



# ANNUAL GOVERNANCE STATEMENT

2022-23



## Annual Governance Statement 2022/23

### EXECUTIVE SUMMARY

Wirral Council has a responsibility for conducting an annual review of the effectiveness of its governance framework including the system of internal control.

The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2022/23 are set out in this Annual Governance Statement (AGS). Many of the key governance mechanisms remain in place and are referred to in previous statements, as well as in the Council's Code of Corporate Governance. This statement therefore focusses on the key changes and developments within the Council's governance framework during 2022/23, and up to the date of the approval of the annual statement of accounts.

Pages 8-22 consider each of the seven principles in the CIPFA/SOLACE Framework and demonstrate how the Council has complied with the Framework during 2022/23. For each of the seven principles the AGS highlights:

- the key aspects of the Council's governance arrangements that have developed during 2022/23
- areas where it is recognised governance arrangements can be further strengthened, with comments as to plans in place.

Pages 23-24 summarise actions taken in 2022/23 to address the significant governance issues highlighted in the 2021/22 AGS, namely Financial Resilience and Regeneration.

The criteria used for determining the issues considered to be significant governance issues are outlined on page 25.

The significant governance issues facing the Council that have been identified from this year's review of the effectiveness of the Council's governance framework are:

#### Financial Resilience

There are significant financial challenges facing the Council in 2023/24, with very little financial flexibility. There are low general fund balances and some areas previously used for achieving in-year additional savings have already been taken into account in setting the budget, further reducing contingency options available.

It is essential that departments deliver strongly against agreed 2023/24 budget savings and 2023/24 financial challenges are not further exacerbated with additional financial pressures from the close-down of 2022/23.

A further key priority is to develop a new Medium Term Financial Strategy (MTFS) in summer 2023,

together with a refreshed corporate plan, to establish a sustainable financial position for the new four-year electoral cycle. This should include proposals to move to a more transformational approach to savings in line with Council priorities.

#### Procurement Compliance

There are a number of areas where it is recognised compliance with internal control procedures for procurement needs to improve. These include:

- Compliance with the Council's 'No PO / No Pay' policy,
- Arrangements for managing the pipeline for review and sign-off of contracts and
- Contract monitoring.

The planned actions in 2023/24 to address these two issues are outlined on pages 26-27.

Based on the annual governance review undertaken, the conclusion is that the Council's governance arrangements overall are effective in delivering against the seven Principles of Good Governance and supporting the delivery of sustainable outcomes.

## CERTIFICATION

To the best of our knowledge, the governance arrangements, as outlined in this AGS have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed



Paul Satoor, Chief Executive

Date : 18 January 2024

Signed



Councillor Paul Stuart, Leader of the Council

Date: 18 January 2024

## Annual Governance Statement 2022/23

### INTRODUCTION

Local authorities are required by statute to review their governance arrangements at least once per year.

Throughout the last year, Wirral Council has continued with its strategy to improve upon the manner in which it discharges its governance responsibilities.

This statement explains how the Council has complied with its Code of Corporate Governance and continues to build upon the work of previous years, constantly improving, as a Council that is learning, maturing and delivering for its constituents.

### Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also retains a best value duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

By discharging this responsibility (including as accountable body for the Merseyside Pension Fund), the Council is responsible for putting in place proper

arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Wirral Council is the administering authority for the Merseyside Pension Fund which publishes its own statement of accounts on an annual basis. The Fund publishes a “Governance Compliance Statement” that outlines compliance to industry specific governance principles.

The Council has approved and adopted the Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Code is available on our website: [www.wirral.gov.uk](http://www.wirral.gov.uk).

This statement explains how the Council has complied with the Code, and also meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England & Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to the businesses that it wholly or jointly owns:

- Edsential - a Community Interest Company jointly owned by Cheshire West and Chester Council and Wirral Council to provide services to the Education sector: <https://edsential.com/>. The Council owns 50% of the shares in the company and

provides governance oversight via a joint shareholder board with Cheshire West and Chester Council.

- Wirral Evolutions Ltd - a Council owned company, which delivers adult social care services: <http://www.wirralevolutions.org/>. The company shareholder board provides governance oversight. The board membership includes a Council member to make strategic decisions on the behalf of the Council. Operational decisions are taken by the company board of directors. In March 2022 the Council decided to bring this service back in-house. The service moved back in-house in late September 2022.
- Wirral Growth Company - a limited liability partnership between the Council and Muse Developments Limited. The Council and Muse Developments Limited are equal partners in this venture and are jointly responsible for making all decisions. The partnership was created to promote the economic regeneration of the Borough.
- The Council also owns shares in two other companies both of which are currently dormant (Wirral Growth Company Nominee Ltd and Wirral Holdings Ltd).

## **What is Corporate Governance?**

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting business it:

- operates in a lawful, open, inclusive and honest manner
- ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- has effective arrangements for the management of risk
- secures continuous improvements in the manner in which it operates.

## **The purpose of the Governance Framework**

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate / cost effective services.

Both risk management and internal control measurements are a significant part of the Council's

corporate governance framework and are designed to manage risk to a reasonable level.

These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by the Council's policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The system of risk management and internal control is based upon an ongoing process, designed to identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements, as well as in the Council's Code of Corporate Governance. These are available on the Council's website: [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement therefore describes the key changes and developments within the Council's governance framework during 2022/23 and up to the date of the approval of the annual statement of accounts.

The progress that has been made in addressing the significant governance issue included in last year's statement and those governance issues that have been identified from this year's governance review are highlighted in this statement.

## Overview of Governance Framework

Council	Committees including Policy & Resources	Audit & Risk Management Committee	Corporate Governance	Risk Management	Audit
<p>Approve Constitution</p> <p>Approve the Wirral Plan.</p> <p>Approve budget and policy framework.</p> <p>Hold decision making meetings in public</p>	<p>Part 3B of the Council's Constitution details the Terms of Reference for the Council's:</p> <ul style="list-style-type: none"> <li>-Policy and Service Committees</li> <li>- Scrutiny (Joint Health) Committee</li> <li>-Statutory, Regulatory and Other Committees.</li> </ul> <p>The Terms of Reference for the Policy and Resources Committee includes:</p> <ul style="list-style-type: none"> <li>-formulate, co-ordinate and implement corporate policies and strategies and the medium-term financial plan (budget)</li> <li>-provide a co-ordinating role across all other service committees and retain a 'whole-council' view of performance, budget monitoring and risk management</li> <li>-undertake responsibility for developing and monitoring the enabling corporate services.</li> </ul>	<p>Scrutinise and approve Financial Statements on behalf of the Council</p> <p>Review Contract &amp; Procurement Procedure Rules</p> <p>Review and scrutinise governance arrangements, including internal and external audit updates / reports, and the management of risk</p> <p>Holds meetings in public</p>	<p>Review performance management and projects against milestones, resource allocation, risks and performance.</p> <p>The Corporate Governance Group has responsibility for overseeing the annual review of the governance framework and the preparation of the annual governance statement</p> <p>Corporate oversight by Council's additional governance boards; including Investment &amp; Change Board</p> <p>The Corporate management team including the role of its three statutory officers: the Head of Paid Service (Chief Executive), the Monitoring Officer and the Chief Financial Officer</p>	<p>Review risk registers for corporate, operational and project risks</p> <p>Corporate risks reviewed by the Senior Leadership Team and Audit &amp; Risk Management Committee</p>	<p>Set the internal audit strategy to meet the Council's overall strategic direction and provide assurance on risk management, governance and internal control arrangements</p> <p>Undertake annual programme of internal audits, present progress reports including recommendations for improvement in systems and control</p> <p>External Audit review and report on the Council's financial statements and vfm conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources</p>

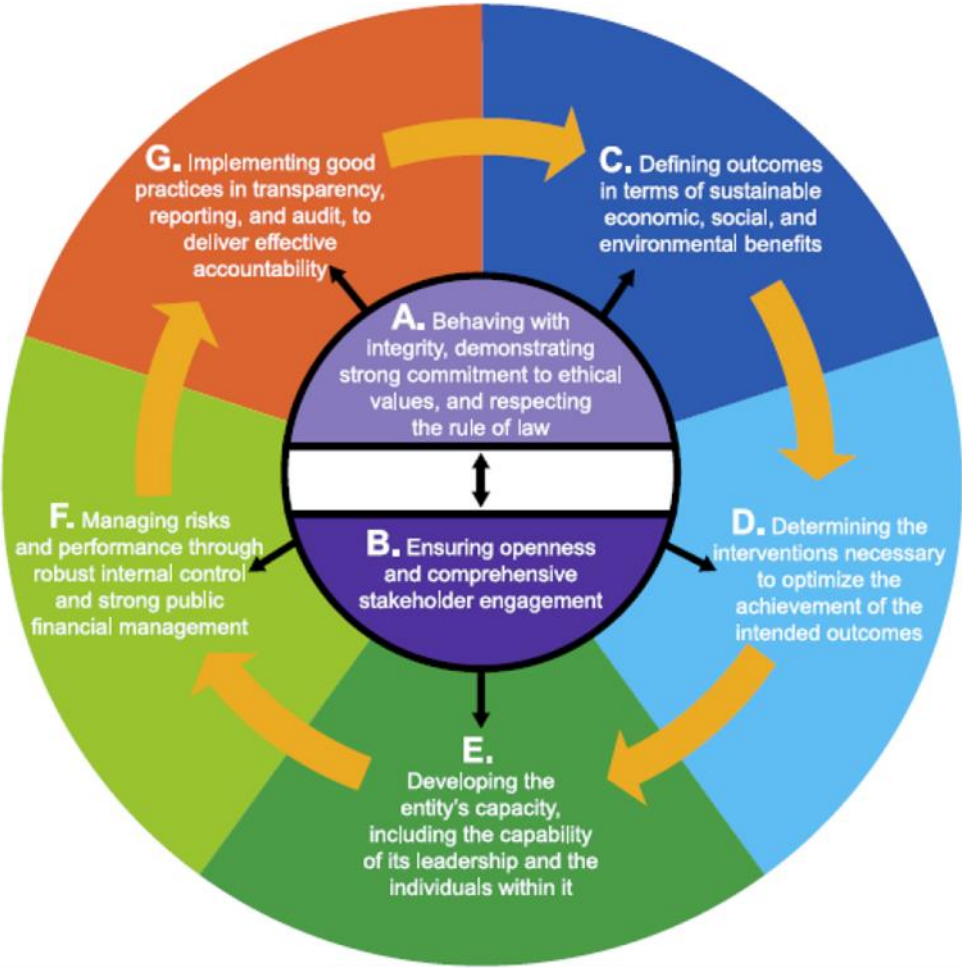
REVIEW OF EFFECTIVENESS

Wirral Council has a responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the Chief Officers and senior managers within the Council who have responsibility for the development and maintenance of the governance environment. Their feedback and comments provided in Governance Assurance returns and one-to-one meetings are an essential part of this review. It is also informed by the work of Internal Audit, the Chief Internal Auditor’s Annual Report, together with findings and reports issued by the external auditor and other external review agencies and inspectorates.

The results of the annual review of the effectiveness of the key elements of the Council’s governance processes during 2022/23 are set out in the table in the pages that follow, demonstrating how the Council has complied with the seven principles set out in the CIPFA/SOLACE Framework during 2022/23.

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council’s Code of Corporate Governance.



Reproduced from ‘Delivering Good Governance in Local Government Framework 2014’ published by CIPFA/IFAC



Principle	Assessment of the effectiveness of the key elements of the Council's Governance processes during 2022/23
<b>A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	<p>The Council continues to have strong arrangements in place overall; with a commitment to ensuring good governance and behaviour and maintaining an appropriate ethical culture.</p> <p>There continue to be a range of arrangements in place to ensure expectations are clearly communicated to staff; including Chief Executive newsletters, live directorate events, Departmental Management Team (DMT) cascades &amp; team briefings.</p> <p>Developments in year have included:</p> <ul style="list-style-type: none"> <li>- the recruitment of two new statutory officers, including the new post of Finance Director (and S151 Officer), to further strengthen the statutory roles in support of the Chief Executive, as recommended in external reviews,</li> <li>- initiatives to reinforce the Council's values, including the relaunch of the Council's People Strategy, along with new Values &amp; Behaviours and Management Standards,</li> <li>- piloting of the EmBRACE training, a major race equality programme as part of the Liverpool City regions commitment to tackle systemic injustice and inequality and drive forward positive change for Black, Asian and Minority Ethnic employees and residents.</li> </ul> <p>The Council has established anti-fraud and anti-corruption arrangements in place with ongoing activity including an annual fraud awareness campaign, proactive and reactive fraud audit work and a bi-yearly review of gifts &amp; hospitality and conflicts of interest declarations by the Chief Executive, Chief Internal Auditor and Assistant Director HR &amp; OD. Arrangements for the gifts &amp; hospitality and conflicts of interest review have included a more active focus this year, including regular reminders to the full Corporate Management Team (CMT), which has resulted in a significant increase in the number of self-declarations. Further developments in-year have included:</p> <ul style="list-style-type: none"> <li>- the launch of anti-Fraud, anti-Bribery &amp; Corruption and Money Laundering Essential Training modules to ensure good awareness of fraud and corruption risks,</li> <li>- strengthening arrangements for a co-ordinated fraud response with the work of the Council's two fraud investigation and liaison officers, who previously came under Housing Benefit, now being integrated as part of the Internal Audit and Risk team.</li> </ul> <p>There have been no Standards complaints in year that have raised any serious concerns in respect of Member behaviour. The Local Government Association (LGA) Corporate Peer Challenge (CPC) reported its six-month review in December 2022, noting that whilst there had been improvements in technical issues of governance, including the effectiveness of the committee system, there was still a need for the Council's culture of governance to improve, including issues of member to member relationships and conduct. The review highlighted the need for a shared "Wirral first" approach that prioritises the Council's financial recovery and improvement and recognised that the four-year election cycle provides an opportunity to change relationships across Members, improve organisational culture, and move towards a robust medium-term financial plan. The Director of Law and Governance plans to establish a new group with Members in 2023/24 which will assist with further improvements. (Further improvements in respect of arrangements for Member Development are considered under Criteria E below).</p>



	<p>Consistent compliance with organisational standards is an issue in some areas. This is particularly seen as an issue in Procurement (see further detail in section F below). There are weaknesses in current contract monitoring; it is planned that the goal of monitoring external providers to ensure ethical standards are maintained will be addressed in a subsequent redesign of procurement arrangements.</p> <p>The Council continues to face challenges in managing some of its statutory responsibilities. There continue to be challenges relating to the assessment and planning for education and health and care because of increased financial pressures and escalating needs. The Wirral Statement of Action (WSOA), submitted following the recent SEND Inspection, sets out clear plans for development and transformation to improve timeliness and ensure statutory compliance. There are also ongoing challenges to meet some statutory asset management compliance responsibilities. The Concerto Asset Management System continues to be developed to help manage asset safety. Some gaps were identified last year across the wider Council services, and these are to be rectified via a property Health &amp; Safety compliance assurance exercise which is to be undertaken soon. It is recognised that the Council is on a journey concerning its approach to corporate property management and compliance and this will have resource implications.</p>
<b>B - Ensuring openness and comprehensive stakeholder engagement</b>	<p>From a strong base reflected in recent years' AGSs, there are many examples of new initiatives in year which continue to demonstrate the Council's commitment to openness, comprehensive stakeholder engagement and effective partnership working.</p> <p>The Council continues to lead successful partnership working with public, private and community &amp; faith sector partners to improve the Borough and continues to have very positive engagement with key stakeholders. Examples include:</p> <ul style="list-style-type: none"> <li>- Significant progress during 2022 to establish new Health and Care Partnership working arrangements. The inaugural meeting of the Integrated Commissioning Board for Cheshire and Merseyside was held on 1 July 2022. The Wirral Place Based Partnership Board (WPBPB) met for the first time on 13 October 2022. The WPBPB incorporates the Wirral Council and NHS Cheshire and Merseyside's Section 75 and other joint decision-making arrangements through a Joint Strategic Commissioning Board Sub- Committee.</li> <li>- A Partnership Summit took place on 16 November 2022, with further Summits being planned during 2023. A review of Wirral's Strategic Partnership is underway to propose refreshed partnership arrangements in Summer 2023, building on successful arrangements already in place.</li> <li>- The Council continues to play a key role in the Liverpool City Region Combined Authority, driving Wirral's interests and securing substantial funding to deliver Wirral priorities. The Council also Chairs the Mersey Dee Alliance, driving further opportunities to link Wirral, the City Region the wider region and beyond.</li> <li>- The Council continues to enjoy very positive working relationships with other key stakeholders including local Blue Light Services, the Department for Levelling Up, Housing and Communities (DHLUC), Homes England re Regeneration.</li> </ul> <p>Other examples of effective engagement with partners include:</p> <ul style="list-style-type: none"> <li>- Wirral Combatting Drugs Partnership (CDP) - a forum that brings together a wide range of key stakeholders, including leaders from Police, Probation, NHS, drug use treatment and recovery services, the Voluntary and Community Sector and local authority teams.</li> </ul>

- Cheshire and Wirral Community Mental Health and Wellbeing Alliance has been established to design and deliver community mental health transformation.
- The Council is working in partnership with anchor organisations in Wirral and across the City Region to focus on Procurement and Fair Employment including seeking to embed social value across supply chains, develop apprenticeships for care leavers and employment opportunities, with for example Wirral Met College working with the Council to support the regeneration of Birkenhead Town Centre.
- A multi-agency Prevention Steering Group has been established and provides support to those wishing to apply a preventative approach to services. A newly commissioned Early Help Alliance has also been implemented. A Family Toolbox has been provided which is proving instrumental in facilitating a shift in behaviours. Other examples of multi-agency prevention programmes include DRIVE (an initiative to improve the lives of victims/survivors by working with high-risk, high-harm perpetrators of domestic abuse to challenge and change their behaviour) and ADDER (a whole system approach with collaboration from criminal justice, Council, health and community partners to tackle drug related harms).
- The multi-agency Wirral Health Protection Board has been re-established; a sub-group of the Health and Wellbeing Board which consists of partners from UK Health Security Agency (UKHSA), Integrated Care Board (ICB), Environmental Health, NHS England (NHSE), Local NHS Trusts, Health and Social Care, Emergency Planning and Public Health.
- West Kirby flood defence scheme, a ground-breaking contract procured through the new Environment Agency (EA) framework with the EA, Council and contractor as partners.

Examples of how working with sports partner organisations has helped to bring in substantial capital to boost local provision include new partnerships with the Football Foundation for the provision of all-weather pitches and with the Tennis Federation for funding to keep open the Bidston tennis centre and provide improved tennis facilities in parks.

The Council continues to be committed to effective consultation with the public and service users, with stakeholders actively engaged in key decisions. In-year examples have included:

- A Community Asset Transfer Policy has been adopted and is encouraging the set-up of community-based organisations and cooperatives in the local community. In 2022/23, eleven different assets were considered for potential community asset transfer with positive outcomes agreed for six assets and two currently being developed.
- Consultation with carers and service users, for example in connection with the carer's strategy, the '3 Conversations' initiative in Adults, the move to bring the Evolutions service back in-house and the all-age disability reablement review.
- West Kirby flood defence which included drop-in sessions held in the Sail Loft and on site.
- Open golf – considerable stakeholder engagement, such as public meetings, to consider issues in respect of school closures and the traffic management plan.
- Hoylake Beach management.
- Local Plan consultation
- Budget consultation
- Libraries and Leisure services consultations.

	<p>The Council continues to demonstrate a commitment to open staff and Member engagement. Ongoing staff engagement and communications took place to shape Business Plans, related Team Plans and individual ‘check-ins’. This included briefing staff to understand Wirral Plan and Improvement Plan aims to ensure everyone in the organisation is working towards a clear set of joint priorities. A new information bulletin has been created and designed specifically for all Members and is circulated on a weekly basis to provide Members with an overview of key updates. There are also fortnightly Leader and Group Leader meetings to continue efforts to achieve political consensus across parties on items of strategic importance.</p> <p>Related areas where it is recognised there is scope to further develop governance arrangements include:</p> <ul style="list-style-type: none"> <li>- plans to revise the Forward Plan to make it more accessible and transparent, including more specific details as to when key decisions will be made,</li> <li>- arrangements as to how best to secure institutional stakeholder engagement for SEND provision,</li> <li>- a planned review to ensure officers and members with personal responsibility for roles with external partner organisations and existing companies, whether as directors or non-executive roles, are fully aware of their corporate responsibilities,</li> <li>- further communications to help ensure that Wirral companies better understand the role of the Council, which will help to reduce risk of reputational damage and potential conflict,</li> <li>- improved consultation in connection with the Council budget with certain groups and more active engagement with schools,</li> <li>- a need for greater openness and transparency in respect of Traded Services; to ensure greater clarity as to what partners can expect and an improved oversight and transparency of activity on behalf of senior management.</li> </ul>
<p><b>C - Defining outcomes in terms of sustainable economic, social and environmental benefits.</b></p>	<p>It has been recognised in external reviews that the Council has a huge level of ambition, particularly on issues of regeneration, and is committed to delivering better outcomes for local residents.</p> <p>The Council submitted its Local Plan to the Secretary of State for examination on 26 October 2022. This was a major milestone in setting the new spatial policy for the Borough. The CPC recognised that this was a significant milestone and achievement given that the Council has not had a Local Plan in place since 2000 and it took a concerted effort, prioritisation, and extra resource to ensure its development. Examination hearings for the Local Plan are currently being undertaken by Inspectors.</p> <p>Linked to this, the Council has made and continues to make good progress in defining desired Council outcomes. Examples include</p> <ul style="list-style-type: none"> <li>- refreshed Wirral Plan, which defines outcomes for the Borough,</li> <li>- Regeneration Plans, including consultations on Hind street and Birkenhead developments. The regeneration plans are good example of long-term planning for outcomes where developments, some of which have been long in the pipeline, are now beginning to happen which will make a significant difference in outcomes for the area, e.g. Birkenhead docks and town centre.</li> <li>- Council Improvement Plan,</li> </ul>

	<ul style="list-style-type: none"> <li>- Service reviews – including the service review for Revenues and Benefits, completed in 2022/23, and Leisure and Libraries service review.</li> </ul> <p>Health &amp; Well-being (HWB) outcomes continue to be clearly defined through the Joint Strategic Needs Assessment which informs priorities and the HWB Strategy.</p> <p>It is recognised that the move to a 4-year term following the all-out elections in May 2023 will help increase the focus on long term goals and sustainability.</p> <p>Other strategies in the process of development which will help define Council outcomes include:</p> <ul style="list-style-type: none"> <li>- Partnership work undertaken to develop a Wirral Health Protection Strategy for 2023-2027</li> <li>- New Customer Engagement Strategy; approach approved in March 2023.</li> </ul> <p>The Council continues to maintain a focus on longer term goals including environmental sustainability. Key priority actions in this area in 2022/23 included:</p> <ul style="list-style-type: none"> <li>- establishing a Green Fleet Strategy for the Council,</li> <li>- developing an Electric Vehicle (EV) strategy for the Borough,</li> <li>- establishing a decarbonisation plan for building emissions and creating a ‘project pipeline’ to enable funding bids,</li> <li>- drafting the Community Climate Engagement Strategy,</li> <li>- achieving Bronze award status and continuing the roll-out of carbon literacy training, with a target of becoming a Silver award carbon literate organisation,</li> <li>- increasing accountability through a public facing Environment and Climate Emergency Action Plan.</li> </ul> <p>The Council’s Operational Performance Group (OPG) assists with providing the framework to measure and monitor achievement of planned outcomes (see detail in section F).</p> <p>Related areas where it is recognised there is scope to further develop governance arrangements include:</p> <ul style="list-style-type: none"> <li>- a new focus within the Regeneration &amp; Place Directorate, and in particular the new Corporate Landlord Board, to quantify corporate social responsibility outputs including environmental and sustainability measures for land / regeneration projects including disposals, and ensure these are taken into account when making decisions,</li> <li>- SLT plan to review arrangements in place for cross-cutting topics, such as climate emergency, commercialism, dementia pledges and armed forces covenant. The review will confirm the Senior Responsible Officer (SRO) and how collaboration will work to ensure cross-cutting issues are effectively considered by all SLT members.</li> <li>- a recognition that Climate Emergency needs to have more corporate / SLT ownership and a greater profile corporately with environmental and sustainability issues becoming more embedded.</li> </ul>
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<p><b>D - Determining the interventions necessary to optimize the achievement of the intended outcomes</b></p>	<p>The LGA CPC recognised the strong appetite across the Council for improvement, which is recognised as a priority. The learning from the two external DHLUC assurance reports, the LGA CPC and the ongoing support from the Independent Panel have contributed significantly to the development of the Council's Improvement Plan. The agreed actions are assisting the Council to focus, prioritise and achieve key objectives.</p> <p>The Council commissioned an Enabling Services Review (ESR) as part of the budget decisions for 2023/24. The purpose of the ESR is to consider whether the work that takes place across the Council to support the operation of frontline service can be more efficiently organised; while also providing assurance that it is proportionate to the Council's overall budget and workforce size. The first five themes will be reviewed as part of the initial focus from April 2023, with the remaining areas being explored from July 2023.</p> <p>The CPC six-month review, that reported in December 2022, recognised that the Council is viewing regeneration through a broader lens, and that there is now more corporate engagement and support on these issues. This also includes the Council adopting a more realistic, longer-term narrative regarding the contribution of regeneration to the Council's financial challenges.</p> <p>The role of the Council as regards Place Leadership continues to grow and take on greater clarity. This includes, for example, where it is appropriate for the Council to intervene directly or influence other partners to become involved in order to achieve wider social economic outcomes, e.g. Wirral Waters, Peel, the Hythe, Birkenhead redevelopment.</p> <p>Recent years have seen a significant improvement in the information provided to Directors / Senior Managers to enable them to make service decisions. Performance information through Power BI dashboards has continued to develop and the availability, format, user-friendly nature of available data is widely seen as a step-change in recent years (see further information in section F). As regards in-year developments, the Qualitative Insights Team was established in June 2022. The team assist with engaging with the public across stakeholders to help capture local insight across various areas and themes, to help provide insight for key strategic decisions.</p> <p>The Improvement Panel recognised in January 2023 that following the all-out elections in May 2023, it should be easier to decide the requisite level of budget savings for the following two years and strongly recommended that a new Medium Term Financial Strategy (MTFS) is put in place and agreed in summer 2023. Work is ongoing to develop a sustainable funding strategy. Further work to integrate the Medium-Term Financial Plan (MTFP) and service plans into a sustainable financial position is planned following the May 2023 election. The plan is to balance priorities around affordability resource constraints in a four-year electoral cycle. The Corporate Plan, inward and outward facing, will similarly be refreshed over this four-year horizon. This will help determine the interventions necessary to achieve the planned outcomes. (see further detail concerning Financial Management and MTFS in section F).</p> <p>(For relevant comments concerning service consultation and utilising feedback from citizens and service users – see section B).</p> <p>Related areas where it is recognised there is scope to further develop governance arrangements include:</p>
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	<ul style="list-style-type: none"> <li>- option appraisal - the need for additional capacity and skills, including in procurement and finance, to ensure there is an objective and rigorous analysis of all options to achieve best corporate social responsibility,</li> <li>- better aligning resources to outcomes and prioritisation of services – the Council is looking to increase the use of data analytics and Power BI to better understand the impact of services and subsequently inform decisions as to which services should be provided,</li> <li>- benefits realisation - plans to launch a benefits realisation strategy which will improve arrangements to track benefits, recognising the need to ensure every service review has a business case with clearly identified benefits,</li> <li>- improving feedback – there are areas where feedback to the public to inform them of the action being taken in response to the collating of public views and feedback to Members concerning the outcomes, benefits and lessons learned from projects could be more effective.</li> </ul>
<b>E - Developing the entity's capacity including the capability of its leadership and the individuals within it.</b>	<p>The Council has made extensive use of external support and external feedback through inspections and reviews to boost capacity and corporate development and learning. The CPC recognised that the Council is clearly committed to engagement with sector-led-improvement. Examples in year have included:</p> <ul style="list-style-type: none"> <li>- The input of the Wirral Assurance Panel which includes expertise from across the sector, as well as LGA Peers and Officers, which has continued to support the Council's progress.</li> <li>- In response to recommendations of the Improvement Panel, the Council has strengthened its financial capacity through the appointment of a new Section 151 officer, and also appointed a new Monitoring Officer. As recognised by the Improvement Panel these new appointments will assist the Council's political leadership and Chief Executive to continue to strengthen the Council's overall governance.</li> <li>- External reviews confirmed the importance of considering what working practices should be embedded in Senior Leadership Team (SLT) relationships to ensure there is a sense of "Team" and officers work collectively to support the Council's improvement. Linked to this, there has been increased time and space for the Council's SLT to work collectively. This has included dedicated away days to develop the Strategic Improvement Plan, and strategic sessions focused on budget setting for 2023-2024. SLT are also benefitting from the delivery experience of the new Regeneration Director and the fresh perspective and approach of the new Director of Public Health.</li> <li>- External reviews had raised several concerns, including capacity, in respect of delivery of the Regeneration agenda. The resources, capacity and capability required to deliver the Council's Regeneration ambitions has been assessed and regular reports have been taken to the Wirral Independent Assurance Panel, including a dedicated on-site session in August 2022. The Delivery Plan that will set out the project phasing and prioritisation of the regeneration programme is currently under development and planned to be finalised by the end of 2023. Additional external capacity has now been put in place to accelerate the development of the Regeneration Finance Strategy.</li> <li>- The Council benefited in December 2022 from the Joint Targeted Area Inspection of the multi-agency response to children and families who need help in Wirral. The inspection was positive, with headline findings including a cohesive leadership and a strong, shared, and often innovative, vision which has enabled the partnership to develop a strong and effective early help offer to children and their families.</li> <li>- The Council have arranged for a peer review by an LGA Improvement Adviser ahead of the Care Quality Commission inspections which commence in April 2023.</li> </ul> <p>There have been several initiatives in-year to provide additional support for, and develop the capability and capacity of, senior managerial and political leadership. Examples have included:</p>

- The CPC recognised the practical reforms and progress the Council made with regards to improving the effectiveness of the Committee System, with the Council approving a new Constitution in May 2022. This saw the reduction in the number of Policy Committees from seven to six, as well as abolishing the Decision Review Committee and Partnership Committee which had previously presented an inconsistent approach to Scrutiny. This has resulted in the system working more effectively, particularly with the Policy and Resources Committee providing more leadership on budget issues.
- As noted by CPC, there is a clear renewed focus on issues of Member development. This has included the development of a long-term Member Development Strategy for 2023-2027, as well as the delivery of dedicated sessions on finance, chairing, corporate parenting, and social media training. A revised New Member Induction Programme was also developed and implemented in May 2022. The Member Support Steering Group continues to meet quarterly and recently approved the Member Wellbeing Policy. All-Member training sessions were held focussing on Finance and Budget which also included Bite Size Finance training. LGA mentoring opportunities have also been offered to all Policy Committee Chairs, as well as dedicated diary management support to enable Members in these roles to have the capacity and skills required to fulfil their responsibilities as Chair. Fraud training for Members is planned. Current arrangements and plans will be further considered in the context of 23 new Members following the May 2023 elections.
- Since the Corporate Peer Challenge there have been changes to the structure of political group support, with the introduction of a “Team around the Leader approach” and additional capacity being added to support group offices. A virtual Leader’s Office of key Corporate Officers was created in April 2022, and they provide weekly policy updates to the Leader and Deputy Leader and act as a key link between the Leader of the Council and the Senior Leadership Team.
- A series of Strategic Away Days have taken place with Group Leaders and SLT to shape and sign off several key developments including the Wirral Plan and Improvement Plan.
- The Council have introduced several internal processes to support improved challenge within the Council. This has included the creation of a Committee Co-ordination and Oversight Group (including representation from Governance, Risk, Legal and Finance) to quality assure all key decision reports, prior to sign off by the SLT. This group also acts as an important forum for sharing information.

Other internal initiatives in-year to develop capability and capacity have included:

- the Council is currently undertaking a strategic and comprehensive review of all Corporate Services through its Enabling Services Review,
- continued success at developing a successful Apprenticeship programme, for example Neighbourhoods have completed the restructuring within Parks with and are about to start phase 1 of a Leisure restructuring.

Key initiatives in year within Organisational Development include:

- a new People Strategy has been developed through a series of focus groups, organisation wide events and a staff survey. The final People Strategy is due to be agreed in Summer 2023.
- a new Leadership Behaviour Framework, co-designed with the workforce over the Summer of 2022,
- a comprehensive leadership development offer has been introduced through continuing development of the FLO online learning system, manager micros and the manager network. A Core Manager and Leadership Essential Programme is being developed and there are also plans to support leaders to undertake accredited leadership programmes.



	<p>The Council is committed to effective partnership working as a way of helping to increase capacity. Examples include:</p> <ul style="list-style-type: none"> <li>- the Children, Families and Education Department are reviewing lifelong learning and how improved links can be established between leaving education and the wider regeneration agenda and businesses in Wirral,</li> <li>- within Adult services, the co-production of the improving quality of care market PAMS assessment tool.</li> </ul> <p>(See additional examples of partnership working under B above)</p> <p>The Council takes opportunities for shared organisational learning by continuing to undertake lessons learned reviews in response to issues arising in other councils to ensure the Council is working within the law and learning from challenges experienced elsewhere.</p> <p>It is acknowledged by the SLT that there needs to be a focus to ensure capacity is attuned to the requirements of the corporate plan, including key initiatives such as the change programme and the achievement of savings, as officers do not have the capacity to deliver other initiatives outside of the corporate plan.</p> <p>Related areas where it is recognised there is scope to further develop governance arrangements include:</p> <ul style="list-style-type: none"> <li>- Ensuring continued effectiveness in the use of assets. Asset management has been an area that has suffered from a lack of capacity. A new Asset strategy was agreed in October 2022. A new Corporate Landlord model has been approved, with a Corporate Property Board now in place, which will help to bring a consolidated approach to the management of assets. A new Assistant Director Asset Management started in March 2023. It is recognised that this needs to be a continuing area of focus with a financial need to rationalise assets.</li> <li>- There are service areas where significant capacity issues exist that could potentially compromise the delivery of projects or services at Best Value. Examples include Public Health, Law &amp; Governance and Children’s social workers.</li> <li>- There are some areas where there remains a Single Point of Failure, for example Planning and group schools PFI.</li> <li>- Arrangements are in place to review decision-making at Member / Officer level and the operation of Boards &amp; Council governance groups.</li> <li>- External reviews highlighted: <ul style="list-style-type: none"> <li>o the need to embed reporting processes against the plans within the People Strategy, to ensure an appropriate feedback loop is in place to assess the impact and progress of the Strategy,</li> <li>o the potential for the Council to supplement individual focused training and development with collective team development, bringing together key officers and Committee Chairs to consider ways of working and preferred styles.</li> </ul> </li> </ul>
<b>F - Managing risk and performance through robust internal control and strong public</b>	<p><u>Financial Management</u></p> <p>From May 2022 the financial context of the Council worsened considerably with inflation for utilities, goods and services and pay awards and an increased demand for services in response to the cost-of-living crisis, creating considerable in-year and future year pressures.</p>

<p><b>financial management.</b></p>	<p>For 2022/23, this led to a requirement to reduce all but essential spending to reduce the call on reserves. Almost all planned savings were achieved; with the main exception being two savings targets that related to assets subject to community asset transfer (CATs), where projects needed to be established to facilitate the CATs.</p> <p>For 2023/24, the level of savings required increased from an original estimate of £14m to a final requirement of £38.4m. The Improvement Panel concluded that the budget setting process for 2023/24 had been undertaken diligently. It noted, however, that some of the tranche 3 savings, including the application of a vacancy factor and other adjustments to the pay budget, introduced additional risks to the actual delivery of a balanced budget during the year as some of these savings have been used in recent years to balance off in-year over spends. As noted by the Improvement Panel, this situation highlights the critical need for Directorates to ensure that they ‘fastidiously control spending from 1 April 2023 including on agency staffing and that in year budgets are rigorously monitored and enforced’. The Improvement Panel recognised that ‘this will particularly be essential in children social care and adult social care where the cost of care packages and increased demand together with the essential use of some agency staffing make the control of budgets extremely difficult’. The pressures have resulted in a level of useable reserves which falls below the Council’s own target.</p> <p>Given the significant financial challenges facing the Council in 2023/24, and the very little financial flexibility, it is essential that departments deliver strongly against agreed 2023/24 budget savings and 2023/24 financial challenges are not further exacerbated with additional financial pressures from the close-down of 2022/23.</p> <p>The external reviews recognised the need for the Council to maintain the approach and rigour applied to the 2023/24 budget to move towards a sustainable medium-term financial recovery for the organisation from April 2024 onwards, recognising the Council’s continued vulnerability due to low levels of financial reserves. The Council recognises the need to prioritise the MTFS and resolve outstanding budgetary issues. The move to all-out elections provides an opportunity for the refreshed MTFS and corporate plan to be aligned to the Council’s four-year election cycle, to establish a sustainable financial position for the period. This should include proposals to move to a more transformational approach to savings in line with Council priorities.</p> <p>In Grant Thornton’s Audit Findings Report for 2021/22, presented to the March 2023 ARMC, the external auditors highlighted a significant weakness in arrangements for financial sustainability for 2021/22 due to the exceptional financial support the Council required to achieve a year-end positive balance.</p> <p><u>Strengthened internal governance arrangements for Regeneration</u></p> <p>The CPC recognised an improved alignment of corporate resources to support the Council’s regeneration ambitions. In response to issues raised in external reviews and to manage risk effectively, internal governance arrangements for Regeneration have been strengthened through the establishment of a Regeneration Programme Board, reporting through to the Investment and Change Board. A Regeneration Oversight Group chaired by the Chief Executive has also been established to provide high level scrutiny of the delivery of the regeneration programme and to ensure</p>
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that corporate input and support is provided to ensure delivery in line with Improvement Plan priorities. A LeftBank Programme Board has also been set up. These arrangements are important to coordinate funding and ensure delivery against the timescales associated with these funding sources. The Council also commissioned Arlingclose to undertake a review of Regeneration projects and associated accounting treatment.

The CPC reported that the Council will need to assure itself that the interdependency between the significant issues concerning regeneration companies and joint ventures, as reported by Grant Thornton, and the Councils' regeneration ambitions are being appropriately managed through ARMC.

#### Compliance with the CIPFA Financial Management Code

The CIPFA Financial Management Code (FM Code) was published in 2019 to provide guidance, standards, and principles for good and sustainable financial management in local authorities. The FM Code assists councils in evidencing their arrangements for financial sustainability through a framework. 2021/22 was the first full year of expected compliance with the FM Code. The latest self-assessment and monitoring against the principles and standards, which sets out the current position of the Council and demonstrates compliance with the Code, was reported to ARMC in October 2022. The assessment of compliance was primarily a mix of Green and Amber ratings, with the exception that the Standard '*Leadership Team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability*' was assessed as Red. Officers are continually working towards improvements and a continuous assessment of the Council against these requirements will be reported to ARMC, as a minimum annually as part of the Statement of Accounts.

#### New Financial system

The Council delayed the implementation of a new ERP financial system which had previously been due to 'go-live' in summer 2022. The new system, Oracle Fusion, was launched 3 April 2023 following testing and the recruitment of a new implementation partner. Phase 2 of the implementation, including a budget monitoring element by service managers, is expected to go live July – September 2023. It is anticipated that the new system will bring a step-change improvement to financial reporting and lead to improved forecasting & accountability. In light of the new system, there are plans to review the role of Finance Business Partners.

#### Risk management & Business Continuity

In response to communications from the ARMC Chair, all Policy and Service Committees have held dedicated risk workshops in 2022/23, except for Policy & Resources which has been postponed until 2023/24. Directors and senior officers reviewed the respective Directorate Risk Registers, detailing the risks, mitigations and planned activity. The workshops have helped to increase Member awareness and understanding of service risks and the links with reports to committees, whilst recognising that it is the role of officers to define the risks. It is planned that the workshops will be run every six months. The Corporate Risk Register has been regularly reviewed during the year; it is currently (April 2023) being refreshed for the

new year in line with updated business plans. Directorate risks are regularly considered at DMTs. The Council's risk management strategy is to be updated during 2023.

Business Continuity (BC) planning and resilience is assuming a higher profile, particularly in the context of introducing a new ERP system and the increased threat of cyber-attacks. There were good communications in respect of the implementation of the new ERP system. More service areas have developed and/or updated their BC Plans and it is felt awareness and understanding is improving. It is recognised though that more still needs to be done, including the need to ensure service continuity plans continue to fully reflect new ways of working including structures and systems.

#### Corporate Planning and Vision

The Council responded well to the CPC review. This included the development of a Strategic Improvement Plan which was approved in Spring 2022. The Improvement Plan included the Council's actions in response to the CPC and recommendations from external reviews commissioned by DLUHC and set out the vision for the organisation to deliver the outcomes in the Wirral Plan to best meet the needs of local residents. The plan details how the Council will secure its financial stability and how it will develop an effective organisation with a clear sense of priorities backed up by strong leadership and good governance. It provides a framework and schedule for systematically re-designing council services to ensure they are fit-for-purpose and deliver value for money. The Improvement Plan was supported with Directorate Business Plans, which were informed through staff engagement, performance information, and the Council's external assurance context.

The Wirral Plan was refreshed in July 2022 to reflect wider contextual changes and to align with the Council's Improvement Plan. The Wirral Plan sets out the vision and priorities for Wirral as a place, and ensures the Council is in the best shape to lead Wirral partners to achieve this vision.

The CPC recognised that the Council has a clear hierarchy of plans and strategies, and clear alignment on their content with a rationale for their future revisions. The Council is planning to update the Borough plan following the 2023 elections to reflect the full four-year term of any new administration. The 2023 refresh of the Wirral Plan will be aligned with the necessary actions and milestones included in the Council's Improvement Plan to align the breadth of activity and ambition into a single and consistent narrative for the Borough.

Strategic planning and engagement to produce the new four-year Plan will start in Spring 2023. The new 2023/27 plan is to be adopted in Autumn 2023, with a review of progress against the Improvement Plan and Wirral Plan scheduled for December 2023.

#### Performance reporting / management

Last year's AGS reported that the Council has made significant progress in developing database and performance reporting; with the improving performance management culture recognised in the CPC review.

The Council has continued in-year to develop its extensive live performance database reporting through PowerBI, with examples where reporting of certain areas can be stepped up or scaled down as needs change. Developments this year have included:

- monitoring implementation of Improvement Plan and Directorate Business Plan actions,
- responding to emerging issues and key policy changes, including for example the Ukraine refugee sponsorship scheme and cost of living initiatives,
- enhanced development of the Safer Wirral Tracker an innovative automated reporting tool utilised by services and the Wirral Community Safety Partnership to provide insight to help keep Wirral residents safe; this won a Certificate of Excellence for Public Sector Transformation in 2023.

The Performance Insight packs and Corporate Dashboard support performance management at DMTs, SLT and the Council's OPG and inform the bi-monthly meetings the Chief Executive and Director of Finance have with SLT directors to oversee directorate performance.

Areas for further development include:

- a refreshed Performance Management Framework for the Wirral Plan, due to be introduced in 2023,
- a review of Committee Scrutiny, which at times can be inconsistently applied across committees, with plans for more Scrutiny workshops.

#### Internal control

In his annual report, the Chief Internal Auditor has concluded that the Council generally maintains adequate and effective control and governance processes. There has been a comprehensive programme of audit reviews providing assurance over internal control and governance arrangements across Council activities during 2022/23. Areas identified as major risk in year have included arrangements for access controls within the Accounts Payable system and aspects of the arrangements for the Hind Street development. Other audits with high priority recommendations have included, Climate Emergency, Liquid Logic Access Controls, Town Deal, Health & Safety, Retrospective Purchase Orders and Business Continuity arrangements for some of the key financial systems.

An update on the resiliency of the Council's IT infrastructure and the disaster recovery plans was presented to ARMC in October 2023. This provided reassurance that practical backup systems exist within services and there is an alternate power supply at a data centre.

Grant Thornton reported in their 2021/22 Audit Findings report that within legacy system there is an excessive use of accounts with privileged access, i.e. an excessive number of users and generic accounts which were assigned with access to specific security functions. IT officers have followed-up on the issues raised.

#### Compliance – Procurement

Procurement practice has highlighted some non-compliance. This area was rated as Amber in several of the Governance Assurance Statements completed by Directors. Issues include:

- Non-compliance with the 'No PO / No Pay' initiative remains a significant issue. Regular reporting of non-compliance is in place. DMTs and the SLT are working each month with the procurement team to review contracts with a focus on any areas of non-compliance or exceptions. Officer training and support are being provided by the procurement team, however, high levels of Retrospective Purchase Orders (RPOs) continue.
- Contract compliance; the level of exceptions and breaches remain high.
- Management of the pipeline for the review and sign-off of contracts.

There are various actions planned to improve the level of compliance. These include:

- a greater focus on setting up corporate contracts with providers where breaches are regular and suppliers are the same
- it is envisaged that the new ERP system will help to improve compliance as all contracts will be held in Oracle Procurement and the system can insist POs are matched to contracts
- plans to review the section of the Constitution relating to Procurement
- careful monitoring of the procurement reporting, activity and performance will include the Director of Law and Governance (or her representative) in respect of non-compliance with internal control procedures for procurement.

(See further detail on page 27)

#### Compliance – other

During 2022/23, arrangements for non-compliance reporting to OPG and for the Chief Executive / Director of Finance meetings with Directors has been further enhanced, for example in respect of HR. As this additional reporting is relatively new, it is envisaged that oversight during 2023/24 will ensure that non-compliance is subject to a greater degree of exposure and challenge.

#### Information Governance

The Council remains committed to maintaining and improving effective information governance. The Senior Information Risk Owner (SIRO) Annual Report, provided as a Briefing Note to the November 2022 ARMC, highlighted key in-year actions. These included a review of information governance policies and the creation of a redesigned comprehensive Information Asset Register and Record of Processing Activities. The Briefing Note also detailed planned actions for the next 12 months to ensure the governance framework remains robust. Key actions included the review and updating of information governance related policies and procedures, preparation of a business case to procure Information Asset Owner and Administrator training for 2023 and progressing towards Cyber Essentials Plus accreditation. There continues to be an emphasis for staff on the safety and security of information and a new course is currently being completed by all staff. The launch of Multi-Factor Authentication (MFA) in May 2023 is helping to drive behaviours and the understanding of threats and the need for compliance.

The Council has recently confirmed a new SIRO (new Director of Law & Governance) and a new deputy SIRO (Head of ICT & Digital). Existing arrangements will be reviewed in the light of these appointments. There remains a need for further action to ensure full compliance with the

	Payment Card Industry Data Security Standard (PCI DSS). As the Council's estate reduces, action will be necessary to ensure any remaining documentation in closed offices is appropriately managed.
<b>G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.</b>	<p>The Committee system, re-introduced in 2020, has brought a high level of transparency across all activity and decision making, including all key decisions, and has facilitated a greater engagement with a broader group of elected members. The governance structure for committees has enabled a collaborative approach through, for example, briefings and the opportunity for responding to questions from the public. The Council transmits and records approximately 90% of Committee meetings. A high level of transparency has also been achieved through a high percentage of reports being considered in the Part 1 (open to the public) part of committee meetings, the Forward Plan, an active website, the Wirral View and wide social media coverage. The Council has continued to publicly report external reviews. There are also examples where Directors have provided workshops and briefing sessions for Members to assist Members to better understand a service context before receiving a report that requires a decision, for example in respect of strategic acquisitions.</p> <p>There has been a continuing commitment to investing in support and training for effective and transparent report writing. The creation of the Committee Co-ordination &amp; Oversight Group and refresh of the report template, operational since April 2022, have helped to improve the quality of reports for key decisions. Report writing training has included internal training, an online course and external training. Further training for committee report writing in the ModGov system is scheduled for Spring 2023. In addition, each SLT includes an agenda item for consideration of committee reports.</p> <p>The recent improvements in the transparency of internal audit reporting and the monitoring of outstanding recommendations have continued. Up to date information on audits and recommendations is readily available to senior officers and DMTs in a Power BI dashboard and reported regularly to the OPG and SLT. Audit information in the Power BI tool also informs the bi-monthly reviews that the Chief Executive and Finance Director have with Directors. Further development training for ARMC members was delivered in May 2022.</p> <p>Action taken in response to recommendations made by external audit are reported transparently; for example the Director of Resources' comprehensive report to the July 2022 ARMC brought together the Council's response to Grant Thornton's recommendations from their 2020/21 Auditor's Annual Report and their 2020/21 report on Company Governance. The single report assisted with the review of implementation and provided greater assurance in respect of the delivery of action plans. There are plans to consider the External Auditor's Annual Report at Policy and Resources Committee going forward.</p> <p>The AGS provides a comprehensive and transparent assessment of the Council's performance in respect of the principles of good governance and the Council's Code of Corporate Governance.</p> <p>The transparent and effective operation of the ARMC during 2022/23, as recognised by many, has made a significant contribution to the delivery of effective accountability within the Council.</p>



Progress against the Significant Governance Issues reported in the 2021/22 AGS are set out in the table below:

Significant Governance Issue reported in the 2021/22 AGS	Action taken to address the issue in 2022/23
<p><b>Financial Resilience</b></p> <p>Priority issues for the next 12 months include:</p> <ul style="list-style-type: none"> <li>-achieving savings target of £18m for 22/23</li> <li>-identifying options to address the budget gap for 2023/24 &amp; beyond (latest estimate 23/24 £14m)</li> <li>-further developing the Council's medium term financial plan</li> <li>-taking steps to move from stand-alone savings proposals to a more transformational approach in line with Council priorities or themes.</li> <li>-procedures in place for active review of the capital programme to ensure planned levels of capital receipts are achieved.</li> </ul>	<p>Action taken during 2022/23 has included the following:</p> <p>The majority of the £18m of required savings were delivered in accordance with the original plans set out. Over £16m of these savings were delivered as planned, £600k were delivered from alternative methods and £600k being unachievable in year. The unachievable element has been reviewed and fed back into the MTFS.</p> <p>The achievement of savings by Directorate are monitored on a monthly basis to ensure that they are progressing as planned. Slippage or non-achievement of savings are reviewed quarterly by the relevant Director, S151 officer and Chief Executive to determine how any non-achievement will be rectified.</p> <p>A significant program of savings was identified for 2023/24 following the identification of further pressures totalling £32m for the 2023/24 financial year. A comprehensive exercise was undertaken to identify all potential savings for consideration by Members as part of the budget planning process.</p> <p>In depth engagement with Members took place to ensure a broad understanding of the financial pressures facing the Council and the potential impact of the savings options that had been brought forward. Agreement was reached around a number of potential future strategies that would be brought forward for consideration early in 2023/24 to focus on the required transformational change required to deliver permanent reductions in expenditure.</p> <p>The capital programme was regularly reviewed and an asset disposal list compiled to enable a forecast of the available capital receipts to be made. The asset disposal strategy will be subject to Policy and Resource Committee approval in 2023.</p>

Significant Governance Issue reported in the 2021/22 AGS	Action taken to address the issue in 2022/23
<p><b>Regeneration</b></p> <p>There is a need to review aspects of the governance arrangements with regards to the regeneration agenda and the issuing of financial guarantees.</p> <p>Governance risks associated with the scale of the ambition of the Council's regeneration agenda include:</p> <ul style="list-style-type: none"> <li>-the capacity of the regeneration team and the support required including legal, financial and commercial advice</li> <li>-addressing known governance and strategic issues, including resolutions around the future of Wirral Growth Company and validating current assumptions concerning capitalisation of staffing costs</li> <li>- developing the level of understanding over the extent of financial risks, including guarantees to developers.</li> </ul>	<p>Action taken during 2022/23 has included the following:</p> <p>The Regeneration Delivery Team was established during 2022/23 with the appointment of a very experienced and commercial Portfolio Lead for the Birkenhead Regeneration programme; plus three Heads of Delivery, and a number of new project managers. In addition, the Project Management Office (PMO) increased resources with the appointment of two project analysts and with additional support from the private sector. Between these two teams the reporting processes were updated and improved to enable more efficient monitoring of the programmes and projects, and Sharepoint was updated to capture the PMO data to report it to senior managers and boards.</p> <p>Governance arrangements are now much stronger and work has been undertaken to improve coordination of finance and legal support, with closer relationships between officers and managers, and with the addition of new directors for Law and Governance, and Regeneration and Place, and a new S151 officer in January.</p> <p>Commercial advice was commissioned through various frameworks as well as with CBRE who were appointed to the Council in Autumn. The Growth Company Agreement was realigned in Summer 2022 with three sites being retained for delivery by the Growth Company and the rest being transferred back to the Council for delivery or disposal. The new Birkenhead Commercial District (BCD) offices will be completed in Summer 2023; the new market will progress to RIBA stage 3 design in June and Pasture Road is progressing well, and should be delivered over the next 12 – 18 months, which will be the end of the Growth Company's remit.</p> <p>Capitalisation was close to the target for the 2022/23 year and will be part of the Regeneration Finance Strategy which is due to be handed over to the Council (Regeneration Delivery and Finance) in quarter one of 2023/24.</p> <p>The Council's ambitious regeneration programme was under scrutiny from the Independent Assurance Panel in July / August 2022 and the panel were satisfied that the team in place were well equipped to deal with some of the concerns raised in previous years.</p>

## **SIGNIFICANT GOVERNANCE ISSUES**

The following table details the two Significant Governance Issues facing the Council that have been identified from this year's review of the effectiveness of the Council's governance framework. In preparing this statement, the criteria used for 'significant governance' are issues which:

- Significantly undermine or threaten the achievement of a core organisational objective.
- Represent a significant failure to meet the principles (and sub-principles) of good governance (as detailed in the Code of Corporate Governance).
- Have resulted in significant public interest or have seriously damaged reputation.
- Are of significant concern to an inspector, external audit or regulator.
- Have been recommended by the head of internal audit or one of the statutory officers to be included.
- Require significant organisational and corporate cooperation to address it.

Significant Governance Issue	Action proposed during 2023/24	Lead Officer
<p><b>Financial Resilience</b></p> <p>There are significant financial challenges facing the Council in 2023/24, with very little financial flexibility. There are low general fund balances and some areas previously used for achieving in-year additional savings have already been taken into account in setting the budget, further reducing contingency options available.</p> <p>It is essential that departments deliver strongly against agreed 2023/24 budget savings and 2023/24 financial challenges are not further exacerbated with additional financial pressures from the close-down of 2022/23.</p> <p>A further key priority is to develop a new Medium Term Financial Strategy (MTFS) in summer 2023, together with a refreshed corporate plan, to establish a sustainable financial position for the new four-year electoral cycle. This should include proposals to move to a more transformational approach to savings in line with Council priorities.</p>	<p>Action taken or planned for 2023/24 includes the following:</p> <p>Monitoring of the 2023/24 budget will be undertaken on a monthly basis with early identification of potential pressures taking place in Quarter 1. This will take account of the information from the 2022/23 outturn as well as emerging issues from Directorates.</p> <p>The impact of these pressures will be considered by SLT on a regular basis to determine the corrective action required and the potential additional in year savings / expenditure reductions that will be required to balance the budget and protect the level of general reserves.</p> <p>Achievement of savings will be monitored through the method successfully employed in 2022/23. The key, transformative savings, such as Enabling Services, will be separately considered and monitored by SLT to ensure that suitable progress is being made during the year.</p> <p>The MTFS will be developed and refined over the summer of 2023 based on a methodology agreed by SLT and Members, via Policy &amp; Resources committee, in June / July 2023. The MTFS will adopt specific principles and targets around the main cost drivers for the demand led services which account for almost 50% of the net budget. It will identify the key transformation priorities and assign savings to these areas to minimise the proportion of savings that are perceived as service reduction / cuts.</p>	<p>Matthew Bennett Director of Finance</p>

Significant Governance Issue	Action proposed during 2023/24	Lead Officer
<p><b>Procurement Compliance</b></p> <p>There are a number of areas where it is recognised compliance with internal control procedures for procurement needs to improve.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>- Compliance with the Council's 'No PO / No Pay' policy.</li> <li>- Arrangements for managing the pipeline for review and sign-off of contracts.</li> <li>- Contract monitoring.</li> </ul>	<p>The actions for 2023/24 include an adoption of a new 'no PO, no Pay' policy to be launched in June 2023 in conjunction with the implementation of the new Oracle Fusion system. This will enforce the previously agreed principles and facilitate the streamlining of the payment process. This will also lead to efficiencies for both suppliers and the Council.</p> <p>Contract Procedure Rules (CPRs) will be updated during 2023 to amend the sign off process for contracts and waivers to improve the visibility of the issues arising and the support required. This will include a revised governance process around above threshold contracts and waivers which will be implemented in advance of the formal changes to the CPRs.</p> <p>The procurement team will be restructured within 2023 to provide additional support on a thematic basis to the directorates to ensure best practice and value for money. This will work on a proactive rather than the current reactive basis.</p> <p>A new contract register has been created as part of the new Oracle Fusion system which will be fully populated during the year. This will enable greater forward planning and oversight of the required procurement activity and the ability to identify potential savings from the process.</p> <p>Training is being rolled out by the procurement team bespoke to individual teams and directorates to communicate the requirements around good procurement alongside the planned changes.</p>	<p>Matthew Bennett Director of Finance</p>