive contribution that the council has made at a Combined Authority level but recognise that in these systems there is always the opportunity to do more, and to bring closer working across shared priorities at both the combined and local authority level.

As part of the Cheshire and Merseyside Integrated Care Partnership (ICP), the Peer Team

appreciate the geographic complexity of this partnership, working across nine Local Authorities. Whilst the council is playing an active role in health and social care issues at a sub-regional level, including the Leader having portfolio responsibility for them at the Combined Authority, the team appreciate that this is not a coterminous geography with the ICP. In the context of the size, scale, and geography of the council's integrated care system, there is further work required to consider how the voice of the council can be strengthened in this wider system, including the contributions of political leadership. The Team were told of a number of challenges that exist within this system, including issues of costs being transferred at short notice. Whilst the team recognise that these are system wide issues, it is also true that they have a disproportionate impact in Wirral given the council's position of low reserves.

In the context of the council's contribution to the ICB, there is a need to ensure that the council's Health and Wellbeing Board best brings together partners on these issues at a borough wide level. The Team was told that Health and Wellbeing Board meetings could feel like a meeting of focused on scrutiny, rather than the strategic decision-making body that it should be. The council should consider the reviews and amendments that will support this shift, including the potential contribution of facilitated sessions, consideration of membership, and agenda setting practice, as well as relationships with other partnership forums.

4.3 Regeneration Planning and Ambition:

Wirral Council has a very significant regeneration and housing programme that is politically supported on a cross-party basis. This level of ambition for the future of the borough is impressive and has the potential to significantly contribute to improving the lives of residents, supporting the long-term future of the borough, and supporting the council's financial position. The council has been very successful in creating and designing schemes, and in attracting support via external funding for them, including a recent Homes England investment of £29 million in September 2024.

These regeneration ambitions include the Birkenhead 2040 Framework, as well as proposals along the Mersey from New Brighton to Bromborough. Alongside this, master plans are being developed for West Kirby, New Ferry, Seacombe, and Liscard. With examples of these plans coming to fruition including the recent Miller's Quay development of 500 apartments (including 100 affordable) opening in summer 2023.

Whilst there is cross-party support for these ambitions, throughout this review the peer team heard different political narratives regarding both the purpose and vision of regeneration. These goals varied across political groups, and ranged from pro-active place shaping, to a method to address inequality, enabling economic growth, and

supporting a financial contribution to the council. Although it is possible for regeneration to support each of these agendas, the Peer Team believe that a clear shared understanding and narrative regarding the required outcomes of regeneration is needed for the council. This work is required in order to present the regeneration ambitions of the Council as a single coherent programme rather than the sum of individual projects. This work is important in presenting a clear strategic direction for the Council's regeneration plans, and will support engagement with residents, businesses, developers, and partners on this work.

In the final letter issued by the council's Improvement Panel, there was a recommendation for the '*need to continue to actively manage and deliver its regeneration programme*'. The peer team recognises that progress has been made in this regard, as illustrated by the consolidation and prioritisation of initiatives within this programme. This is illustrated from the council moving from 140 projects in 2022 to 42 in 2024 to better monitor collective impact and interdependencies. The Peer Team encourage this work to be further developed to develop and communicate one single cohesive programme with clear outcomes.

Importantly, the previous CPC of the council recognised that the council were considering the most appropriate delivery vehicle to support their ambitions, including the potential use of an urban development company (which has not, and is not being progressed by the Council). It is progress that these questions have now been addressed, and that the council's regeneration programme is well embedded within the organisation. This includes being supported through a clear Programme Management Office and the aligned support from corporate services. This is a pleasing area of progress, recognising that there was challenge through the council's previous CPC to ensure that there was 'meaningful engagement' with regeneration and a 'mixed picture regarding the current levels of internal challenge'. The progress made by the council to link this work corporately and support prioritisation and interdependencies will support the organisation in managing the breadth and complexity, and the team encourage the council to maximise the benefit of this internal challenge.

Historically, Wirral Council's approach to regeneration has been undermined by the lack of a Local Plan. In January 2019, the council received direction from the Secretary of State setting out the required progress to address this issue. It is to the council's credit that they have made significant progress in this area with a draft plan produced over the last four-years, and final hearing sessions closed in November 2023 on this document. This document will be a critical enabler in supporting the council's approach to regeneration, long-term planning, and engagement with developers and wider partners. This Plan was described to the team as 'brownfield only, with the council aiming to support economic regeneration, address housing targets, and create employment opportunities through the

sole use of brownfield sites, and protecting the borough's greenbelt, delivering 14,400 dwellings by 2040.

Whilst there remain a small number of specified amendments to be made to the Local Plan responding to feedback ahead of its adoption and implementation. The Peer Team recognise that there are external factors beyond the council's control which could create a risk to these ambitions, including recent changes to the National Planning Policy Framework which significantly increases the annual housing target figures for the borough from 728 to 1,755. In this context, the Peer Team encourage the council to consider the potential impact of these external changes, and what the impact and implications could be to the council's Housing Strategy, Local Plan, and engagement with providers.

Alongside these external challenges, the Peer Team also recognises that there have been delays in the council's delivery of these ambitions. This is illustrated by the council deferring approximately £30 million of the £130 million capital programme for 2024-2025. Whilst this is an issue which has affected other councils in the sector, it is essential that delivery increase to avoid the risk of clawback, loss of confidence, or missed opportunities. This pace of delivery will be further enabled by the recent and planned work of the council to prioritise key sites, map resources to these priority schemes and avoid capacity being spread too thinly. This work on the development of a detailed delivery plan will also need to account for wider interdependencies of sequencing, funding, disposals, and capacity.

The council's work on regeneration has been partially taken forward through a joint venture (equally owned) with Muse Developments called the Wirral Growth Company which was launched in 2018. The Peer Team appreciate that internal audit have completed an audit of this company work and governance in 2023-2024 but would strongly advise the council remain live to the governance challenges of this model and approach including the contractual clauses on development, the division of benefits, and the timelines associated with this agreement versus ambitions..

Finally, there is further work required by the council to both quantify and model the financial implications of successful regeneration on the organisation. The Peer Team findings in 2022 were unequivocal in pushing the council to remove over-optimistic financial assumptions in their MTFS linked to regeneration: *"the peer team have strongly stated that regeneration will have a limited impact on the council's immediate financial context"*. The council has listened to and responded to this finding by introducing prudent assumptions on the financial impact of regeneration, rather than using them as a central planning assumption. As these plans come into delivery, there is further work required to model this impact more accurately on the council's finances.

4.4 Organisational Governance and Culture:

Wirral Council moved to the Committee System in September 2021. Throughout this review the Peer Team heard differing views regarding this system, ranging from praise for the manner it includes more political voices, to frustration at the pace of decision making and challenges of creating join-up across Committee forums at a strategic level. The Peer Team recognise that these issues are locally owned, and it is not within the scope of this review for the Team to offer specific feedback on the governance structure or constitution of the council, however, the council needs to assure themselves that the governance system is not overcomplicated and supports swift and timely decision making.

The historical issues of Wirral's governance were well diagnosed, articulated, and defined in the review of governance commissioned by MHCLG in November 2021, these were often locally described as '*the Wirral Way*'. The council has invested considerable time and effort into addressing these issues through an iterative approach to amendments in this area, as illustrated through a review of their Committee System in 2022, and the implementation of all-out elections in 2023. The council's Independent Improvement Panel confirmed that these recommendations had been addressed in full in their final report in March 2024: "*the recommendations arising from the report by Ada Burns have all been implemented*". One area of feedback that the Team did hear through this review was the confusion that was caused by having three Policy Committees for place services and the relationship, duplication, and overlap that this can cause.

Whilst this position accurately captures the actions and milestones for improvement the council has made in this area, some of these benefits have been partly offset by the culture of governance that exists at the council. For instance the Peer Team was told of small pockets of inappropriate member behaviour. Additionally, examples were provided of political decisions being delayed or revisited (e.g. council estate) which was previously highlighted as a characteristic of '*the Wirral Way*'. It is important that the council remains live to the culture of governance that they want to set and officers, councillors, and partners are empowered to challenges this type of behaviour when it occurs. Escalation of complaints should also be a consideration of the council as they review their Member/Officer working protocol, as scheduled to take place in 2025.

The governance of the council also requires significant officer time being invested into '*preparing the pitch*' for decisions. The Team was told that there was a significant time pressure created in moving information across both Committees and political groups. There will be a significant benefit in looking to streamlined decision making processes.

The council's new rhythm of having all out elections on a four-yearly cycle since 2023

presents an important opportunity for the council to work over longer periods of time than electoral thirds. However, the peer team were struck by the extent to which the next council election in 2027 remained a live issue in the council's culture despite it being over two-years away, and the risk exists that this will become the focus of political attention, rather than the council's current challenges.

Despite the council's no overall control political settlement, in recent years there are examples of all political groups working together on high profile issues. This is evidenced by the cross-party support which has been demonstrated in approving the council's 2024-2025 Budget, approving a new council Plan, developing a new Performance Framework, approving the borough's Local Plan, and progressing ward patterns through the council's boundary review. These instances provide high-profile and challenging examples whereby the groups of the council have worked collectively in the interests of the borough and demonstrated maturity. There is an undoubted view from the peer team, that more of this will be required over the coming months and years if the council is to successfully address their financial challenges. Whilst these examples are built on consensus and unanimous support, there will be issues when this is not possible, and the council will need to progress with majority decisions to avoid delays. The peer team also urge the council to ensure that the seeking of consensus does not result in a lack of specificity and prioritisation in plans.

The Peer Team would encourage all groups to work towards political stability through the principles of a "*Wirral first, politics second*" approach. The Team believe that this could be supported by bringing together the Committee Chairs with the Leadership of the council through regular informal meetings, as it will provide a dedicated forum to support joining-up decisions across Committees and strategic conversations at a Leadership level.

The council has invested in their organisational culture through good staff engagement and communications during a period of change. This has included the recent Chief Executive roadshows, the 'we are Wirral' staff events, and responding positively to the findings of the staff survey to establish staff networks and the launch of staff award and recognition programmes. The organisation was often described as 'a nice place to work' and this has been further supported in the move to new office premises Mallory building which has helped to embed new ways of working with increased dialogue between members and officers, and improved facilities for bringing teams together. A significant positive of this new office, is the visibility that it gives to the Leader of the council and supports closer working between the political and managerial leadership of the organisation.

The council is effectively supporting councillors through a robust and well-developed member development programme. This work is underpinned by a clear member development strategy (2023-2027) which has included a structured induction for new

councillors, promotion of national training opportunities such as Leadership Essentials, and the use of external facilitators. This training is particularly important given that the council had 35 newly elected councillors in 2023. However, the ongoing development and support to these councillors will be shaped as much by the council's culture as by training, and therefore, it is important that senior councillors model the behaviour, values, and approaches which they wish to embed.

4.5 Financial Planning and Management:

The most significant area of concern is the council's financial context. At the time of the Peer Review the council was forecasting an overspend for 2024-2025 of £21 million against a net revenue budget of £399.6 million. Whilst the council has some in-year contingencies to support these issues, even with their full application this would result in an overspend of approximately £15 million. The primary causes of this overspend have been demand led budgets including adult social care, home to school transport, and residential care placements, reflecting challenges that also exist across the wider local government sector.

This will leave the council with a limited number of options in order to balance the 2024-2025 budget, either drawing heavily on reserves (general fund reserves are £13.2 million) or making use of capital receipts (subject to MHCLG approval). Therefore, the peer team believe that there is a strong potential that the council will be required to issue a Section 114 notice or require exceptional financial support from central government.

The council's 2024-2025 budget was developed with input from the Independent Assurance Panel, including support on due diligence and contingency planning for slippage. This was the first budget the council has set without capitalisation or drawing down reserves in three-years. Importantly, the Panel recognised that the council's reduction in '*available earmarked reserves has reduced over recent years and can no longer provide significant support for in year budget overspends*'. This quote from the Panel's final letter illustrates the risk which has come to the fore this financial year.

The peer team are aware that this will be the council's second application for exceptional financial support following them being granted a capitalisation directive of £17.2 million for 2021-2022 and 2022-2023 (with the Council drawing down £12.4 million). Therefore, any application for further support would make Wirral a significant outlier in having submitted two separate applications for this financial support. Any such application will require further dialogue with MHCLG regarding both the quantity of support, but also the government's expectations in granting any support. The peer team cannot advise what the government's appetite, conditions or approach would be to these discussions, but would encourage the council to engage in dialogue as soon as possible and illustrate their organisational

commitment to addressing these issues through a robust Financial Improvement Plan and the exhausting of local options to balance the books. This Plan will need to consider the decisions which will underpin the council's medium-term financial position, which contains challenging gaps of £36 million, £22 million, £12 million, and £10.5 million over the coming four-years.

The council has only used £12.4 million of their approved capitalisation directive of £17.2 million. To date the council has been repaying this debt through their Minimum Revenue Provision over a 20-year period. Should there be a request for further support, the council should consider the use of capital receipts to repay this debt sooner, but this decision would need to be taken in consideration of issues of reserves, wider savings, and capital requirements for transformation.

Despite the scale of this challenge it is concerning that some in the organisation did not recognise the urgency of decisions and actions that will be required to address issues. This included some comments which presented a passive position whereby the council required external changes beyond their gift to address these issues. The team reiterate that the responsibility for addressing these issues remains with the council, but that this requires shared understanding and ownership, with a small number of Councillors not recognising that reliance on EFS was a problem for the Council to solve, rather than the government. An important step of progress was made in this regard at the Policy and Resources Committee Meeting which was held during the Peer Review on 6 November and included frank and open engagement and updates on the council's risk of issuing a Section 114 notice.

The council has made progress to update and address historic issues within their medium-term financial plan. This has included rebasing the budget to capture the pressure more accurately on some demand led budgets and aligning the Strategy to the new council Plan, however, further work is required to ensure that this work 'sticks' within the organisation. Within this MTFs the council has stated their ambition to increase their reserve levels over coming years to 5% of net spend, but this will not be possible unless they are able to address this year's overspend. It is important that the council does not lose sight of these strategic goals for the latter years of the MTFs and avoid the risk of shortening their financial horizons on a year-to-year basis.

Given the immediacy of these challenges, there is no time for further delay, and there is urgent action which is required to both address the in-year position and develop proposals for the future. This will require the council to accelerate decisions and implementation about what to stop, asset rationalisation, contract saving opportunities, and service redesign. The council is encouraged to use benchmarking information to enable them to

compare their current services and provision with statistical near neighbours and identify areas where they are outliers, such as their current levels of Leisure subsidy at £6 million, and the level of support provided through their council tax reduction scheme.

The council's draft statement of accounts for 2023-2024 have been published and are currently being reviewed by external audit. The external auditor's report for 2022-2023 was published in March 2024 and identified one significant weakness against financial sustainability. The report also included improvement recommendations to improve economy, efficiency, and effectiveness, including maintaining a robust framework around the council's capital programme and investment plans to ensure commercial viability. Positively, the external auditors issued an unqualified opinion on the council's financial statements.

The council's Internal Auditors Report and Opinion for 2023-2024 which was presented to Audit and Risk Management Committee in July 2024 gave an opinion that the council '*generally maintains adequate and effective control and governance processes overall*'. Similarly, the peer team were told through this review that there were still pockets of non-compliance to systems and processes, and as such, there is a need for the council to visibly demonstrate the importance of compliance and take appropriate action on non-compliance. The council has a clear internal audit work programme for 2024-2025 which includes areas of work aligned to risk context.

In responding to these issues, the council is encouraged to increase their internal dialogue and understanding regarding both the conditions in which the council would be required to issue a Section 114 notice, as well as the potential implications should this happen. Concurrently, the council should move towards an emergency budget footing in order to reduce their in-year overspend. This emergency footing will have the benefit of increasing the likelihood of the budget balancing, or in a worst-case scenario, reducing the amount of exceptional financial support which the council may require.

4.6 Capacity for Improvement:

Wirral Council invests time, energy, and capacity to support improvement of the council. This is demonstrated by the council's proactive engagement in Sector Led Improvement, including their 2022 peer challenge, 2023 progress review, engagement with LGA training and development offers, as well as the broader relationship with the Independent Assurance Panel evidenced through their letters. This has been accompanied by external perspectives being sought at a service level, including Children's Services and Planning Services. This investment has contributed towards demonstrable improvement in a number of areas, however, given the council's financial context, there is a need to build on this culture, and improve the pace of improvement.

There is genuine commitment across all political parties of the council to support improvement and address historic issues for the good of the council (as shown with progress on the Local Plan and approving the 2024-2025 budget). This will be essential for continued improvement, particularly against the financial challenges noted above. The risk remains that should groups not be able to demonstrate this commitment by putting the interests of the borough above those of political groups that the financial reality of the council's context may overtake the pace of local decision making. This is particularly the case as the 2027 council election approaches.

The recently developed council Plan (2023-2027) and supporting performance management framework present another important foundation for the council's improvement work. Whilst this performance framework is still being embedded, the prize that this offers is for the organisation to make better use of data and intelligence to support priority outcomes. Going forward, this should include consideration for how areas of underperformance are scrutinised, and the use of performance information as an indicator to progress against the council's financial challenges. Greater use of data and local intelligence to model, and ultimately prevent, future service demand will be important given the financial impact increased demand has had this year.

During this review, the peer team met with many talented staff across the council and their commitment to the organisation and borough was clear to see. These officers will be central to the council's ongoing improvement, and there is a need for focus and clarity about delivering the organisation's priorities at pace. This will require ensuring that everybody's collective focus is now on addressing the council's financial challenges.

In March 2024 Wirral Council refreshed and consolidated their change and transformation programme. This work is built around common principles of joined-up design, prevention, regeneration, independence, and relationships. Positively, there is clarity in this programme, both of the nine priority projects it contains, as well as the programme's governance with the council's Finance Director chairing the council's monthly Investment and Change Board. Going forward, the council needs to assure themselves that this Transformation Programme is best aligned to address the councils' financial challenges.

Central to addressing these financial challenges will be having the necessary corporate capacity and strength to grip, manage, and progress improvement work. The Team appreciates that the council has consolidated previously dispersed corporate capacity into consolidated corporate services. As the council makes progress in these areas, the Peer Team advise that the organisation does not underestimate the corporate capability and

capacity that will be required to support these goals. Whilst there is a need for efficiencies and savings across the organisation, there is a risk of following a ‘false economy’ of corporate reductions which could hamper wider ambitions.


The council’s workforce includes approximately 3,500 staff with 75% living in the borough. The council has a high retention of their staff with the average length of service being close to 13 years. The organisation has clear structures and systems to support staff, including an annual staff survey which shows that 81% have a strong sense of purpose. This work is underpinned by the council’s People Strategy, Talent Strategy, and supported by 12 employee groups and networks. Whilst this is a positive position, there is always more that can be done, and the peer team recognise that the 2024 Staff Survey included a downward trend in results regarding managers feeling confident to develop and manage their teams of 5%. In response to this, the Team would encourage the council to consider the specific training and development which is required for these roles.

5. Next Steps:

It is recognised that the senior political and managerial leadership of Wirral Council will want to reflect, consider, and discuss these findings and recommendations to support the development of their Action Plan in response. To promote the principle of transparency, it is a requirement of the CPC process that the final report of the Peer Team is published in-full within three months of the review being completed. In this instance, this requires the report to be published no later than 7 February 2024.

To illustrate the council’s responsiveness to the findings of this review, there is a requirement for the council to develop and publish an Action Plan within five-months of the Peer Team being onsite, no later than 7 April 2024. This Action Plan should provide clarity on the activity, milestones, and timelines that the council will work to in responding to the Team’s findings. The Action Plan will also be central to the Peer Team’s re-engagement with the council through a Progress Review which is due to be completed in the Autumn of 2025.

The Ministry for Housing, Communities and Local Government has published Best Value Standards for Local Authorities in 2024. This guidance describes arranging a Corporate Peer Challenge or Finance Peer Challenge at least every five-years as a characteristic of a well-functioning authority. The Peer Team recognise that Wirral’s previous Peer Challenge was completed in March 2022, meaning that this review has been completed well-within cycle. In this context, it is expected that the council would commission to undertake their next Corporate Peer Challenge no-later than November 2029.



Finally, Claire Hogan (Principal Advisor for the North West) is the main contact between the Local Government Association and Wirral Council. Claire is available to discuss the content of this report, and any further support that the council may require or benefit from, and can be contacted by email on: Claire.Hogan@local.gov.uk