



Shropshire Council
Legal and Democratic Services
Guildhall,
Frankwell Quay,
Shrewsbury
SY3 8HQ
Date: Wednesday, 28 October 2026

Committee: Extraordinary Council

Date: Thursday, 5 November 2026

Time: 9.00 am

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

You are requested to attend the above meeting. The Agenda is attached

PLEASE NOTE THE EARLIER THAN USUAL START TIME OF THIS MEETING

Members of the Council – a briefing note will be circulated by e-mail prior to the meeting with important housekeeping details and arrangements for the meeting.

Members of the Public – If you wish to attend the meeting, please e-mail democracy@shropshire.gov.uk to check whether a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated on the agenda*

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel [Here](#)

Richard Phillips
Director – Legal and Governance (Monitoring Officer)

Duncan Borrowman
(Chairman)
Gary Groves (Vice-Chair)
Heather Kidd (Leader)
Alex Wagner (Deputy Leader)
Sho Abdul
Caroline Bagnall
Elizabeth Barker
Bernie Bentick
Neil Bentley
Ed Bird
Jeremy Blandford
Andy Boddington
Thomas Clayton
Susan Coleman
Rachel Connolly
Tom Dainty
Jamie Daniels
Rosemary Dartnall

David Davies
Pamela Davies
Andy Davis
Julian Dean
Joshua Dickin
Mandy Duncan
Greg Ebbs
Susan Eden
Donna Edmunds
Craig Emery
Brian Evans
Roger Evans
Adam Fejfer
Rhys Gratton
Andy Hall
Kate Halliday
Harry Hancock-Davies
Nick Hignett
Alan Holford

George Hollyhead
Ruth Houghton
Dawn Husemann
Peter Husemann
Benedict Jephcott
Robert Jones
Duncan Kerr
Christopher Lemon
Nigel Lumby
Brendan Mallon
Sarah Marston
David Minnery
Vicky Moore
Mark Morris
Alan Mosley
Malcolm Myles-Hook
Chris Naylor
James Owen
Mark Owen

Wendy Owen
Vivienne Parry
Ed Potter
Rosie Radford
Sharon Ritchie-Simmons
Carl Rowley
Charles Shackerley-Bennett

Colin Stanford
Jon Tandy
Colin Taylor
Dan Thomas
Teri Trickett
David Vasmer
Beverley Waite

David Walker
Sam Walmsley
Alison Williams
Rob Wilson

Your Committee Officer is:

Tim Ward Committee Officer

Tel: 01743 257713

Email: tim.ward@shropshire.gov.uk

When attending this meeting, Members are reminded of the three principles of the Jo Cox Foundation and Compassion in Politics Civility Pledge:

1. *Use a civil and constructive tone in debate*
2. *Act with integrity, honesty and compassion*
3. *Behave respectfully towards others, including those I disagree with*

*(Please note that while we strive to live stream meetings, technical issues may occasionally occur. In the event of a technical disruption, the meeting will be paused to try to resolve the issue. Should it not be possible to resume the live stream, the meeting will proceed as scheduled, and a backup recording will be made available after the meeting. Any disruption to the live stream does not affect the legality of the meeting).

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Final Interim Auditor's Annual Report (Pages 1 - 88)

Report of the Corporate Director - Finance & Governance (Section 151) is attached

Contact Duncan Whitfield duncan.whitfield@shropshire.gov.uk

This page is intentionally left blank

Final Interim Auditor's Annual Report

Cabinet Member:	Councillor Heather Kidd, Leader Councillor Roger Evans, Portfolio Holder for Finance	
Lead Director:	Tanya Miles, Chief Executive Duncan Whitfield, Section 151 Officer	
Service Area:	Finance & Governance	
Report Author	Duncan Whitfield, Section 151 Officer	
Officer contact details	duncan.whitfield@shropshire.gov.uk	
Electoral Divisions Affected	All Divisions	
Key Decision?	Not Applicable	
Cabinet Forward Plan	Not Applicable	
Report considered by	Full Council – 5 November 2026	

1. Purpose of Report

- 1.1. On 6th October 2026, the Council's external auditors, Grant Thornton, issued their Annual Audit Report (AAR) for 2025/26 (Appendix 1). The AAR brings together a summary of the work undertaken by Grant Thornton for the 2025/26 financial year. A key element of their work is a value for money (VFM) review and an opinion.
- 1.2. Arising from their VFM work, Grant Thornton make twelve recommendations, two of which are statutory. The inclusion of statutory recommendation within the AAR requires Shropshire's Council to accept them within 30 days of

publication and to agree to take timely management actions to address the recommendations. This is a requirement of the Local Audit and Accountability Act 2014. Of the other recommendations in the AAR, seven are designated as 'key' and three as 'improvement'.

- 1.3. All recommendations for 2025/26 are set out in Section 5 of the attached AAR, alongside provisional Management Responses for each recommendation. Subject to Council's agreement, recommendations and associated actions will be monitored by the Audit and Governance Committee and will also be integrated within Council's existing Improvement Plan which will be represented to Council in December.
- 1.4. It is important to recognise that the Auditor's Annual Report primarily considers the Council's arrangements during the 2025/26 financial year and therefore necessarily looks back at a period during which a number of the weaknesses identified arose. Since that period, significant improvement activity has taken place. Many of the issues and recommendations identified by the external auditor have already been incorporated into the Council's Improvement Plan, with actions either implemented or actively being progressed. The statutory recommendations therefore reinforce and provide further focus to improvement activity already underway, rather than representing a wholly new programme of work.
- 1.5. In the context of the Financial Emergency declared in 2025, Grant Thornton previously issued a statutory recommendation that was reported to Council in December 2025. The two new statutory recommendations effectively replace the 2025 iteration, although a number of actions from 2025 will continue to be incorporated in the Improvement Plan and flow through to management actions in response to the 2026 recommendations.

2. Recommendations

Council is recommended to:-

- 2.1 Note and accept the statutory recommendations made in the AAR by the Grant Thornton as the Council's External Auditors with reference to the 2025/26 audit of accounts.
- 2.2 Agree to instruct the Chief Executive and s151 Officer to address the Statutory, Key and Improvement Recommendations through the immediate management response and actions set out in the report.
- 2.3 Note that these actions will be continually reviewed for their impact and relevance and amended as appropriate and will form part of regular reports on the Improvement Plan to the Improvement Board, Finance and Improvement Scrutiny Committee and Cabinet.
- 2.4 Agree that the Audit and Governance Committee receives regular updates on the progress of the Council in addressing the various components of the Statutory Recommendations.

- 2.5 Instruct the Chief Executive to write to the External Auditor with the outcome of the Council's consideration of this report.
- 2.6 Note that progress against the 2025/26 recommendations will be considered as part of the 2026/27 external audit.

3. Background

- 3.1 Each year the Council is subject to an external audit which is currently undertaken by Grant Thornton as appointed by the Public Sector Audit Authority. The audit is carried out in accordance with regulation and audit code of practice.
- 3.2 In 2025 and as part of the audit of 2024/25, the auditors found it necessary to issue a Statutory Recommendation to the Council under Section 24 of the Local Audit and Accountability Act 2014 on the basis that arrangements were inadequate with regard to the Council's financial sustainability and corporate governance.
- 3.3 This Statutory recommendation was made in the context of the financial emergency declared by the Cabinet on 10th September 2025 arising from significant budget variations and reduction in reserves and balances that have been clearly set out in a number of previous financial monitoring and budget reports to Cabinet, Council and other Committees.
- 3.4 Management Actions were set at the time to address all recommendations contained within that AAR. A Corporate Peer Challenge (CPC) was undertaken and an independently chaired Improvement Board was established with oversight of an Improvement Plan which incorporates actions that respond to internal and external audit recommendations, CPC recommendations and more recently from recommendations made by CIPFA as part of MHCLG's independent review.
- 3.5 Unsurprisingly, recommendations from different reviews have synergies, and responses to them have been brought together in a single improvement plan which cross references the source of the need for action.
- 3.6 As in 2025, the new Statutory Recommendations made on 6th October 2026 require the Council, under the Local Audit and Accountability Act 2014, to consider the recommendation(s) at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Authority. At the public meeting the Council must decide:
 - a) whether the report requires the Council to take any action or whether the recommendation is to be accepted, and
 - b) what, if any, action to take in response to the report or recommendation.
- 3.7 This report recommends that Council accept the recommendations made in this year's AAR and confirm management actions set out in the AAR, recognising that these will be adapted and amended as necessary over time with a view to meeting the needs of the recommendations.
- 3.8 These specific actions will be reviewed through the year by the Audit and Governance Committee and Improvement Plan updates will continue to be received

by Cabinet, Finance and Improvement Scrutiny Committee and the Improvement Board.

- 3.9 The October 2026 Statutory Recommendations relate separately to Corporate Governance and Financial Sustainability. The AAR recognises both that some improvements have taken place in the second half of 2025/26 and more recently and that work continues as set out in the Improvement Plan. The Statutory Recommendations are however considered necessary given the extent of the tasks still to be completed and manifested not least by the Non-Statutory Best Value Notice and the scale of the need for Exceptional Financial Support.
- 3.10 The Council is currently instigating a fundamental review of the approach to risk management. This was presented to the recent meeting of the Audit and Governance Committee and is in the process of being implemented across all departments and projects. Apart from being referenced with the AAR recommendations, this will be a fundamental component in the updated Improvement Plan and will help the strengthen the internal control environment, corporate governance and financial sustainability.

4. Legal and HR implications

- 4.1 The Council's external auditor has made two statutory recommendations under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. The Council is required to consider those recommendations at a public meeting within the statutory timescale and to decide whether they are accepted and what action, if any, is to be taken in response. The recommendations within this report enable Council to discharge those requirements.
- 4.2 The statutory recommendations relate to financial sustainability and corporate governance and sit alongside the Council's wider Best Value responsibilities. It is important that the agreed actions are progressed and subject to appropriate monitoring and oversight. The arrangements described in the report, including regular reporting to the Audit and Governance Committee and through the Council's Improvement Plan governance arrangements, provide a framework for doing so.

5. Appendices

Appendix A – Grant Thornton Final Interim AAR Report

Shropshire Council

Page 5

Interim Auditor's Annual Report
Year ending 31 March 2026

6 October 2026

Final Interim



Page 6

Contents

01	Introduction and context	03
02	Executive summary	06
03	Opinion on the financial statements and use of auditor's powers	18
04	Value for Money commentary on arrangements	24
	Financial sustainability	26
	Governance	34
	Improving economy, efficiency and effectiveness	43
	Pension Fund	54
05	Summary of Value for Money Recommendations raised in 2025/26	55
06	Follow up of previous Statutory and Key recommendations	73
	Appendices	78
A	Responsibilities of the Council	79
B	Value for Money Auditor responsibilities	80
C	Follow-up of previous improvement recommendations	81

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

01 Introduction and context

Page 7

Introduction

This report brings together a summary of all the work we have undertaken for Shropshire Council during 2025/26 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Page 8

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26.
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under the Local Audit and Accountability Act 2014, auditors of an Authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers. These powers are set out on page 17 with a commentary on whether any of these powers have been used during this audit period.

In particular, auditors may issue:

- Statutory recommendations to the full Authority which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. During 2024/25, the NAO consulted on and updated the Code to align it with accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. The deadline requirement for 2025/26 AARs is 30 November 2026.

Local government – context

Local government has remained under significant pressure in 2025/26

Page 9

National

Past

Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.

Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Local

Present

Future

Financial Sustainability

Despite the Fair Funding Review 2.0, many councils continue to face significant financial challenges, including social care, SEND and temporary accommodation pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.

External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Digital change

AI and digital change are automating routine processes and enabling more personalised services for residents. This is shifting workforce skills as councils seek productivity gains. Risks around digital exclusion, data quality, ethics, and governance mean strong leadership and controls are increasingly important.

Reorganisation and Devolution

Many councils in England are impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Shropshire Council is a unitary council covering a predominantly rural area of 1,235 square miles. The population of the area served by the Council is 327,000, 25% aged 65+. There are 139,000 households in Shropshire. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council’s formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by five overview and scrutiny committees. The Council has 74 councillors, and the Council is elected every four years. The most recent elections were in May 2025 when the Liberal Democrats secured a majority with 42 elected councillors. There was also significant change in senior officer leadership in 2025/26 with a new Chief Executive and a new S151 Officer.

It is within this context that we set out our commentary on the Council’s value for money arrangements in 2025-26.

02 Executive Summary

Page 10

Executive Summary

2025-26 was a year of significant change for the Council with early signs of recovery later in the year. It is in this context that we set out our commentary on the Council's value for money arrangements in 2025-26. We will continue to monitor the Council's progress and will need to consider further use of our statutory powers if appropriate progress is not made.

We identify nine significant weaknesses in the Council's arrangements for Value for Money resulting in two statutory and seven key recommendations.

The statutory recommendations relate to financial sustainability and to governance.

In addition, we have retained two key recommendations relating to financial sustainability relating to savings and DSG and three key recommendations relating to governance relating to internal audit, risk management and procurement and contract management and made three key recommendations in economy, efficiency and effectiveness relating to corporate capacity, housing governance, contract management.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our responsibilities - As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements relating to the Council's financial sustainability and corporate governance. Further details are set out on pages 8 to 10.

What does the Council need to do next? Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions: the Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting, the Council must decide whether the recommendations are to be accepted and what, if any, action to take in response to these recommendations.

Schedule 7 specifies the meeting publication requirements that the Council must comply with.

Statutory recommendations

SR1: Significant weakness identified in relation to financial sustainability

Key Finding: The Council faced significant financial sustainability and delivery risks in 2025-26 arising from a poorly constructed budget, failure to deliver planned savings and weak financial management arrangements. The scale of the financial challenge led the newly appointed Cabinet to declare a financial emergency in September 2025, introduce spending controls, and seek substantial EFS approval from the Government. Although the Council has made progress to strengthen financial management and reduce projected EFS, it remains exposed to significant financial risks, and it has substantial medium-term funding gap.

Evidence: The 2025-26 budget did not adequately reflect underlying demand pressures or contain deliverable savings plans for key services. Undelivered savings contributed £33.4m to the in-year overspend and the cost of a voluntary redundancy programme was not budgeted for. Capacity constraints further limited the Council's ability to control expenditure. The deterioration in the Council's financial position subsequently resulted in EFS. On 10 June 2026, the Cabinet received the 2025-26 outturn report, which showed a £49.43m adverse variation against the net budget.

Government approved up to £71m of EFS for 2025-26 and £130m for 2026-27, including support to address the revenue overspend and underwrite costs associated with the cancelled North-West Relief Road. The 2026-27 requirement was subsequently reduced to £121m and, following the appointment of an Interim Section 151 Officer in late 2025-26, further reductions were reflected in the July 2026 MTFP. By July 2026, the estimated EFS requirement for 2025-26 reduced to £61m, while the 2026-27 requirement reduced to £87m. The revised MTFP also showed a reduction in the projected EFS requirement for 2027-28 to £99m and to £121m in 2028-29. The Council's financial resilience deteriorated significantly in 2025-26. The General Fund Balance reduced from £34.28m on 31 March 2025 to £5m by 31 March 2026, leaving the Council with very limited reserves to respond to unforeseen financial pressures or emergencies. In July 2026, the Cabinet agreed to build reserves by £5m a year over the medium-term.

Impact: The scale of the projected funding gap, depleted reserves, rising borrowing requirements and related governance weaknesses indicate that financial sustainability is a significant risk.

Continued

Statutory recommendations

SR1: Significant weakness identified in relation to financial sustainability

Statutory recommendation 1

Continued

SR1: The Council must develop and deliver, a programme of financial recovery with significant progress being made by March 2028 with full financial recovery by March 2029. This should be by achieving a balanced and resilient financial position and having a clear strategy for reducing and ultimately removing reliance on EFS. The goal should be for the Best Value Notice to be withdrawn. In particular, the Council must:

- Continue to identify, quantify and address the imbalance between recurring expenditure and available income through delivery of sustainable savings and the maximisation of appropriate income generation opportunities.
- Maintain robust financial challenge, oversight and spend controls, ensuring resources are allocated in accordance with statutory responsibilities, affordability considerations and agreed strategic priorities.
- Embed a culture of evidence-based financial planning, budgeting and forecasting, supported by robust assumptions and effective challenge processes which minimises the risk of optimism bias and ensure this is reported to elected members in a timely way.
- Implement a comprehensive Financial Sustainability and Recovery Strategy, supported by clear and measurable milestones, performance measures, reporting, and accountability arrangements that demonstrates a clear pathway to long-term financial resilience.
- Ensure transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.

Statutory recommendations

SR2: Significant weakness identified in relation to governance

Key Finding: The Council's severe financial challenges are linked, at least in part, to longstanding weaknesses in its governance and control environment. The Head of Policy and Governance has issued a Limited Assurance opinion on the Council's control environment for seven consecutive years, demonstrating that previous improvement activity has not sufficiently addressed the underlying causes of governance weaknesses. In 2025-26, risk management was identified as a significant weakness, limiting the Council's ability to effectively identify, assess, monitor and mitigate strategic and operational risks. These issues are compounded by persistent capacity and capability pressures across key enabling services, including ongoing recruitment and retention difficulties in critical roles. Collectively, these factors have reduced organisational resilience, weakened corporate leadership and support functions, and increased the risk that governance weaknesses will persist, improvement activity will be delayed, and strategic objectives will not be achieved.

Evidence: The Head of Policy and Governance issued a Limited Assurance opinion on the Council's control environment for the seventh consecutive year, indicating that fundamental governance weaknesses remain unresolved despite previous recommendations and improvement actions.

In 2025-26, risk management was identified as a significant weakness to the Council's overall control environment, reducing assurance that risks are being consistently managed across the Council.

An unsatisfactory internal audit opinion for budget monitoring was reported to the February 2026 Audit and Governance Committee. The review identified fundamental weaknesses in budget monitoring arrangements and concluded that significant revisions were required to the budget-setting process and timetable. In May 2026, work was ongoing to strengthen financial monitoring and budget-setting arrangements as part of wider efforts to improve financial governance and long-term financial sustainability. The implementation date for the key management action arising from the budget monitoring review was set for February 2027, indicating that resolution of the underlying control weaknesses will take time.

The Council continues to experience persistent recruitment, retention, capacity and capability challenges across key services, affecting its ability to maintain effective governance arrangements, deliver improvement programmes, manage risk, and provide consistent corporate support. These workforce pressures have contributed to reduced organisational resilience and increased the risk of delayed improvements and continued governance weaknesses.

Continued.

Statutory recommendations

SR2: Significant weakness identified in relation to governance

Continued

Impact: The scale of the projected funding gap, depleted reserves, rising borrowing requirements and related governance weaknesses indicate that financial sustainability is a significant risk.

Statutory recommendation 2

Page 15

SR2: The Council must get an urgent grip on its corporate governance to improve its internal assurance arrangements by ensuring:

- Significant improvements are made to the timely implementation of internal audit recommendations.
- Risk management is enhanced by undertaking a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include Officers establishing a clear responsibility and accountability for corporate risk management and updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles.
- Improvements to budget monitoring, financial reporting, governance and assurance arrangements are fully embedded across the Council.
- The Council has sufficient capacity to deliver its Best Value responsibilities, and improving compliance with policies and procedures.
- Transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 Assessment of arrangements
Financial sustainability	R We made a statutory recommendation relating to pervasive weaknesses in the Council's financial position, Two key recommendations and one improvement recommendation.	Three risks of significant weakness identified in relation to financial sustainability, savings and DSG.	R Our statutory recommendation is revised given the significant weakness in arrangements for financial sustainability we identified. Key recommendations were retained for savings and DSG deficit. One prior year key recommendation for savings closed and one improvement recommendation closed.
Governance	R One key recommendation made relating to the "Limited Assurance". The statutory recommendation also related to governance issues with budget monitoring and reporting.	Four risks of significant weakness identified in relation to internal audit, risk management, budget monitoring and reporting and senior staff capacity.	R Statutory recommendation made for governance including budget monitoring and reporting. One key recommendation retained relating to internal audit "Limited Assurance". Key recommendation made for risk management. Key recommendation made for procurement and contract management. Improvement recommendation made for scrutiny.
Improving economy, efficiency and effectiveness	A An improvement recommendation made in relation in the LGA Peer Review action plan.	No risks of significant weakness identified	R Significant weaknesses in arrangements for corporate capacity, housing governance, procurement and contract management were identified and three key recommendations made. Two improvement recommendation made to support the Council in improving arrangements for performance management and special educational needs and disabilities (SEND) services. One improvement recommendation closed.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

2025-26 was a year of significant change for the Council with early signs of recovery later in the year. It is in this context that we set out our commentary on the Council's value for money arrangements in 2025-26.

Page 17

Context - In 2025-26, there was a significant shift in the Council's leadership and organisational culture. Following the local elections in May 2025, political control of the Council changed. One of the new Council Leader's first actions was to commission a Local Government Association (LGA) Corporate Peer Challenge (CPC), which reported in July 2025, providing an independent assessment of the Council's performance, governance and capacity for improvement. In September 2025, Full Council received a report from the Interim Chief Executive setting out the scale of the challenges facing the Council and the need for substantial improvement. The findings of the CPC report and the subsequent organisational review led to significant changes in senior leadership. The previous Chief Executive left the Council in September 2025, followed by the departure of the former Section 151 Officer in January 2026. These changes coincided with the Council's declaration of a financial emergency in September 2025 and marked the start of a wider programme to strengthen governance, accountability and organisational culture. We issued our statutory recommendation to the Council in November 2025 in our Auditor's Annual Report (AAR) 2024-25 relating to financial sustainability. This statutory recommendation is revised on page 9. We make a new statutory recommendation relating to governance on page 11 to reflect that the Council's severe financial challenges are linked, at least in part, to longstanding weaknesses in its governance and control environment.

The appointment of the Interim Chief Executive, who is now permanent, and the new interim S151 officer later in the year, represented a significant turning point for the Council. The Chief Executive introduced a Statutory Officers Group to establish stronger corporate oversight and a renewed focus on governance, compliance and accountability. An Improvement and Assurance Board was also established in November 2025, which is independently chaired. For much of 2025-26, budget monitoring and financial control across the Council was weak, this in part led to the financial emergency. However, performance improved in Quarter 4 of 2025-26. Progress was recognised through the LGA's follow-up review in May 2026, which identified clear evidence of renewed energy, pace and commitment from both political and officer leadership. The review highlighted improved relationships between members, officers and staff, greater visibility of leadership and the emergence of a more positive and collaborative organisational culture. However, the Council remains at an early stage of its improvement journey but has started establishing the foundations for recovery, although financial sustainability will take time to improve.

While progress was recognised by the LGA, which we support, the scale of the Council's financial and governance challenges remains significant. In July 2026, the Ministry of Housing, Communities and Local Government (MHCLG) issued the Council with a non-statutory Best Value Notice. The Notice highlighted concerns with the Council's financial sustainability, governance, leadership capacity and organisational culture, while also acknowledging the improvement activity already underway. The Council's political and managerial leadership must maintain the pace of changes already underway and sustain momentum so that changes are concluded and become embedded. We now summarise our key findings on the next pages.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

In our AAR 2024-25 we made a statutory recommendation relating to financial sustainability, the Council's financial position and financial governance in budget setting. This year we have revised this recommendation see page 9. In 2025-26, Adult Social Care and Children's Services accounted for 62% of the Council's £49.4m overspend on its net budget of £288.59m. Reviews by the Interim S151 Officer, found demand pressures and structural budget deficits were not fully reflected in budgets, forecasts lacked robustness, and financial challenge and oversight were insufficient. The Council has strengthened governance arrangements, improved collaboration between finance and services, and progressed transformation programmes to improve financial sustainability but these improvements need to embed.

The Council's medium-term financial sustainability is highly uncertain and continues to rely on Exceptional Financial Support (EFS). Although EFS usage in 2025-26 was lower than originally anticipated at £61.9m compared to the £71m approved, significant structural budget pressures remain. The 2026-27 budget was underpinned by a council tax increase of 8.99% and £121m of EFS both approved by the Government. However, a review of the assumptions underpinning the Medium-Term Financial Plan (MTFP) by the interim Section 151 Officer, resulted in a revised estimated EFS requirement of £87m in July 2026. While this demonstrates improved financial grip, the revised MTFP continues to identify substantial funding gaps over the medium-term. The most likely scenario is a budget gap for 2027-28 is £99m while the forecast EFS requirement for 2028-29 is £121m. This highlights the scale of the financial challenge facing the Council as it works towards long-term financial sustainability. Related to EFS, the Council's borrowing requirements is increasing significantly. In February 2026, total net borrowing stood at £465m, but is forecast to be £959m by 2028-29, increasing the Council's exposure to debt financing costs.

In February 2026, the MTFP for 2026-27 to 2030-31 included growth of £43.47m to offset unachieved savings in 2025-26 and just £5m of new savings for 2026-27. We note a gap of £123m for 2027-28. We make a revised key recommendation related to savings on page 32.

In 2024-25 we made a key recommendation relating to the Dedicated Schools Grant (DSG) deficit. This is retained on page 33. The DSG deficit increased from £17.65m in 2024-25 to £45.66m in 2025-26 and is forecast to be £50.94m by 2028-29 after allowing for the anticipated 90% grant support to cover the 2025-26 position. In our AAR 2024-25 we made an improvement recommendation for the Council to review its approach to reporting on slippage against the capital programme. The Council did improve monitoring in 2025-26. We close this recommendation.

Executive Summary

We set out below the key findings from our commentary on the Council’s arrangements in respect of value for money.



Governance

Page 19

Our AAR 2024-25 made a key recommendation that the Council should: immediately create an action plan as to how to address the pervasive issues across the Council that are contributing to the “Limited Assurance” opinion from the Head of Policy and Governance (Internal Audit). The opinion on the control environment has now been “Limited” for the last seven years. In 2024-25, we also retained a prior year improvement recommendation that the Council should develop a plan to demonstrate how it will move to improve its Internal Audit overall assessment of “Limited Assurance”. This prior year key recommendation is closed; however, this is incorporated in our new statutory recommendation relating to governance on page 11 and our key recommendation relating to internal audit controls on page 39.

In our AAR 2024-25 we retained a prior year improvement recommendation that the Council should address the minor control weaknesses identified in the Internal Audit risk management report in a timely manner. The Council's arrangements for risk management were a significant weakness to its control environment in 2025-26, and we escalate this to key recommendation on page 41.

Budget proposals were considered by the Transformation and Improvement Overview and Scrutiny Committee in January 2025 and were informed by public consultation and input from the Collaborative Budget Group, a cross-party forum. However, the 2025-26 budget did not reflect costs associated with known service users, and other cost pressures. An unsatisfactory internal audit assurance opinion for budget monitoring in February 2026 identified the need to review the budget-setting process and timetable, with improvement actions extending into 2027-28. We include budget setting and monitoring in our statutory recommendation on governance on page 11.

The Council's overview and scrutiny arrangements were limited in 2025-26, reducing the extent to which scrutiny supported informed decision-making, financial oversight and organisational improvement. We make an improvement recommendation on page 42.

We have identified a significant weakness in relation to procurement and contract management arrangements and a key recommendation on page 51.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Improving economy, efficiency and effectiveness

In 2025-26 and early 2026-27, the Council has strengthened its performance management arrangements including the new Corporate Plan for 2026-2030, a strategic performance framework and a suite of corporate key performance indicators (KPIs). However, key elements of the framework remained under development, including performance targets, benchmarking information, integrated business planning arrangements and the proposed balanced performance dashboard. We make an improvement recommendation on page 52.

The Council has experienced significant and persistent capacity and capability challenges across key corporate and enabling services and has challenges recruiting to key posts. These challenges have affected its ability to maintain effective governance, deliver transformation and improvement programmes, manage risk effectively and provide consistent support to operational services. We have identified a significant weakness in the Council's organisational capacity and capability and have included this in our statutory recommendation on page 10 (subject to PSA consultation) and a new key recommendation on page 47.

The Council performs strongly in key people-focused services. In February 2025, the Care Quality Commission (CQC) rated the Council's Adult Social Care services as Good, and this was followed by an Outstanding Ofsted judgement for Children's Services in June 2025. The latest special educational needs and disabilities (SEND) monitoring review recognised strong partnership leadership, a clear SEND and Alternative Provision Strategy but it made further recommendations to strengthen delivery and address remaining areas for improvement. We make an improvement recommendation on page 52.

We close our prior-year improvement recommendation for the Council to develop an action plan in response to the LGA report following the CPC in July 2025.

We have identified a range of weaknesses in our assessment in the Council's governance and oversight of its housing-related companies, Shropshire Towns and Rural Housing (STAR) (STAR is the Council's Arm's Length Management Organisation (ALMO) responsible for managing the Council's housing stock and delivering landlord services on its behalf) and Cornovii Developments Ltd (CDL). We therefore raise a significant weakness and make a key recommendation on page 49.

The Council recognised significant weaknesses in its procurement and contract management arrangements in 2025-26 and started an improvement programme. It adopted a revised Procurement Strategy in June 2026, established the Commissioning and Procurement Board, and invested in new contract management systems, processes and staff training. These improvements are yet to be embedded. We make a key recommendation on page 51.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2025/26 outcome
Opinion on the Financial Statements	We anticipate to complete our audit of your financial statements and issued an unqualified audit opinion by the 30 November 2026, following the Audit Committee meeting on 26 November 2026. Our findings are set out in further detail on the proceeding pages.
Use of auditor’s powers	We made written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014. We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014. We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We anticipate to issue an unqualified opinion on the Council's financial statements in November 2026.

The full opinion is included in the Council's Annual Report for 2025/26, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

Page 23

give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended

- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the NAO Code of Audit Practice (2024), and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2026 however failed to publish the supporting Annual Governance Statement (AGS) alongside the financial statements. The AGS was published in July 2026.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 26 November 2026. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements

These pages set out the key findings from our audit of the pension fund financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

The Pension Fund is required to publish its Annual Report by 1 December 2025. We issue an auditor's consistency report which includes our opinion that the 2025/26 Shropshire Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We anticipate to issue an unqualified consistency report on the pension fund financial statements contained within the Pension Fund's Annual Report.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2026 and of its expenditure and income for the year then ended.
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2025/26.

- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline. Draft financial statements were of a reasonable standard and supported by detailed working papers.

Opinion on the pension fund statements (continued)

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Pension Fund's Audit Committee on 18 September 2026. Requests for this Audit Findings Report should be directed to the Council.

Page 25



Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.



Use of auditor's powers

We bring the following matters to your attention:

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have made written recommendations under Section 24 of the Local Audit and Accountability Act 2014 given inadequate arrangements relating to the Council's financial sustainability and corporate governance. Further details are set out on pages 8 to 11.

04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Page 29



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

Page 30

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

In our AAR 2024-25 we made a statutory recommendation relating to financial sustainability, the Council’s financial position and financial governance in budget setting. Although the Council has made progress to strengthen financial management and reduce projected EFS, it remains exposed to significant financial risks, it has substantial medium-term funding gap and has identified weaknesses in its governance arrangements. We make a revised statutory recommendation on page 9.

The Council's medium-term financial sustainability remains highly uncertain and is reliant on Exceptional Financial Support (EFS). While the Council required a lower than anticipated use of EFS in 2025-26 (£61.9m compared to £71m approved), significant structural budget pressures remain, particularly in adults' and children's services, alongside challenges in delivering planned savings and transformation benefits. For 2026-27, the Council's budget was underpinned by £121m of EFS and an 8.99% council tax increase (we note this reduced to £87m in July 2026). In 2026-27, the Council undertook a review of assumptions underpinning its Medium-Term Financial Plan (MTFP), supported by CIPFA, resulting in lower forecast EFS requirements than previously expected. However, the revised MTFP still identified substantial funding gaps over future years, with EFS a key component of the Council's financial strategy. The most likely funding gap for 2027-28 is estimated at £99m (in a range of £82m to £125m). The forecast EFS requirement for 2028-29 is substantial at £121m, indicating continued dependence on government support and ongoing challenges in achieving long-term financial sustainability.

The Council's borrowing requirements continue to increase significantly. In February 2026, total net borrowing stood at £465m, while the Capital Financing Requirement increased by £145m during 2025-26. Borrowing was forecast to rise further to £959m by 2028-29, increasing the Council's exposure to debt financing costs and placing additional pressure on long-term financial sustainability.

Continued...

R

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
Page 31 Identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	...Continued	
	The LGA CPC report from July 2025, highlighted the need for a clearer and more quantified pathway to financial sustainability, including detailed savings plans, deliverable transformation benefits and a credible strategy to reduce reliance on EFS. The Council has begun to strengthen its financial planning assumptions and improve the robustness of its forecasts, but it has not yet demonstrated a sustainable route to longer-term financial recovery without EFS.	
	In 2025-26, Adult Social Care and Children's Services accounted for 62% of the Council's £49.4m overspend on its net budget of £288.59m. Reviews found that demand pressures and structural budget deficits were not fully reflected in budgets, forecasts lacked robustness, and financial challenge and oversight were insufficient. The Council has strengthened governance arrangements, improved collaboration between finance and services, and progressed transformation programmes to improve financial sustainability.	
	The Council also faced significant challenges in income collection and debt recovery. At Period 11, outstanding debt owing to the Council was £28m. An external review of the Revenue and Benefits Service undertaken in November 2025 found the service lacked sufficient capacity to manage debt arrears and required a two-year improvement programme to achieve compliance with its statutory responsibilities. The review highlighted management and staffing shortages of 25 posts. In response, the Council committed to delivering a comprehensive finance improvement programme in 2026-27 aimed at strengthening financial literacy and discipline, including improvements to forecasting, income collection and debt recovery. We have included capacity and capability weaknesses in our statutory recommendation on governance on page 11 and make a capacity and capability key recommendation on page 48. In 2024-25 we made a key recommendation relating to the Dedicated Schools Grant (DSG) deficit. This is retained on page 33. The DSG deficit increased from £17.65m in 2024-25 to £45.66m in 2025-26 and is forecast to be £92m by 2028-29 before allowing for the anticipated 90% grant support to cover the 2025-26 position which reduces the deficit to £50.9m.	R
G	No significant weaknesses or improvement recommendations.	
A	No significant weaknesses, improvement recommendations made.	
R	Significant weaknesses in arrangements identified and key recommendation(s) made.	

Financial sustainability – commentary on arrangements

We considered how the Council: **Commentary on arrangements**

Rating

Page 32

plans to bridge its funding gaps and identify achievable savings

In our AAR 2024-25 we made a statutory recommendation relating to financial sustainability and budget monitoring. This is revised on page 9 and a new statutory recommendation on governance is made on page 11 that includes monitoring. We also made a key recommendation that the Council should review all savings programmes to scrutinise deliverability and ensure that, when setting the budget for 2026-27 the savings programmes included are deliverable and achievable.

In 2025-26, the Council planned to save £59.87m with support from its transformation partner PWC. The 2025-26 outturn showed £33.38m of unachieved savings, with just £17.72m (29%) of savings delivery achieved, of which £2.55m were one-off savings. In May 2026, the Council Commissioned Local Partnerships to undertake a lessons learnt review. It found PWC’s role in supporting the Council to deliver its savings target was focused on identifying savings opportunities considered realisable. Responsibility for determining, designing and implementing the service, process and workforce changes necessary to achieve those savings remained with the Council. The lessons learnt review suggests the Council was unable to deliver these changes effectively, owing to a combination of capacity and capability constraints.

In February 2026, the MTFP for 2026-27 to 2030-31 included growth of £43.47m to offset unachieved savings in 2025-26 and just £5m of new savings for 2026-27. We note an estimated gap of £99m for 2027-28. We make a revised key recommendation on page 32.

R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Council's new People Plan 2025-2030, approved by Full Council in December 2025, is not costed. Given both the scale of this plan and the Council's medium-term financial challenge it is critical this is fully costed and supported with sufficient capacity and capability. We include this in our key recommendation regarding corporate capability and capacity on page 47. In our AAR 2024-25 we made an improvement recommendation for the Council to review its approach to reporting on slippage against the capital programme. The Council did improve monitoring in 2025-26. We close this recommendation. The Council started a significant redesign of its services in 2025-26 which led to a full Council restructure which is ongoing in 2026-27. This is part of the Council's financial recovery plan and followed a change of Chief Executive in mid 2025-26.	R
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	Following the declaration of the financial emergency in September 2025 and changes to the top team the Council has started to progress the improvements needed to financial control, but these were in early stages in March 2026. On this basis, we consider there to be a risk of significant weakness in the Council's arrangements for securing value for money. We have revised our prior year statutory recommendation on page 9. Securing financial sustainability is critical for the Council to deliver on its strategic priorities. The development of the new Shropshire Plan from 2026, alongside the MTFP, offers an opportunity to align strategic priorities with financial planning and this places financial sustainability as central to its five-year delivery.	R

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans

The Council faced significant financial risk in 2025-26 due to demand pressures and a budget that was not fully deliverable. These pressures led to the declaration of a financial emergency in September 2025 and the introduction of spending controls.

Savings built into the budget were not fully supported by delivery plans, contributing £33.38m to the 2025-26 overspend. Additional pressures arose from the costs of the voluntary redundancy programme and limited organisational capacity to contain expenditure.

The Council continues to face a substantial structural budget challenge. The MTFP forecasts a budget gap of between £82m and £125m in 2027-28, with a central estimate of £99m. Achieving financial sustainability will require the delivery of significant savings and transformation programmes and is likely to extend beyond the current MTFP period. We our have revised our prior year statutory recommendation on page 9.

R

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Significant weakness identified in relation to savings delivery

Key Finding: In 2025-26, the Council planned to save £59.87m with support from its transformation partner PWC. The 2025-26 outturn showed £33.38m of unachieved savings, with just £17.72m (29%) of savings delivery achieved over the year, of which £2.55m were classed as one-off.

Evidence: PWC was commissioned by the Council between 2023-24 to September 2025 to help the Council identify 'realisable' savings with the Council responsible for implementing the process and workforce changes to release these savings. The Council lacked the capacity and capability to support this programme. A lessons learnt review undertake and reported to elected members in June 2026. The Council did not have a consultative approach to identifying savings with key services in 2025-26. Savings were mainly carried forward from the £41.8m of undelivered savings in 2024-25.

In February 2026, the MTFP for 2026-27 to 2030-31 included growth of £43.47m to offset unachieved savings in 2025-26 and just £5m of new savings for 2026-27. These new savings were not fully in place in March 2026, but the Budget, Transformation and Change Review Panel with key directors was in place in Q1 2026-27 and starting to receive savings proposals. We note an estimated gap of £99m for 2027-28. In May 2026, the assessment of the status of realisable savings identified by PwC was ongoing.

In July 2026, the revised MTFP included savings of just £5m (worst) to £10m (likely) in 2027-28 and £10m in 2028-29, compared with a budget gap of between £125m and £82m, in 2027-28 and a gap of £121m in 2028-29. The 2027-28 were yet to be identified.

Impact: If the Council cannot effectively manage demand to reduce costs, and deliver all planned savings, it will not be able to achieve financial sustainability.

Continued

Financial sustainability (continued)

Significant weakness identified in relation to savings delivery

Key recommendation 1

KR1: The Council should develop and implement its transformation programme at scale and pace to address the significant structural budget deficit. This should include:

- ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.
- ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and programme management.
- ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation.
- developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.

Continued

Financial sustainability (continued)

Significant weakness identified in relation to Dedicated Schools Grant (DSG)

Key Finding: The Council's DSG deficit was £17.65m in 2024-25 and increased by 159% to £45.66m in 2025-26 driven by an overspend of £28.03m in high needs. The Council forecast the DSG deficit increasing to £67m by 2027-28 and to £92m by 2028-29. With the 90% grant the deficit is forecast as £50.9m by 2028-29 significantly more than general fund reserve.

Evidence: In February 2026, the Government announced a national package of support for local authorities with accumulated High Needs deficits. Under the arrangements, if the Department for Education approves the SEND plan, the Council will receive a High Needs Stability Grant in Autumn 2026 equivalent to 90% of eligible High Needs deficits that had accrued up to 31 March 2026. The grant, expected to be paid in 2026-27, will apply only to deficits relating to High Needs expenditure and will not cover deficits associated with the Early Years Block or the Central Schools Services Block of the DSG. Local authorities will remain responsible for funding the residual 10% of eligible deficits. Additional government support for post-2026 deficits may depend on demonstrating effective SEND reform and financial sustainability. The 90% Grant would reduce the 2025-26 deficit to £4.6m which would reduce the 2028-29 forecast to £50.94m. This is still significantly more than the Council's General Fund balance which is not expected to reach sustainable levels until 2030-31.

In May 2026, the Council was recruiting additional finance capacity to support DSG recovery and strengthen accountability for the impact of investment and was working with the DfE financial advisor to develop DSG financial planning. Note the High Needs Monitoring Group of the Schools Forum established in late 2025-26 was yet to meet. In July 2026, the Council was yet to a finance business partner for education.

Impact: If the Council cannot effectively reduce the residual DSG deficit and other accrued DSG deficits before 31 March 2028, these will need funding from the Council's own reserves. Reserve levels are already putting the medium-term financial sustainability of the Council at risk.

Key recommendation 2

KR2: The Council should mitigate the growth of the DSG deficit while continuing to engage through the Schools Forum on the management plan in place. Regular reporting on the impact of mitigations should be made through the Schools Forum and reported to Cabinet as part of the Council's financial monitoring reporting.

Governance – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

Monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Our AAR 2024-25 made a key recommendation that the Council should: immediately create an action plan as to how to address the pervasive issues across the Council that are contributing to the “Limited Assurance” opinion from the Head of Policy and Governance (Internal Audit). We saw no progress on our prior year key recommendation. We also retained a prior year improvement recommendation that the Council should develop a plan to demonstrate how it will move to improve its Internal Audit overall assessment of “Limited Assurance”. This recommendation is closed and included in our new statutory recommendation on governance on page 11 and our key recommendation relating to internal audit controls on page 39.

In June 2026, the Audit and Governance Committee (ACG) received the Internal Audit Annual Report 2025-26. Based on 421 recommendations across 60 reports and supporting evidence the Chief Audit Executive’s opinion provided ‘Limited Assurance’ on the Council’s framework for governance, risk and internal control. The Internal Audit team delivered 90% of the revised plan with 31 good and reasonable assurances accounting for 52% of the opinions delivered. The percentage split of recommendations deteriorated, with 57% significant and fundamental in 2025-26 compared to 47% in 2024-25. Based on internal audit work completed, the opinion on the control environment has now been “Limited” for the last seven years

Our AAR 2024-25 retained a prior year improvement recommendation that the Council should address the minor control weaknesses identified in the Internal Audit risk management report in a timely manner. The Council’s arrangements for risk management were a significant weakness to its control environment in 2025-26, and we escalate this to key recommendation on page 40. We include these internal control weaknesses in our new governance statutory recommendation on page 11.

Improvement Board data shows improving customer responsiveness, with complaints falling from 150 in January 2026 to 104 in February and 99 in March. Response times for complaints and elected member enquiries also improved in March 2026. The LGA reported in May 2026 staff engagement was positive, with 71% of staff stating they understood the Council’s priorities and were happy to work for the Council, indicating improving organisational culture and communication.

R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	Budget proposals were considered by the Transformation and Improvement Overview and Scrutiny Committee in January 2025 and were informed by public consultation and input from the Collaborative Budget Group, a cross-party forum. However, the 2025-26 budget did not reflect costs associated with known service users, and other cost pressures. An unsatisfactory internal audit assurance opinion on budget monitoring in February 2026 identified the need to review the budget-setting process and timetable, with improvement actions extending into 2027-28. We include budget setting in our new governance statutory recommendation on page 11. The 2026-27 budget was right sized to address the historic structural deficit and the process involved budget oversight meetings and a more rigorous budget development process. This approach enabled budget pressures to be identified earlier and allowed more time for challenge, consideration and decision-making.	R

Page 39

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	In our AAR 2024-25 we made a statutory recommendation relating to financial sustainability, savings, and budget monitoring. We make a revised statutory recommendation on page 9. In February 2026, an unsatisfactory internal audit assurance opinion on budget monitoring was reported to the Audit Committee, identifying fundamental weaknesses and requiring improvements to the budget-setting process and timetable, with implementation targeted for February 2027. The Council responded by strengthening financial monitoring and budget-setting arrangements, overseen by the Interim Section 151 Officer, with budget-holder compliance improving from 63% in Period 9 to 95% in Period 11. During 2025-26, the Council also sought to strengthen financial governance and accountability through enhanced scrutiny of spending and recruitment, improved oversight of financial risks and assumptions, and greater budget-holder accountability. A review of the finance function commenced in May 2026 and identified an over-reliance on key individuals, skills and capacity gaps, and weaknesses in finance business partnering that were affecting forecasting, budget setting and financial monitoring. A programme of development, training and cultural change is being implemented in 2026-27 to strengthen financial management capability and support improved decision-making.	R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

In 2025-26, significant changes in the Council's leadership and organisational culture were made. Following the local elections in May 2025, political control of the Council changed. The new Council Leader commissioned a LGA CPC to provide an external assessment of the Council's performance and governance arrangements. In September 2025, Full Council received a report from the Interim Chief Executive setting out the scale of the challenges facing the Council and the need for significant improvement. The CPC process and subsequent organisational review led to major changes in senior leadership. The previous Chief Executive left the Council in early September 2025, and the former Section 151 Officer left in January 2026. These changes coincided with the Council declaring a financial emergency in September 2025 and marked the beginning of a wider reset of governance, accountability and organisational culture.

The Council's overview and scrutiny arrangements were limited in 2025-26, reducing the extent to which scrutiny supported informed decision-making, financial oversight and organisational improvement. While the new administration sought to strengthen it through a more open and collaborative approach, improvements took time to embed and were constrained by limited officer capacity and governance arrangements not fully aligned to effective challenge and pre-decision scrutiny. We make an improvement recommendation on page 42.

In May 2026, the LGA follow-up review identified evidence of renewed energy, pace and commitment from both political and officer leadership. It concluded the Council had established a stronger grip on its financial position, improved governance arrangements and made progress against the CPC recommendations. The review also identified improved relationships between members, officers and staff, stronger leadership visibility and a more positive and collaborative organisational culture. While the Council remained at an early stage of its improvement journey, the review found that foundations were established to support longer-term transformation and recovery.

A

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	Following the declaration of a financial emergency in September 2025, the Council took positive measures to strengthen governance, compliance and organisational oversight. These included establishing a Statutory Officers Group to improve oversight of key governance, legal and financial matters, reinforcing compliance with the Council's constitution and procedures, strengthening the monitoring of significant risks and audit findings, and enhancing engagement with the Audit and Governance Committee. However, the full impact of these changes on the Council's control environment is yet to be demonstrated. The Council's 2025-26 Annual Governance Statement (AGS) identified five significant governance weaknesses relating to financial sustainability, internal controls, financial management, programme and capital governance, and organisational capacity and culture. We have made statutory or key recommendations in each of these areas. However, we note the AGS did not report on several other important governance indicators. During 2025-26, the Council reported three data breaches to the Information Commissioner's Office and continued to experience challenges in responding to Freedom of Information requests in statutory timescales, although compliance improved from 55% to 70% during the year. We would expect significant issues relating to information governance, and regulatory compliance to be reflected in the AGS. We have identified a significant weakness in relation to procurement and contract management arrangements and a key recommendation on page 51.	R
---	---	----------

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Significant weakness identified in relation to Internal Audit

Key finding: The Council has not made sufficient progress in addressing the underlying causes of its long-standing weak control environment. Despite a key recommendation in our 2024-25 AAR that the Council develop and implement an action plan to tackle the pervasive issues leading to a Limited Assurance internal audit opinion, no significant progress was evident in 2025-26. The Chief Audit Executive issued a Limited Assurance opinion for the seventh consecutive year. While there were some indications of improvement in Quarter 4 2025-26, these were not yet reflected in improved arrangements. The Council must demonstrate sustained and measurable improvements in internal control arrangements in 2026-27.

Evidence: In June 2026, the Chief Audit Executive provided a Limited Assurance opinion on the Council's framework for governance, risk management and internal control for the seventh consecutive year. The opinion was based on 421 recommendations across 60 audit reports. Only 52% of audit opinions provided good or reasonable assurance (31 opinions), representing a 6-percentage point reduction compared to 2024-25. Nearly two-thirds (57%) of recommendations were classified as significant or fundamental, compared with 47% in 2024-25, demonstrating an increase in the severity of control weaknesses identified. Significant weaknesses continued to be reported in critical areas including budget monitoring, risk management and workforce resilience. Internal audit identified that controls were not operating consistently or effectively enough across the Council. Some improvement was evident in Q4 2025-26, with no unsatisfactory assurance opinions issued; and no fundamental recommendations made.

Impact: Failure to maintain robust internal control creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss, poor value for money and reputational damage.

Key recommendation 3

KR3: The Council must take immediate action to demonstrate improvements in internal control in 2026-27. A plan to address this must be agreed by the Improvement Board and by the Audit and Governance Committee. This plan must be reported quarterly to these Groups and owned by the Statutory Officers Group. We recommend that a lead officer is appointed to drive this improvement.

Governance (continued)

Significant weakness identified in relation to risk management

Key finding: In 2025-26, the Council's risk management arrangements did not operate effectively. Internal Audit issued a limited assurance opinion in February 2026, a deterioration from the reasonable assurance opinion received in 2024-25. The Council had no dedicated risk management lead, key elements of the risk framework were not implemented, and risk management was not sufficiently embedded in strategic decision-making, performance management or organisational planning.

Evidence: The Internal Audit review identified non-compliance with key controls and found that plans to implement a Council-wide Risk Assurance Model had not progressed due to organisational restructuring, capacity constraints and resource pressures. The Opportunity Risk Management Strategy had not been comprehensively updated since 2022 and required significant revision. Strategic risks were reviewed only twice a year, supported by an annual Leadership Board workshop. Compliance with operational risk register reviews was low, with fewer than 40% updated in May 2025 and fewer than 30% in November 2025. There was no clear link between risk and performance reporting, and limited evidence of regular strategic discussion of the Council's key risks. The Strategic Risk Register (SRR) contained only eight risks and one draft risk in February 2026. Six risks were assigned to the former Section 151 Officer, including several outside his direct area of responsibility. Members raised concerns that risks and mitigations showed little change over time and sought evidence that controls were reducing exposure. A further update promised for June 2026 was not provided. In March 2026, the SRR contained nine risks but lacked information we would normally expect, including clear ownership, risk scores, assurance sources and target dates. The financial sustainability risk was not updated to reflect developments in 2025-26, including the Council's financial emergency.

Impact: Ineffective risk management limits the Council's ability to make informed decisions, respond proactively to emerging challenges and deliver sustainable services, increasing exposure to financial, operational and reputational risks.

Continued

Governance (continued)

Significant weakness identified in relation to risk management (continued)

Key recommendation 4

KR4: The Council should undertake a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include:

- establishing a clear responsibility and accountability for corporate risk management.
- updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles.
- establishing robust arrangements for the regular review, challenge and escalation of strategic and operational risks, with clear evidence of management actions and impact on risk exposure.
- reviewing the format and content of all strategic and operational risk registers to ensure they are consistent. They should clearly define risk, cause and impact statements, risk owners, inherent and residual scores, risk appetite/tolerance, assurance arrangements, target scores, target dates and supporting evidence for risk assessments.
- ensuring strategic risks accurately reflects the Council's key exposures, including financial sustainability, and are assigned to appropriate accountable officers.
- improving compliance with operational risk review processes through stronger monitoring and management oversight.
- Integrating risk management with performance management, strategic planning and decision-making processes, including regular strategic discussions by Leadership Board, the Improvement Board and Members on the Council's most significant risks and mitigating actions.

Governance (continued)

Area for Improvement identified: overview and scrutiny arrangements

Key findings: The effectiveness of the Council's overview and scrutiny arrangements was limited in 2025-26, reducing the extent to which it could support informed decision-making, financial oversight and organisational improvement. While the new administration elected in May 2025 sought to strengthen it through a more open and collaborative approach, improvements took time to embed and were constrained by limited officer capacity and governance arrangements that were not fully aligned to effective challenge and pre-decision scrutiny.

Evidence: Since May 2025, the Council has promoted, increased transparency and introduced more pre-decision scrutiny of Cabinet proposals. This included the use of task-and-finish reviews, engagement with all political group leaders on budget options and appointing opposition members as scrutiny committee chairs. However, scrutiny arrangements were not fully effective in 2025-26. Committee timetables left only a short period between Overview and Scrutiny and Cabinet meetings, limiting the ability of scrutiny recommendations to influence decisions. Members receiving papers late restricted opportunities for detailed review. Financial scrutiny was particularly weak during 2025 not focusing sufficiently on underlying causes of budget failure. Scrutiny was often reactive to officer presentations rather than driven by member-led investigations, independent analysis or benchmarking. Capacity constraints limited the ability to undertake more in-depth reviews, with a Head of Scrutiny and two officers supporting five scrutiny committees, while also undertaking other corporate responsibilities.

The Council has begun to strengthen arrangements in 2026-27. Members reported improvements in work programming, scheduling and the timeliness of reporting. The Council is also working with the Centre for Governance and Scrutiny to review and refresh its Constitution and governance arrangements.

Impact: Weak overview and scrutiny arrangements reduced independent challenge and oversight, increasing the risk that poor decisions, financial issues and governance weaknesses were not identified and addressed in a timely manner.

Improvement Recommendation 1

IR1: The Council should continue to strengthen its overview and scrutiny arrangements by ensuring committees are supported by adequate officer capacity, receive timely and high-quality information, and are able to undertake forward-looking reviews of key strategic, financial and governance risks. Scrutiny work programmes should be aligned to the Council's Improvement Plan and Financial Sustainability Strategy to enable effective challenge, informed decision-making and robust accountability.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
Page 47 uses financial and performance information to assess performance to identify areas for improvement	Following the change in administration in May 2025, the Council commenced development of a new corporate planning framework to reflect its revised political priorities. Full Council approved a phased approach comprising an Improvement Plan, a new Corporate Plan and a longer-term Partnership Plan. In 2025-26, the Council continued to report performance quarterly to Cabinet and monitored progress against its existing Corporate Plan through a range of key performance indicators (KPIs). In 2025-26 and early 2026-27, the Council took steps to strengthen its performance management arrangements through the development of a new Corporate Plan for 2026-2030, a strategic performance framework and a suite of corporate KPIs. However, key elements of the framework remained under development at the time of our review, including performance targets, benchmarking information, integrated business planning arrangements and the proposed balanced performance dashboard. We have therefore made an improvement recommendation on page 52. The Council has also experienced significant and persistent capacity and capability challenges across key corporate and enabling services. These challenges have affected the Council’s ability to maintain effective governance, deliver transformation and improvement programmes, manage risk effectively and provide consistent support to operational services. We have identified a significant weakness in the Council’s organisational capacity and capability and have made a key recommendation on page 47. We also include these capacity and capability challenges in our new governance statutory recommendation on page 11.	R

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

Page 48 evaluates the services it provides to assess performance and identify areas for improvement	The Council performs strongly in key people-focused services. In February 2025, the Care Quality Commission (CQC) rated the Council's Adult Social Care services as Good, and this was followed by an Outstanding Ofsted judgement for Children's Services in June 2025. Improvement activity in SEND continues following the 2020 Local Area SEND inspection which resulted in a Written Statement of Action. Progress is subject to ongoing six-monthly monitoring. The latest review recognised strong partnership leadership, a clear SEND and Alternative Provision Strategy but it made further recommendations to strengthen delivery and address remaining areas for improvement. We make an improvement recommendation on page 53.	A
	In July 2025, the LGA undertook a CPC at the Council's invitation. The Council accepted all ten recommendations and reported an action plan to Cabinet in October 2025, including the development of a People Plan and Improvement Plan. To oversee delivery, the Council established an Improvement and Assurance Board, with an independent Chair and external specialists providing challenge and scrutiny. We therefore close our prior-year improvement recommendation for the Council to develop an action plan in response to the CPC.	
	The approval of the Improvement Plan by Full Council in December 2025 represented a significant and positive step in strengthening the Council's approach to improvement and organisational culture. The Plan brings together a range of improvement activity within a single framework comprising three strategic themes and nine programmes of work, supported by a clear governance structure including Portfolio Boards, programme and project boards, and a Corporate Programme Management Office responsible for coordination and assurance. While these arrangements remain at an early stage, they provide a stronger framework for driving, monitoring and challenging improvement activity across the Council. (continued)	

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

evaluates the services it provides to assess performance and identify areas for improvement Page 49	Continued. Despite these positive developments, significant challenges remain. On 15 July 2026, the Government issued a Best Value Notice requiring the Council to accelerate financial recovery and sustainability activity, strengthen senior leadership capacity through permanent appointments, address external audit recommendations, improve governance and scrutiny arrangements, and provide regular progress updates to the Department. We have made recommendations on these issues through this report, so we do not repeat them here.	A
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Council has taken positive steps to strengthen partnership working and collaborative delivery arrangements. In 2025-26, it established a Partnership Working Task and Finish Group and worked with town and parish councils to explore opportunities for greater local delivery. External inspection evidence also demonstrates effective partnership working in some service areas, particularly SEND, where partners have developed strong collaborative arrangements focused on improving outcomes for children and young people. However, significant weaknesses remain in the Council's governance and oversight of its housing-related companies, Shropshire Towns and Rural Housing (STAR) which is the Council's Arm's Length Management Organisation (ALMO) responsible for managing the Council's housing stock and delivering landlord services on its behalf and Cornovii Developments Ltd (CDL). While the Council has begun to strengthen arrangements through governance reviews, enhanced scrutiny and investment in housing leadership capacity, these actions are at an early stage. We make a key recommendation on page 49. We note the Council commissioned an external report on CDL which reported in August 2026. We will consider this in our VFM 2026/27.	R

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council: **Commentary on arrangements**

Rating

Page 50 ommissions or procures services, assessing whether it is realising the expected benefits	The Council recognised weaknesses in its procurement and contract management arrangements in 2025-26 and started a programme of improvement, including a revised Procurement Strategy, published in June 2026, the establishment of a Commissioning and Procurement Board, and investment in new contract management systems and training. However, significant weaknesses remained in place. Internal Audit identified fundamental risks in contract management and procurement compliance, while capacity challenges in the procurement team limited the Council's ability to improve. Governance and management information arrangements were underdeveloped, contract management practices were inconsistent, and most significant contracts did not have designated contract managers. Our review also identified weaknesses in the Council's ability to operate as an informed or "smart" client. Reviews of major contracts and transformation activity highlighted shortcomings in commercial oversight, contract ownership and supplier management. Similar issues were evident in the North-West Relief Road (NWRR) project, where the Council relied heavily on external consultancy support from WSP, incurring approximately £29.1m of expenditure through the contract. Following a significant increase in estimated project costs, from £74.2m in 2018 to £162.4m in 2024, the scheme was paused in June 2025 by new the new political administration and subsequently cancelled in February 2026. Lesson learnt reviews highlighted the need for stronger in-house technical, commercial and contract management capacity to provide effective challenge, oversight and assurance over major projects. While the Council has taken positive steps to strengthen arrangements, many of the planned improvements were not yet embedded in 2025-26 and their effectiveness is yet to be demonstrated. We note the Council has an agreed budget to recruit to its performance team in 2026-27 but is struggling recruiting and has used this funding for 6 interims. We make a key recommendation on page 51.	R
--	--	--------------

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to corporate capacity

Key finding: The Council has experienced significant and persistent capacity and capability challenges across key enabling and frontline services, affecting its ability to maintain effective governance, deliver transformation and improvement programmes, manage risk effectively and support operational service delivery.

Evidence: The Council's organisational capacity was significantly reduced through voluntary redundancies and restructuring during 2024-25 and early 2025-26, resulting in the loss of senior management, professional and specialist expertise across key functions. Capacity pressures are particularly evident in procurement, legal services, debt management, housing, project management and transformation, with areas reliant on interim staff or external support. These challenges have affected the Council's ability to deliver planned transformation, implement savings and maintain effective programme management, governance and assurance arrangements. Internal Audit identified capacity and capability issues as a recurring cause of control weaknesses, while resource constraints delayed the development of corporate risk management arrangements and contributed to weaknesses in financial management and forecasting. Although the Council has begun to address these issues in late 2025-26 through its People Plan, senior recruitment and investment in key teams, many initiatives remain at an early stage and significant risks associated with organisational capacity and capability remain. The continuing impact of these challenges was also highlighted by the LGA during its follow-up visit in May 2026.

Impact: Persistent capacity and capability gaps have reduced the Council's ability to deliver sustainable improvement, maintain effective governance and assurance arrangements, and successfully implement its transformation and financial recovery plans.

Key recommendation 5

KR5: The Council should develop and implement a fully costed workforce and organisational capacity plan that identifies the critical skills, leadership capacity and specialist expertise required to support service delivery, governance and transformation. Progress should be regularly monitored by Members and the Leadership Board, with particular focus on rebuilding capacity in finance, legal, procurement, housing, risk management, programme management and other key enabling services to ensure the Council can operate effectively and sustainably.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to housing governance

Key finding: The Council's oversight, governance and management arrangements for Shropshire Town and Rural Housing (STAR) (STAR is the Council's Arm's Length Management Organisation (ALMO), responsible for managing the Council's housing stock and delivering landlord services on its behalf) and Cornovii Developments Ltd (CDL) were not sufficiently robust in 2025-26. Weak strategic oversight, limited client-side capacity, inappropriate governance arrangements and weaknesses in financial planning reduced the Council's ability to provide effective challenge, manage risk and ensure value for money from its housing and development activities.

Evidence: In 2025-26, the Council had no updated Housing Strategy and housing governance arrangements were fragmented, with oversight responsibilities distributed across different officers, boards and committees. The Housing Supervisory Board focused solely on CDL rather than STAR, and a dedicated housing scrutiny function was not established until 2026-27. Following the creation of STAR, the Council retained limited in-house housing expertise, reducing its ability to act as an informed client and effectively challenge performance, investment proposals and business planning assumptions. Governance arrangements were further weakened by unclear accountability arrangements, including councillors serving on company boards and the Managing Director holding leadership roles across both STAR and CDL. Strategic oversight was inconsistent, with the Asset Assurance Board meeting infrequently and limited reporting on company performance provided to elected members. Independent reviews identified significant weaknesses in the Housing Revenue Account business plan, including reserve management, borrowing assumptions, investment appraisal and viability assessment arrangements. The Council also lacked an agreed framework with STAR for assessing the viability of acquisitions and development schemes. Historical ambitions for housing growth through CDL were not matched by sufficiently mature governance, risk management and performance oversight arrangements, and there was limited evidence of sustained strategic challenge of company performance. Although the Council has begun to strengthen arrangements through additional scrutiny, external reviews, governance changes and senior housing appointments, these actions remain at an early stage.

Impact: Weak governance and oversight arrangements increase the risk that housing and development activities do not achieve intended outcomes, expose the Council to avoidable financial and operational risks, and fail to demonstrate value for money.

Continued

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to housing governance (continued)

Key recommendation 6

KR6: The Council should urgently review and strengthen its governance, shareholder and client-side arrangements for STAR and CDL. This should include establishing clear accountability and reporting lines, strengthening officer capacity and housing expertise, resolving conflicts of interest, implementing a robust performance and financial reporting framework, ensuring regular member scrutiny, and developing a clear housing strategy.

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to procurement and contract management

Key finding: In 2025-26 the Council's procurement and contract management arrangements were not operating effectively. Capacity constraints, weak contract management practices, limited management information and governance weaknesses reduced the Council's ability to secure value for money, manage supplier performance and ensure compliance with procurement requirements. Significant improvement activity was underway, but actions remained at an early stage.

Evidence: The Council's 2025-26 self-assessment identified the need for external support to improve procurement and contract management, given significant capacity challenges in the Procurement Team. Internal Audit continued to identify weaknesses in procurement and contract management arrangements, including deficiencies in contract monitoring, compliance with Contract Procedure Rules and the need to update the Procurement Strategy. In response, the Council approved a revised Procurement Strategy in June 2026 and established an improvement programme overseen by the Transformation Board and Commissioning and Procurement Board.

Governance, oversight and management information arrangements were not sufficiently developed to support effective commercial management. Although waiver reporting improved, the information provided to Members remained limited. The Council's contract management system lacked the functionality required to support effective governance, monitoring and performance reporting, and a replacement system was not expected to be fully implemented until late 2026-27. While a contract register was in place, a procurement pipeline was only introduced in June 2026, contract data required further improvement and most major contracts did not have designated contract managers.

The Council did not consistently demonstrate the characteristics of an informed or "smart" client. Reviews undertaken by Local Partnerships and through lessons learned from the PwC contract identified weaknesses in commercial oversight, contract ownership and supplier management. Similar issues were evident in the Council's management of its highways contract, where limited client-side capacity and capability reduced the Council's ability to provide effective challenge, monitor performance and hold the contractor to account. Taken together, these findings indicate that the Council lacked a sufficiently strong and consistent client function across several key commissioned services, limiting its ability to manage risk, drive performance improvement and secure value for money from its contractual arrangements.

Continued

Improving economy, efficiency and effectiveness (continued)

Significant weakness identified in relation to procurement and contract management

Continued

Impact: Weak procurement and contract management arrangements increase the risk of poor supplier performance, non-compliance with procurement requirements, missed opportunities to achieve value for money and ineffective delivery of the Council's strategic and transformation objectives.

Key recommendation 7

KR7: The Council should accelerate the implementation of its procurement and contract management improvement programme to ensure full compliance with the Procurement Act 2023 and Contract Procedure Rules. This should include establishing robust governance arrangements, implementing the new contract management system, assigning accountable contract managers and owners to all significant contracts, strengthening performance and compliance monitoring, and delivering a comprehensive programme of training and support to build procurement and contract management capability across the organisation. Progress should be regularly reported to the Improvement Board and to ACG.

page 55

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: performance management

Key Finding: The Council has established performance monitoring arrangements and has started to strengthen its corporate planning and performance management framework. However, elements of an integrated performance management approach remain under-developed, limiting the Council's ability to obtain a comprehensive view of organisational performance, risk, financial sustainability and delivery of strategic priorities.

Evidence: In 2025-26, the Council reported quarterly performance to the Cabinet and took steps to strengthen its arrangements through the development of a new Corporate Plan for 2026-2030, a strategic performance framework and a suite of corporate KPIs. However, performance reporting remained largely focused on service measures, with limited benchmarking and target-setting, and it was not fully integrated with risk management or financial performance as we expect to see. Key components of the proposed framework, including performance targets, benchmarking arrangements, integrated business planning and a balanced performance dashboard, remain under development in early 2026-27.

Impact: Without a developed performance management framework in place, underpinned by robust data the Council will not understand the improvements required or have a golden thread to enable officers to understand how they contribute to effective outcomes.

Improvement Recommendation 2

IR2: The Council should complete the implementation of its new corporate performance framework, ensuring that performance, risk and financial information are integrated into a single reporting framework. This should include clear targets, benchmarking against peer authorities, delivery milestones and regular reporting to Members and senior management to strengthen strategic oversight and support informed decision-making.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement: SEND improvement

Key Finding: The Council and its partners have made progress in strengthening strategic leadership and oversight of SEND services. However, significant improvement is still required to address longstanding performance challenges and ensure consistent delivery against statutory requirements and planned outcomes.

Evidence: Following the Shropshire Local Area SEND inspection in January 2020, inspectors identified six significant weaknesses and required local partners to produce a Written Statement of Action. A revisit by Ofsted and the Care Quality Commission in November 2022 found insufficient progress was made in addressing three of these weaknesses, resulting in continued monitoring since then with the latest review in November 2025 recognising the establishment of a more integrated and strategic approach to SEND improvement, supported by a partnership SEND and Alternative Provision Strategy and outcomes framework. However, inspectors also made six new recommendations for improvement. In addition, the Council's SEND Reform Plan in June 2026, identified the need to improve compliance with the 20-week statutory timescale for issuing Education, Health and Care Plans (EHCPs) from 20% to 90% by 2028-29 and highlighted weaknesses in data, performance monitoring and programme management arrangements. Taken together, these findings indicate that, while improvement activity is underway, further work is required to strengthen performance management and deliver sustainable improvements in SEND services.

Impact: Weaknesses in SEND performance management and service delivery increase the risk that children and young people do not receive timely support and that the Council is unable to demonstrate sustained improvement in outcomes or compliance with statutory requirements.

Improvement Recommendation 3

IR3: The Council should continue to work together with system partners to deliver the SEND improvements required and to ensure statutory timescales for EHCP assessments are met.

Pension Fund

The Council is the administering authority for the Shropshire Pension Fund. As part of our VfM work we are required to consider the Council’s arrangements in respect of the Pension Fund.

We considered the Pension Fund’s: Commentary on arrangements		Rating
Financial Sustainability: sufficiency of funds to meet liabilities	The Valuation report shows the pension was funded at 104% at March 2025 with a solvency level of 115% and a surplus of £335m. The Fund is one of 15 funds that make up the LGPS Central pool. From 1 April 2026 LGPS Central Ltd are responsible for the oversight of all the Funds’ assets.	G
Governance: appropriateness of governance arrangements	Effective arrangements are not in place for risk management, and we include this in our key recommendation relating to risk management on page 40 so do not repeat that here.	
Improving Economy, Efficiency and Effectiveness: annual report findings	The Fund took part in the 2025 CIPFA benchmarking exercise, this compared the cost for running the administration of LGPS funds across the country. It shows the scheme has a much lower cost per members than the average scheme.	

- G

No significant weaknesses or improvement recommendations.
- A

No significant weaknesses, improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendation(s) made.

05 Summary of Value for Money Recommendations raised in 2025/26

Page 59

Statutory recommendation revised in 2025/26

Recommendation	Relates to	Management Actions
The Council must develop and deliver, a programme of financial recovery with significant progress being made by March 2028 with full financial recovery by March 2029. This should be by achieving a balanced and resilient financial position and having a clear strategy for reducing and ultimately removing reliance on EFS. The goal should be for the Best Value Notice to be withdrawn. In particular, the Council must: • Continue to identify, quantify and address the imbalance between recurring expenditure and available income through delivery of sustainable savings and the maximisation of appropriate income generation opportunities. • Maintain robust financial challenge, oversight and spend controls, ensuring resources are allocated in accordance with statutory responsibilities, affordability considerations and agreed strategic priorities. • Embed a culture of evidence-based financial planning, budgeting and forecasting, supported by robust assumptions and effective challenge processes which minimises the risk of optimism bias and ensure this is reported to elected members in a timely way. • Implement a comprehensive Financial Sustainability and Recovery Strategy, supported by clear and measurable milestones, performance measures, reporting, and accountability arrangements that demonstrates a clear pathway to long-term financial resilience. • Ensure transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.	Financial sustainability (pages 26-33)	Actions: A Financial Sustainability and Recovery Strategy was approved by Cabinet in July 2026, which sets out the 11 areas the Council will need to focus on to reduce its reliance on EFS: 1. Reserves and Balances: Rebuild and replenish the financial reserves of the Council to prudent levels 2. Asset Disposal Policy and Corporate Landlord Programme: Rationalise assets to generate receipts and reduce costs 3. Maximisation of income generation and collection 4. Council Companies and Traded Services: Ensure commercial activity maximises returns and financial value 5. Maximise council tax income to support sustainable service delivery 6. Service Transformation, Change and Efficiency: Transform services through prevention, efficiency, modernisation and demand management 7. Strengthen financial management policy and practice In line with our Improvement Plan 8. Debt Financing Optimisation: Reduce borrowing costs through improved treasury and debt management 9. Reviewing and rationalising the capital programme 10. Fair Government funding: Advocate for funding settlements reflecting Shropshire's rural challenge 11. Inclusive Growth Strategy Continued

Page 60
SR1

Statutory recommendation revised in 2025/26

Recommendation	Relates to	Management Actions
Page 61 The Council must develop and deliver, a programme of financial recovery with significant progress being made by March 2028 with full financial recovery by March 2029. This should be by achieving a balanced and resilient financial position and having a clear strategy for reducing and ultimately removing reliance on EFS. The goal should be for the Best Value Notice to be withdrawn. In particular, the Council must: • Continue to identify, quantify and address the imbalance between recurring expenditure and available income through delivery of sustainable savings and the maximisation of appropriate income generation opportunities. • Maintain robust financial challenge, oversight and spend controls, ensuring resources are allocated in accordance with statutory responsibilities, affordability considerations and agreed strategic priorities. • Embed a culture of evidence-based financial planning, budgeting and forecasting, supported by robust assumptions and effective challenge processes which minimises the risk of optimism bias and ensure this is reported to elected members in a timely way. • Implement a comprehensive Financial Sustainability and Recovery Strategy, supported by clear and measurable milestones, performance measures, reporting, and accountability arrangements that demonstrates a clear pathway to long-term financial resilience. • Ensure transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.	Financial sustainability (pages 26-33)	Continued....The Strategy provides the basis for the development of a range of programmes, projects and activity that will identify, quantify and address the imbalance between recurring expenditure and available income through delivery of sustainable savings and the maximisation of appropriate income generation opportunities. As programmes become fully defined there will be clear and measurable milestones, performance measures and accountability arrangements. There will be regular reporting against elements of the Strategy, and in particular the Transformation, Improvement and Change portfolio, to the Improvement Board monthly who will focus on delivery against the 6 areas of the portfolio (see KR1) to check progress, challenge plans, and validate impact. Progress will also be regularly reported to Cabinet, Finance & Improvement Overview and Scrutiny Committee, and MHCLG via the Best Value Notice monitoring meetings. In-year spend control mechanisms remain in place which, alongside a strengthened approach to budget monitoring and budget and business planning, ensure a more evidence-based approach to budget planning, supported and challenged corporately. This has been supplemented by training activity for budget holders and senior officers aimed at improving practice and developing appropriate culture and behaviours (challenge and curiosity). Responsible Officer: Corporate Director (Finance and Governance) Due Date: July 2026 and ongoing

Statutory recommendation revised in 2025/26

Page 62
SR2

Recommendation	Relates to	Management Actions
The Council must get an urgent grip on its corporate governance to improve its internal assurance arrangements by ensuring: • Significant improvements are made to the timely implementation of internal audit recommendations. • Risk management is enhanced by undertaking a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include Officers establishing a clear responsibility and accountability for corporate risk management and updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles. • Improvements to budget monitoring, financial reporting, governance and assurance arrangements are fully embedded across the Council. • The Council has sufficient capacity to deliver its Best Value responsibilities, and improving compliance with policies and procedures. • Transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.	Governance (pages 33-42)	Actions: The Council’s 2025/26 Annual Governance Statement recognises that governance arrangements remain in transition during a period of material financial stress and organisational change, but also identifies defined actions to address weaknesses, particularly in financial sustainability and control limitations. The Improvement Plan continues to focus on strengthening corporate governance and compliance, and a range of actions and activity are being driven by the Statutory Officers Group and wider Governance Group established in July 2026. A report to the Audit and Governance Committee in September 2026 summarises actions being taken to strengthen governance, risk management, internal control, assurance and organisational accountability across the Council. The Internal Audit Performance Report for September 2026 indicates an improved position compared with the same reporting period in 2025/26. The new Governance Group will ensure that audit recommendations are implemented, overdue actions are escalated, and learning is used to address root causes rather than individual symptoms. In addition, the Internal Audit plan flexes to respond to changes to the risk environment, ensuring that assurance work is aligned with the Council’s transformation programme, Improvement Plan, Corporate Plan, financial sustainability work and external scrutiny. Risk Management is being strengthened, and a new framework and associated arrangements are being presented to Audit & Governance Committee in September 2026. Further details are in the response to KR4. continued

Statutory recommendation revised in 2025/26

Page 63
R2

Recommendation	Relates to	Management Actions
The Council must get an urgent grip on its corporate governance to improve its internal assurance arrangements by ensuring: • Significant improvements are made to the timely implementation of internal audit recommendations. • Risk management is enhanced by undertaking a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include Officers establishing a clear responsibility and accountability for corporate risk management and updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles. • Improvements to budget monitoring, financial reporting, governance and assurance arrangements are fully embedded across the Council. • The Council has sufficient capacity to deliver its Best Value responsibilities, and improving compliance with policies and procedures. • Transparent and regular reporting of progress to elected members, the Independent Improvement Board and MHCLG, in line with the Best Value Notice expectations.	Governance (pages 33-42)	Continued An updated Improvement Plan will continue to focus on improvements to financial monitoring, assurance arrangements and corporate governance compliance. New senior leadership capacity has been recruited, with 5 senior positions recruited to during the summer of 2026, including a Corporate Director for Change and Improvement due to start in October 2026. This will create more capacity and capability to ensure and enable delivery of our financial recovery and organisational improvement, and the continuous improvement and value for money in accordance with best value responsibilities, Progress against the Improvement Plan – including a focus on compliance with policies and procedures, will continue to be reported to the Improvement Board, Cabinet and Finance and Improvement Overview and Scrutiny Committee. Responsible Officer: Chief Executive Due Date: September 2026 and ongoing

Key recommendations raised in 2025/26

Page 64
KR1

Recommendation	Relates to	Management Actions
The Council should develop and implement its transformation programme at scale and pace to address the significant structural budget deficit. This should include: - ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings. - ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and programme management. - ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation. - developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.	Financial sustainability (pages 26 – 33)	Actions: A transformation, improvement and change portfolio is being developed as a means to address the structural budget deficit and organisational improvement. The portfolio is based on six key programmes: - Service transformation: Redesigning Adults Social Care to reduce demand and cost by optimising processes, redesigning pathways and emphasising prevention, reablement and proportionate support. - Service transformation: Children's Services - Driven by national reforms, the Programme brings together Families First, early help, safeguarding, workforce and system partnership change into a single, child-centred approach – with a shift to prevention - Assets Programme and Corporate Landlord: resets how the Council's property is governed and managed. The initial focus is to validate the disposals pipeline, followed by a refreshed Asset Management Strategy 2026-2031, and the assessment, design and implementation of a new Corporate Landlord model - Digital Transformation programme: Transforming how the organisation works through better use of digital, data, automation and technology - Organisational Improvement: Improvement Plan and People Plan programmes and projects that strengthen how the council operates – including, improved procurement, commissioning and contract management, governance and compliance, financial management practice, service/sprint reviews. - Income and Commercial: The programme strengthens the organisation's financial sustainability by maximising income opportunities, improving income collection, and reviewing the performance of traded services, council companies and other commercial ventures. Continued

Key recommendations raised in 2025/26

Page 65
KR1

Recommendation	Relates to	Management Actions
The Council should develop and implement its transformation programme at scale and pace to address the significant structural budget deficit. This should include: - ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings. - ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and programme management. - ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation. - developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.	Financial sustainability (pages 26 –33)	Continued Actions: The delivery of the portfolio will be supported by a strengthen Corporate PMO/Transformation Team and Finance Team. The PMO will support transformation delivery and assurance through targeted project, business analysis, and change support. The level of support will reflect readiness, complexity, priority and delivery risk. In terms of developing robust and transparent monitoring arrangements, learning from Improvement Plan delivery and assurance will inform the approach, including a new internal Assurance Board. Three connected registers will underpin the approach to assurance - including: - Project Register: single view if approved and proposed activity, ownership, milestones and current delivery status - Benefits Register: sets out owners, measures, baselines, targets, forecasts and evidence that benefits are being achieved - Portfolio Risk Register: Brings together material risks, dependencies, controls, required interventions and escalation The Budget, Transformation and Change Panel will continue to provide early challenge and review of change proposals, ensuring strategic alignment and realism including the corporate support required to ensure and enable delivery. Responsible Officer: Corporate Director (Change & Improvement) Due Date: December 2026 and ongoing

Key recommendations raised in 2025/26

Page 66

KR2

Recommendation	Relates to	Management Actions
The Council should mitigate the growth of the DSG deficit while continuing to engage through the Schools Forum on the management plan in place. Regular reporting on the impact of mitigations should be made through the Schools Forum and reported to Cabinet as part of the Council’s financial monitoring reporting.	Financial sustainability (pages 26 – 33)	Actions: Recognising the need to ensure that the education sector was cognisant of the challenges in relation to DSG deficits, a High Needs Monitoring Group was established through Schools' Forum in Autumn 2025 to strengthen oversight of high needs expenditure and support development and delivery of the Dedicated Schools Grant (DSG) management plan. The group met in early Spring 2026 and began considering key areas of focus relating to demand, sufficiency and financial sustainability across the high needs system. Following these initial discussions, work was paused to enable capacity and focus to be directed towards the development of the SEND Reform Plan and the associated programme of activity. This necessitated considerable resource to develop, working to a very tight deadline set by the Department of Education. As a result, the group did not meet in this period in order to enable officer time to be directed towards this piece of work. It is proposed that the future role and remit of the group is developed alongside the wider review of Schools Forum arrangements planned for Summer 2026. Additionally, and recognising the need to further strengthen governance, DSG oversight has been strengthened through the planned development of a new Education Sufficiency Group. This will support the development of inclusive state-funded provision and reduced the reliance on high-cost independent places. This arrangement also provides a clear link to the monitoring and delivery of the DSG management plan, ensuring that financial oversight, sufficiency planning and SEND reform activity are considered in a coordinated way. Schools Forum will be closely involved in both these pieces of work which will be planned as part of the 2026/27 work programme which is being developed in readiness for the new school year. Additional financial support has been engaged prior to the restructure and strengthening of the finance structure and business partner functions currently in progress. Responsible Officer: Director of Children’s Services Due Date: Ongoing

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
The Council must take immediate action to demonstrate improvements in internal control in 2026-27. A plan to address this must be agreed by the Improvement Board and by the Audit and Governance Committee. This plan must be reported quarterly to these Groups and owned by the Statutory Officers Group. We recommend that a lead officer is appointed to drive this improvement.	Governance (pages 34 –42)	Actions: The Improvement Plan continues to have a focus on strengthening the internal control environment, and an updated Plan will incorporate further actions that enable improvements in internal controls – through a dedicated priority programme. A report to the Audit and Governance Committee in September 2026 summarises actions being taken to strengthen governance, risk management, internal control, assurance and organisational accountability across the council. These include: Fortnightly Statutory Officer meetings – strengthening oversight and focus on internal controls A new Governance Group, chaired by the Chief Executive – providing strategic oversight of corporate governance arrangements An Internal Audit plan more aligned to the Council’s changing risk environment, transformation programme, Improvement Plan, Corporate Plan, financial sustainability work and external scrutiny. Strengthened budget monitoring with sustained improvements in levels of completion and compliance Further a new Council Constiution is due to be presented to Council for their agreement in the coming months Responsible Officer: Chief Executive, Monitoring Officer and s151 Officer Due Date: In Progress and ongoing

Key recommendations raised in 2025/26

Recommendation		Relates to	Management Actions
Page 68 KR4	The Council should undertake a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include: • establishing a clear responsibility and accountability for corporate risk management. • updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles. • establishing robust arrangements for the regular review, challenge and escalation of strategic and operational risks, with clear evidence of management actions and impact on risk exposure. • reviewing the format and content of all strategic and operational risk registers to ensure they are consistent. They should clearly define risk, cause and impact statements, risk owners, inherent and residual scores, risk appetite/tolerance, assurance arrangements, target scores, target dates and supporting evidence for risk assessments. • ensuring strategic risks accurately reflects the Council's key exposures, including financial sustainability, and are assigned to appropriate accountable officers. • improving compliance with operational risk review processes through stronger monitoring and management oversight. • Integrating risk management with performance management, strategic planning and decision-making processes, including regular strategic discussions by Leadership Board and Members on the Council's most significant risks and mitigating actions.	Governance (pages 34 –42)	Actions: Responsibility for corporate Risk Management is moving under Policy and Governance (part of Legal and Governance) from 1 October 2026. This links to risk culture and should be part of the risk management improvements we are making. The Role of the Manager and Senior Leaders Forum sessions reinforce this is part of their role in managing risk. Good conversations, service workforce board and spending control boards, provide an opportunity to raise risks, curiosity and challenge. The updated Risk Management Strategy and Framework is being reported to the 25th September Audit and Governance Committee meeting. Once approved this will be rolled out between October and the end of the 2026/27 financial year. The new framework for risk includes strategic, operational and project risk, with training autumn. A new ‘10x10’ scoring matrix will be implemented in the autumn. All risk registers will be reassessed using this methodology. Continued

Key recommendations raised in 2025/26

Page 69
KR4

Recommendation	Relates to	Management Actions
The Council should undertake a comprehensive review and redesign of its corporate risk management framework to ensure risk management is embedded, effective and supports informed decision-making. This should include: • establishing a clear responsibility and accountability for corporate risk management. • updating and publishing the Risk Management Strategy and implementing a Council-wide Risk Assurance Model, with clear roles, responsibilities, reporting and review cycles. • establishing robust arrangements for the regular review, challenge and escalation of strategic and operational risks, with clear evidence of management actions and impact on risk exposure. • reviewing the format and content of all strategic and operational risk registers to ensure they are consistent. They should clearly define risk, cause and impact statements, risk owners, inherent and residual scores, risk appetite/tolerance, assurance arrangements, target scores, target dates and supporting evidence for risk assessments. • ensuring strategic risks accurately reflects the Council's key exposures, including financial sustainability, and are assigned to appropriate accountable officers. • improving compliance with operational risk review processes through stronger monitoring and management oversight. • Integrating risk management with performance management, strategic planning and decision-making processes, including regular strategic discussions by Leadership Board and Members on the Council's most significant risks and mitigating actions.	Governance (pages 34 –42)	Continued An Interim Risk Manager is being recruited with permanent recruitment to take place before the end of the financial year. A full strategic risk review has been undertaken by Leadership Board with a further review by Statutory Officers during August 2026. Additional controls are being documented, and scoring will be completed in September 2026. All operational risk registers will be updated by the end December 2026 to feed into the consideration of significant risks as part of the 2026/27 AGS process. Ongoing monitoring and review of strategic risks within the Governance and Statutory Officer Groups. Responsible Officer: Director of Legal and Governance Due Date: In Progress and Ongoing

Key recommendations raised in 2025/26

Recommendation		Relates to	Management Actions
Page 70 KR5	The Council should develop and implement a fully costed workforce and organisational capacity plan that identifies the critical skills, leadership capacity and specialist expertise required to support service delivery, governance and transformation. Progress should be regularly monitored by Members and the Leadership Board, with particular focus on rebuilding capacity in finance, legal, procurement, housing, risk management, programme management and other key enabling services to ensure the Council can operate effectively and sustainably.	Improvement economy, efficiency and effectiveness (pages 43-53)	Actions: The People Plan will be updated and will include a focus on defining future workforce capacity and skills requirements, as well as activity to ensure the workforce is supported and enabled to excel, and the cultural change associated with that. In the meantime, the following actions have been taken during 2026/27 to ensure critical skills to support service delivery, governance and transformation: Additional leadership capacity and capability has been recruited, including a Service Director for Housing and a Corporate Director for Change and Improvement. More officer capacity is being added to the risk management team, information governance, complaints, and procurement/contract management – strengthening core corporate governance functions The corporate PMO is being strengthened following a ‘health check’ undertaken by Local Partnerships – ensuring that transformation is supported The finance function is being restructured The formation of a wider transformation team, building on the PMO, to include other key enabling capacity (e.g. finance, HR, business analysis) Building the capacity in the Strategy & Change function in terms of policy, public affairs, performance and business planning expertise. Additional capacity in the Revenues and Benefits service – to increase/maximise income collection and support financial recovery. Responsible Officer: Director of People and Culture Due Date: April 2027

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
Page 71 The Council should urgently review and strengthen its governance, shareholder and client-side arrangements for STAR and CDL. This should include establishing clear accountability and reporting lines, strengthening officer capacity and housing expertise, resolving conflicts of interest, implementing a robust performance and financial reporting framework, ensuring regular member scrutiny, and developing a clear housing strategy.	Improvement economy, efficiency and effectiveness (pages 43-53)	Actions: On 9 September 2026 Cabinet approved the structured closure of CDL as property development company. Closure Plan will ensure the safe and careful exit of the business. This addresses significant conflicts of interest between the Joint MD of CDL and Star Housing. A governance review of Housing completed. This led to a new Housing Oversight & Scrutiny Committee being established in May 2026. A new full-time Service Director for Housing role has been established in the Leadership Board structure, with successful recruitment completed and postholder due to commence December 2026. The client and contract management arrangements for the ALMO have been reviewed and strengthened, to include KPIs, ALMO Board and Sub-Committee attendance and impact reviewed for Council staff, and a revised meeting agenda, structure and standard agenda for Council with Almo in place and agreed. An independent review of the HRA identified overall the HRA is in a sound position. The Council’s action plan has been progressed in full. A draft HRA policy was presented to 9th Cabinet Sept 26, 23rd September Housing Scrutiny Committee ahead of presenting final version to full Council later this year. Performance management across Housing functions is strong. Latest Bed and Breakfast numbers (as of 18/09/26) is 14 households with zero children over 6 weeks. 2026-27 self-assessment retains C2 projection, plus tenancy satisfaction measures strong performance in the top quartile for over 90% of measures. Review of the HRA Business Plan is ongoing to ensure robust provision included in the plan to meet enhanced housing regulations in line with the consumer standards requirements. An update to the plan presented to Cabinet 9th September, work continuing ahead of revised Business Plan for 2027-28 planned March 2027. This will be presented to Housing Scrutiny alongside Cabinet and Full Council. Housing strategy is in draft for review by the new Service Director once in post ahead of consideration at Scrutiny and then Council for approval to go out to public consultation. Further restructuring of the Finance function to be completed during 2026/27 includes provision for specialist housing finance capacity within the team. Responsible Officer: Service Director for Housing, Due Date: March 2027

Key recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
The Council should accelerate the implementation of its procurement and contract management improvement programme to ensure full compliance with the Procurement Act 2023 and Contract Procedure Rules. This should include establishing robust governance arrangements, implementing the new contract management system, assigning accountable contract managers and owners to all significant contracts, strengthening performance and compliance monitoring, and delivering a comprehensive programme of training and support to build procurement and contract management capability across the organisation. Progress should be regularly reported to the Improvement Board and to ACG.	Improvement economy, efficiency and effectiveness (pages 43-53)	Actions: A revised operating model for Procurement and Contract Management was agreed in July 2025, with an associated improvement plan (incorporated into the Council’s overall Improvement Plan in November 2025). Delivery of the plan has been constrained due to challenges around recruiting permanent staff. Additional action and investment has been agreed through the Budget, Transformation and Change Panel in September 2026 that will enable the accelerated delivery of the improvement programme and ensure improved compliance with the Procurement Act 2023 and 2024 Procurement Regulations through: Creation and rollout of a Contract Management Framework across the council Implementation of a defined procurement and contract management assurance model to improve legislative compliance, reduce risk and drive continuous improvement Development of Commercial Principles (already drafted on the basis of the new Commissioning and Procurement Strategy) into an updated Contract Rules document and supporting procedures Additional interim capacity – focussed on contract management, governance and compliance, and transformation Recent progress includes: A new contracts and procurement system has been procured. A new Commissioning and procurement strategy was approved by Cabinet in June 2026 The procurement and contract management improvement programme will remain an element of the overall Council Improvement Plan, and progress will continue to be reported regularly to the Improvement Board. Responsible Officer: Director of Legal and Governance Due Date: Ongoing

Improvement recommendations raised in 2025/26

Page 73

Recommendation	Relates to	Management Actions
The Council should continue to strengthen its overview and scrutiny arrangements by ensuring committees are supported by adequate officer capacity, receive timely and high-quality information, and are able to undertake forward-looking reviews of key strategic, financial and governance risks. Scrutiny work programmes should be aligned to the Council's Improvement Plan and Financial Sustainability Strategy to enable effective challenge, informed decision-making and robust accountability.	Governance (pages 34 –42)	Actions: The Annual Scrutiny report presented to Full Council in September 2026 provides an update on the development of overview and scrutiny function. This development will continue throughout 2026/27 and includes: • More joined-up governance through the new Scrutiny, Audit and Governance Chairs Group • Better alignment of work programme with council priorities through an annual workshop including all O&S committees, cabinet and leadership board • Earlier influence on decisions through increased use of pre-decision scrutiny • Stronger follow-up and impact tracking, with revised arrangements aligned to the Corporate Plan and Improvement Plan for 2026/27 The number and scope of committees has been updated for 2026/27 to better align with the Corporate Plan priorities, improvement agenda and financial recovery and sustainability strategy, including a Finance and Improvement O&S Committee and a Housing focused committee. Responsible Officer: Service Director (Strategy & Change) Due Date: June 2026 and ongoing :

Improvement recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
The Council should complete the implementation of its new corporate performance framework, ensuring that performance, risk and financial information are integrated into a single reporting framework. This should include clear targets, benchmarking against peer authorities, delivery milestones and regular reporting to Members and senior management to strengthen strategic oversight and support informed decision-making.	Improvement economy, efficiency and effectiveness (pages 43-53)	Actions: A new Corporate Plan was approved by Full Council on 14 May 2026 and a new performance framework, aligned to the Plan's six strategic ambitions, was agreed by Cabinet in June 2026. This includes both KPIs with benchmarking and targets, and delivery commitments with milestones. The Quarter 1 report against the framework was presented to Finance and Improvement Overview and Scrutiny Committee (07/09/26) and Cabinet (09/09/26) September 2026. Further implementation of the framework will continue throughout 2026/27, including a more structured approach to performance discussions at leadership board and service leadership teams, focusing on financial, compliance, and reputational risk. Consideration will be given to how financial, performance, and risk information can be further integrated into a single framework. The 2025/26 Annual Governance Statement (AGS) identifies the need to consolidate a single performance dashboard aligned to Corporate Plan outcomes, with oversight by the Improvement Board and Audit and Governance Committee. It also recognises performance, risk and financial management as a core component of the governance framework, supported by monthly financial monitoring, strengthened budget assurance and risk oversight reporting Responsible Officer: Service Director (Strategy & Change) Due Date: February 2027

Improvement recommendations raised in 2025/26

Recommendation	Relates to	Management Actions
Page 75 The Council should continue to work together with system partners to deliver the SEND improvements required and to ensure statutory timescales for EHCP assessments are met.	Improvement economy, efficiency and effectiveness (pages 43-53)	Actions: The Council is continuing to work with system partners across education, health and care to deliver the required SEND improvements through the SEND and Inclusion Partnership arrangements. The partnership has developed a SEND and Alternative Provision Strategy and outcomes framework, and work has been prioritised to complete the local SEND reform plan for Shropshire with input from the DfE SEND Advisor, DfE SEND Finance Advisor and senior leaders across the partnership. The plan is being developed through the SEND and Inclusion Partnership Board, People Overview and Scrutiny Committee and One Shropshire Board routes, providing clearer shared oversight and accountability for improvement activity. The Council commissioned an LGA SEND Peer Review to provide independent challenge across the local area SEND partnership, including leadership and governance, capacity and commissioning, identification and assessment, timeliness of support, inclusion, placements and the lived experience of children, young people and families. The findings have identified the need to strengthen strategic oversight, develop a single performance dashboard, prioritise and sequence improvement activity, improve EHCP quality, strengthen health and social care contributions to plans, address commissioning gaps and reset co-production arrangements with PACC. Strengthening strategic oversight, development of a single performance dashboard and prioritise and sequence improvement activity has already been completed since the LGA SEND Peer Review in February 2026, with these areas noted as being stronger during the Ofsted/CQC Area SEND Thematic Visit in May 2026. Specific recovery activity has been implemented to improve statutory compliance with EHCP timescales and plan quality. This included increasing Educational Psychology and EHCP Team capacity to support the delivery of EHCPs within the 20-week statutory timescale along side annual review of plans. The Council is also engaging with Wakefield Council through focused sector-led improvement support on EHCP timeliness, quality and sufficiency. Collectively this activity is showing emerging, but encouraging, improvement in recovery work across the EHCP Team. continued

Improvement recommendations raised in 2025/26

Page 76

Recommendation	Relates to	Management Actions
The Council should continue to work together with system partners to deliver the SEND improvements required and to ensure statutory timescales for EHCP assessments are met.	Improvement economy, efficiency and effectiveness (pages 43-53)	Continued
		Performance and assurance arrangements are being strengthened through regular reporting to the SEND and Inclusion Partnership Board, People Overview and Scrutiny Committee, Directors Assurance meetings and Schools Forum. The Council is seeking to improve the quality and use of SEND performance data, including monitoring of EHCP timeliness, annual review recovery, demand, caseloads, backlog and the impact of mitigations. This will support clearer escalation, prioritisation and decision-making across the SEND system.
		The Council is also working with partners to strengthen early support, inclusion and co-production. This includes expanding the role of Education Quality Advisors, supporting mainstream inclusion and SEND hubs, improving communication with parents, young people and professionals through regular SEND updates. These actions are intended to improve statutory compliance, reduce delays, strengthen assurance and deliver more consistent outcomes for children and young people with SEND.
		Responsible Officer: Director of Children's Services
		Due Date: December 2026 and then ongoing

06 Follow up of previous Statutory and Key recommendations

Page 77

Follow up of 2024/25 Statutory recommendation

Prior Recommendation		Raised	Progress	Current status	Further action
Page 78	SR1	The Council should: continue, at pace, the action taken to address the financial challenges it faces. In addition, the Council should undertake an immediate review of all service, both statutory and non-statutory, and identify the cost of minimum viable service provision. This will enable the Council to understand the scale of its structural deficit between the cost of service and the income available to the Council. This action should give the Council an understanding of immediate decisions and savings that can be delivered, replicating actions that would be taken were the Council to issue a Section 114 Notice. The Council develop a realistic and deliverable plan over the medium term as to how Exceptional Financial Support will support the increase in financial resilience, and how the Council will reduce reliance on this support to reach a financially sustainable position. Exceptional Financial Support should be temporary in nature, and the Council needs to clearly articulate the plan for reaching a financially sustainable position without undue reliance on temporary sources of support. The Council should also immediately action the recommendations raised in the Internal Audit review and report to Audit and Governance Committee on the progress of addressing the recommendations to avoid a similar situation occurring again in the future.			
		2024/25	Limited progress in 2025-26. New Section 151 Officer in late 2025-26. Reduced EFS needs in 2025-26 and 2026-27 but significant financial challenges remain in place in 2026-27 and the medium-term.	Limited progress made	We revise this statutory recommendation on page 9.

Follow up of 2024/25 Key recommendations

Prior Recommendation		Raised	Progress	Current status	Further action
KR1 Page 79	The Council should: review all savings programmes to scrutinise deliverability and ensure that, when setting the budget for 2026/27 the savings programmes included are deliverable and achievable. There is likely to be slippage in savings delivery due to a number of factors but the Council should set out plans that are clearly deliverable to support the financial position. The Council should also review the outputs from the PwC transformation work and identify initiatives that can be implemented at pace to support savings delivery.	2024/25	In 2025-26, the Council planned to save £59.87m with support from its transformation partner PWC. The 2025-26 outturn showed £33.38m of unachieved savings, with just £17.72m (29%) of savings delivery achieved over the year, of which £2.55m were as one-off.	Limited progress made	Key recommendation revised on page 32.
	The Council should: continue to drive forward activity that seeks to mitigate the growth of the DSG deficit whilst continuing to engage through the Schools Forum on the management plan in place. Regular reporting on the impact of mitigations should be made through the Schools Forum whilst also being reported to Cabinet as part of the overall financial monitoring reporting.	2024/25	The 2024-25 DSG outturn was a deficit of £17.65m, it increased during 2025-26 to £45.66m driven by an overspend of £28.03m in high needs. The Council forecasts the DSG deficit increasing to £67m by 2027-28 and to £92m by 2028-29. This did not take the 90% which would reduce the 2025-26 deficit to £4.6m. This would reduce the 2028-29 forecast to £50.94m.	Limited progress made	Key recommendation retained on page 33.

Follow up of 2024/25 Key recommendations

Prior Recommendation		Raised	Progress	Current status	Further action
Page 80 R3	The Council should: immediately create an action plan as to how to address the pervasive issues across the Council that are contributing to the “Limited Assurance” opinion from the Head of Policy and Governance (Internal Audit). This plan should be approved by the Audit and Governance Committee and there should be regular reporting to Audit and Governance Committee on progress against the plan. We recommend that a lead officer is appointed to drive this improvement.	2024/25	In June 2026, the Chief Audit Executive’s opinion was ‘Limited Assurance’ on the Council’s framework for governance, risk and internal control for the seventh year. This was based on 421 recommendations across 60 reports. In 2025-26, 57% of the recommendations were significant and fundamental compared with 47% in 2024-25. These weaknesses were significant, particularly in key systems such as budget monitoring, risk management and workforce resilience, and indicate that controls are not yet operating consistently or effectively in the Council.	No progress made	Key recommendation revised on page 39.

Follow up of 2023/24 Key recommendations

Prior Recommendation		Raised	Progress	Current status	Further action
Page 81 KR1	The Council should re-consider all aspects of service delivery to ensure financial sustainability with efforts being direct toward: • The identification and delivery of savings that reduce the indicative budget gaps in 2025/26 and in future years along with supporting the replenishment of reserves. These should be realistic, evidence-based targets • Ensure that there are alternative options to deliver a balanced MTFS in future years, reducing reliance on one-off measures to support the revenue budget (including non-recurrent savings, one-off grants and reserves) and, if required, how the reduction or removal of services in its long-term plan fits with its organisational strategy and the priorities of stakeholders.	2024/25	Progress is identified in the statutory recommendation update and the savings updates for 2024-25 so not repeated here.	No progress made	Closed. Included in the statutory recommendation on page 9 and our revised key recommendation relating to savings on page 32.

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council’s auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2024/25 improvement recommendations

Prior Recommendation		Raised	Progress	Current position	Further action
IR1	The Council should: review its approach to reporting on slippage against the capital programme and, as appropriate, enhance the detail of reporting.	2024/25	The Council did improve monitoring in Q42025/26 and performance against the revised capital programme achieved 89%. We close this recommendation.	Implemented	Closed
IR2	The Council should – develop a clear action plan for addressing the recommendations raised in the Corporate Peer Review. This action plan should be led by appropriate senior officers and progress reported to Audit and Governance Committee on a timely basis. We note that the Council has already taken steps to address this recommendation with an Action Plan being taken to Cabinet on 15 October 2025 with the Section 151 Officer names as the Lead Officer. There is a plan to follow this through to Improvement Board to monitor progress.	2024/25	In July 2025, the Local Government Association (LGA) carried out a Corporate Peer Challenge (CPC) at the invitation of the Council. The CPC report made ten recommendations that were all accepted, and an action plan was reported to the Cabinet on 15 October 2025 which included the development of a People Plan and Improvement Plan. To support this improvement, the Council established an Improvement Board with an Independent Chair which first met in November 2025.	Implemented	Closed

Appendix C: Follow up of 2024/25 improvement recommendations

Prior Recommendation		Raised	Progress	Current position	Further action
Page 86	IR3 The Council should ensure that it address the minor control weaknesses identified in the Internal Audit risk management report in a timely manner.	Retained from 2023/24	In February 2026, the AGC received a limited assurance opinion for risk management with evidence of non-compliance with key controls identified. Plans to implement a Council-wide Risk Assurance Model for operational risks from January 2025 were not progressed and the Opportunity Risk Management Strategy was not fully redrafted since 2022. The Strategy in place in March 2025 needs a significant focus on risk management.	Escalated to key recommendation on page 40.	Escalated to key recommendation on page 41.
	IR4 The Council should develop a plan to demonstrate how it will move to improve its Internal Audit overall assessment of “Limited Assurance”. This has been in place for give consecutive years and has shown minimal signs of improvement. Without a concerted focus on this area, there is a danger that the Council’s internal processes will be exposed to unnecessary risk moving forward. This becomes more of a risk as financially challenging times mean that there will be pressure on staffing capacity so potentially less staff to carry out internal control and monitoring functions.	Retained from 2023/24	In June 2026, the Chief Audit Executive’s opinion was ‘Limited Assurance’ on the Council’s framework for governance, risk and internal control for the seventh year. This was based on 421 recommendations across 60 reports, of which 31 were good and reasonable assurances accounting for 52% of the opinions delivered - a 6% decrease in higher levels of assurance compared to 2024-25. In 2025-26, 57% of the recommendations made were significant and fundamental recommendation compared with 47% in 2024-25. These weaknesses were significant, particularly in key systems such as budget monitoring, risk management and workforce resilience, and indicate that controls are not yet operating consistently or effectively enough in the Council.	Closed and incorporated into key recommendation about internal audit on page 38.	Closed and incorporated into key recommendation about internal audit on page 39.



© 2026 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank