

Audit and Risk Management Committee
Monday 11 March 2019

REPORT TITLE:	Medium Term Financial Strategy (MTFS) - Looking Back, Looking Forward
REPORT OF:	Director of Finance & Investment

REPORT SUMMARY

The purpose of this report is to provide Members of the Committee with a position statement on the 2017 – 2021 MTFS agreed in February 2017 and progress on proposals and to provide an updated 2019 – 2023 MTFS to be presented to Council for approval on 4 March 2019.

RECOMMENDATION

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide the Members with assurance that the Council continually monitors its medium term financial position to ensure it is robust and its finances are resilient. The MTFS is a dynamic document that is updated as and when changes occur.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND

- 3.1 In December 2016 the Delivering Differently programme was established to help meet a cumulative budget gap of £132m over the following four years. The programme included proposals totalling £40.2m that would be developed over the next four years to help meet that gap. The basis of the proposals are included in the table below:

Delivering Differently	17/18 £m	18/19 £m	19/20 £m	20/21 £m	Total £m
Leisure and Cultural Services	0.80	-	-	10.30	11.10
Access Wirral	0.30	-	-	4.30	4.60
Community Safety (Safer Wirral)	-	-	-	0.10	0.10
Adult Social Care Integration	2.90	4.00	3.50	4.00	14.40
Children's Services Managing Demand	1.40	3.70	3.70	1.20	10.00
Total	5.40	7.70	7.20	19.90	40.20

- 3.2 As these proposals covered the four year span, not all of them were fully formed and in some cases, would also need to come back individually to the Cabinet for approval.

Progress to date

3.3 *Leisure and Cultural Services*

The initial proposals for Leisure and Cultural Services were based on the completion of transfer of Beechwood Community Centre, additional income being generated following investment into the facilities at the Oval and Leasowe Sports Centres and a review of the operating arrangements at Woodchurch Leisure Centre. The wider proposals were the basis of a detailed review of the Leisure, Libraries, Parks and Culture Portfolio that would see these proposals implemented in 2020/21.

Position

The transfer of Beechwood Community Centre has not yet gone ahead as planned. The negotiations regarding the transfer have been ongoing for some time however a new model is now proposed and instead of a straight transfer, there will be a market exercise for operating the facility. This will be resolved during 2019/20.

Investment into facilities in the Oval has in part taken place in the form of new gym equipment and is generating income. The investment in soft play has not taken place due to ongoing discussions with legal and procurement but this will be resolved in 2019/20.

Investment in Leasowe was related to a new 3G pitch. This was significantly delayed due to a drainage issue although this has now been resolved and income is expected from this proposal during this calendar year.

Woodchurch new operating arrangements was progressing and had been due to be implemented during 2018/19. However, following an in-year review of the use of the centre and the importance of the centre remaining open as originally planned to support the community, this proposal is now not progressing.

In order to meet the budget reductions from the proposals, temporary funding was found in 2017/18 and 2018/19.

The longer term proposals for the Leisure, Libraries, Culture and Parks programme is still ongoing with some proposals being brought forward to 2019/20. The saving that was due to be realised in 2020/21 has been removed from the current MTFs as the project is not progressing as originally anticipated. Some further savings may be realised during 2020/21 but these will be the subject of a future Cabinet report.

3.4 Access Wirral

Under Access Wirral initial options were for identified service efficiencies as a result of removal of vacant posts. Longer term proposals were for the redesign of access to council services.

Position

The saving from removal of vacant posts was achieved in 2017/18. The longer term programme is still progressing due to several changes with the programme e.g. new digital solutions, replacement of critical business systems, advanced technology and the potential use of AI. As a result, the programme was revised during 2018/19 and the savings for 2020/21 taken out of the MTFs. Savings will be achievable as a result of the ongoing programme for Customer Services and digitalisation and these will be subject of a separate future report to Cabinet.

3.5 Community Safety (Safer Wirral)

The initiative was to deliver the co-location, transfer and integration of Community Safety with the Police in 2020/21

Position

This is still on target and will be delivered in 2020/21

3.6 Adult Social Care Integration

The aim of these proposals were to manage demand and cost of specialist, substantial services through progressing major integration projects with health sector partners. That

was due to see initial work around Adult Social Care Commissioning and Older People's Services being integrated with the Wirral Clinical Commissioning Group and the Wirral Community Trust.

Position

This is an ongoing programme that has been and continues to be delivered and all the anticipated savings made.

3.7 Children's Services Managing Demand

The Council's response to the Ofsted report into Children's Services issued in September 2016 required investment to transform the service. The investment was to be evaluated through the Council's Transformation Programme and monitored via the Children's Services Improvement Board. This would release future savings from working in a more efficient and effective way.

Position

In the 2018/19 budget an additional £25m investment was provided for Children's Services. This was to support the transformation of the service and to stabilise the budget for significant demand pressures that the service was experiencing, in line with the rest of the County. As a result, the savings from the investment programme have revised and have increased by £2.5m and are now anticipated as below:

	2017/18 £m	2018/19 £m	2019/10 £m	2020/21 £m	Total £m
Children's Service Improvement Programme	1.40	5.20	3.90	2.00	12.50

2019 – 2023 MTFS

3.8 In February 2019, the Cabinet approved the 2019 – 2023 MTFS to be recommended to Full Council for approval on 4th March 2019. The MTFS is a dynamic document and throughout the period of the MTFS will be subject to change, these changes may include:

- Notification of additional external funding
- Notification of external funding ceasing
- Changes to service delivery
- Changes to legislation
- Demographic changes
- Market conditions
- New technology
- Capacity and resources
- Supplier failure

3.9 The list is not exhaustive and as a result can impact on the delivery of existing plans and can change the feasibility of proposed plans at business case stage.

3.10 The MTFS is monitored closely during its period and adjusted each time a material change happens. From 2019/20 adjustments to the MTFS will be reported by Cabinet alongside the quarterly budget monitoring and as a result, open to Overview and Scrutiny challenge at their quarterly meetings.

3.11 The 2019 – 2023 MTFS is included as Appendix 1

4.0 FINANCIAL

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 It is envisaged that the implementation of the recommendations will be carried out with existing resources.

7.0 RELEVANT RISKS

7.1 Failure by Officers of the Council to implement the recommendations detailed within the Internal Audit reports, which could result in a reoccurrence.

8.0 ENGAGEMENT/CONSULTATION

8.1 Internal Audit consulted with relevant Officers within the Council, has held discussions with colleagues within neighbouring Authorities and has sought guidance from HMRC.

9.0 EQUALITY IMPLICATIONS

9.1 There are no specific equality implications arising from this report.

REPORT AUTHOR: Shaer Halewood
Director of Finance & Investment
telephone: 0151 691 8688
email: shaerhalewood@wirral.gov.uk