

Value For Money Review Governance of Company and other investments

Recommendations:

PAGE	REF	ITEM	RECOMMENDATION	RESPONSE	LEAD	DATE
6	First bullet	CIPFA DLUHC report on halting initiatives to avoid unnecessary risk	The Council should consider all future investment in terms of its financial resilience	Agreed. The Council has not entered into any further such investments and at present does not intend to do so.	Director of Resources	Immediate
7	First bullet	Edsential	Given the financial position of the Council, it will need to monitor the finances of Edsential closely. We note the Council has determined that it will face greater costs if it were to exit the Company. This decision should be revisited annually given the losses made by the Company	Agreed. The lead officer for Council Companies will review on an annual basis. The Shareholder Board will receive updates on the financial position at its scheduled meetings	Senior Finance Manager – Major Projects and Corporate	Annually from its first meeting on 29 September 2022
7	Second bullet	Wirral Growth Company	We consider that further scrutiny is needed of the profit recognition and distribution of the Wirral Growth Company	Agreed. An external company has been commissioned to review the accounting treatment of this	Senior Finance Manager – Strategy, Policy and Accounts	Initial meeting to discuss scope and outcome – July 2022
7	Third bullet	Wirral Waters	Monitoring arrangements should be put in place for the Wirral Waters One Guarantees. We note that the project is	Agreed. An annual report will be presented to ARMC to report on liability for risk and	Director of Resources	Report proposed at 26 October

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			operational from 2023/24	the mitigations in place to minimise the risk		2022 committee
7	Fourth bullet	Council owned companies	We consider that the Council should have Officer representation on the Board of Edsential. We consider that the Board for each company or related investment should be supplemented by Non-Executive Directors with business experience, in order to better protect the Council's commercial interests	Officers not able to agree. Will be taken as a recommendation to the next Shareholder Board	Monitoring Officer	19 September 2022
8	First bullet	Oversight of financial forecasts and business planning	There should be ongoing assessment of risks relating to the entity, supported by processes to ensure that risks are highlighted in the business plan and managed as part of the Council's overall risk management approach, with appropriate escalation and reporting	Agreed. Will be considered as part of the quarterly review of corporate risks by SLT and ARMC	Head of Internal Audit, Risk and Business Continuity	Embedded into the quarterly review process
8	Second bullet	Reporting	The Council should continue to record evidence of formal periodic shareholder/ Chair/ CEO meetings with effective supporting papers to inform subsequent Company Board meetings	Agreed. The current process that the Council has in place to record evidence of formal meetings will continue	Monitoring Officer	As per the meeting timetable
8	Third bullet	Skills	The Council should continue to run robust training for Officers and Members on their roles and responsibilities	Agreed. This is already part of the annual Members training programme and will form part of the Officer programme	Assistant Director for HR & OD and Head of Democratic and Member Services	As part of the annual programme

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8	Fourth bullet	Skills	Fit and proper persons tests should be performed to ensure there are no conflicts of interest arising from the appointment of Officers to Boards or Members to panels and Committees	Agreed. The Council has a robust process for declaration of conflict and personal interest which also forms part of the Internal Audit review schedule	Monitoring Officer	Immediate
8	Fifth bullet	Continuity of Service	The Council should monitor the training of new members to ensure they have the skills to participate in commercial discussions as part of their legal duty to act in the companies' interest.	Officers not fully able to agree. Will be taken as a recommendation to the next Shareholder Board	Monitoring Officer	19 September 2022
8	Sixth bullet	Continuity of Service	The Council should provide detailed minutes and papers presented at committees to new members to absorb as part of their orientation	Agreed. As part of new Member induction, all new Members are provided with details of how to access past minutes and papers of meetings	Head of Democratic and Member Services	Annual in May and as required for by-elections
8	Seventh bullet	Continuous improvement	The Council should also maintain a record of how it is operating against the Local Partnerships checklist in the paper 'Local Authority Company Review Guidance – a toolkit for undertaking strategic and governance reviews of wholly or partly owned council commercial entities'	Agreed. The toolkit will be included on the next meeting of the Corporate Governance Group for discussion as how to take forward to review and monitor	Director of Resources	4 August 2022
8	Eighth bullet	Accounting	The Council should ensure that accounting advice is received before entering into any complex or substantial contract	Agreed. An external organisation has been commissioned to provide such advice	Senior Finance Manager – Strategy, Policy and	Immediate

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					Accounts	
8	Ninth bullet	Accounting	The Council should obtain accounting advice for Wirral Waters One and the Wirral Growth Company Birkenhead Commercial District Office Building Project as soon as possible	Agreed. An external organisation has been commissioned to provide such advice	Senior Finance Manager – Strategy, Policy and Accounts	Initial meeting to discuss scope and outcome – July 2022

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15	1	Financial Sustainability	The Council should implement the recommendations outlined in the CIPFA Local Government Finance Report. Specifically, the Council should take steps to address issues in the Medium Term Financial Strategy in order to make it more realistic and reflective of financial challenges facing the Council and should ensure it has appropriate arrangements in place to deliver its savings plans.	Agreed. The Council is implementing the recommendations of the CIPFA Local Government Finance Report. These are being monitored by the Independent Assurance Panel and are reported through the Policy and Resources Committee and Full Council. The first formal reporting to the Committee was 8 June and 11 July at Council. which included the Chair of the Independent Assurance Panel's report to the Department of Levelling Up, Housing and Communities (DLUHC). The revised Medium Term Financial Strategy was taken and approved at the Policy and Resources Committee on 1 December 2021.	Director of Resources	Immediate
16	2	Financial Sustainability	The Council should review its capital programme to ensure that the revenue implications of additional borrowing are affordable	Agreed. The Medium-Term Financial Plan (MTFP) 2022 to 2027 includes the full cost implication of the 5 year capital programme. The MTFP is updated on a rolling annual basis and will continue to include the full revenue impact of the capital programme on a annual basis.	Assistant Director of Finance and Investment	Immediate
17	3	Financial Sustainability	Risk and sensitivity analysis should be incorporated into financial forecasts	Agreed. The 2021/22 and 2022/23 budget included sensitivity analysis of funding, pressures and savings on a pessimistic, mid-	Financial Assurance Manager	Immediate

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				ground and optimistic basis to provide Members will a full overview of the three different scenarios. This is embedded now into our budget setting process from 2021/22. A part of the 2021/22 and 2022/23 budget setting process, all savings and pressures were RAG rated for risk and this has also been in place for in-year savings monitoring since 2021/22. However, this process will be expended to apply to future financial forecasts		
18	4	Financial Sustainability	Improvements are required to the quality and timeliness of financial data being used in the financial planning and monitoring process	Agreed. For the 2022/23 budget process, a new evidence-based approach was used for business cases for savings and pressures. The content of which was internally independently assessed for viability, feasibility and deliverability. Where business cases lacked the relevant information, they were returned to the authors for further clarification and detail. The business cases were also externally assessed by Chartered Institute of Public Finance and Accountancy (CIPFA) to provide additional robust analysis. The internal process was embedded into the budget setting process in 2022/23 and the same process is being followed for 23/24. The 23/24 process commenced significantly earlier with draft proposals prepared by 6 May 2022. The Implementation of the new Financial System will also support this recommendation	Assistant Director Finance and Investment	Immediate and for the new financial system will be in-line with the current plan

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27	5	Governance	Governance arrangements for the oversight of the regeneration agenda and in issuing financial guarantees for leases and acquisition of assets and financial guarantees should be significantly strengthened. Accounting advice should be received prior to entering into transactions	Agreed. A new Regeneration Governance Board has been introduced that is chaired by the Chief Executive and has the Section 151 Officer and Monitoring Officer attending. No further financial guarantees for leases have been made since those reported in this report and there are, at present, no intention to do so for the future. Where there may be the potential to enter into such transactions in the future, accounting advice will be received in advance and the outcome reported to Members as part of the decision-making process before any transactions are entered into	Monitoring Officer and Section 151 Officer	Immediate
28	6	Governance	The Council should review its risk management arrangements to ensure that they are identifying the significant risks impacting the Council	Agreed. Following the issuing of the two DLUHC reports in 2021, the risk management arrangements have been reviewed and improved. There has been an all member risk workshop and the Corporate and Directorate Risk Registers have been fully reviewed and revised and reported through to the Audit and Risk Committee. The Corporate risks are also shared with the Policy and Resources Finance-Sub Committee. SLT review corporate risk quarterly	Head of Internal Audit, Risk and Business Continuity	Immediate
33	7	Improving Economy,	Key Performance Indicators should be linked to the	Agreed. The refreshed Wirral Plan was reported to full Council on 11 July. The plan	Director of Neighbourhoods	Annually

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		Efficiency and Effectiveness	Wirral Plan with performance monitoring reported to the Policy and Resources Committee	includes indicators to measure the success of the implementation of the Wirral Plan and included the outturn from 2021/22		
34	8	Improving Economy, Efficiency and Effectiveness	Regular and thorough benchmarking reviews should be carried out to ensure service provision meets the strategic priorities and are cost effective	Agreed. During 2021/22 benchmarking data was used to determine where the Council provided high-cost services and where they did, to build efficiencies from these into the forthcoming budget rounds. This was evidenced with the 2022/23 budget whereby Leisure and Cultural Services, who did benchmark high had significant budget savings. The Strategic Change Programme, to be delivered through a range of Service Reviews, includes the use of benchmarking when undertaking the service reviews. Benchmarking data was also used to determine the phasing of service reviews with the highest cost services being prioritised in the early phases. The council subscribes to the benchmarking package CFO Insights.	Assistant Director for Strategic Change	Immediate
35	9	Improving Economy, Efficiency and Effectiveness	The Procurement Strategy should be updated to ensure it meetings the requirements of the National Strategy with clear links to social value and transparency. The number of purchases	Agreed. During 2021/22 a project was launched to review Procurement and Commissioning functions. This project is continuing and is making good progress in change the culture of the organisation regarding procurement and commissioning activity. As part of the project, a new model for Procurement and Commissioning will be	Assistant Director Finance and Investment	Immediate ARMC October 26 2022

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			without a purchase order and waiver and extension should be reduced.	recommended along with a refreshed Procurement Strategy. The number of non-purchase orders, waivers and exceptions has significantly reduced and an update will be reported to ARMC in October		
36	10	Improving Economy, Efficiency and Effectiveness	The Council should take action to improve recycling rates and should work with its partners to revise the levy mechanism to support this improvement	Agreed. Liverpool City region (LCR) now has an established and functioning strategic waste partnership which is developing the region's 'Zero Waste Strategy' and as part of this make recommendations for future regional waste management governance. Clear reporting lines have been created between the region's Leaders and Mayors, Chief Executive's Group, the Strategic Waste Management Partnership and district Portfolio Holders. The LCR Zero Waste Strategy set out performance improvement measures for recycling, waste minimisation, reuse and upcycling. Wirral Council is using the Zero Waste Strategy to develop its own waste strategy and performance improvement plan. The LCR Strategic Waste Management Partnership is also working closely with the LCR finance director's group to review the waste levy mechanism.	Director of Neighbourhoods	Immediate