The Chartered Institute of
Public Finance & Accountancy

Wirral Council

External Assurance Review

May 2026

A Report by:

The Chartered Institute of Public Finance and Accountancy

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Any questions arising from this submission should be directed to:

John O'Halloran

CIPFA
77 Mansell Street
London
E1 8AN

Tel: +44 (0)20 7543 5600
Email: john.o'halloran@cipfa.org

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1 Executive Summary

1.1 Summary of Findings, Issues, Evidence and Analysis

Wirral Council is in a serious but potentially recoverable financial and governance position; with a £47.3 million gap over 2025-26 to 2029-30. The council would benefit from external support to achieve stability and sustainability.

The council does not lack formal frameworks; its core issue is delivery, control and grip under high financial stress. Governance, risk, finance, scrutiny and performance systems exist, but they have not consistently controlled the highest-risk areas: Adult Social Care (ASC), Special educational needs and disabilities (SEND), regeneration, procurement, capital affordability, commercial investments and transformation delivery.

The council remains financially weak, with recurring overspends, low reserves, a significant Medium Term Financial Strategy (MTFS) gap and continuing reliance on Exceptional Financial Support (EFS). Adult Social Care is the main driver, particularly residential, nursing and domiciliary care, where demand, complexity and package costs are rising faster than savings and transformation.

Financial sustainability is further weakened by limited internal resilience. Reserves are too low to absorb further deterioration without sustained corrective action. Although the council is seeking to avoid further EFS in the short term, further external support may be needed if transformation does not deliver quickly enough. Rebuilding reserves and reducing reliance on one-off measures must be core recovery objectives.

The finance function has lacked sufficient capacity, capability and strategic influence for the level of risk faced. Weaknesses remain in demand modelling, regeneration oversight, capital affordability and transformation support. Reporting should focus more clearly on assumptions, risks, options and consequences, supported by ongoing mandatory financial training for Members, the Senior Leadership Team (SLT) and budget holders.

Governance and control arrangements are in place, but effectiveness is inconsistent. Weaknesses in member–officer relationships, transparency, escalation, business cases, procurement and contract management reflect problems of execution, culture and behaviour rather than structure. Controls over regeneration, major programmes and procurement need stronger business cases, affordability gateways, scenario analysis, earlier escalation and improved member oversight. It is recognised that work is ongoing to address this through the council's statutory recommendations action plan.

Capital and commercial exposure is a critical risk. The council has a large, regeneration-heavy capital programme reliant on borrowing and uncertain receipts. Rising Capital Financing Requirement (CFR), Minimum Revenue Provision (MRP) and interest costs create long-term revenue pressure if schemes underperform. Capital receipt assumptions need to be rebased to realistic delivery levels and disposals appropriately identified and sold as soon as practically possible. Commercial exposure through joint ventures, investment properties and regeneration assets must be actively managed.

Regeneration and major projects require urgent grip. Weak appraisal, incomplete whole-life costing and insufficient scrutiny have exposed the council to income, valuation and liability risks. The Birkenhead Town Centre Movement Scheme illustrates this, with costs rising from £11.9 million to £24.3 million and serious weaknesses in project management, procurement compliance, change control and member reporting. It is recognised that an action plan has been agreed to address these issues.

Service delivery is not consistently efficient or effective. High-cost pressures are concentrated in ASC, SEND, children's placements, home-to-school transport and temporary accommodation. Adult and children's models align with prevention, reablement, early help and integrated care principles. Stronger forecasting, package review, edge-of-care support and proactive demand management are required.

Commissioning and procurement shows a mixed picture: Wirral's hybrid delivery model is consistent with sector practice, but reliance on external markets in adult care, SEND and major projects exposes the council to inflation, market instability and high-cost provision. A strategic commissioning pipeline is needed, linking demand modelling, market engagement and forward planning.

Leadership and culture remain material risks. The permanent Chief Executive Officer (CEO) appointment and senior officer restructure offer an opportunity to stabilise leadership and strengthen accountability, but benefits are not yet embedded. There is a need to address perceived weak member–officer relationships, limited transparency and unclear roles which reduce trust, challenge and escalation.

1.2 Key Risks / Findings and Recommendations

This table provides the improvement plan and roadmap that we recommend the council follows with priority actions indicated by the RAG rating and the recommended timeline included with the recommendations.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
On the quality of financial management and processes		
1. The council remains in a weak financial position, with recurring overspends, low reserves, a significant MTFS gap and continuing reliance on EFS. Adult Social Care pressures remain the most material driver of imbalance and create a risk that savings and transformation plans will not keep pace with demand and cost growth.	**High - 9**	1. The council should move beyond incremental savings and implement a fully costed, risk-tested recovery plan that resets the operating model, addresses adult social care demand and cost drivers, strengthens benefits realisation and provides clear accountability for delivery **by December 2026**.
2. Formal governance, risk and control frameworks are in place, but have not consistently translated into effective control over the highest-risk areas. Weaknesses in regeneration, procurement, contract management, business case discipline and member–officer behaviours increase the risk of further financial exposure and reputational damage.	**High - 9**	*2. The council should reinforce controls over regeneration, procurement, contracts and major programmes through stronger business cases, affordability gateways, scenario analysis, earlier risk escalation and more effective member oversight, ensuring statutory recommendations are translated into sustained behavioural and cultural change **by December 2026**.
3. The finance function is not yet operating with the capacity, capability or strategic influence needed to manage the council's level of financial risk.	**High - 9**	3. The council should increase finance capability in forecasting, demand modelling, regeneration oversight, capital affordability and transformation delivery ensuring finance is central to recovery planning and savings delivery **by December 2026**.
4. Members and senior officers do not always receive sufficiently clear, consistent or actionable financial information, and gaps in financial training may weaken scrutiny, challenge and accountability.	**Medium - 4**	4. Financial reports should focus more clearly on risks, assumptions, options and consequences, supported by ongoing mandatory training for Members, SLT and budget holders to strengthen financial understanding and decision-making **by December 2026**.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
5. Unless emerging financial risks are escalated promptly and their potential impact are clearly explained, the importance of any mitigation measures could be underestimated by members and officers.	**High - 6**	5. The council should refresh its training and guidance to officers on the need for prompt and clear reporting on any emerging risks **by December 2026.**
On financial sustainability and risk		
6. The council faces a capital receipts delivery risk, with receipts built into the MTFS and capital funding plans despite a recent track record of under-delivery. This creates a gap between assumed and deliverable funding.	**High - 6**	*6. The council should continue to deliver its asset disposal plan and rebase receipt assumptions to realistic, evidence-based delivery levels, removing optimism bias from financial plans **as soon as possible**.
7. The council faces a capital affordability risk, with a large regeneration-heavy programme reliant on borrowing and uncertain receipts. Rising CFR, MRP and interest costs create long-term revenue pressure and increase exposure if schemes underperform.	**High - 9**	*7. The council should tighten capital affordability controls, requiring all schemes to pass robust prudential tests with full whole-life revenue, borrowing, MRP and risk implications before approval **as soon as possible**.
8. Joint ventures, investment properties and regeneration assets are carrying uncertain income, valuation and viability assumptions. Weak appraisal and incomplete whole-life costing increase the risk of future liabilities.	**High - 9**	*8. The council should rationalise and actively manage commercial exposure, with rigorous appraisal, performance monitoring and clear accountability for companies, joint ventures and investment assets **by December 2026**.
On service reform, delivery and transformation		
9. Performance inconsistency, with some strong services (e.g. planning) but wider underperformance (e.g. waste, partnerships), reflects uneven service quality and limited corporate grip.	**Medium - 4**	9. Drive performance consistency through targeted improvement plans, stronger corporate grip and replication of effective practice from better-performing services **by March 2027**.
10. Wirral's adult social care and children's models align with best practice but are not yet consistently embedded across all areas. This leads to fragmented pathways, variable practice, weak oversight and continued financial pressure.	**High - 9**	10. The council should turn strategy into consistent delivery, embedding integrated, end-to-end pathways in adults and children's services, including a single borough-wide reablement model and clearer accountability **by December 2026**.
11. Reablement, prevention, SEND reform and placement sufficiency are not yet operating at the scale needed to reduce high-cost demand. Adult care packages, SEND and home-to-school transport remain key pressure points.	**High - 6**	11. It should strengthen demand management and prevention, using better forecasting, package review, SEND reform, edge-of-care support and ongoing early help to shift from reactive intervention to proactive control with an action plan agreed **by December 2026**.
12. The adult care market oversight is improving but gaps remain in complex	**High - 6**	12. The council should improve commissioning and delivery discipline,

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
provision, while children's commissioning, SEND pathways and placement sufficiency are still not timely, integrated or financially sustainable.		ensuring clear market strategies, measurable outcomes, stronger partnership working and robust oversight of high-cost placements, SEND and care provision **by December 2026**.
13. Strong strategic and financial alignment does not translate into delivery, leaving continued overspends and reliance on external support. This suggests recovery plans may not be deliverable at the required pace or scale.	**High - 9**	13. The council should continue to strengthen delivery against its existing framework, ensuring plans translate into measurable outcomes with clear accountability for savings and budget control **by December 2026**.
14. It is acknowledged that the capacity and capability within procurement, commercial and programme expertise has evolved recently, however, risks remain due to procurement not yet being embedded as a strategic partner in service design.	**Medium - 4**	14. Continue to build commercial and procurement capability, embedding specialist advice into commissioning and project teams, aligned with the senior officer restructure's focus on governance, capability and financial control **by March 2027**.
15. Reliance on external providers in adult care, SEND and major projects risks exposing the council to inflation, market instability and high-cost provision.	**High - 6**	15. Develop a strategic commissioning pipeline, linking demand modelling, market engagement and forward planning to reduce high-cost reliance and improve value from the hybrid delivery model **by December 2026**.
On governance, culture and leadership		
16. Member challenge is constrained by long, complex and variable-quality reports, especially in high-risk areas such as regeneration and commercial investment.	**High - 6**	16. Improve member scrutiny, by producing shorter, sharper decision papers with clear options, risks, financial implications and recommendations **as soon as possible**.
17. Incomplete financial analysis, weak cost modelling and uneven governance understanding increase the likelihood of poorly informed decisions and financial exposure.	**High - 6**	17. Embed governance and commercial capability, through targeted training, clearer member/officer roles and robust business cases that fully evidence whole-life costs and affordability **by December 2026**.
18. The appointment of the new CEO on a permanent basis adds stability but the restructure proposals will inevitably cause organisational disturbance and potential delay to the major transformation programmes upon which financial stability rest.	**Medium - 4**	18. The council should continue to implement its senior officer restructure to stabilise leadership and governance arrangements, ensuring clear roles, consistent political and officer alignment, and continuity of key priorities **by March 2027**.
19. Weak member-officer relationships, limited transparency and unclear roles reduce trust, challenge and effective risk escalation, risking		19. The council should strengthen collective leadership effectiveness **by March 2027** through visible action to improve transparency, rebuild trust and embed clear escalation and

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
undermining cohesive decision-making.	**Medium - 4**	accountability across member and officer relationships. This should include refreshing and applying the member–officer protocol; holding structured political and officer leadership meetings with action tracking; ensuring early reporting of financial, performance and risk pressures; clarifying escalation routes; and providing joint development on governance, decision-making, financial stewardship and constructive challenge. Named owners, milestones and regular reporting should ensure accountability and prompt action where delivery slips.
20. Strong strategic intent is not consistently translated into outcomes due to weak execution, inconsistent organisational understanding and an under-embedded culture of accountability risking transformational delivery.	**Medium - 4**	20. The council should improve delivery grip and cultural consistency, linking transformation to measurable outcomes, reinforcing organisational understanding, and embedding behaviours that support openness, challenge and performance **by March 2027**.

***** It is noted that recommendations 2, 6, 7 and 8 are also addressed within the council's responses to the recent external audit report and regeneration review action plans.

2. Introduction

2.1 Background

The council formally requested Exceptional Financial Support (EFS) from the Ministry of Housing, Communities and Local Government (MHCLG), in 2021 and subsequently in 2023. Following the council's application for exceptional financial support in 2021, DLUHC commissioned external assurance reviews, and the council established a separate Independent Assurance Panel which commenced its role on 21 December 2021 and reported twice yearly on progress against the improvement plan. The Board operated through to March 2024. In January 2024, the council made a further request for £18.6 million support for 2024-25. In December 2025 the council made a further request for £7.5 million for 2025-26. The council were provided with this support in-principle in February 2026. The conditions attached to this in-principal support included a requirement for the council to undergo an external assurance review and to produce an improvement and transformation plan.

2.2 Requirement & Methodology

CIPFA has been asked by MHCLG to deliver an external assurance review (in depth assessment of finance and governance) of the council. The review is required to cover the areas set out in Annex 1 and to be completed in line with the objectives set out in the contract specification.

3 Areas Reviewed

3.1 Review Area 1: Quality of financial management and financial processes

Wirral Council faces entrenched and long-standing weaknesses in financial sustainability and governance, marked by recurring social care overspends, critically low reserves, an unresolved medium-term funding gap and multiple statutory recommendations. While formal governance, audit, risk and finance frameworks are largely compliant with CIPFA requirements and risks are clearly identified, they have not translated into effective control or timely mitigation, reflecting deeper issues in organisational culture, behaviours, leadership capacity and decision-making under pressure. The finance function has not been sufficiently strong in managing volatility, capital affordability and regeneration risk, nor in acting as a strategic driver of transformation, with savings plans often underdeveloped and financial reporting lacking analytical depth. Despite active oversight, assurance mechanisms and an emerging transformation programme, controls in high-risk areas such as social care, regeneration, procurement and financial resilience remain inadequate, leaving the council overly reliant on short-term measures and highlighting the need for a fundamental reset to secure sustainable recovery.

The following sections outline the basis of this assessment in more depth.

a) The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.

Key findings and analysis

Multiple statutory recommendations within the external auditor's annual governance report for 2024-25 are significant indicators of failure in Wirral's financial sustainability and governance arrangements. These reflect systemic weaknesses. Their existence indicates that issues are persistent rather than isolated, and that previous recovery actions have not been sufficient to address underlying problems.

Wirral's immediate financial position remains weak due to persistent overspending. An £18.6 million overspend in 2024-25, largely driven by unbudgeted social care costs, required EFS. In 2025-26, the forecast outturn shows a £7.3 million adverse variance, with Adult Care & Health overspending by over £9 million. Most of the overspend relates to residential, nursing and domiciliary care, driven by higher package costs, increasing complexity and rising demand for support at home.

Unallocated reserves are very low, and the planned increase to 3.8% of net budget is insufficient for the risk level. The council aims to rebuild reserves to 5%, but this depends on achieving in-year balance and savings, which remains unresolved.

The MTFS remains under pressure, with a £47.3 million gap over 2025-26 to 2029-30, and transformation has not yet been ambitious enough. An interim Director of Transformation was appointed in January 2026 for one year to accelerate change.

The Capital Financing Strategy aligns with CIPFA requirements, with formal governance in place. However, affordability risks remain, particularly from regeneration exposure.

There is a clear and well-designed governance framework, but the issue is not its absence, it is the failure to translate it into effective grip over key risks.

Weaknesses are largely behavioural and cultural rather than structural, with decision-making inconsistent under pressure. Although arrangements exist for risk assessment, budget setting and decision-making, supported by policies, they have not been effective in mitigating major financial risks, particularly in social care and regeneration.

In 2024-25 external audit identified serious concerns around trust between members and officers, lack of openness and transparency, unclear roles and behaviours not consistently supporting accountability, leading to a statutory recommendation. Regeneration governance has been a persistent weakness, particularly in business case quality, leadership capacity, programme management and procurement.

The council has accepted the need for a consolidated view of liabilities, stronger scenario analysis and affordability gateways, highlighting systemic control failures. Regeneration is a core financial risk with significant long-term implications, and the council is seeking to strengthen leadership through a new Director of Capital Projects and Assets.

The internal control environment provides reasonable assurance overall but is weakest where risk is highest and not strong enough at key points of financial exposure. The Annual Governance Statement (AGS) confirms that risk management and internal control provide reasonable, not absolute, assurance, supported by strategic and project risk registers reviewed by Senior Leadership Team (SLT) and Audit and Risk Management Committee (ARMC). However, both the AGS and external audit identify major weaknesses in contract governance, financial resilience and regeneration. Internal audit remains credible, with the 2024-25 opinion concluding that systems of control and governance are broadly adequate and effective.

Counter-fraud arrangements show good practice in proactive awareness and a comprehensive set of policies. In contrast, procurement and contract management represent the clearest control weakness, with significant failings identified, particularly in the Birkenhead Town Centre Movement Scheme, where costs more than doubled alongside non-compliance and weak change control.

The council has recognised the need for a fundamental reset without which there is a material risk that regeneration will continue to fail to deliver outcomes, expose the council to financial and reputational risk, and undermine long-term recovery.

The council operates under a committee system and therefore has no formal scrutiny committees. The ARMC appears active and broadly aligned with CIPFA good practice. The AGS confirms it reviews financial statements, governance, audit reports and risk. External audit notes two independent members, a CIPFA self-assessment and an annual report, supporting transparency and a sound control environment.

Despite this, the 2024-25 external audit rated governance as red, citing weaknesses in budget setting and monitoring, member–officer relationships, regeneration business cases, leadership capacity and recruitment. This suggests the committee has not yet delivered effective control over key risks, with scrutiny remaining largely retrospective rather than driving change.

The council achieved formal compliance in the 2024-25 accounts, with an unmodified audit opinion confirming they present a true and fair view and comply with the CIPFA/LASAAC Code and statutory requirements. However, audit work resulted in material adjustments, including regeneration accounting, omitted leases, IFRS 16 valuation changes and a pension asset ceiling adjustment. This indicates technical accounting quality was stretched in higher-risk areas.

The auditor found no inconsistencies in other information, including the AGS, and no issues with Code compliance. The Capital Financing Strategy and MRP Statement reference CIPFA codes, MHCLG guidance and IFRS 16, confirming alignment with current accounting and capital finance requirements.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
1. The council remains in a weak financial position, with recurring overspends, low reserves, a significant MTFS gap and continuing reliance on EFS. Adult Social Care pressures remain the most material driver of imbalance and create a risk that savings and transformation plans will not keep pace with demand and cost growth.	**High - 9**	1. The council should move beyond incremental savings and implement a fully costed, risk-tested recovery plan that resets the operating model, addresses Adult Social Care demand and cost drivers, strengthens benefits realisation and provides clear accountability for delivery **by December 2026.**
2. Formal governance, risk and control frameworks are in place, but have not consistently translated into effective control over the highest-risk areas. Weaknesses in regeneration, procurement, contract management, business case discipline and member–officer behaviours increase the risk of further financial exposure and reputational damage.	**High - 9**	2. The council should reinforce controls over regeneration, procurement, contracts and major programmes through stronger business cases, affordability gateways, scenario analysis, earlier risk escalation and more effective member oversight, ensuring statutory recommendations are translated into sustained behavioural and cultural change **by December 2026.**

b) The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.

Key findings and analysis

Wirral has required EFS of £18.6 million for 2024-25 and £7.5 million for 2025-26. The MTFS for 2026-27 to 2028-29 confirms that transformation programmes are essential for longer-term stability. The council is therefore operating in a complex environment where the finance function must go beyond routine stewardship to support recovery, redesign and risk management.

The council has a properly constituted finance governance structure; however, the 2024-25 Auditor's Annual Report identified significant weaknesses in short- to medium-term financial sustainability, including issues in budget setting and monitoring that required statutory recommendations. This suggests the finance function has not yet been strong enough in practice to manage the current level of volatility and risk. Weaknesses in regeneration oversight, demand modelling in Adult Social Care, and capital affordability indicate capacity gaps in financial modelling, risk management and commercial oversight. The recently appointed CEO and interim Section 151 Officer demonstrate a clear understanding of the issues and required actions to address the council's financial position.

The MTFS recognises that transformation is essential for medium- to long-term stability. The programme produced by the Interim Director of Transformation has been agreed and early implementation of the approach has begun. It is recognised that this is an ambitious programme that will require heft and pace to deliver savings in line with a sustainable budget within 3 years.

Finance is not yet acting as the strategic driver of transformation, although there are plans to strengthen links between financial strategy and delivery. This includes ensuring savings plans are fully developed and deliverable, which has not always been the case.

External audit highlighted the need to accelerate transformation, stating in its 2024-25 report that the council must increase the pace to close budget gaps and address risks. A statutory recommendation requires urgent mobilisation of the change programme and more robust, costed business cases with clear benefits tracking.

Member-led financial challenge has also been strengthened, with a Budget Task & Finish Group and a Finance Working Group established to regularly review the budget gap and savings proposals.

Members are supported by a well-established governance and reporting framework, including regular committee oversight, internal and external audit, and formal budget and risk reporting processes. Budget monitoring reports and the Corporate Risk Register provide structured information on financial performance, savings delivery and key risks, meaning decision-makers are not operating without formal financial information.

Financial information has at times lacked clarity, consistency and transparency, particularly in complex areas such as regeneration and demand-led services. Evidence suggests that members have not always been provided with sufficiently clear, actionable insight into financial implications and risks, and both the council and its auditors have questioned whether existing budget-setting, forecasting and monitoring arrangements are robust enough.

The 2024-25 external auditor's annual report identified that financial and risk training for Members and senior officers had been insufficient, contributing to weaknesses in understanding roles, responsibilities and financial decision-making. This was significant enough to result in a statutory recommendation requiring the introduction of a mandatory development programme to strengthen financial awareness and governance across both Members and officers.

In response, the council has committed to enhanced training arrangements, including mandatory financial training for SLT members and budget holders and a Member Learning and Development Strategy covering key areas such as revenue, capital, budget setting and monitoring.

Risks and Recommendations

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
3. The finance function is not yet operating with the capacity, capability or strategic influence needed to manage the council's level of financial risk.	**High - 9**	3. The council should increase finance capability in forecasting, demand modelling, regeneration oversight, capital affordability and transformation delivery ensuring finance is central to recovery planning and savings delivery **by December 2026.**
4. Members and senior officers do not always receive sufficiently clear, consistent or actionable financial information, and gaps in financial training may weaken scrutiny, challenge and accountability.	**Medium - 4**	4. Financial reports should focus more clearly on risks, assumptions, options and consequences, supported by on going mandatory training for Members, SLT and budget holders to strengthen financial understanding and decision-making **by December 2026.**

c) The local authority's approach to financial risk management including identification, management and treatment of risk.

Key findings and analysis

The council's constitution details Budget and Policy Framework Rules and Finance Procedure Rules and Contract Procedure Rules. These are comprehensive and in accordance with good practice. No concerns have been identified.

The council operates a hierarchy of risk registers with corporate, operational and project risks being reviewed by the SLT and ARMC. The Corporate Risk Register (CRR) itself is reviewed quarterly by SLT and reported to governance forums including the Policy & Resources committee. The 2024-25 AGS identifies Financial Resilience as a significant governance issue and notes that effectiveness is assessed through assurance from senior officers, internal audit, the Chief Internal Auditor, external audit and other reviews.

The council has a range of mechanisms to manage financial risk. The Policy & Resources Committee provides corporate oversight of performance, budget monitoring and risk, while ARMC reviews governance, audit and risk management. This provides a clear governance split, although mitigation of identified risks is less well evidenced.

The council uses the “three-lines model” and CRR to produce a traffic-light assurance map, assessing whether assurance exists across all lines of defence. The 2026-27 Internal Audit Plan aligns to the CRR and was developed with SLT input, while March 2026 reporting highlights robust in-year monitoring of budgets and savings, indicating risk management is treated as an ongoing control activity.

The AGS notes that when 2024-25 forecasts showed a significant overspend, early measures to restrain spending and deliver savings were introduced but proved insufficient, leading to an application for EFS. It also highlights strengthened monitoring, a CIPFA rapid review and targeted deep dives, particularly in social care. This demonstrates active risk treatment, but only partial effectiveness, with mitigation driven through both officer ownership and member oversight.

The 2024-25 external auditor report confirms that while arrangements exist to assess risks, set budgets and support decision-making, these controls have not been effective in mitigating key financial risks, particularly social care and regeneration. Significant weaknesses were identified in financial sustainability and the Dedicated Schools Grant (DSG) deficit, leading to statutory recommendations, indicating material rather than marginal weaknesses.

Regeneration risk has been especially poorly contained, with auditors noting the need for stronger corporate grip to fully understand and mitigate liabilities. This suggests risks were visible but not effectively escalated or controlled.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
5. Unless emerging financial risks are escalated promptly and their potential impact are clearly explained, the importance of any mitigation measures could be underestimated by members and officers.	**High - 6**	5. The council should refresh its training and guidance to officers on the need for prompt and clear reporting on any emerging risks **by December 2026.**

3.2 Review Area 2: Financial Sustainability And Risk

Wirral Council's financial position remains fragile, driven by persistent overspends that have eroded reserves, deep-seated demand pressures - particularly in adult social care, volatility in DSG and Housing Benefit subsidy, and historic weaknesses in controlling regeneration and capital risks. Although stronger in year budget controls, monitoring, leadership changes and governance arrangements have helped stabilise the short-term position, savings continue to lag behind rising costs, leaving a £77 million MTFS gap and ongoing reliance on EFS. Transformation plans are not yet sufficiently costed, embedded or ambitious enough to address underlying demand and cost drivers, and adult social care remains the dominant risk with overspends continuing to outpace mitigation. Capital and regeneration activity further heighten risk due to scale, borrowing dependence, under delivery of capital receipts and inconsistent affordability and business case discipline. While new asset disposal and capital governance frameworks are positive steps, limited delivery capacity, weak grip and reliance on optimistic assumptions mean the medium-term outlook remains highly uncertain without sustained delivery of transformation, tighter demand management and stronger control over borrowing and capital investment.

a) The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.

Key findings and analysis

Over the last three financial years, Wirral has had to increase its net budget to reflect inflation, pay awards, contractual pressures and rising service demand. The most acute pressure has been Adult Social Care, with continuing pressures also evident in children's services, SEND and home-to-school transport. EFS was required in 2024-25 to balance the outturn position, while 2025-26 remains a Q3 forecast position rather than a final outturn.

	2023-24	**2024-25**	**2025-26 (*Q3 forecast)**
	(£ million)	*(£ million)*	*(£ million)*
Original Budget	366.600	399.600	444.700
Outturn / Forecast	377.304	418.241	451.976*
EFS used	0.000	18.641	0.000*
General Reserves movement	0.000	+1.353	+2.167*
Earmarked Reserves movement	-16.700	-6.900	-13.100*

Notes: *The 2025-26 EFS row shows nil use in the forecast table because the £7.5 million agreed in principle was not built into the base budget.*

Adult social care cost and demand pressures are the main drivers of Wirral's financial fragility. The 2025-26 Quarter 3 report shows a £9.207 million overspend in Adult Care & Health, driven by higher-cost packages, increasing complexity and rising demand for domiciliary care. This reflects not only volume pressures but growing cost intensity, indicating a structural issue rather than a short-term spike. Despite additional investment, the council has not yet contained this pressure.

Overall, Children's Services face rising demand and increasing complexity, particularly in SEND and high needs, alongside cost inflation in placements and transport which is driving ongoing budget pressure. This is compounded by a structural DSG funding gap requiring support from reserves, with underlying volatility masked by in-year management, meaning the financial position is not yet fully stable.

Housing Benefit subsidy now represents a concentrated financial risk rather than a stable funding stream. The remaining caseload is smaller but more complex, focused on high-cost areas such as temporary accommodation and supported housing where subsidy rules are restrictive and often do not cover full costs, while Local Housing Allowance (LHA) caps and housing market pressures create structural funding gaps. This is compounded by the technical nature of subsidy rules, where errors, overpayments or weak audit trails can lead to direct loss of income; as the caseload reduces, the impact of individual errors increases, making subsidy a disproportionately high-risk area within the council's overall financial position.

Financial resilience remains weak relative to the council's risk profile. Unallocated reserves are very low, and the planned increase to 3.8% of net budget is insufficient to provide a meaningful buffer. The council has committed to rebuilding reserves to around 5%, but this depends on achieving in-year balance and delivering savings, which has not yet been secured.

The medium-term position is also under strain, with an MTFS gap of £47.3 million from 2025-26 to 2029-30. Addressing this will require substantial savings, faster transformation and operating model redesign. Whilst a new approach to change has been formulated (Change Plan: next steps), it is currently uncosted and transformation to date has not been sufficiently ambitious or rapid, leaving the funding gap largely unresolved.

In terms of the medium-term financial plan the following is a summary underpinning the MTFS for the period up to 2028-29.

Financial Year	**2026-27** *(£million)*	**2027-28** *(£million)*	**2028-29** *(£million)*
Budget Requirement (including prior year shortfall)	444.723	495.222	527.661
Pressures	61.177	34.698	31.411
Savings	-10.677	-2.259	-2.500
Revised Budget Requirement	**495.222**	**527.661**	**556.572**
Funding	-479.281	-481.693	-498.236
Potential Council Tax Increases	-9.970	-10.491	-11.039
Total Funding	**-489.252**	**-492.184**	**-509.275**
Shortfall To Be Addressed	**5.970**	**35.478**	**47.297**
One-Year Relief: EFS	-5.970		
REVISED 2026-27 Shortfall (+) / Surplus (-)	**0.000**	**35.478**	**47.297**

Regeneration activity presents a further major financial risk. Historically, risks have not been fully understood or isolated, and stronger corporate grip is needed to assess liabilities, quantify exposure and manage impacts. Governance weaknesses have compounded this, affecting decision-making, financial challenge and delivery of corrective action. External pressures, including inflation, rising demand for statutory services and constrained funding, further worsen the position.

The council has introduced mitigation actions including stronger budget monitoring, spending controls and active savings tracking. In Adult Social Care, this is supported by demand management, high-cost package reviews and financial recovery planning. More fundamentally, the council has restructured to strengthen leadership, accountability and delivery, including Executive Director roles for Place and People, a Director of Corporate Services, and a Director of Capital Programmes and Assets to improve oversight of regeneration and capital risk.

The restructure also clarifies statutory and corporate roles, including the Section 151 Officer, and strengthens governance through a Director of Law and Governance. Alongside the Director of Transformation and Programme Management Office alignment, this creates a more coherent model linking finance, transformation and performance.

However, while the revised structure and the change plan offer a more credible platform to manage financial pressures, they are recent and not yet fully embedded. Continued financial pressures and external audit findings indicate that the council's ability to manage underlying cost and demand drivers remains developing and will depend on sustained delivery of this structure in practice.

Risk and Recommendations

- No additional risks identified

b) An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back

Key findings and analysis

Wirral has delivered significant savings over the past three years.

Year	Savings proposed (£m)	Delivered / on track (£m)	Estimated shortfall (£m)	Net position
2023-24	21.000	19.000	2.000	Overspend emerging
2024-25	23.500	21.500	2.500	Overspend requiring EFS
2025-26	25.446	21.458	3.166	£7.3 million overspend forecast, EFS available

However, the savings are not large enough to offset demand and cost pressures. In terms of actual activity in 2025-26 projected outturn:

Directorate / Area	Budget (£m)	Forecast (£m)	Variance (£m)	Variance (%)	Key Drivers

Adult Care & Health	157.6	166.8	9.207	6%	Cost of care, complexity, demand
Children, Families & Education	108.9	109.0	0.049	0%	SEND, education pressures
Neighbourhood Services	42.4	43.7	1.305	3%	Environmental & service demand
Regeneration & Place	19.1	19.3	0.235	1%	Programme pressures
Finance	27.5	27.5	0.007	0%	Balanced
Law & Corporate Services	18.9	18.6	-0.331	-2%	Underspend
Corporate / Central Items	27.2	23.9	-3.240	-12%	Grants, funding
Levies	43.1	43.2	0.043	0%	Stable
TOTAL	**444.7**	**451.9**	**7.276**		**Overall overspend**

The council has implemented clear in-year controls to manage expenditure, with officers required to limit spending to essential activity, apply recruitment and spending restrictions, and prioritise delivery of agreed savings. These controls are supported by strengthened budget monitoring arrangements, with quarterly reports tracking forecast outturn, savings delivery and reserves.

The 2026-27 MTFS shows financial savings of £10.677 million leaving a shortfall of £5.970 million to be covered by EFS. Whilst, as shown above, the council has made savings of this (and bigger) magnitude in the past, future years savings targets of £2.259 million in 2027-28 and £2.5 million in 2028-29 are insufficient on their own to cover the MTFS gap.

The council is strengthening its approach through requirements for costed, deliverable plans with clear business cases, ownership and oversight. Transformation is central to closing the gap, with a focus on accelerating delivery, redesigning the operating model and aligning activity to financial sustainability. Additional leadership capacity has been introduced to drive this, but deliverability remains uncertain given continued overspending, reliance on EFS and audit findings that transformation has not yet been sufficiently ambitious.

The council is reviewing income collection arrangements and restructuring its Revenues & Benefits service to improve performance, in line with statutory recommendations. It is also using capital receipts to fund transformation through the Flexible Use of Capital Receipts Strategy, releasing short-term revenue capacity. However, these measures are one-off in nature and do not provide a sustainable long-term solution, with the council continuing to rely on external support due to the gap between funding and demand.

The council has shown no inclination for increases in council tax above the referendum threshold. In terms of Wirral's Council Tax Reduction Scheme (CTRS) from 1 April 2026, the council has approved a revised policy so that the maximum award reduces to 50% of the bill (previously 82.5%). The council anticipates the change is expected to raise about £4 million in 2026-27.

Short-term cost control is being achieved through limiting non-essential expenditure and restricting recruitment, but this does not fundamentally reshape service delivery. Longer-term reductions are expected through transformation, including demand management in adult social care, service redesign and changes to commissioning.

Risk and Recommendations

- No additional risks identified

> ***c) An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.***

Key findings and analysis

The forecast £7.276 million overspend in 2025-26 confirms continued reliance on spending controls, savings delivery, and external support rather than reserves. The council's reserves are not strong enough to act as a buffer. They have been drawn down rapidly and unsustainably over 2024-25 to 2025-26 and are no longer a viable balancing mechanism. In 2024-25, a £22.6 million gross (£18.6 million net) overspend required £18.6 million EFS, with the council stating reserve use would have "depleted all available funds" and left a "precarious position".

The underlying reserve position is structurally weak. General reserves are c.£13.2 million (March 2025) against a c.£400 million net budget (c.3.3%), below the 5% resilience benchmark so not a credible financial buffer.

Management aims to rebuild reserves to 5% over time, but this depends on restoring recurring balances across adult care, children's placements/SEND, and housing pressures, alongside delivering savings. This makes reserves an aspiration for future resilience rather than a current solution.

The requirement for EFS in both 2024-25 and 2025-26 demonstrates that the council has already moved beyond self-sufficiency in managing in-year pressures and has relied on external mechanisms to maintain short-term financial stability.

It is, however, understood that in the outturn for 2025-26 the council will not be using EFS to balance the overspending. It has further been stated that this approach will also be used in 2026-27, allowing 2 years for transformation plans to be implemented and mature. The outlook for 2027-28 is seen as potentially problematic if transformation is slower in development and EFS may then be needed once again.

While this does not in itself confirm that further EFS will be required, the combination of persistent overspends, a large medium-term funding gap (£47.3 million), low reserves and a track record of savings slippage means the risk cannot be discounted. Without a material improvement in the pace and delivery of transformation and demand management, the council's capacity to absorb shocks internally remains very limited, increasing the likelihood that additional external support may again be needed.

Adult Social Care remains the dominant financial risk and should therefore remain under a distinct financial improvement regime, with package-level review, strengthened commissioning controls, tighter demand modelling and monthly corrective tracking. A critical element of this is the relationship with NHS partners and associated funding flows. Strengthening joint financial governance with the NHS, particularly around discharge pathways, Continuing Healthcare (CHC) eligibility, and pooled budgets is crucial to ensure the council is not absorbing avoidable costs. In parallel, the council should ensure full recovery and optimisation of income streams, including NHS contributions, Better Care Fund arrangements, and client income from care charging.

The wider financial framework, including the MTFS, highlights the need for disciplined capital investment and reduced reliance on external support. The council should apply firmer affordability gateways, ensure full revenue and treasury implications are understood, and rephase or defer schemes without a clear funding case.

The Q3 report confirms the council is “spending only where absolutely necessary” and applying recruitment and spending controls. This discipline should continue but be applied more strategically, pausing non-essential activity, reducing discretionary spend and focusing capacity on transformation that delivers cashable benefits. This is essential to stabilise the in-year position and support recovery.

Risk and Recommendations

- No additional risks identified

d) An assessment of how the council expects to finance capitalisation (i.e. through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach.

Key findings and analysis

Wirral has used, or has access to, EFS to manage short-term budget pressures. The 2024-25 overspend required £18.6 million of EFS. A further £7.5 million was available for 2025-26.

If these amounts are capitalised and financed through borrowing, they add an ongoing revenue cost through Minimum Revenue Provision (MRP) and borrowing interest. The table below provides an indicative estimate only, actual costs will depend on the final amount drawn, interest rates, borrowing term, externalisation decisions and wider treasury management strategy.

Financial year	Forecast MRP costs (£m)	Forecast interest costs of borrowing (£m)
2026-27	1.305	1.305*
2027-28	1.604	1.604*
2028-29	1.604	1.604*

** MRP 20 year straight line; interest costs are indicative assuming borrowing at 5.0%.*

Risk and Recommendations

- No additional risks identified

e) An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under EFS.

Key findings and analysis

The asset base is closely linked to regeneration and service priorities, with assets such as the Grange and Pyramids Shopping Centre, Local Plan brownfield sites, Wirral Waters, and the Mallory and Irvine buildings supporting wider corporate and place-based objectives rather than simple disposal. The council also recognises the need to right-size, modernise and improve estate efficiency.

Much of the estate is tied to operational delivery, regeneration and climate/place objectives, limiting how quickly receipts can be generated. However, financial sustainability is now a key priority and may outweigh some service ambitions. The strategy's focus on condition, use, location and running costs confirms disposals are part of managed estate reshaping, not a simple sell-off.

The Asset Strategy 2025–2030 and Acquisition and Disposal Policy signal a more planned, governance-led approach, with clearer routes, stronger oversight and focus on best value. However, much of the estate is tied to regeneration and service delivery, limiting disposals purely for financial gain.

There remains tension between short-term funding needs and longer-term asset management. Stronger governance may improve discipline but could slow receipt generation. Success will depend on balancing robust oversight with timely, realistic disposals from a strategically constrained estate.

There is clear scope for receipts to support capitalised expenditure, as Wirral is already using this route. The MTFS and budget proposals confirm an intention to maximise this flexibility, including an assumed £2.6 million in-year mitigation in 2026-27.

There is evidence that the capital programme and wider financial plans are still assuming capital receipts as part of the funding mix. The capital financing strategy confirms that capital expenditure is financed from external sources, the council's own resources including capital receipts, and debt. This indicates that receipts remain an important and live component of the council's financial strategy. The Q3 and MTFS narrative, however, indicate receipts weaker than planned and running below earlier assumptions.

Capital receipts have consistently under-delivered against planning assumptions, weakening their reliability as a funding source. This reflects structural constraints, with much of the asset base tied to regeneration and service delivery, limiting disposal options and slowing realisation.

Overall, capital receipts remain important but unreliable, increasing reliance on spending controls, borrowing and EFS.

Risks and Recommendations

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
6. The council faces a capital receipts delivery risk, with receipts built into the MTFS and capital funding plans despite a recent track record of under-delivery. This creates a gap between assumed and deliverable funding.	**High - 6**	6. The council should continue to deliver its asset disposal plan and rebase receipt assumptions to realistic, evidence-based delivery levels, removing optimism bias from financial plans **as soon as possible.**

f) A detailed assessment of any ***financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regards to these areas, including, but limited to, minimum revenue provision guidance, investment guidance, and accounting codes.***

Key findings and analysis

Wirral's capital programme is large, complex and increasingly debt-sensitive, with planned expenditure of c.£121.3 million in 2026-27, including c.£83.9 million in Regeneration & Place. It relies on grants, receipts and significant borrowing (£47.5 million), with rising Capital Financing Requirement (CFR) creating long-term revenue costs through MRP and interest. Although the framework reflects CIPFA Prudential and Treasury Management Code requirements, the scale of borrowing and reliance on receipts heighten affordability and sustainability risk.

The key issue is the link between capital investment, regeneration and financial sustainability. External audit identified weaknesses in how regeneration risks and liabilities are understood and managed, with insufficient corporate grip. This raises concerns about whether long-term revenue implications are being fully assessed before decisions are made.

Capital processes appear aligned with statutory guidance, with business cases, governance boards, Member approvals and monitoring in place. However, audit and regeneration review evidence show inconsistent application. Business cases have not always been sufficiently developed, affordability has not always been tested, and ambition has exceeded deliverable planning.

Scrutiny operates through committees and reporting, but has not consistently prevented risk escalation. In regeneration, governance has not always mitigated financial risks, and some decisions lacked transparency. Reprofiling and scheme changes suggest oversight has often been reactive rather than preventative.

External expertise has been used, including the independent regeneration review and specialist advisors, but often after problems emerged. This points to gaps in internal capability and the need for stronger delivery models and partnerships.

Capacity remains a key constraint. The regeneration review identified a mismatch between ambition and delivery capability, while audit highlighted weaknesses in leadership, programme management and procurement. The new Executive Director of Place and Director of Capital Programmes and Assets roles are intended to strengthen oversight, integrate housing, regeneration, infrastructure and assets, and improve grip on complex delivery.

There is a risk with the Council's involvement with Wirral Growth Company (WGC) because of its direct link to regeneration and major development schemes. The council is a partner in WGC and holds a ringfenced reserve supporting regeneration and capital activity, including Birkenhead Commercial District. External audit highlights that expected financial returns are now at risk due to unlet commercial space, creating uncertainty over both outcomes and financial assumptions.

Edsential presents a smaller but active exposure. The council holds a 50% stake and board representation, purchased £4.9 million of services in 2024-25, received £0.3 million, and has £1.1 million outstanding loans with a £0.23 million expected credit loss. This is more contained but still requires oversight.

Wirral continues to hold commercial investment exposure, mainly through property and non-treasury activity. An Investment Strategy is in place and approvals sit within the capital programme, broadly aligning with prudential guidance. However, audit evidence shows that application has not always been robust, particularly on long-term affordability and risk.

The Hythe illustrates this weakness. Audit identified poor option appraisal and financial planning, with limited consideration of income streams, borrowing costs and MRP. The asset was acquired above market value, and the council was still unable to quantify the full revenue impact after purchase.

Further exposure arises from the Birkenhead Commercial District, where viability depends on occupancy and rationalisation savings. Persistent vacant space and impairment indicate projected returns are unlikely to be fully realised, reflecting wider weaknesses in delivery models and financial assumptions.

The council is formally compliant with accounting and prudential frameworks, but there is a gap between policy and practice. Weak appraisal, risk assessment and whole-life costing leave the council exposed to income volatility, valuation risk and ongoing revenue pressure.

Major projects

The most acute project-level risk is the Birkenhead Town Centre Movement Scheme. External audit reports that costs rose from £11.9 million in March 2024 to £24.3 million in July 2025, requiring a further £8 million capital contribution in addition to previously agreed virements of £4.75 million. The contract governance review found serious weaknesses in project management, oversight, approvals, procurement compliance, change control and member reporting, with issues not properly escalated and legal/procurement officers not embedded in the project team.

More broadly, external audit found regeneration reporting to members was not frequent enough and that the programme was not always managed in line with corporate practices. The council's response accepts the need for a consolidated financial-exposure assessment covering variations, borrowing, contingencies, grant clawback, guarantees, impairments and revenue impacts. This indicates major-project risk management has fallen materially below best practice.

Risks and Recommendations

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
7. The council faces a capital affordability risk, with a large regeneration-heavy programme reliant on borrowing and uncertain receipts. Rising CFR, MRP and interest costs create long-term revenue pressure and increase exposure if schemes underperform.	**High - 9**	7. The council should tighten capital affordability controls, requiring all schemes to pass robust prudential tests with full whole-life revenue, borrowing, MRP and risk implications before approval **as soon as possible.**
8. Joint ventures, investment properties and regeneration assets are carrying uncertain income, valuation and viability assumptions. Weak appraisal and incomplete whole-life costing increase the risk of future liabilities.	**High - 9**	8. The council should rationalise and actively manage commercial exposure, with rigorous appraisal, performance monitoring and clear accountability for companies, joint ventures and investment assets **by December 2026.**

3.3 Review Area 3: Service Reform, Delivery and Transformation

Wirral has structurally high-cost, demand-led services for adult social care, children's services and SEND. Spending is materially above statistical neighbours without consistently stronger outcomes. While the council's service model and strategic direction broadly reflect current best practice, including prevention and integration, implementation is uneven and insufficiently embedded to deliver sustained efficiency or value for money. Inspection, audit and benchmarking evidence highlight mixed service effectiveness and ongoing weaknesses in SEND delivery, regeneration, programme management, procurement and commissioning, alongside exposure to market pressures, cost inflation and delivery risk. Although governance, monitoring and strategic alignment have strengthened and clear reform opportunities exist, inconsistent operational delivery, limited commissioning maturity and capacity gaps mean that financial discipline and transformation activity are not yet translating into consistently effective, financially sustainable outcomes across high-risk services and major projects.

The following sections outline the basis of this assessment in more depth.

a) The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.

Key findings and analysis

The following table derived from a number of data sources, including the latest Resilience index summarises the council's service delivery in terms of cost and performance against its nearest neighbours.

Service area	Relative cost assessment	Performance / effectiveness assessment	Performance against neighbours
Adult Social Care	Above expected / high-risk	Demand management and commissioning effectiveness not yet sufficient; service model appears high-cost relative to available resources.	Lower
Children's Social Care	Contained in-year but high emerging pressure	Continued effectiveness depends on controlling placements and edge-of-care demand; net budget balance may mask structural pressures.	Mixed / slightly lower
SEND / Home-to-school transport	High emerging pressure	Pressure suggests preventative pathways and transport policies need stronger control and benchmarking.	Lower
Housing / homelessness / temporary accommodation	High emerging pressure	Effectiveness is constrained by supply and reliance on costly TA; capital bid for council	Lower

		housing acquisitions suggests invest-to-save response.	
Regeneration / capital delivery	High cost / high risk	Weaknesses in business case, delivery model, programme management and governance reduce effectiveness of capital spend.	Lower
Neighbourhoods / Environment / Transport	Moderate pressure	Mixed: evidence of highways delivery, but revenue and capital pressures require targeted benchmarking.	Mixed
Corporate / Finance / Collection	Moderate risk	Collection and income recovery important but insufficient alone to resolve structural service pressures.	In line / slightly lower
Commercial investments / companies	High targeted risk	Performance uncertain due to unlet space, impairments, weak business cases and regeneration delivery risk.	Lower

Note – "lower performance against neighbours" equates to higher unit costs.

Wirral Council is operating within a structurally high-demand and high-cost system, particularly across Adult Social Care, Children's Services and SEND. Outturn data indicates total service spend per head of around £1,950–£2,000, compared with broadly £1,700–£1,750 for statistical neighbours. This establishes a clear baseline that Wirral operates at a material cost premium of around £60-£80 relative to comparators across core services, including adult care, children's social care, education and transport, driven by demand, complexity and service model factors rather than geography alone. This is reflected in ongoing overspends and financial pressure, with service delivery not consistently efficient or effective.

The latest 2025-26 monitoring and 2026-27 MTFS show a forecast net adverse variance of £7.3 million against the 2025-26 revenue budget of £444.7 million, driven mainly by Adult Care & Health, which is forecasting a £9.2 million overspend due to rising complexity and residential, nursing and domiciliary care costs.

The financial concentration is significant. In 2025-26, Adult Care & Health has a budget of £157.6 million and Children, Families & Education £108.9 million, together accounting for around 60% of the net revenue budget. For 2026-27, these rise to £181.6 million and £112.9 million respectively, with pressures of £26.7 million and £7.1 million. This shows the cost base is heavily concentrated in demand-led statutory activity.

Children's Services are broadly balanced at Q3, helped by reduced residential placements through the Children's Care Programme, but this masks risk from late-emerging care packages. SEND remains a major potential structural pressure, with the Dedicated Schools Grant deficit at £29.9 million at 31 March 2025 and projected to rise to £61 million by March 2026, driven mainly by High Needs Block demand and Education, Health and Care Plan (EHCP) growth. Whilst the introduction of the High Needs Stability Grant may address much of this gap when the statutory override is due to end in March 2028, the council would still be expected to fund the final 10% from its own resources.

Inspection evidence reinforces this. CQC rated Wirral's adult social care responsibilities as Requires Improvement in January 2025, while Ofsted's 2025 SEND inspection found widespread and/or systemic failings. Ofsted's January 2026 focused visit found children's front-door arrangements respond swiftly and effectively, but identified delays in safeguarding, inconsistent assessment quality and gaps in management oversight.

Environment and waste performance is weak against recycling benchmarks, with rates of 32.4% in 2023-24 and 31.1% in 2024-25, placing Wirral in the lower quartile nationally. Highways performance is mixed: casualty rates are favourable, but B and C road condition is worse than regional and national averages.

Planning performance is stronger, with a March 2025 report confirming 100% achievement against national targets for major applications, above the North West average. Appeals and enforcement monitoring also suggest better operational control than in some other areas.

Wider partnership performance is mixed, for example, Wirral Place Based Partnership reports from late 2025 to 2026 show performance below local and national standards for the 28-day cancer metric, with figures around 67–70% against plans in the high 70s, indicating place-based outcomes are not consistently strong.

From a corporate efficiency perspective, external audit evidence remains concerning. The 2024-25 report identifies weaknesses in SEND improvement, regeneration programme management, procurement and contract management. These issues, alongside inconsistent business cases, weak programme management and reactive oversight in regeneration and capital schemes, reduce value for money and add uncertainty around commercial activity and company structures.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
9. Performance inconsistency, with some strong services (e.g. planning) but wider underperformance (e.g. waste, partnerships), reflects uneven service quality and limited corporate grip.	**Medium - 4**	9. Drive performance consistency through targeted improvement plans, stronger corporate grip and replication of effective practice from better-performing services **by March 2027.**

b) Assessment of the extent to which the council's service delivery model of high demand / financial pressure areas, reflect current best practice and guidance on service effectiveness and efficiency.

Key findings and analysis

There is alignment with modern policy frameworks, including prevention, integration and strengths-based practice. Reablement, neighbourhood working and relational social work align with the Care Programme Approach, integrated care and the government's social work reform programme, which emphasises early help, consistent practice and workforce capability. Effective front-door and multi-agency arrangements also reflect best practice.

However, implementation is inconsistent and not embedded at scale. Adult social care is rated “requires improvement”, with weaknesses in access, reviews and governance.

SEND inspection findings identify systemic failings, including delays, weak EHC planning and unmet need, showing integrated commissioning and planning fall short of best practice.

Recent Ofsted evidence on children’s services is also mixed. The front door is effective, with timely decisions and strong multi-agency checks, but assessment quality is inconsistent, safeguarding processes are delayed and oversight has gaps. Reform-aligned practice is therefore not yet consistently applied or quality assured.

Wirral’s commissioning and procurement model has the right broad design, but capacity and execution are not strong enough to protect financial sustainability. The council uses a mixed model of in-house statutory delivery, external care markets, NHS partnerships and commissioned placements, but demand, price and complexity are not yet controlled at the required scale.

In Adult Social Care, market oversight is stronger than in some areas. CQC identified Provider Assessment and Market Management Solution (PAMMS) to support provider quality monitoring, market oversight, risk assessment and contract management across commissioned care services; named contract leads, provider RAG ratings, monthly data, risk forums and market engagement, alongside positive provider relationships and a relatively stable workforce. However, gaps remain in complex dementia, learning disability and mental health provision, while some voluntary providers face financial pressure from insufficient contract uplifts.

In Children’s Services, commissioning is weaker, particularly around SEND, placements and home-to-school transport. A jointly funded Strategic Commissioner for Children & Young People is positive, but inspection evidence shows pathways are not yet timely, effective or financially sustainable. Placement costs remain a key risk, with the financial plan dependent on sufficiency reforms delivering quickly.

At a whole system level, the model is constrained by finance and capacity. The LGA Peer Challenge highlights a mismatch between ambition and affordability, while the regeneration review identifies weak programme discipline and limited delivery capability in wider place-based services.

Wirral’s adult social care model is strategically aligned with Care Provider Alliance (CPA) principles and national social work reform, but remains operationally under-developed. The direction of travel is positive, but Children’s Services and SEND have not yet reached sustained maturity. Key gaps remain in demand management, commissioning, workforce consistency and delivery discipline, limiting efficiency, outcomes and value for money.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
10. Wirral’s adult social care and children’s models align with best practice, but are not yet consistently embedded across all areas. This leads	**High 0 9**	10. The council should turn strategy into consistent delivery, embedding integrated, end-to-end pathways in adults and children’s services,

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
to fragmented pathways, variable practice, weak oversight and continued financial pressure.		including a single borough-wide reablement model and clearer accountability **by December 2026.**
11. Reablement, prevention, SEND reform and placement sufficiency are not yet operating at the scale needed to reduce high-cost demand. Adult care packages, SEND and home-to-school transport remain key pressure points.	**High - 6**	11. It should strengthen demand management and prevention, using better forecasting, package review, SEND reform, edge-of-care support and on going early help to shift from reactive intervention to proactive control with an action plan agreed **by December 2026.**
12. The adult care market oversight improving but gaps remaining in complex provision, while children's commissioning, SEND pathways and placement sufficiency are still not timely, integrated or financially sustainable.	**High - 6**	12. The council should improve commissioning and delivery discipline, ensuring clear market strategies, measurable outcomes, stronger partnership working and robust oversight of high-cost placements, SEND and care provision **by December 2026.**

c) Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.

Key findings and analysis

Wirral has a strong strategic foundation for prevention in adult social care, but delivery needs to move further upstream. Expanding technology-enabled care, home-first support and public health-led prevention can reduce demand and support independence. Greater use of blended delivery with the voluntary sector and modernised day services offers lower-cost, community-based alternatives to formal care. This aligns with the move toward integrated People services and a stronger prevention focus within the senior management restructure.

There is a clear opportunity to modernise day services as part of wider Adult Social Care transformation, but this should be a practical demand-management programme, not a narrow service redesign. Day services should be linked more closely to reablement, technology-enabled care and community independence.

Reablement remains a key opportunity but must be delivered on a value-for-money basis. A targeted model, supported by strategic commissioning, defined pathways and measurable outcomes, would reduce long-term demand rather than add cost. Stronger demand modelling, high-cost package review and market management are essential to improve financial control and delivery discipline.

Better integration with health partners and public health should redesign pathways, reduce delayed discharges and shift activity into community support. This includes using pooled arrangements more effectively and aligning prevention, housing and care responses, particularly for those at risk of hospital admission or homelessness. Integrated leadership across Adults, Public Health and strategic commissioning supports this direction, but delivery depends on implementation.

In children's services, the priority is to accelerate early help and prevention. Strengthening Family Help, improving SEND delivery and addressing home-to-school transport costs through tighter eligibility, route optimisation and integration with SEND pathways can reduce spend and demand. Earlier intervention and stronger edge-of-care services are critical to reducing reliance on high-cost placements.

SEND reform remains central, requiring stronger inclusion, earlier identification and tighter partnership working. This should be supported by clearer commissioning, better transitions and improved oversight of demand and provision, aligned to wider service effectiveness and system leadership.

Across services, reform must be more tightly linked to financial delivery. Transformation should be driven through strategic commissioning, clear business cases and measurable outcomes, focusing on scalable models such as community prevention and housing-led responses to homelessness. Strengthened senior roles should improve alignment between strategy, delivery and financial sustainability.

The council's Change Plan and organisational redesign provide an opportunity to move from strategy to scalable delivery, focusing investment on interventions that reduce demand, improve outcomes and deliver sustainable value.

Risk and Recommendations

- No additional risks identified

d) A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.

Key findings and analysis

The Council Plan is clearly linked to service delivery and the MTFS, and the AGS confirms that decision-making and performance are aligned to corporate priorities, with financial sustainability embedded as a core objective.

However, this alignment is not yet translating into effective outcomes. Significant overspends in 2024-25 and continued pressure in 2025-26, alongside reliance on EFS, demonstrate that while plans are aligned in principle, they are not yet delivering financial balance in practice. Services are actively responding through spending controls, recruitment restrictions, savings tracking and targeted improvement programmes, particularly in Adult Social Care and Children's Services. Nevertheless, effectiveness is inconsistent, with Adult Social Care remaining the largest source of overspend, SEND still under improvement notice, and savings delivery carrying ongoing risk.

There is evidence that financial management is becoming more embedded, with enhanced budget monitoring, strengthened governance and mandatory financial training for senior leaders and budget holders. However, external audit findings highlight continuing weaknesses in areas such as budget setting, regeneration business cases, and procurement and contract management, suggesting that financial discipline is not yet fully embedded in service decision-making. Cultural indicators reinforce this, including reliance on in-year corrective action, central finance intervention and the need for stronger forecasting and demand modelling. In addition, issues around member-officer dynamics, including trust, transparency and the quality of challenge, continue to affect the effectiveness of financial oversight.

Risks and Recommendations

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
13. Strong strategic and financial alignment does not translate into delivery, leaving continued overspends and reliance on external support. This suggests recovery plans may not be deliverable at the required pace or scale.	**High - 9**	13. The council should continue to strengthen delivery against its existing framework, ensuring plans translate into measurable outcomes with clear accountability for savings and budget control **by December 2026.**

e) A consideration of the effectiveness of the chosen approach in delivering services (i.e. in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.

Key findings and analysis

The operational hybrid delivery model reflects a mixed economy and commissioning-led approach. Effectiveness varies: Adult Social Care reliance on external providers creates exposure to cost inflation, market instability and high-cost placements, with reasonable outcomes but weak financial efficiency. Children's Services show mixed results, particularly in SEND and placements, while regeneration and major projects show significant delivery and oversight weaknesses.

Procurement is a major concern. External audit identified weaknesses in procurement, contract management and governance, including non-compliance, weak monitoring, poor change control and failure to escalate issues. The Birkenhead Town Centre Movement Scheme illustrates these failings, with major cost escalation, limited embedded procurement and legal expertise, and weak contract oversight. More broadly, pipeline management is underdeveloped, with limited forward planning, weak programme oversight and no consistent strategic approach to demand or market engagement.

There are clear capacity and capability gaps. Audit findings highlight weaknesses in procurement, contract and programme management, suggesting insufficient specialist expertise and inconsistent application of best practice. Procurement is not consistently embedded in service design or project teams, and is often treated as a compliance function rather than a strategic partner. While commissioning recognises market management and has a savings pipeline, persistent cost pressures suggest limited effectiveness in influencing markets and controlling costs.

Although formal procurement frameworks are in place and aligned with regulatory requirements, execution is inconsistent. Evidence shows non-compliance, incomplete business cases, weak financial evaluation and inadequate reporting. This gap between process and practice is a key weakness, as controls are not consistently enforced.

Culturally, procurement and commercial challenge are not fully embedded. Audit findings point to weak escalation, limited transparency and insufficient challenge in decision-making. The approach remains reactive rather than strategic, focused on fixing issues rather than proactive planning. While governance is being strengthened, improvement is still early.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
14. It is acknowledged that the capacity and capability with insufficient procurement, commercial and programme expertise has evolved recently, however, risks remain due to procurement not yet being embedded as a strategic partner in service design.	**Medium - 4**	14. Continue to build commercial and procurement capability, embedding specialist advice into commissioning and project teams, aligned with the senior officer restructure's focus on governance, capability and financial control **by March 2027.**
15. Reliance on external providers in adult care, SEND and major projects risks exposing the council to inflation, market instability and high-cost provision.	**High - 6**	15. Develop a strategic commissioning pipeline, linking demand modelling, market engagement and forward planning to reduce high-cost reliance and improve value from the hybrid delivery model **by December 2026.**

3.4 Review Area 4: Governance, Culture and Leadership

Wirral's committee and governance frameworks are formally robust and aligned with CIPFA/SOLACE principles, with clear strategic priorities set through the Council Plan and MTFS, but their effectiveness is inconsistent in practice. External audit highlights weaknesses in transparency, escalation, financial reporting and member–officer relationships—particularly in regeneration and major projects—exacerbated by large, complex reports and variable analytical challenge, which undermine scrutiny and decision-making. Although senior leadership has been strengthened and governance reforms are underway, these changes are recent and organisational grip, delivery consistency and accountability remain uneven. Persistent overspends, SEND weaknesses and reliance on Exceptional Financial Support demonstrate that strategic intent is not yet translating into operational control or financial resilience, while weak political–officer relationships and reactive risk management continue to limit timely, decisive corrective action and sustained improvement.

The following sections outline the basis of this assessment in more depth.

> ***a) The adequacy of the local authority's decision making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.***

Key findings and analysis

Wirral council used to operate under executive arrangements, following the "Strong Leader" model. Its current governance arrangements, set out in the Annual Governance Statement, show defined roles across Full Council, Policy & Resources Committee, ARMC and service committees, alongside statutory officers. The committee system aligns with legislation and CIPFA/SOLACE principles, providing a structured framework for strategy, delivery and assurance.

In practice, decision-making effectiveness is mixed. External audit highlights weaknesses in transparency, risk escalation and reporting, alongside member–officer relationship issues. These relate to how decisions are made, not structural flaws, indicating gaps in challenge and accountability. Major projects reinforce this, with cost escalation, weak reporting and decisions taken without full financial understanding.

Scrutiny arrangements are established and broadly align with good practice. Service committees, member groups and ARMC oversee finance, risk and performance, with ARMC active and consistent with CIPFA guidance. However, effectiveness is inconsistent, with limited challenge, weak escalation and insufficient transparency, particularly in regeneration.

The quality of council papers is variable, with incomplete financial information, missing assumptions and unclear reporting. Reports are long and contain a great deal of information that members are supposed to digest, understand and have an opinion on. The Hythe acquisition highlights weak cost modelling and long-term analysis. This limits effective challenge and increases the risk of poorly informed decisions. Reporting improvements are underway but not yet embedded.

Governance understanding across the organisation is uneven. Clearer roles, improved training and stronger responsibility clarity are needed. Audit findings show inconsistent application of expectations, especially in member–officer relationships. Training is positive but will take time to embed.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
16. Member challenge is constrained by long, complex and variable-quality reports, especially in high-risk areas such as regeneration and commercial investment.	**High - 6**	16. Improve member scrutiny, by producing shorter, sharper decision papers with clear options, risks, financial implications and recommendations **as soon as possible.**
17. Incomplete financial analysis, weak cost modelling and uneven governance understanding increase the likelihood of poorly informed decisions and financial exposure.	**High - 6**	17. Embed governance and commercial capability, through targeted training, clearer member/officer roles and robust business cases that fully evidence whole-life costs and affordability **by December 2026.**

b) The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.

Key findings and analysis

The strategy is outcome-focused, supported by KPIs and benchmarking against peers and national standards. Examples such as stronger NEET performance and broadly aligned adult social care outcomes suggest the council is focused on results rather than activity alone.

Financial sustainability is embedded as a core priority, with the MTFS linking service delivery to demand management, transformation and savings. However, the key challenge remains translating this clear direction into consistent delivery and financial balance.

Wirral also has a structured performance framework, with regular reporting and benchmarking across children's services, adult social care and environmental outcomes.

However, performance information is not always driving improvement. Continued overspends, SEND underperformance and weaknesses in regeneration and procurement show that data is not consistently converted into timely corrective action.

There is evidence that strategy is partly embedded operationally, with service plans, savings targets and transformation programmes aligned to strategic priorities. However, persistent financial pressures, reliance on EFS and inconsistent service delivery show that this alignment is not yet producing the intended results.

Risk and Recommendations

- No additional risks identified

c) A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.

Key findings and analysis

Wirral’s senior leadership has shown past instability, with external audit highlighting weaknesses in capacity, governance consistency and organisational capability. Recent appointments, including transformation leadership and strengthened governance arrangements, indicate improvement and align with senior officer restructure priorities to build capacity and control. However, these changes are recent and not yet fully embedded. This position is further complicated by a relatively new Leader of the council, limited internal party support for her appointment as leader of her group, and the approach to recruiting the Chief Executive not being supported by the Green Party, all of which create a risk of reduced political stability at senior level.

Collective leadership effectiveness remains inconsistent. Audit evidence highlights strained member-officer relationships, limited transparency and unclear roles, weakening trust and cohesion. These issues reduce effective challenge and risk escalation. The senior officer restructure focus on governance and accountability reflects recognition of this, but the current political context, including potential shifts following full council elections next year, adds further uncertainty and may impact the ability of leadership to operate as a cohesive, stable team.

Senior leadership has set a clear strategic direction through the Corporate Plan, MTFS and AGS, aligned with senior officer restructure priorities around financial sustainability and transformation. However, communication and organisational understanding remain uneven. The need for improved governance awareness, training and financial discipline suggests the vision is not yet fully embedded. Political dynamics and leadership changes risk further diluting consistency of messaging and organisational alignment.

There is evidence of delivery structures in place, including transformation programmes and improvement plans in SEND and Adult Social Care. However, outcomes remain inconsistent, with ongoing overspends, SEND intervention and issues in major projects. This reinforces the senior officer restructure assessment that stronger delivery grip is required. The key challenges remain execution, and leadership instability, combined with upcoming "all out" elections in 2027, which may affect continuity and pace of delivery.

Organisational culture remains a constraint, with audit findings highlighting weaknesses in trust, openness and accountability. While senior officer restructure identifies actions to improve culture and leadership behaviours, these are not yet fully embedded. Current political tensions and leadership dynamics risk reinforcing these cultural challenges, potentially limiting progress in strengthening governance, decision-making and organisational effectiveness.

Risks and Recommendations

Key risk	**Risk rating (see details in Annex 2)**	**Recommendation (including Timeline)**
18. The appointment of the new CEO on a permanent basis adds stability but the restructure proposals will inevitably cause organisational disturbance and potential delay to the major transformation programmes upon which financial stability rest.	**Medium - 4**	18. The council should continue to implement its senior officer restructure to stabilise leadership and governance arrangements, ensuring clear roles, consistent political and officer alignment, and continuity of key priorities **by March 2027.**
19. Weak member-officer relationships, limited transparency and unclear roles reduce trust, challenge and effective risk escalation, risking undermining cohesive decision-making.	**Medium - 4**	19. The council should strengthen collective leadership effectiveness through visible action to improve transparency, rebuild trust and embed clear escalation and accountability across member and officer relationships. This should include refreshing and applying the member–officer protocol; holding structured political and officer leadership meetings with action tracking; ensuring early reporting of financial, performance and risk pressures; clarifying escalation routes; and providing joint development on governance, decision-making, financial stewardship and constructive challenge. Named owners, milestones and regular reporting should ensure accountability and prompt action where delivery slips.**by March 2027**.
20. Strong strategic intent is not consistently translated into outcomes due to weak execution, inconsistent organisational understanding and an under-embedded culture of accountability risking transformational delivery.	**Medium - 4**	20. The council should improve delivery grip and cultural consistency, linking transformation to measurable outcomes, reinforcing organisational understanding, and embedding behaviours that support openness, challenge and performance **by March 2027.**

d) A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.

Key findings and analysis

There was a perception from some interviewees that the Leader's role in the council sometimes crossed over into operational management. Relationships across the organisation also remain uneven, with gaps in governance understanding and financial discipline indicating a culture that is still reactive and reliant on central oversight rather than empowered, performance-led accountability.

Capacity and capability to improve and transform remain constrained. Audit evidence highlights gaps in programme management, procurement, regeneration delivery and business case development, limiting the council's ability to manage complex activity. There are positive signs, including new transformation leadership and governance boards, but these are at an early stage. The council has shown openness to external challenge and has developed improvement plans, indicating the right direction of travel, but pace and consistency of delivery remain key issues.

The council operates a partnership-based model across health, education and regeneration, reflecting good practice in principle. Health integration is more developed, but SEND and wider children's partnerships remain weaker, contributing to performance issues. The Strategic Housing Partnership is a positive step for coordinated housing and homelessness responses, but its impact depends on effective embedding and alignment with wider delivery.

Formal risk mechanisms exist, including budget monitoring, a corporate risk register and audit oversight. However, weak escalation and delayed reporting limit effectiveness, with project cost overruns not always identified early. This suggests a system that remains more reactive than proactive.

The council does act when issues are identified, through recovery plans and stronger monitoring. However, actions are often late or insufficient, as shown by continued overspends, project issues and SEND intervention. Earlier action, stronger grip and more decisive intervention are needed to improve control.

Risk and Recommendations

- No additional risks identified

Annex

A1 Requirement & Methodology

Requirement

As a result of receiving Exceptional Financial Support, MHCLG will be seeking some deeper assurance around the plans included in the business case for the 2026/7 financial year. In line with that expectation, CIPFA adopted the approach of looking to provide an assessment of the council's financial resilience, financial management, governance arrangements, capital programme, debt position, and service delivery, with a view to providing recommendations for improvement.

To provide this assessment, four key themes were investigated:

1. **Quality of financial management and financial processes**

   An assessment of the local authority's financial management and management of risk., covering:

   a. The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.

   b. The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.

   c. The local authority's approach to financial risk management including identification, management and treatment of risk.

2. **Financial sustainability and risk**

   An assessment of the local authority's overall financial resilience and sustainability, the identification of specific financial risks and a view on the authority's capital and debt position and approach to assets (with a view on the sustainability, Value for Money and risk exposure of the local authority in this space). Specific factors have included:

   a. The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.

   b. An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back.

   c. An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.

d. An assessment of how the council expects to finance capitalisation (i.e through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach,

e. An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under exceptional financial support.

f. A detailed assessment of any financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regard to these areas, including, but limited to, minimum revenue provision guidance, investment guidance, and accounting codes.

3. Service delivery, reform, and transformation

An examination of high cost service pressures and an assessment of specific opportunities for savings, innovation, and reform to support the local authority to move to financial sustainability with named service areas. This assessment has made use of recognised best practice models and guidance for delivering quality and cost-efficient services that put prevention first, and the council's alignment with this good practice. The specific factors examined have included:

a. The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.

b. Assessment of the extent to which the council's service delivery model of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.

c. Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.

d. A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.

e. A consideration of the effectiveness of the chosen approach in delivering services (i.e in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.

Additional points for service specific issues in this authority have also been examined, as required.

4. Governance, culture, and leadership

An assessment of the local authority's approach to ensuring robust overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the local authority is operating in line with the Nolan Principles and in a way to secure continuous improvement. Factors that have been investigated include:

a. The adequacy of the local authority's decision-making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.

b. The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.

c. A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.

d. A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.

Methodology

In our approach, we were mindful of the four broad areas for review, and the specific areas of focus, as set out above.

The approach taken comprised the following elements:

Desktop analysis

MHCLG provided appropriate background. We reviewed the material and made supplementary document requests to the council. The team has analysed around 60 documents together with other records that have been shared by the council as being relevant for the review. A list of documents reviewed is shown in Annex 3. We also examined relevant comparator material. We would like to record our thanks to officers for their ready compliance with our request for reports and data.

Specialised inputs

Some comparative data analyses were conducted on issues such as revenue spend, and indebtedness. These are based on analysis undertaken by CIPFA using published data such as the Revenue Account (RA) and Revenue Outturn (RO) forms. Service performance data has been extracted from a wider range of sources including the council's own surveys of residents and staff, and other appropriate benchmarking.

Interviews

The bulk of the fieldwork comprised of interviews. These provided the invaluable triangulation of our analysis. Council officers, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. Council officers at senior and junior levels, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. We would like to thank everyone involved for their courtesy and constructiveness. A list of interviewees is shown in Annex 4.

Report drafting, feedback and fact-checking

The above inputs were then analysed and subjected to our professional and expert judgement. The result is this report.

This report was fact checked as far as possible and is based on the fieldwork completed within the time frame for the review. It is not a comprehensive audit of the council's finances or its governance arrangements. Consequently, the conclusions do not constitute an opinion on the status of the council's financial accounts. Our review of the council's Minimum Revenue Provision (MRP) considers the reasonableness of the council's MRP policy and does not constitute an audit of the full application of the policy. Similarly, our review of the council's productivity does not constitute an audit of the council's productivity plan but represents an overview of the arrangements in place to consider productivity and take account of any publicly available information on historic or relevant performance.

CIPFA's review team consisted of an experienced finance consultant and relevant technical expertise.

CIPFA would like to take this opportunity to thank the council for being so amenable and open to meeting with the review team and for the considerable effort that has been expended in collating and sharing key documents with CIPFA. We also thank everyone involved for the openness, tact, and honesty in what is a sensitive issue for the council.

The information and data within this report are accurate as at the time of the initial data gathering and interviews that took place in April 2026, and unless otherwise stated reflect the position at that time.

Report Structure

The key findings and analysis, together with supporting evidence, are set out under each of the review areas requested (as detailed in the commission). Risks and recommendations are detailed under each of the review areas.

A2 Risk Assessment – Method

Likelihood:

- Improbable – possible, but unlikely to happen.
- Occasional – might happen, might not happen, in the order of 50/50
- Probable – most likely will happen.

Impact:

- Marginal – some minor, possible minor operating difficulties largely contained within the council, some awareness / action may be required by members.
- Moderate – notable financial and operational impact/ losses / costs operating impacts hitting services for some of the community, a significant issue for members to deal with
- Critical – major operating impact/ financial losses / costs requiring subsequent intervention by MHCLG or other 3rd parties, reaches national press interest, major political embarrassment for members.

A3 Documents Reviewed

Budget Recovery Action Plan 2025-26 and appendices (including CIPFA Budget Assurance Review & CIPFA Budget Assurance Adult Social Care)

- Item 112 Agenda for Policy and Resources Committee on Wednesday, 19th March 2025, 6.00 p.m. | Wirral Council

Local Government Association Corporate Peer Challenge

- Item 113 Agenda for Policy and Resources Committee on Wednesday, 19th March 2025, 6.00 p.m. | Wirral Council

2024-25 Revenue Outturn

- Item 12 Agenda for Policy and Resources Committee on Thursday, 26th June 2025, 6.00 p.m. | Wirral Council

Pre Budget Report

- Item 68 Agenda for Policy and Resources Committee on Wednesday, 19th November 2025, 6.00 p.m. | Wirral Council

Independent Review of Wirral Borough Council's Regeneration Activity

- Item 69 Agenda for Policy and Resources Committee on Wednesday, 19th November 2025, 6.00 p.m. | Wirral Council

Regeneration Action Plan

- Item 82 Agenda for Policy and Resources Committee on Wednesday, 17th December 2025, 6.00 p.m. | Wirral Council

Budget Task & Finish Group Savings Output

- Item 83 Agenda for Policy and Resources Committee on Wednesday, 17th December 2025, 6.00 p.m. | Wirral Council

Local Government Association Corporate Peer Challenge Progress Review

- Item 84 Agenda for Policy and Resources Committee on Wednesday, 17th December 2025, 6.00 p.m. | Wirral Council

Council Tax Reduction Scheme 2026-27

- Item 94 Agenda for Policy and Resources Committee on Wednesday, 14th January 2026, 6.00 p.m. | Wirral Council

2026-27 Budget and MTFS Report and Appendices

- Item 105 Agenda for Policy and Resources Committee on Monday, 23rd February 2026, 6.00 p.m. | Wirral Council

2026-33 Capital Programme

- Item 106 Agenda for Policy and Resources Committee on Monday, 23rd February 2026, 6.00 p.m. | Wirral Council

Capital Financing Strategy 2026-27

- Item 107 Agenda for Policy and Resources Committee on Monday, 23rd February 2026, 6.00 p.m. | Wirral Council

Capital Monitoring Quarter 3 2025-26

- Item 108 Agenda for Policy and Resources Committee on Monday, 23rd February 2026, 6.00 p.m. | Wirral Council

2025-26 Revenue Budget Monitoring for Quarter 3

- Item 109 Agenda for Policy and Resources Committee on Monday, 23rd February 2026, 6.00 p.m. | Wirral Council

External Auditors Annual Report 2024-25 – Statutory Recommendations

- Item 50b Agenda for Council on Monday, 2nd March 2026, 6.00 p.m. | Wirral Council

Other Documents:

Asset Strategy
Draft SOAS FINAL AGENDA MARCH 2026
Wirral CPC Report (2024) - Version 18.12.2024

Wirral Progress Review - 01.10.2025 - Final Version 18.11.2025
CQC wirral-local-authority-assessment-1775818755
Wirral Metropolitan Borough
Council_Area_SEND_Full_Inspection_Jan25
Wirral_focused_visit_of_local_authority_childrens_services_Jan26

A4 Interviews Conducted

Member/Officer	Date and Time of interview
Chief Executive	14 April at 10.00
Corporate Leadership Team Members	
• S151	20 April at 3.30
• Monitoring Officer	17 April at 2.30
• DASS	17 April at 11.00
• DCS	20 April at10.30
Directors / Heads of Service	
• Deputy S151 Officer	20 April at 9.00
• Finance Business Partners for service areas	22 April at 12.00 14 April at 3.30
• Head of Internal Audit	17 April at 1.00
• Director of Transformation	24 April at 9.00
External Audit	20 April at 1.00
Members	
• Leader • P&R Chair	22 April at 9.00
• Chair of Audit	22 April at 10.30
• Leader of the Opposition • Opposition (P&R Spokesperson)	14 April at 2.00
• Co-Leaders of Green Party	24 April at 10:00

77 Mansell Street, London E1 8AN
+44 (0)20 7543 5600
CIPFA.org