

Value For Money Review Governance of Company and other investments

Recommendations:

PAGE	REF	ITEM	RECOMMENDATION	RESPONSE	LEAD
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.	<p>Agreed. The Council has not entered into any further such investments and at present does not intend to do so.</p> <p>Update September 2023 One investment for Hamilton Street for a call and put was entered into during August 2022. All future investment proposals will require a detailed business case to ensure that the relevant risks are accounted for and reviewed in the context of the Medium Term Financial Plan.</p>	Director of Finance
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.	<p>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.</p> <p>Annually from its first meeting on 29 September 2022.</p> <p>Update September 2023 Report taken to P&R in July 2023 with regard the business plan were options with regard the future of the entity were debated and a further meeting with shareholder board members with Cheshire West and Chester Council in September 2023. The CIC is monitored by both councils regularly including regular financial reports considering the performance against the business plan.</p>	Senior Finance Manager – Major Projects and Corporate
7	Second bullet	Wirral Growth Company	We consider that further accounting scrutiny is needed of the profit recognition and distribution of the Wirral Growth Company.	<p>Agreed. An external company has been commissioned to review the accounting treatment of this.</p> <p>Initial meeting to discuss scope and outcome – July 2022.</p> <p>Update September 2023 Profits of the LLP have been accrued by Wirral Council in the 22/23 accounts,</p>	Senior Finance Manager – Strategy, Policy and Accounts

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				board meeting arranged for September 2023 to discuss the distribution and profit retention for future operational activity of the LLP. The use of the profits received by the Council will be subject to decision by the Policy and Resources Committee.	
7	Third bullet	Wirral Waters	Monitoring arrangements should be put in place for the Wirral Waters One Guarantees. We note that the project is operational from 2023/24.	<p>Agreed. An annual report will be presented to ARMC to report on liability for risk and the mitigations in place to minimise the risk.</p> <p>Report considered at 26 October 2022 ARMC committee.</p> <p>Update September 2023 A workshop is due to be arranged to detail the operational requirements and reporting of the tenancies through Wirral Holding Ltd (100% owned subsidiary of Wirral Council). To date the construction of the units is continuing and anticipated completion during 2023-2025. Updates of progress and arrangements will be made available to members and auditors when available.</p>	Director of Regeneration
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.	<p>Will be taken as a recommendation to the next Shareholder Board 19 September 2022.</p> <p>Updated September 2023 Edsential has officer representation, James Backhouse Assistant Director of Education on the board.</p> <p>Wirral Growth Company has Daniel Kirwan Assistant Director of Finance and Simone White Director of Children, Family and Education.</p> <p>The Council will ensure that officer representation on the company board(s) is undertaken by appropriately qualified and experienced staff.</p>	Monitoring Officer
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	<p>Agreed. Will be considered as part of the quarterly review of corporate risks by SLT and ARMC.</p> <p>Embedded into the quarterly review process.</p> <p>Update September 2023 Responsibility for financial forecasts and business planning for entity sits with</p>	Head of Internal Audit, Risk and Business Continuity

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				<p>the Company and is part of Company Board meeting and overview by Shareholder Board.</p> <p>In place as it forms part of the risk management framework with escalation as required to Directorate or Corporate Risk Register levels, and as a result to reported to Senior Leadership Team and ARMC.</p>	
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	<p>Agreed. The current process that the Council has in place to record evidence of formal meetings will continue</p> <p>As per the meeting timetable</p> <p>Update September 2023 Edsential has informal shareholder interaction and presents its draft annual business plan to Council formally. The company reports to the Council informally in respect of shareholder matters, performance issues and financial position. Issues are escalated to shareholder board when considered appropriate.</p> <p>Since this was issued Wirral Evolutions Ltd. has transferred its undertaking to the Council for operational activity and the company is effectively dormant.</p>	Monitoring Officer
8	Third bullet	Skills	The Council should continue to run robust training for Officers and Members on their roles and responsibilities	<p>Agreed. This is already part of the annual Members training programme and will form part of the Officer programme.</p> <p>As part of the annual programme</p> <p>Update September 2023 Members</p> <p>We have a robust learning & development programme . The strategy 23-27 was approved by Committee in Feb, is currently being implemented and is monitored by the Member Support steering group. The strategy and new member induction programme address the recommendations.</p> <p>Officers We have numerous training programmes available which include</p>	Assistant Director for HR & OD and Head of Democratic and Member Services

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				<ul style="list-style-type: none"> • Manager essential programme • Leadership qualification, framework • Leadership development programme • Training for budget holders as part of ERP 	
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. The completion of these declarations is mandatory for all senior officers.	Monitoring Officer
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 19 September 2022 Update September 2023 Guidance on the duty of Directors is issued and training is provided to Members who are appointed to corporate bodies. It is noted that Members are appointed as part of the political process and not necessarily on commercial experience. External provider is being sourced to provide a overview as shareholder and board member responsibilities.	Monitoring Officer
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 Annual in May and as required for by-elections.	Head of Democratic and Member Services
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'	Update September 2023 Agreed. The toolkit will be used as appropriate and kept under review via the Corporate Governance Group.	Director of Finance
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. Update September 2023 External report received from Arlingclose with regard to the accounting, this will	Senior Finance Manager – Strategy, Policy and Accounts

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				be presented to ARMC in October and P&R in November 2023.	
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	<p>Agreed. An external organisation has been commissioned to provide such advice.</p> <p>Initial meeting to discuss scope and outcome – July 2022.</p> <p>Update September 2023 External report received from Arlingclose with regard to the accounting, this will be presented to ARMC in October and P&R in November 2023.</p>	Senior Finance Manager – Strategy, Policy and Accounts

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Recommendations:

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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.	<p>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.</p> <p>Update September 2023 A comprehensive savings and transformation plan is being developed as part of the refreshed MTFS that will be considered in draft format by P&R committee in November 2023.</p>	Director of Finance
16	2	Financial Sustainability	The Council should review its capital programme to ensure	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	Assistant Director of Finance and

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			that the revenue implications of additional borrowing are affordable	<p>a rolling annual basis and will continue to include the full revenue impact of the capital programme on a annual basis.</p> <p>Update September 2023 Capital programme re-stated Q1 2023/24. An asset management strategy is being developed and factored into the capital programme requirements alongside the long-term regeneration proposals.</p>	Investment
17	3	Financial Sustainability	Risk and sensitivity analysis should be incorporated into financial forecasts	<p>Agreed. The 2021/22 and 2022/23 budget included sensitivity analysis of funding, pressures and savings on a pessimistic, mid-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.</p> <p>Update September 2023 The budget setting process incorporates the completion of budget proposals that are reviewed for robustness, deliverability, and other factors. Work is undertaken with Directorate Managers to improve their submissions were necessary and to reflect interdependencies between departments and other factors. Income generation ideas are subject to specific sensitivity analysis and focus due to the variable nature of this financial avenue. The strategic approach to savings is that Directorates must submit a balanced package of measures that includes, transformational initiatives, reductions in staff and non-staff costs, income maximisation, alternate delivery models plus others. Each initiative is assessed and ranked, and the overall approach is risk assessed. Delivery is monitored throughout the year to gauge a lesson learned approach, continuous improvement and to drive accountability.</p>	Financial Assurance Manager
18	4	Financial Sustainability	Improvements are required to the quality and timeliness of financial data being used in the	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	Assistant Director Finance and Investment

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			financial planning and monitoring process	<p>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.</p> <p>Update September 2023 New finance system was implemented in line with planned timeline and additional modules to facilitate enhanced budget holder engagement are being rolled out at present.</p> <p>Monitoring information has been produced more quickly than in previous years with Quarter 1 monitoring information (as per the end of June) made available to Committee on 12th June (and published a week prior to this).</p>	
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
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 all-member risk management training (Jan 2022) as well as annual Audit & Risk Management committee training. Dedicated risk workshops for each policy and service committee have been held (Dec '22– Mar '23) to review Directorate Risk Registers, with commitment to repeat on a 6 monthly basis. The Corporate Risk Register underwent deep dive SLT review in March 2022	Head of Internal Audit, Risk and Business Continuity

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				and again in March 2023. This is in addition to the regular quarterly reviews ahead of reporting through to the Audit and Risk Committee. Directorate Risk Registers are also fully reviewed and revised on a quarterly basis and form the basis of the committee risk sessions. The Corporate risks are also shared with the Policy and Resources Finance-Sub Committee.	
33	7	Improving Economy, Efficiency and Effectiveness	Key Performance Indicators should be linked to the Wirral Plan with performance monitoring reported to the Policy and Resources Committee	Agreed. The refreshed Wirral Plan was reported to full Council on 11 July. The plan includes indicators to measure the success of the implementation of the Wirral Plan and included the outturn from 2021/22.	Director of Neighbourhoods
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
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 without a purchase order and waiver and extension should be reduced.	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 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. ARMC October 26 2022. Update September 2023 Following a change of personnel, the work done on a revised Procurement Strategy in 2022 has been revisited and updated again. The information will be included in a report to ARMC in October 2023.	Assistant Director Finance and Investment
36	10	Improving Economy,	The Council should take action to improve recycling rates and	Agreed. Liverpool City region (LCR) now has an established and functioning strategic waste partnership which is developing the region's 'Zero Waste	Director of Neighbourhoods

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		Efficiency and Effectiveness	should work with its partners to revise the levy mechanism to support this improvement	<p>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.</p> <p>Update September 2023</p> <p>Work is ongoing on development of the LCR Zero Waste Strategy and a draft is expected to be available for consultation in March 2024. The LCR Zero Waste Strategy will set out performance improvement measures for recycling, waste minimisation, reuse and upcycling. Work has also begun on review and development of Wirral's new waste collection system and a new Waste and Street Cleansing contract, as the current contract expires in August 2027. Officers are working with Districts and Disposal Authority officers, to develop joint information and behaviour change campaigns. A joint campaign was recently run regarding the correct disposal of batteries and electrical items.</p>	