

7<sup>th</sup> December 2022

Dear Cllr Williamson and Paul,

Wirral Independent Assurance Panel Report to the Council

This letter fulfils the request of the council for the Independent Assurance Panel to report to the Council twice a year in its progress following the review of Ada Burns in 2022. Since I last reported to the Council on 8<sup>th</sup> June, Policy and Resources Committee and referred to Council on 11<sup>th</sup> July. The panel has had 3 formal meetings and visited Wirral to consider the council's ambitious regeneration proposals. Panel members have provided guidance and support on an ongoing basis and between meetings.

The independent assurance panel is pleased that the council has now recruited a new S151 officer, Monitoring Officer and Regeneration Director. Panel members were involved in the recruitment and are confident that the new appointments, once established in post will help the council to continue its improvement.

Since May 2022 the financial context in which the council finds itself, along with all other councils, has worsened considerably with inflation for utilities, goods and services and a recently agreed pay award creating considerable in year and future year pressures.

The panel is assured that the 2022/23 in year pressures of £11m can be covered by reserves and are aware that the Chief Executive and Senior Leadership Team are starting work to reduce all but essential spending to reduce this call on reserves. We strongly support this action as reserves need to be preserved as much as possible.

The panel is also assured that the delivery of savings in 2022/23 are either completed or largely on track for delivery.

With regards to the savings for 2023/24 the panel cannot, as yet, give assurance. The original figure for savings was agreed with the panel at £14m. Officers and members started the process for identifying these savings in a timely manner and the panel was reassured that the council would deliver budgetary proposals in good time for early consultation. This figure then changed as a result of spiralling inflation and increased to £49m. The panel commented on several occasions that this figure seemed to be too high and the council has subsequently and very recently reduced it to £38.4m. The previous assumption of such a large budget gap was not accompanied by a strategy to deliver savings of that magnitude and this strategy is still being progressed.

At this point in the process the council has identified and effectively discussed with members, savings of £26m after allowing for possible double counting of some proposals. This leaves a gap of £12m. In effect the council effectively now has just over 2 months to identify, agree and consult upon these additional savings or to revise its assumptions e.g. Increase council tax to the full 5% (as many other councils will be doing) or reduce the level of contingencies being made. As mentioned above, we are aware that earmarked reserves will be used to balance the 2022/3 pressures and there is likely to be a further call to part bridge the gap, and cost of associated redundancies, which would leave reserves

very much reduced at March 2024 which will limit the scope for future financial flexibility given General Reserves still being below the recommended level.

The Panel strongly supports that effective consultation on savings proposals and the possible level of Council Tax increase is commenced urgently as any delay will possibly impact the ability to deliver savings from the start of the financial year

This letter is effectively a holding letter given the current situation and the Panel will reconvene in January 2023 and hopefully at that point be able to give full reassurance on the ability to deliver a balanced budget

With regard to broader governance issues, the panel remains reassured by the member development programme that was undertaken following the elections in May 2022 but also acknowledges that the all-out elections in May 2023 will continue to create a relatively volatile political environment that may well be unhelpful when there is such a challenging budgetary situation.

Yours sincerely



Carolyn Downs

Cc:

Cllr Tom Anderson

Claire Hogan

Michael Wilcox

Shaun Davies

Quentin Baker

Richard Paver

Sean Hanson