Audit & Governance Committee 5th February 2026

Item

Public

First Line Assurance: Improvement Plan Update

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1.   Synopsis

At its meeting on 27th November 2025 the Audit and Governance Committee asked the Leader and Interim Chief Executive to provide future updates on the delivery of the Improvement Plan and progress to date. This report provides a summary of the arrangements being developed and implemented to ensure delivery of the Improvement Plan. The Plan was considered and endorsed by the Transformation and Improvement Overview and Scrutiny Committee on 1st December 2026, agreed by Cabinet on 3rd December 2025, and approved by Full Council on 11th December 2025.

2.   Executive Summary

2.1. An Improvement Plan has been developed in response to the financial emergency declared by Cabinet in September 2025, alongside recommendations from the LGA Corporate Peer Challenge (July 2025) and an External Auditor's Statutory Recommendation. These highlighted the need to address the Council's financial position, strengthen savings plans, review service delivery, and reduce reliance on Exceptional Financial Support.

2.2. Given the significance and seriousness of the challenges and areas of improvement identified it is critical the Council delivers the Improvement Plan and demonstrates progress against its aims and priorities. At its meeting on 27th November 2025 the Audit and Governance Committee asked that the Leader and Interim Chief Executive attend future committee meetings to provide updates on the delivery of the Improvement Plan and progress to date.

2.3. Arrangements to ensure and enable the delivery of the Improvement Plan include:

- Communications, engagement and involvement: The Plan has been developed through engagement with staff at all levels and with elected members, ensuring that a range of views and perspectives have informed and shaped it, and that there are good levels of awareness and understanding about our improvement aims and priorities.

- Governance and Assurance: clear principles and arrangements to ensure accountability and responsibility for delivering the Plan, relevant risk management and delivery monitoring, facilitated and supported by a Corporate Programme Management Office (PMO)

- Capacity to support and enable delivery: harnessing capacity and ensuring the Plan's priority programmes of action are led, resourced and supported proportionally by the organisation (including PMO and communications support).

- Measuring and reporting progress and impact: reporting monthly to Leadership Board and Improvement Board on overall progress against the Plan and its programmes of action – using activity milestones and Key Performance Indicators (KPIs)

2.4. The proposed governance and assurance arrangements were presented to the officer Leadership Board and the Improvement Board for critical friend challenge and comments. The arrangements are designed to mitigate some of the risks identified in section 4 of this report.

3.   Recommendations

3.1. The Committee is asked to:

a. Note with appropriate comments the actions being undertaken and arrangements being implemented to ensure and enable delivery of the Improvement Plan.

b. To advise on further updates and information required to provide elected members with assurance about delivery of the Plan.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Council needs to improve and demonstrate to residents, partners, and the Government that it is doing so with urgency. It has a serious financial position to address and needs to do this by both pursuing the opportunities to do this and managing and mitigating the risks to achieving them. Failure to do so could result in Government intervention. The Improvement Plan has been developed with a clear view of what authorities that have been subject to intervention have been required to do and sets out how the Council will deliver the improvements it needs to make.

4.2. The following table summarises the risks to achieving that and were set out in the Improvement Plan document. Additional and amended risks will be identified and managed as they arise as the Plan is implemented. The Council's Strategic risks are also currently being reviewed which includes how they align to the requirements of the Improvement Plan and the Improvement Board.

Risk	Mitigations
Capacity and pace of delivery - Failure to deliver the improvement plan in a timely and effective manner due to capacity constraints	A comprehensive and robust view of the resourcing requirements to deliver the plan as delivery arrangements are confirmed by responsible lead senior officers, with reprioritisation and allocation taking place. Clear and consistent leadership setting out the direction, pace, outcomes and expectations of the change required. Governance and delivery arrangements that remove siloed working. Accountability and responsibility clearly articulated and demonstrated, including through progress and impact reporting
Resourcing the plan - Inability to reallocate and invest in functions to support the delivery of the plan will lead to difficulties in delivering the improvement plan	Re-aligning PMO and other corporate enabling capacity to the delivery of the Plan. Specifying and negotiating with MHCLG the amount and use of Exceptional Financial Support (EFS) to deliver financial stability through the Improvement Plan and financial sustainability in the medium to longer term.

Understanding and perception of change - Inability to maintain stakeholder confidence leading to reduced support for the improvement plan	Clear and timely internal and external communications and engagement that describes the process the Council is going through with open and honest descriptions of current progress while setting out the rationale for change and where the council is aiming to be in the future
Managing interdependencies across the plan - Failure to manage interdependencies across the improvement plan leading to disruption, duplication or failure in delivering the improvement plan	The need for direct communications between Strategic Accountable Officer (SAOs) responsible for the programmes of action has been identified early. Interdependencies between the programmes have been identified and shared. Changes in the performance or scope of change programmes will be communicated via the proposed governance structure. Clear leadership will set out the aims and priorities of the change required. Strengthened Corporate Programme Management Office (CPMO)

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 monthly. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2.   One of the three overall aims of the Council's Improvement Plan, approved by Full Council on 11th December 2025, is financial stability and sustainability, and there are priority actions focussed on strengthening and improving financial management practices and internal control environment. It is anticipated there will be a corresponding improvement in the Council's financial position in the short term through enhanced oversight of the delivery of the necessary financial savings and on a longer-term basis through the alignment of resources to priorities and outcomes.

6. Climate Change Appraisal

6.1. Not applicable

7. Background

7.1. An Improvement Plan has been developed as a response to several events, external reports and recommendations - including:

- A Financial emergency was declared by the Cabinet on 10th September 2025, after monitoring revealed a significant forecasted year-end overspend that cannot be mitigated by the Council's current resources. Immediate action is required, and a plan to achieve financial stability and sustainability beyond that is needed. One of the three overall aims of the Improvement Plan is for the Council to become financially stable and sustainable.

- A Local Government Association (LGA) Corporate Peer Challenge delivered in July 2025, and reported to Full Council on 25th September 2025, provided observations and recommendations for improvement, including addressing the financial position and other areas of how the Council operates – including corporate governance and employee engagement.

- An External Auditor letter and subsequent Statutory Recommendation identified that the Council must take steps to mitigate the forecasted end of year overspend and subsequent impacts, review service delivery, improve robustness of savings plans and prevent reliance on Exceptional Financial Support.

- Best Value Duty and Standards. The Statutory Guidance for Best Value Authorities provides the characteristics of a well-functioning authority. There are areas to improve on before we can confidently demonstrate excellence against all characteristics.

7.2. Given the significance and seriousness of the challenges and areas of improvement identified it is critical the Council delivers the Improvement Plan and demonstrates progress against its aims and priorities. The commitment to do so was clearly stated, both as the Plan was presented to Full Council in December 2025, but also to the Improvement Board on 17th December 2025 where key elements of the arrangements to make sure delivery of the Plan were presented. There is also a section within the Improvement Plan document itself stressing the importance of delivery.

7.3. Since then, key elements of the arrangements have been mobilised, and most are now operational. Arrangements will be kept under review as experience from other councils with improvement plans of this nature tells us that it is likely arrangements will need to evolve and change (e.g. frequency of reporting). The main facets of the arrangements are set out in paragraphs 7.4-7.18 below:

Communications, engagement and involvement:

7.4. Organisational understanding of plans is critical to the successful delivery of them. The development of the Improvement Plan was informed through engagement with the Senior Leadership Forum (SLF) – essentially the top three tiers of officers, staff from across the organisation, and with elected members. This ensured a

range of views and perspectives have informed and shaped the Plan, and that there are good levels of awareness and understanding about our improvement aims and priorities.

7.5. The Improvement Plan has been heavily featured in corporate communications, such as the weekly all staff email from the Interim Chief Executive. Briefing materials, including a summary version of the full Plan, have been developed and provided to Senior Leadership Forum (SLF) to assist the consistent cascade and communication of the Plan and its priorities to staff across the organisation, helping to raise awareness and understanding of it, and the opportunities for employees to get involved in delivering aspects of it.

7.6. Continued communications are aligned to four clear objectives:

7.6.1. *Improving awareness and understanding of the Plan:* Communications activity and materials that help build understanding across the organisation and externally

7.6.2. *Reporting progress and impact:* A programme of reporting that communicates progress being made and examples of change and impact.

7.6.3. *Engaging and involving:* The creation and promotion of opportunities for staff to get involved in the delivery of the Plan.

7.6.4. *Building capacity*: The creation and promotion of improvement projects that provide opportunities that support personal and continuous professional development.

Governance and assurance:

7.7. The Improvement Plan has been developed with a clear set of three overall aims and nine priority programmes of action. This structure provides a coherent framework for the Council's improvement activity and a basis for the governance of it. Programme governance structures have been aligned to these aims and priorities – including:

- Portfolio Boards (x3) to maintain a clear picture of the portfolio of programmes and projects that contribute to an improvement plan aim, and ensure effective governance, risk resolution, and benefit realisation.

- Programme and Project Boards – proportionate arrangements, utilising existing forums where possible, that lead and drive delivery of the each of the nine priority programmes of action.

7.8. Clear principles and arrangements to ensure accountability and responsibility for delivering the Plan have been established and are summarised at **Appendix 1**. They are focussed on ensuring there is clear accountability and responsibility for the delivery of the Plan and its priority programmes of action and include a Senior Accountable Officer (SAO) for each of the Improvement Plan aims, and a Responsible Delivery Lead (RDL) for each of the priority programmes of action. These roles are assigned to Executive Directors and Service Directors, ensuring there is senior officer leadership and oversight. Definitions help to provide clarity about the roles, responsibilities and expectations.

7.9. Initial set up discussions between the Corporate Programme Management Office (PMO) and Responsible Delivery Leads (RDLs) were held in December 2025 and have helped to shape the governance (e.g. programme and project boards) needed to drive delivery of the activity in the nine priority programmes of activity. These arrangements are facilitated and supported by the PMO who ensure there is relevant risk management and delivery monitoring, both of which are a feature of a monthly assurance conversation that helps to inform the reporting of progress, change and impact.

Measuring and reporting progress and impact:

7.10. The Improvement Plan included a *Performance Framework* comprising of key benefits and outcomes sought, aligned to each Aim, and a range of Key Performance Indicators (KPIs) and indicative measures that will help demonstrate those. These in addition to the range of deliverables and milestones set out in the Plan will provide the basis for monthly reporting to the Leadership Board and Improvement Board, and periodically into the political governance arrangements including Cabinet and Overview and Scrutiny.

7.11. At the heart of the monthly reporting will be a performance dashboard. This will be supplemented every quarter with a short report that contains commentary summarising any performance trends and causal links between Improvement Plan actions and changes in performance. In addition to the performance dashboard there will be a monthly PMO assurance dashboard which focusses on activity/milestone delivery.

7.12. The KPIs used in the dashboard are a deliberate mix of organisational health measures that demonstrate operational effectiveness and compliance, deliverables (e.g. new plans, policy and practice agreed) and perceptions of those working in and with the Council (e.g. staff and residents). Several of the KPIs are existing measures we report against (e.g. as part of a suite of organisational health metrics reported to Leadership Board), while some (e.g. those that measure perceptions of staff, members, partners and public) need developing.

7.13. Regular reporting progress into the Improvement Board will enable the Board to hold the Council to account for delivery of the Plan. It will also allow the Council to benefit from external challenge, advice and guidance on a range of issues including any areas where there are difficulties in making the required progress and impact.

Capacity to support and enable delivery:

7.14. Led by the Service Director (Strategy & Change) and comprising strategic support and enabling functions – including the programme management office (PMO), policy, strategy, performance, and communications teams – the *Strategy and Change function* provides both advisory (guidance, advice, standards) and delivery capacity to support change and improvement across the organisation – e.g. through PMO programme managers, project managers and business analysts.

7.15. Beyond that corporate enabling support, it is critical that the Plan and its programmes are supported through relevant resources and support from the organisation. This is already in place for several of the priority programmes of

action (e.g. Future Council: devolution to town and parish councils), but new programmes of action will need to be resourced, which may mean reviewing and deciding on where business as usual activity can be reprioritised and capacity redeployed, or assessing and identifying where there are additional resource requirements.

7.16. The change and transformation projects and programmes that are currently corporately supported by the PMO are being reviewed, along with consideration of new projects and programmes being proposed as part of the budget for 2026/27. This will inform a refreshed and realigned portfolio that will be the priority for corporate support given their importance in delivering the organisational improvement and financial stability required. This portfolio of programmes and projects will be overseen by the Portfolio Boards and Leadership Board (Transformation and Change) referenced earlier in this report (paragraph 7.7).

7.17. A focus of the communications, engagement and involvement activity referenced in paragraph 7.6 is to harness capacity across the organisation and align it to the Plan's priority programmes. This includes utilising the Senior Leadership Forum (SLF) and ensuring senior officers from across the Council are included in project steering groups and boards. The Responsible Delivery Lead for each programme will be supported by a member(s) of the SLF, including the officer with functional responsibility for the areas being improved. A cohort of further SLF members are aligned to each programme to provide additional leadership and advisory capacity.

7.18. Additional senior manager capacity will be facilitated through a number of projects being identified as opportunities for personal and professional development. In addition, consideration is being given to opportunities that can be offered to officers pursuing level 4 apprenticeship levy funded training.

8. Conclusion

8.1. Arrangements including communications and engagement, governance and assurance, and regular reporting of delivery and impact, have been put in place to make sure the Council's Improvement Plan is delivered. Delivery of the Plan will help achieve the aims of Shropshire Council being financially stable and sustainable, having clear priorities and purpose, and supporting and enabling its workforce to excel.

List of Background Papers:

- Report to Transformation & Improvement Overview and Scrutiny Committee (01/12/25), Cabinet (03/12/25) and Full Council (14/12/25): Shopshire Council Improvement Plan

Appendices:

Appendix 1: Improvement Plan governance and assurance – principles and arrangements

APPENDIX 1: IMPROVEMENT PLAN GOVERNANCE AND ASSURANCE – PRINCIPLES AND ARRANGEMENTS

Principle	Arrangements
Accountability and responsibility for delivery	**Senior Accountable Officer (SAO):** Each Improvement Plan Aim has an SAO, accountable for ensuring the outcomes of the programmes within their aim are achieved. This will include effective and timely engagement with stakeholders such as elected members. The SAO will chair a Portfolio Board for the Aim they are accountable for. **Responsible Delivery Lead (RDL):** Responsibility for ensuring day-to-day delivery of programmes and projects. RDL activities might include ensuring the setting up of project teams, steering groups, arrangements and processes to progress delivery, and escalating key risks and blockages not resolved in the project. Supported by Senior Leadership Forum (SLF) Leads and the Programme Management Office (PMO)
Seeking external challenge and learning	We are committed to seeking external challenge and learning from other councils, organisations and experts to contribute to the development and delivery of the improvement plan. An externally chaired **Improvement Board** is a significant component of this principle, where the Board will provide challenge and ideas, and the Council will be sharing evidence of assurance and progress.
Governance structures	The Council's existing governance structures maintain a core role in the governance for the improvement plan • **Member-led Governance** - Council and Cabinet provide the political decision making, and Overview and Scrutiny Committees and the Audit and Governance Committee provide the oversight and assurance. • **Officer-led governance** – the Leadership Board has a role in direction setting, operating as a <u>Transformation and Change Board,</u> holding SAOs and RDLs to account and being a forum for escalation, receiving significant change requests, resource allocation, and oversight of interdependencies between programmes and projects.
Monitoring and assurance	Impact and progress assurance reporting will be carried out each month (initially) to ensure a timely, consistent and accurate view of delivery against the Plan. It will be important to ensure a clear picture of each programme and project is maintained, as appropriate. A deeper dive review will be completed periodically on delivery to help confirm the scope, resourcing and timeframe of each programme/project. This will also provide the evidence to stop, change or continue.
Transparency	There will be one view of progress and impact through the progress assurance reporting. This will provide assurance on the progress being made. Monthly reporting will be through the Corporate PMO to the Transformation and Change Board [Leadership Board] and to the Improvement Board.
Member scrutiny	Executive members will provide oversight and challenge on the programmes and projects aligned to their portfolios. Group leaders are members of the Improvement Board and Portfolio Holders (or their deputies) will be invited to attend as required. The Overview and Scrutiny Committees will take a view of the progress and impact of delivering the improvement plan in their remits and the Audit and Governance Committee will maintain their role looking at improvement plan risk management and controls.