Significant Governance Issues[1] 2024/25

To ensure services are delivered to acceptable standards whilst achieving the budget savings required whilst managing strategic risks, the Council will strive to achieve the following outcomes:

	Governance Issue and Targeted Outcome	Strategic Risk	Activity	Sponsor	Completion date	March 2026 Update
1.	**Governance Issue:** The Council will be unable to deliver a safe service to adults without further intervention. **Targeted Outcome:** To provide a care and support service to adults appropriate to their needs.	Impact of Increased Waiting Lists in relation to DoLs, OT and SI.	Work underway to improve safe pathways across adult social care services and implement a change in operating model. Areas of concerns have lean staffing – OT and Dols for example. The need to adopt models that utilise capacity Demand Management – the council to prioritise support for the pre front door model for Adult services to manage and support alternative pathways to adult social care.	ExDir[2] DAS	March 2026	Role of DASS is now with Natalie McFall as Interim DASS. In the last year this has been reviewed to step down as a strategic risk but remains and operation risk which is monitored through the governance of Senior Management team meetings. We report at Performance Scrutiny committees. We have a continuous improvement plan across the Care and Wellbeing services which also monitors waiting

[1] This action plan includes significant governance issues identified in the above statements and also includes high risks identified in review against the Best Value Framework.

[2] Executive Director

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						lists and mitigating actions
2.	**Governance Issue:** The Council does not have a grip on Children's demand into the future. **Governance Issue:** The Council will be unable to deliver a safe service to children without further intervention. **Targeted Outcome:** To provide a care and support service to children appropriate to their needs.	Safeguarding Children.	Demand into CSC is showing a gradual downward trajectory for the third quarter in a row, demonstrating that the new structure of Early Help is starting to have the desired impact. There has also been an increase in children exiting the system, more than entered in the last 2 quarters. The Transformation projects are having the desired impact and are a strong foundation of the demand management model.	ExDir People	December 2025	David Shaw appointed as the Director of Children's Services (DCS) from August 2026. Several external reviews of Children's Services and the multi-agency safeguarding partnership have been completed during 2025/26 financial year, including a review and workshop sessions with the Shropshire Safeguarding Partnership, an LGA Children's Services Financial Diagnostic in November 2025, an LGA SEND Peer Review in February 2026. Ofsted also completed a full ILACS inspection in June

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						2025, with Shropshire achieving an 'outstanding' rating. Despite a small increase leading up to August 2025, we have continued to see a reduction in children entering care. The overall rate of Children Looked After continues to reduce. However, we continue to see sustained pressure in seeking Kinship and Foster homes for children who do need to enter care. This has sustained high levels of funding into external residential placements. A strategic approach to whole scale reforms across Children's Services have been

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						presented to People Overview and Scrutiny (POSC) and received unanimous support. We are therefore implementing the reforms as outlined, along with system partners in education, health and Police services to enable families to access the right support at the earliest opportunity across the partnership. We continue to review and monitor the impact of the multi-agency partnership through the Children's Safeguarding Partnership.
			Childrens Improvement Board (CIB) has met monthly and has monitored progress and impact of the Improvement Plan. Plans	ExDir People	March 2026	The Children's Improvement Board ceased during Q4 2025.

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			are in place to conclude the CIB and replace with a partnership aspirations board to continue to oversee development and practice, impact and outcomes on children. Children and young peoples ambitions board will drive forward system improvement plan, evidencing impact from the demand mitigation work.			The Ambitions Board has established a meeting cycle and met twice. These meetings have established key priorities, ways of working and ongoing engagement to ensure alignment across the partnership system to complement the planning and implementation of the reforms.
3.	**Governance Issue:** The Council will be unable to deliver strategic objectives as set out in The Shropshire Plan due to financial constraints.	Inability to Set a Balanced Budget for a given year within the MTFS.	MTFS finalised 27 February 2025 with £7.7m funding gap for 2025/26 (with further demand mitigations of £11m and £41.2m brought forward from 2024/25). For 2025/26 a radical new operating model is being implemented with a senior management restructure the	ExDir S151 Officer	March 2026	Council will receive a balance general fund budget on 26th February 2026 for their approval. The budget is balanced by assuming borrowing of up to £121m in 2026/27 supported by an additional 4% on council tax as agreed

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	Targeted Outcome: A sustainable financial position is achieved over the medium term.		starting point from January 2025. A new model of delivery through commissioning and Statement of Works should create more focussed delivery clarifying what is and is not commissioned thereby reducing the size, complexity and cost of the authority while also improving governance processes and direct delivery of positive outcomes aligned to a refreshed Shropshire Plan. Delivery Plans and associated Performance Indicators and Milestones to be documented and used to monitor delivery of outcomes. The Council's overall internal control environment has been assessed with only limited assurance and has not improved for six years. Further engagement is required and a review of the Council's risk			with MHCLG in their letter dated 23rd February. This also assumes EFS for 2024/25 of c £24m and c £70m in 2025/26, also now agreed in principle by MHCLG, subject to further financial reviews by an independent advisor. Further detail is awaited. While MTFS projections have been prepared for years beyond 2026/27, the focus of the Council remains very much on the delivery of next year within the budget envelope; any failure to deliver on this will load further EFS demands on the Council through further debt on additional borrowing, the recreation of structural

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			appetite alongside the Constitution as increased resources is not an affordable option. Management of the Council's financial position is even more crucial than last year, but opportunities through a multiyear settlement in the first year of a new administration exist.			deficits within departmental budgets and continued pressure on limited reserves.
4.	**Governance Issue:** The Council will be unable to contain its costs within the available financial envelope for the year. **Targeted Outcome:** Council expenditure is in line with budgeted position for 2025/26.	Inability to Contain overall committed Expenditure within the Current Available Resources within this Financial Year.	Delivery Plans and associated Performance indicators to be documented and used to monitor delivery of outcomes alongside lessons learnt from 2024/25 Outturn position. Activity for 2025/26 implementing new operating model and Council structure. Monthly review and reporting of the Council's financial position in	ExDir S151 Officer	March 2026	Delivery plans have been unable to achieve in year savings in 2024/25; underlying this was the reliability of ambitious savings plans in the draft budget that were unsupported by detailed associated plans or business cases. At the same time, the Council adopted new management structures without establishing

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			line with the MTFS and Financial strategy 2025-2030. Actions and decisions implemented following a review of 2024/25 Outturn position, review of any weaknesses in controls, implementation of lessons learnt from Finance Peer Review (2022) and CIPFA Review (2024). A risk remains about levels of resource across what will be Enabling and Legal and Governance Functional Areas in the coming year, and this will need to be assessed as part of the new operating model and the expectations placed on managers.			clear accountabilities which will have hindered structured activity to deliver on budget objectives. Monthly reporting to Leadership Board and Cabinet has simply acted to confirm the deficit inherited from the base budget and to help support the identification of the needs in future budget planning. As a consequence, preparation of the 2026/27 budget has concentrated on creating a more stable platform from which Service Directors can manage their services effectively, within statutory minimum levels and prepare to modernise their services which will

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						be essential in balancing future budgets within resources available The 2026/27 budget has committed resources to reduce structural deficits created by aborted budget savings, demand growth, price pressures and limitations created by financial settlements from government that have failed to cover the full cost of new burdens and actually reduced funding in real terms while continuing to cap Council Tax increases. The budget has also allowed growth to rebuild capacity in areas generating income (e.g. revs and bens) and supporting finance and transformation initiatives (e.g. legal, procurement

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						and finance. Provision has also been made within the EFS bid to allow for significant investment in transformation and change with a view to achieving £5m savings in 2026/27 on the base budget. Provision was also made to ensure that fallout from the cancellation of the NWRR could be financed without sending Council reserves into deficit – essentially what would become a s114 position. Preparations now continue to react to the government's commitment to reimburse the Council with 90% of accumulated deficit, not least the 10% residual

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						deficit that will require funding locally. Plans are in place to refresh the budget setting process to enhance accountability for service budgets at both Director and cabinet member level starting in late spring. Enhanced procedures are also in place to ensure that all council projects requiring resources and / or delivering savings provide business cases that are agreed by a senior panel of Council Officers. The Constitution is subject to a fundamental update, not least to enhanced accountability at both officer and member level.

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5.	**Governance Issue:** The Council, alongside partners, will be unable to ensure the safety and health of people and communities. **Targeted Outcome:** Establishment of robust co-produced Health and Care system to deliver the desired outcomes.	Impact of extreme pressures upon partners (social care, health, and criminal justice).	Continuation of the ICS system working. A further ICP took place in October 2024 with dates and topics in agreement for 2025, aligned to the NHS 10 year plan (3 shifts) and Darzi Report. The CEX has also took up chair of SHIPP. Monitoring closely and mitigation of the impact of the NHS reforms. Further development of Joint Roles planned for 2025. The SoS for Health and Social Care has been invited to STW regarding system pressures.	ExDir Public Health and General Managem ent	March 2026	Partners continue to work together collaboratively however 2025/26 has been a year of considerable change for all partners. In March 2025 the largest NHS Reforms in a generation were announced this included standing down ICPs. Likewise, Police Forces are also expected to go through significant change. Work however jointly has continued in the safeguarding arrangements, community safety, Health and Wellbeing, a new joint role with the DPH has been established. CEXs continues to chair the SHiPP. While the SoS did not visit the CMO did

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						and was updated on local rural issues. Work continues jointly.
6.	**Governance Issue:** The Council has key IT systems that are unfit for purpose. **Targeted Outcome:** IT systems are efficient and effective with strong internal controls.	Failure of Officers and Members to adhere to Governance arrangements.	Financial Planning and Analysis: We are still exploring the feasibility of implementing a financial planning and analysis solution available in our existing ERP system. This would streamline our budgeting and forecasting processes and improve our financial reporting and analysis capabilities. These improvements have collectively enhanced the functionality, integration, and efficiency of our ERP system, ensuring it continues to meet the evolving needs of the council.	ExDir S151 Officer	September 2025	This project will need to be directed through outline business cases giving clear indication of costs and timing of benefits. Fundamental to any work will be a detailed statement of what current processes (designed specifically into IT systems) are optional, desirable or essential. The system is nothing more than a function of what it has been asked to do? This will need to run parallel with the constitutional work and schemes of management / delegation, etc.

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7.	**Governance Issue:** The Council has weak or inappropriate systems of governance in place. **Targeted Outcome:** All officers and Members understand public sector standards, the Nolan Principles and exhibit appropriate behaviour at all times.	Failure of Officers and Members to adhere to Governance arrangements	Arrangements to address these governance issues were paused due to two key factors: focus on financial survival and implementation of a new operating model. Strong governance comes from setting the right example at the very top of the organisation. The creation of a new senior team enables a root and branch review and allows strong processes to be baked in. Furthermore, a reconfiguration of the entire authority for 2025/26 built on these principles. The internal audit report considering The Shropshire Plan demonstrated that a 'golden thread' was not embedded through the authority and this helps inform the road map for	CEO	December 2025	Following appointment of the interim Chief Executive on 22nd September 2025, regular meetings of the Council's Statutory Officers (Chief Executive, Chief Financial Officer (S151 Officer) and the Monitoring Officer) and other key officers, including the Chief Audit Executive, have commenced. Progression has been made on several key actions and work to strengthen corporate governance. This includes overseeing the implementation of all internal audit recommendations amongst other governance priorities, including compliance with the Code of Corporate Governance and a regular review of the Council's internal control environment and strategic risks.

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			the future mitigation of this governance risk. All Internal Audit recommendations are being followed up and the requirement for Declarations of Interest is clear within the Council's Constitution, although design of a system is delayed pending the new operating model coming into place. The new operating model for the council will focus on measuring success and the achievement of intended outcomes during 2025/26. As part of the development of the Leadership Board it is important that good practice elements within this principle are not lost and benefits enhanced to include a new, stronger role for the Internal Audit Team and strong governance embedded			The Council's workforce are pivotal to supporting strong governance and it is a key priority to ensure they are supported to excel. Therefore, over the next 12-18 months work will be focussed on a variety of workstreams including work to reinforce the role of the manager, through the people strategy, and getting the basics right which has a strong focus on strengthening governance and compliance. Actions taken: Senior Leadership Forum collaboration and discussions on their collective role, the role of the manager and governance responsibilities. Additional communications at Leadership Board and to all staff covering FOI and

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			within the new Members making up the Council following elections in May 2025.			outstanding audit recommendations and good governance. The focus is on improving controls in addition to the implementation of overdue recommendations. All staff email sent 09 October 2025 regarding compliance with the Council's Constitution, policies and procedures. Specific reference was made to financial rules, contract procedure rules and information security policies. An independently chaired improvement board has been established with its first full meeting taking place on 10 November 2025. This is a cross-party board, with an LGA recommended independent chair and will have oversight of the

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						delivery of the Improvement Plan. A review of strategic risks, with an officer workshop held in November is being closely interlinked with the Improvement Plan and a key area of focus over the next 12-18 months. .
8.	**Governance Issue:** Failure to deliver best value. **Targeted Outcome:** Securing best value in key areas such as governance, culture, finances and statutory services.	Failure of Officers and Members to adhere to Governance arrangements	The Best Value framework has been reviewed informally ahead of the design of the new operating model for 2025/26. Strong governance comes from setting the right example at the very top of the organisation. The creation of a new senior team enables a root and branch review and allows strong processes to be baked in. Furthermore, a reconfiguration of the entire authority for 2025/26 built on these principles.	CEO	March 2026	Answered in 7

ANNUAL GOVERNANCE STATEMENT (AGS) ASSURANCE FRAMEWORK

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			Strategies need revision around the Leadership Board, including the workforce strategy and the development of a more sustainable MTFS following the publication of revised funding and multi-year settlements from Government.			

Key documents and functions/process guidance:

- Local code of corporate governance
- The Shropshire Plan and Medium-Term Financial Strategy (MTFS)
- Council constitution
- Opportunity Risk Management Strategy
- Commissioning Strategy
- Workforce Strategy, HR policies, GiR Guide, Performance Management Framework, PDP Process, procedures, and codes of conduct
- Anti-fraud and corruption and whistleblowing (Speaking up about wrongdoing) policies