

**Meeting**Council
25th September 2025

Item

Public



LGA Corporate Peer Challenge Report July 2025

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1. Synopsis

The new administration of Shropshire Council asked the Local Government Association (LGA) to carry out a Corporate Peer Challenge (CPC) in July 2025. This report includes the full report and recommendations and the Council's initial response to it as a springboard for improvement and change.

2. Executive Summary

- 2.1. The new administration invited the LGA to carry out a Corporate Peer Challenge which took place from the 14 to 17 July 2025. The aim was to establish a baseline position and springboard for the Council at an early stage following the May 2025 Local Elections. The CPC Peer team delivered an initial feedback session on Friday 18 July that Group Leaders, Cabinet and Leadership Board were invited to. The final confirmed LGA CPC Report was received the first week in September 2025.
- 2.2. The Council is required to publish the LGA CPC report within 3 months of the peer challenge taking place (i.e. by the 18 October 2025), to publish a plan to address the recommendations within 5 months of the peer challenge (i.e. by 18 December 2025), and to have a follow-up with between 9 and 12 months after the CPC (i.e. during May to July 2026).

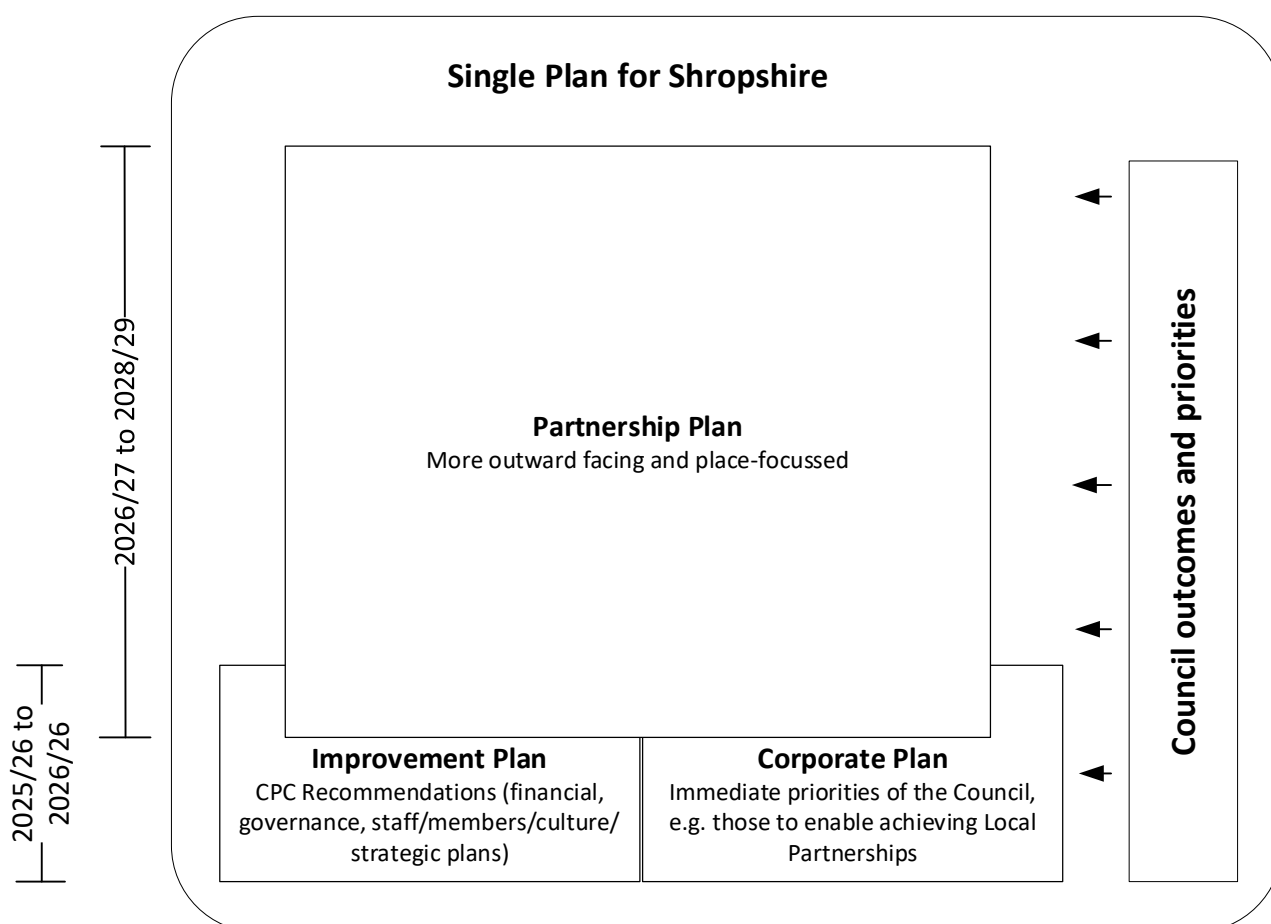
- 2.3. LGA Peer Challenges are based on a consistent framework of five themes critical to council performance and improvement:
1. Local priorities and outcomes
 2. Organisational and place
 3. Governance and culture
 4. Financial planning and management
 5. Capacity for improvement
- 2.4. In addition, Councils can specify a small number of additional areas of focus. Shropshire Council specified three additional areas:
1. Adult Social Care and its budget pressures
 2. The progress of Council finances against previous reports especially around savings and the level of balances
 3. How the Council is getting best value from its contracts - to include Highways, Veolia etc
- 2.5. The Peer Team was onsite from the 14 to 17 July and met with Members, officers, partners and providers, making 10 recommendations. These have been summarised in the table below and initially grouped into four themed areas. The full CPC report is attached at appendix 1 and the full recommendations are shared in paragraph 7.15 of this report.
- 2.6. All 10 recommendations have been welcomed and accepted by the Administration as a springboard for continued improvement and change and are being presented here to Council for awareness and endorsement.
- 2.7. The Council has not waited to receive and confirm the final report before taking action. The immediate action taken between the visit and ahead of this publication are listed in the table below and include; the Statutory Officer Board consisting of the Head of Paid Service, Section 151 Officer and the Monitoring Officer is being organised, preparations to request Exceptional Financial Support (EFS), if necessary, are underway, the arrangements for the Improvement and Assurance Board and the Independent Chair are in progress and the draft Terms of Reference are attached at appendix 2 of this paper for transparency and approval.
- 2.8. It is also worth drawing attention to the key foundations for the future which were already in train ahead of the CPC and acknowledged within the report. In particular, plans were already in place to develop and bring forward a new Corporate Plan (Shropshire Plan) to Council and to develop the MTFS as part of the annual cycle and the culture change programme. In summary, the Recommendations and immediate responses are set out in the table below.

Themes	Recommendations	Immediate Responses
Financial Management and Strategy	Prepare a new MTFS to deliver sustainability	Budget and MTFS Process September 2025 to February 2026
	Improve Budget Monitoring to incorporate actuals	Lessons learnt for Outturn 24/25 are being implemented
	Establish Exceptional Financial Support Requirements	In discussion with MHCLG re Transformation and Project Funding 25/26 MTFS process to establish requirements over MTFS period
Culture and Values - Our People	Reinvigorate culture and Getting Leadership Right	Reignite Organisational Development. Aligns to development of new plans as set out below
	Celebrating Council-wide Successes	Plan in place to implement clear narrative and wider communications opportunities
Governance	Implement an independently chaired Improvement Board	In progress with some elements already in place
	Improve governance and implement a Statutory Officers Board.	This is being organised and Terms of Reference will be finalised to enable regular meetings to be held
Strategic Direction and Sustainability Planning	Coproduce new Council Plan	Sustainability plan to deliver report to Council December 2025
	Create a new Transformation Plan	Aligns to Budget and MTFS Process
	Visibility of Members and Officers	Plan in place to reinvigorate communications

- 2.9. A full response to the CPC report, and an action plan to address the recommendations will be brought to the 15th October Cabinet.

- 2.10. The action plan to address the CPC recommendations will be part of a single integrated plan for the council. This will be the Improvement Plan, and the first section of the Council's strategic plan, with a 12-to-18-month timeframe. It will be important that the developments, mechanisms and controls put in place to deliver the improvement are sustained into the future.
- 2.11. The Corporate Plan will be a living document that will developed in several stages as set out below:
- (i) Improvement Plan – this will form the first 'chapter' of the Corporate Plan and include actions predominantly built around the recent Corporate Peer Challenge (also on this agenda)
 - (ii) Corporate Plan – this will expand the improvement plan into a full, but internally focussed, document including actions to deliver the wider priorities and outcomes of the Council over a 12 to 18 month period.
 - (iii) Partnership Plan – this will be a more outward facing, place-focused plan delivered with partners. This Partnership Plan will be co-produced with our wider partners and stakeholders, setting out the long-term future of the Shropshire area and the key deliverables and commitments to enabling and sustaining a prosperous and thriving place.

The three different sections of the single plan are also described in the diagram below.



3. Recommendations

- 3.1 To endorse the recommendations in the LGA CPC report (appendix 1), note the immediate actions being taken, and the intention to present an action plan to address the recommendations being presented to 15 October 2025 Cabinet.
- 3.2 To recognise the relationship between the planned 12-to-18-month timescales for the Improvement Plan to achieve financial sustainability and the urgency to address the financial emergency.
- 3.3 To approve the draft terms of reference for the Improvement and Assurance Board (appendix 2) and delegate the finalisation of arrangements including governance, to the Chief Executive in consultation with the Leader.
- 3.4 To work across political parties to identify, support and pursue options that will achieve the CPC recommendations and financial sustainability for the council and the delivery of the council's priorities and outcomes for Shropshire communities in years to come.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The CPC has taken place early in the new Council, following the Local Elections 2025. This has provided an early external view of the position of the council, giving a clear baseline and is a springboard to plan and deliver in the future.
- 4.2. The financial challenges and risks to the Council have been in focus for a number of years and the CPC report and recommendations have confirmed this focus. Opportunities to develop governance were also highlighted, including introducing an independently chaired Improvement and Assurance Board.
- 4.3. The review has also highlighted some further areas and opportunities for the Council to look at including embedding being 'one council' and taking the opportunity at this early stage in a new council with many new Members, to develop how officers and Members develop their work together.

<i>Risk</i>	<i>Mitigation</i>
Failure to be 'One Council' with all staff understanding how the council operates in the 'new operating model' and the need to pull together to realise benefits and meet the challenges	The development of Our People Plan, including a performance management framework and defining the role of the Manager will support the development of a strong, agile, learning culture focused on supporting our people and driving transformation and improvement.
Officers and members do not understand their respective roles and how they work together to achieve financial sustainability and deliver the priorities and outcomes of the council	A programme of workshops supported by the LGA is in place to develop relationships and common ways of working, to align priorities and plans for Members and Officers.

5. Financial Implications

- 5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.

6. Climate Change Appraisal

- 6.1. Whilst this paper does not present options and recommendations that directly impact on climate change, the decisions that need to be taken and the actions that will need to take place to deliver financial sustainability and the priorities and outcomes of the council are likely to have impacts.
- 6.2. Opportunities to decarbonise the provision of services and increase energy efficiency of council assets may require some investment but will realise financial benefits e.g. through reducing energy usage, or through the generation of energy on council assets that either bring costs down or can generate income.
- 6.3. Climate change appraisals will need to be undertaken as appropriate for each project and approach that is developed to ensure that opportunities are identified and pursued, and that any 'invest to save' opportunities are investigated and fully evidenced to ensure that these can be taken into account in decision making.

7. Background

About the Corporate Peer Challenge

- 7.1 LGA Corporate Peer Challenges are a central feature of sector-led improvement. Local authorities are recommended to have a Corporate Peer Challenge or a Financial Peer Challenge every 4 years. The Council last had a Corporate Peer Challenge in 2018, that was followed up in 2019, and a Financial Peer Review in 2022.
- 7.2 LGA Peer Challenges are based on a consistent framework of five themes critical to council performance and improvement:
- Local priorities and outcomes

- Organisational and place
- Governance and culture
- Financial planning and management
- Capacity for improvement

7.3 In addition, Councils can specify a small number of additional areas of focus. For the July 2025 peer challenge Shropshire Council specified three additional areas:

- Adult Social Care and its budget pressures
- The progress of council finances against previous reports especially around savings and the level of balances
- How the council is getting best value from its contracts - to include Highways, Veolia

7.4 Corporate Peer Challenges are led by a Chief Executive and carried out by a team of experienced senior officer and Member peers from other similar local authorities in England. The LGA Peer Team that carried out the Shropshire Council Corporate Peer Challenge were:

- Duncan Sharkey – Chief Executive, Somerset Council
- Cllr Amanda Hopgood – Leader of the Liberal Democrat Group, Durham County Council. Liberal Democrat member peer
- Cllr Jason Cummings - Cabinet Member for Finance, Croydon Council. Conservative member peer
- Perry Holmes - Director of Legal & Governance (Monitoring Officer), Wiltshire Council
- Kathryn Rees - Executive Director - Corporate and Support Services, Stockport MBC
- Simon Riley – Chief Operating Officer & S151 Officer, Cheshire West and Chester Council
- Victoria Lawrence – Director of Adults and Health, North Lincolnshire Council
- James Millington - Peer Challenge Manager, LGA

7.5 The new Administration requested the Corporate Peer Challenge at as early a stage as possible following the Local Elections, to provide a good baseline to develop plans against and move forward from.

7.6 This was achieved by the Council and by the LGA in a 6 week timeframe, once the request for CPC and onsite dates were confirmed, compared to a more usual three to six months run in, and included the LGA putting the peer team together, and the Council writing and submitting a comprehensive position statement with an evidence base, making the on-site arrangements, and identifying and inviting the relevant people for the peer team to speak to during their time in Shropshire.

Findings of the Corporate Peer Challenge

- 7.7 The full findings of the Corporate Peer Challenge (CPC) are set out in the LGA report attached at appendix 1.
- 7.8 The CPC was thorough and comprehensive, and although challenging, the process added value for the Council. It confirmed the scale of the challenge that the Council has in managing demand and delivering services it needs to deliver to its communities within the finances available, and highlighted opportunities to progress.
- 7.9 As well as identifying findings and recommendations for the Council to take forward, they also observed that:
- Good services are being delivered day in, day out and officers and Members should be proud of this. Benchmarking generally shows how the Council compares well with its CIPFA nearest neighbours.
 - Looking at Adult Social Care as one of the additional focus areas, the CPC team highlighted that for 2023/24 spend on ASC was in line with the average for other similar councils, but with a potential change for 2024/25 based on the outturn position, and that there was a lower number of adults with long-term care needs receiving care, compared to other councils, supported by investment in reablement and technology-enabled care
 - There is an awareness of issues and opportunities including potholes, and scope to progress development in responses to customer enquiries where performance needs to be focused.
 - They met a large number of dedicated, hard-working and experienced council staff, and that despite operating in constrained and difficult circumstances for some time they remain committed to the Council.
 - Members care deeply for the Council and Shropshire.
 - That the new administration immediately and clearly set out its values including transparency and collaboration, and that it carries the hopes and best wishes of many colleagues and most partners and there was a real sense of positivity for the future of Shropshire.
- 7.10 Although the following paragraphs set out the challenges for the Council, officers and Members who received the feedback from the Peer team on the 18 July commented that there were no surprises in them.
- 7.11 The Council is in extreme financial difficulty and it needs to consider what the future delivery of services needs to look like. An immediate priority is the financial sustainability of the Council, reestablishing financial resilience.
- 7.12 They highlighted some gaps in governance to address, and strong evidence of a disconnect of relationships and people at multiple levels of the council that

would need to be addressed in order for the Council to be able to meet the financial challenges and transform.

- 7.13 At the time of the CPC the peer team recognised that the Council had recently introduced a new organisational structure and way of working, restructured its senior Team, and been through a Local Election which saw c69% of councillors being new Members, as well as moving to a new Administration. They found that the new Leadership Board and operating model needed to be embedded to achieve its objectives and also highlighted the opportunity to develop stronger working relationships between the new administration and senior officers.
- 7.14 They recognised that there were existing plans to develop a new corporate plan and that this work should continue involving Members, staff, partners and communities to enable collective working and ownership, particularly in delivery.

Full recommendations from the Peer Challenge

- 7.15 The Corporate Peer Challenge team made 10 recommendations to the Council, all of which have been accepted by the Administration. These have been grouped into four themes below, and the actions to address these will form part of the Council's overarching Improvement Plan. This will look at all matters that need to be addressed to enable financial sustainability and provide a robust foundation for the Council to build on for the delivery of its outcomes and priorities and those that it shares with its partners.

Theme	CPC recommendations
Financial Strategy and Management	1 Urgently prepare a multi-year plan (MTFS) demonstrating and detailing the council's route to financial and operational stability. Ensure this is realistic, widely understood and shared. 2 Immediately assess and negotiate your EFS requirements for 25/26 and for the period of the MTFS before a s114 notice becomes a necessity. 9 Budget monitoring needs to be focussed on actual spend and projections with clear understanding of one off and recurring expenditure with appropriate intervention and action.
Governance	3 Quickly implement an externally supported, independently led Improvement Board with CIPFA, a governance expert and LGA peers, preferably with support from MHCLG, to advise, assist and drive urgent changes. 8 Improve the status of and make efforts to drive good governance; consider implementing a 'statutory officers board' or similar mechanism to include the head of paid service, monitoring officer and s151 officer which would consider pressing issues, co-ordinate responses and drive implementation of, for example, internal audit recommendations.

Culture and Values	5 Consider how to urgently reinvigorate your cultural connections and relationships across the workforce – the organisation has become fractured, and the current context has blunted the value of initiatives such as 'Getting It Right'. 10 Change your narrative, tell your story and clearly celebrate your success as one council.
Council Shape and Strategic Direction	4 Prepare a clear whole council transformation plan that carries the aspirations and narrative for the future council and accurately aligns the resources for delivery. Ensure this is realistic, widely understood and shared. 6 Coproduce a new council plan that recognises the financial constraints the council is under and delivers the manifesto commitments. Ensure this is realistic, widely understood, socialised and owned 7 Improve the visibility of managerial and political leaders to help colleagues make the organisation legible for colleagues at a time of great change.

- 7.16 Although the Council and the LGA confirmed the final CPC report (attached at appendix 1) at the beginning of September, the need to take quick and positive action to ensure that there are minimal delays following the CPC onsite and initial feedback in July, means that some areas of work are already underway, such as arrangements for the Improvement and Assurance Board and independent chair, and assessing and discussing potential Exceptional Financial Support (EFS) requirements. Others such as the development of a new Corporate Plan and taking action to address the learning from the staff pulse survey were already part of plans to be delivered during 2025/26 but were also identified in the CPC recommendations.

8. Conclusions

- 8.1. The CPC Peer Team recognised the Council provides some good performing services and is doing so despite facing increasingly significant financial challenges. They highlighted the importance of celebrating successes and meeting the challenges as one council.
- 8.2. Taking urgent steps to make the council financially sustainable and resilient are the priority for the Council, ensuring that the Council is able to deliver a balanced budget in year, and put itself in the position to begin to rebuild its General Fund Balance. This is supported by setting more accurate budgets, developed with clearer forecasting, that avoid the risk of regular and sizable overspends, and continuing to refine financial monitoring throughout the year. These actions need to be established alongside refocussing on governance and assurance and ensure that the developments are sustainable with high levels of confidence in the controls and systems that the council has in place.
- 8.3. Equally pertinent is the need to address cultural issues and disconnections across the council. The peer team raised the importance of having Members and staff at all levels working together with a common purpose as a key ingredient in delivering the transformation and changes required to be

financially sustainable and resilient. Having this in place will only increase the ability of the Council to realise the objectives and expected benefits of the new way that the Council will operate and enable achieving the outcomes and priorities of the Council, partners and communities within the resources available.

- 8.4. Therefore, the Improvement Plan will be the immediate priority focus for the Council over the next 12 to 18 months. The CPC recommendations have identified areas for action, which build on those that the Council already had in train, including responding to the staff Pulse Survey. The Council's Corporate Plan will be developed alongside the Improvement Plan and in doing so set achievable purpose and priorities, enabling them to both inform the MTFS and budget setting. The action plan to address the CPC recommendations will be incorporated into the Improvement Plan, but for transparency and clarity it will be reported to Cabinet in October.
- 8.5. The establishment of the independently chaired Improvement and Assurance Board will take place in the autumn. The board will be cross-party and include external representation from MHCLG, the LGA and CIPFA as per the Peer Teams recommendations. It's draft Terms of Reference are set out at Appendix 2. The Council has a strong track history with Improvement Boards, e.g. the Children's Improvement Board, and this experience should give confidence about how the process can work and realise the outputs and benefits the Council and Shropshire communities require.
- 8.6. The full Improvement Plan and the draft Corporate Plan will go to Council in December for agreement. Development of the Partnership Plan will take place into 2026/27 and will involve engagement and working together with partners and communities, amongst others. This is a separate but linked piece of work that will need to build on from the development of the corporate plan, and reflect the actions to realise financial sustainability and resilience

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

Local Member: All

Appendices [Please list the titles of Appendices]

Appendix 1 – LGA Shropshire Council Corporate Peer Challenge Report July 2025

Appendix 2 – Draft Terms of Reference for the Improvement and Assurance Board