



Date: Thursday, 5 February 2026

Time: 10.00 am

Venue: The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

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AUDIT & GOVERNANCE COMMITTEE

TO FOLLOW REPORT (S)

7 First line assurance: Adult Social Care Outturn Management Update (Pages 1 - 8)

The report of the Interim Chief Executive is to follow.
Contact: Tanya Miles (01743) 255811

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Committee and Date

Audit & Governance Committee

5th February 2026

Item

Public



Adult Social Care Outturn Management Update

Responsible Officer:

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Cabinet Member (Portfolio Holder):

Roger Evans

1. Synopsis

1.1 This report provides a progress update of the actions agreed in response to the recommendations in relation to the Adult Social Care Outturn Audit Review.

2. Executive Summary

2.1. This report provides an update to the Committee on progress made to date with addressing the issues that contributed to the significant change in financial monitoring positions between period 11 and period 12 during 2024/25.

2.2. Internal Audit are planning to undertake a review of the actions undertaken in response to the recommendations in early March 2026.

3. Recommendations

3.1. Note with appropriate comment the update provided in this report.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Continued collaboration to develop the preparation and monitoring of Adult Social Care budgets is necessary to improve understanding of the roles and responsibilities between budget holders and the Finance team. This clarity will;
- a) enhance the reliability and accuracy of in year financial monitoring and enable corrective and timely action to be taken, which at outturn (as in 2024/25) is too late to undertake for that financial year.
 - b) Strengthen the understanding of the information between the two teams, including simplification and improvement of the reporting to enable the service to respond to risks and mitigations accordingly.
 - c) Ensure public reporting of the council's financial position is accurate and enables Members and Officers to take any necessary decisions to improve the Council's financial position.
 - d) Prevent the need for unbudgeted use of reserves to mitigate overspends against budgets.
- 4.2. Implementation of the recommendations as set out in Appendix 1 and a continuous review throughout the year will mitigate against a reoccurrence of the 2024/25 outturn issue.

5. Financial Implications

- 5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.
- 5.2. Current Financial Monitoring reports to Cabinet set out the challenging position of the Council and the pressures on budgets and reserves. Ensuring robust financial monitoring is essential to operating within agreed budgets and taking corrective action where necessary. The implementation of the recommendations arising from the review will support the strengthening of the current financial monitoring process.

6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

- 7.1. Year-end Financial Monitoring for 2024/25 resulted in a significant variance compared to period 11 monitoring for the People Directorate, changing from a forecast overspend of £16.1m to £31.2m. The former Chief Executive subsequently requested for a review to be undertaken by Internal Audit to ascertain the reasons and identify mitigations against reoccurrence.
- 7.2. This review took place during the summer, following which the findings were discussed during September and the final report issued last month. The purpose of this report is to update the Committee on progress made to date with implementation of the recommendations.
- 7.3. The Audit and Governance Committee received an initial update on the Audit and its recommendations at its meeting on 27th November 2025. An update of progress subsequent to that meeting is provided in Appendix 1. The overarching update is as follows:

	Completed	Still in progress	Total
Recommendations with Implementation Date of 31 st December 2025	3	1	4
Recommendations with Implementation Date in 2026	0	2	2
Total	3	3	6

- 7.4. Internal Audit are planning to undertake a review of the actions undertaken in response to the recommendations in early March 2026.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Outturn 2024/25 – Council 17th July 2025

ASC Outturn Update (Period 13) – Audit & Governance Committee 27th November 2025

Local Member:

Appendices

Appendix 1 – Recommendations and Management Action Plan

Appendix 1 – Recommendations and Management Action Plan

Fundamental	Significant	Requires Attention	Best Practice
Immediate action required to address a major control weakness which, if not addressed, could lead to material loss.	A recommendation to address a significant control weakness where the system may be working but errors may go undetected.	A recommendation aimed at improving the existing control environment.	Suggested action which aims to improve best value, quality or efficiency.

Rec No.	Recommendation	Rec Rating	Agreed Management Action	Position as @ 13 November 2025	Position as @ 23 January 2026
1.	Implementing an interim corporate level review to compare actuals to forecasts to identify any significant variances that require explanation. Consideration should be given as to whether corporate level reporting (including budget monitoring reports to Cabinet) should also include actuals to provide transparency and support in scrutiny and challenge.	Fundamental	<p>Action: Reporting of actuals based on gross expenditure will be in place for Period 6/Quarter 2 and will form part of the Cabinet Reporting.</p> <p>Responsible Officer: James Walton</p> <p>Target Implementation Date: End of September for P6 reporting</p>	Reporting commenced from period 6 as planned, this recommendation has been implemented and is reflected in the Quarter 2 Financial Monitoring Report being presented to Cabinet on 19 th November.	Complete, as stated in November report, actuals are now included as part of the Quarterly Financial Monitoring Report.
2.	Ensuring there are clear records for decision making in relation to significant forecasts that differ significantly to actuals. The forecasts on 10122 differed significantly to the actuals throughout the year whilst the budget holder is ultimately responsible, a record that supports who was involved in undertaking the decision, why and when should be maintained to provide clarity.	Significant	<p>Action: A review of spend areas will identify the highest risk areas that need addressing. These areas will be a combination of high value, high volatility and high risk. Where individual or combined cost centres are identified, these will form part of a regular, risk assessment process that will form part of the monthly monitoring process.</p> <p>A confirmation email following the budget meeting of the decisions and risks reviewed made will be shared by Finance. Any changes made to budgets outside of these meetings to be clearly confirmed to the budget holder.</p> <p>Any areas of risk identified will be escalated to leadership board.</p> <p>Responsible Officer: Cheryl Sedgley</p> <p>Target Implementation Date: Process identified October 2025, implemented fully across Council by December 2025.</p>	High risk areas within the budget and key assumptions that have been taken within Finance to inform the high risk projections within the monitoring position will be summarised and documented in the monthly finance update for Leadership Board. This will be included for the first time in the P7 finance update.	Complete, as stated in November report, high risk projections are now included as part of the Monthly Financial Update presented to Leadership Board.
3.	There should be a clear and documented process that details how savings should be reported on both the savings tracker and monitored within the general ledger and monthly budget monitoring reports.	Significant	<p>Action: Training is available and has been rolled out. This will be documented and risk assessed. Outstanding higher risk areas will be targeted immediately. Formal documentation of processes will be a follow up process to provide a longer term and less intensive solution. Confirmation of requirements will be picked up as part of comprehensive BOSS/P6 Meetings in mid October 2025.</p> <p>Responsible Officer: Molly Sullivan</p>	Work is ongoing within Finance to verify savings that are being detailed in the service savings trackers for 2025/26, before confirming the figures within the corporate trackers and the ledger. This is a cumbersome process however given the changes to care that happen within the service, therefore a full review is needed to establish a more streamlined process for documenting and checking savings	Agreement on level of savings to be tracked has been discussed at the BOSS meetings prior to Christmas. Following budget setting work, Finance will work with the service to determine the process as to how these savings will be tracked and reported in the new financial year.

Rec No.	Recommendation	Rec Rating	Agreed Management Action	Position as @ 13 November 2025	Position as @ 23 January 2026
			Target Implementation Date: Requirements for training to be identified through BOSS meetings by mid October 2025, process documentation by December 2025. Training timetable to be set based on need.	within the service. Work to review this process will be carried out through the remainder of this financial year to implement a revised and documented process from 2026/27 that all parties are aware of.	
4.	Ensure there is sufficient knowledge management arrangements. Ensure detailed notes are held on high-risk/volatile budgets and how they are monitored as well as how savings are identified, reviewed and reported.	Significant	<p>Action: Develop procedure notes between Finance and budget holders on how budgets are put together, how risks are identified and monitored throughout the year.</p> <p>Reporting to be developed to simplify oversight of budgets with identification of high risk areas to support oversight arrangements.</p> <p>Simplification of cost codes and formal accountability for these within service areas will help quantify and mitigate the risk.</p> <p>Responsible Officer: Natalie McFall/Finance Business Partners</p> <p>Target Implementation Date: Procedure notes to be in place from end of quarter 3 in line with reporting.</p>	Work has not yet commenced on this yet, but it is planned that this subject will be discussed and taken forward at the Finance Business Partner Collaboration Day in December to produce initial procedure notes. Then these will be reviewed during quarter 4 to ensure that the offer is consistent within finance across different services.	Finance Business Partners have agreed how procedure notes will be collated on all key activities undertaken, and work has commenced on these within the team. Due to the work on budget setting, these are not as advanced as planned, and it is envisaged that this will now be completed by the end of the first quarter 2026/27.
5.	<p>Ensure there is a process to properly document, investigate and respond to any challenges raised regarding the robustness of estimates used within budget monitoring process.</p> <p>When identified, financial reporting errors should be properly discussed between Finance and the Service to reach an understanding on the causes and risk assessed as to whether it needs to be escalated.</p>	Significant	<p>Action: It is important to establish a culture enabling freedom to challenge within strong governance processes. Budget Holder and FBP processes must ensure that all areas are reviewed at least one a quarter will help manage this risk. This can be achieved through assessing the percentage budget holder review each period and flagging any budget holders that have not completed a review to their manager and/or Service Director for action. This addresses the risk, escalates where necessary and provides a safety net to alert when something does not look correct.</p> <p>Link to previous rec on escalation to leadership board.</p> <p>Responsible Officer: Molly Sullivan on behalf of FBPs</p> <p>Target Implementation Date: Period 6/October 2025</p>	Monitoring has been developed to track the last date that the budget monitoring has taken place each month by the budget holder deadline. This highlights any areas where budgets are not being reviewed. This will be included in the monthly finance update for Leadership Board. This will be included for the first time in the P7 finance update.	Complete, as stated in November report, monitoring of budgets reviewed has been developed and forms part of the Leadership Board monthly finance update.
6.	There should be a review on the volume of cost centres in ERP to reduce unnecessary coding and	Requires Attention	Action: Reviewing cost centres will be looked at however would require significant resource to		

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	simplify reports. The structure within ERP should be reviewed to ensure it reflects corporate reporting and provides the information in a meaningful structure.		<p>review, reduce and implement. The earliest this could be achieved would be from the next financial year.</p> <p>Interim arrangements will be put in place to look at improvements to reporting to produce meaningful information to improve budget oversight. Service to provide input on requirements for Finance to develop,</p> <p>Responsible Officer: Cheryl Sedgley/Natalie McFall</p> <p>Target Implementation Date: April 2026 for ERP, end of Q3 for reporting.</p>	Discussions will be taking place in November to understand the short term improvement opportunities with the aim of implementing interim arrangements at the end of Q3.	Meetings have been held between Finance and Care & Wellbeing service managers to discuss simplification of the cost centre structure. Consideration is being given to whether Power BI reports can provide an improved budget oversight for managers alongside some streamlining of cost centres. This is currently being reviewed and developed.

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