Committee Council 24th September 2026 Audit & Governance Committee 25th September 2026	**Public**

Exceptional Financial Support: External Assurance Review

Cabinet Member:	Councillor Heather Kidd, Leader Councillor Roger Evans, Finance
Lead Director:	Tanya Miles, Chief Executive Duncan Whitfield, Section 151 Officer
Service Area:	Corporate/Finance
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Electoral Divisions Affected	All Divisions
Key Decision?	Not Key Decision
Cabinet Forward Plan	Not Applicable
Report considered by	Full Council – 24 September 2026 Audit & Governance Committee – 25 September 2026

1. Purpose of Report

1.1. To share the report of an 'Assurance Review' undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) in April 2026 on behalf of MHCLG as part of the arrangements associated with the Council receiving Exceptional Financial Support (EFS) from the Government, and the initial management response to its recommendations. The Assurance Review report (**Appendix A**) has been considered by both Finance & Improvement Overview and Scrutiny Committee and Cabinet. A summary of how the Council is responding, or planning to respond, to each of the report's recommendations is attached at **Appendix B** for

Full Council review and agreement, with the intention that it will form part of a response to MHCLG, required by the end of September 2026.

2. Recommendations

2.1 **Full Council (24/09/26)** is recommended to:

(a) Note the findings, conclusions and recommendations contained within the CIPFA External Assurance Review attached at **Appendix A**.

(b) Review and support the initial management response to the report and its recommendations summarised at **Appendix B,** which will be used as the basis for a response to MHCLG.

(c) Note that many of the recommendations align with priorities already being addressed through the Council's Improvement Plan and Financial Sustainability and Recovery Strategy.

2.2 The **Audit and Governance Committee (25/09/26)** is recommended to:

(a) Note and agree the findings, conclusions and recommendations contained within the CIPFA External Assurance Review attached at **Appendix A.**

(b) Note and support the initial response to the report and its recommendations summarised at **Appendix B,** considered by Full Council, which will be used as the basis for a response to MHCLG**.**

(c) Note the existing governance, assurance and scrutiny arrangements for monitoring and oversight (summarised in Section 3), including regular progress reporting to the Improvement Board, Cabinet and Finance and Improvement Overview and Scrutiny, and suggest any further arrangements the Committee thinks the council should consider.

3. Background and context

3.1. The Assurance Review provides an independent assessment of the Council's financial resilience, governance arrangements, service transformation activity and organisational capacity. It was undertaken in April 2026 as part of the Council’s Exceptional Financial Support (EFS) arrangements, with a focus on 2025/26, and as such represents the Council’s position at that time.

3.2 The Review recognises the scale of the financial challenge facing the Council and concludes that significant action and activity is required if financial sustainability is to be achieved. It acknowledges that the Council has already taken a number of important steps following the declaration of a financial emergency in September 2025, including the development of an Improvement Plan, establishment of an independently chaired Improvement Board, strengthened governance and compliance arrangements, strengthened financial management and budget monitoring arrangements and an increased focus on transformation, savings delivery and financial sustainability.

3.3 The Review makes 22 recommendations across the following areas:

- Quality of financial management and financial processes
- Financial sustainability and risk
- Service reform, delivery and transformation

- Governance, culture and leadership

3.4 The recommendations are broadly consistent with themes already identified through the LGA Corporate Peer Challenge, External Auditor recommendations and previous CIPFA resilience work. Consequently, the Council is already responding to many of the recommendations already through its Improvement Plan and associated programmes, and the Financial Sustainability and Recovery Strategy.

3.5 Plans and progress against the recommendations will be overseen and scrutinised by the Improvement Board and MHCLG, who have requested a formal progress update on implementation of the recommendations by the end of September 2026. That timeline has meant this report going to Full Council ahead of the Audit and Governance Committee. The update will be followed by routine quarterly reporting meetings. These arrangements sit alongside existing reporting requirements associated with Improvement Plan delivery, EFS and the Best Value Notice process.

Initial response and next steps

3.6 Whilst the findings of the review are significant and should not be underestimated, it is important to recognise the Review represents a point-in-time assessment undertaken during April 2026 and reflects a period in which many governance, improvement and transformation arrangements were still being established and embedded. Since April further progress has been made, including:

- Work to review the CIPFA recommendations and assess them against current actions and plans to inform any additional or accelerated activity and priorities to be addressed. **Appendix B** provides a summary of the initial response to the recommendations.
- Continued delivery of the Improvement Plan – overseen by the Improvement Board - including programmes focussed on strengthening financial management with a stronger approach to budget monitoring – ensuring more grip and understanding of the in-year financial position.
- Development of a Financial Sustainability and Recovery Strategy – approved at Cabinet as part of a revised Medium Term Financial Plan on 08/07/26
- Further development of the Council's transformation, change and improvement portfolio – facets of which have been reported to Cabinet, including Children's Transformation (10/06/26) and Digital Roadmap (05/08/26). Other major transformation programmes, including Adult Social Care Transformation and the Assets and Corporate Landlord programmes will be reported accordingly.
- A budget and business planning approach – including an initial round of budget challenge sessions with each Director over the summer - to understand and identify opportunities for efficiencies, savings, income and service improvement.
- Continued embedding of the Budget, Transformation and Change Review Panel approach – to challenge proposals for transformation and change, and consideration of projects and activity that will require investment of corporate support and resources to deliver.
- Changes to the Improvement Board, including a new Chair and additional members who will bring specific experience and critical friend challenge on Children's Services and Adult Social Care.

- A strengthened internal control environment with new processes introduced including a full review of all outstanding recommendations and service director ownership, leading to a significant reduction in these.

3.7 Whilst progress has been made, several recommendations remain that require substantial further work – including the further development of detailed transformation delivery plans, quantified savings trajectories and longer-term financial recovery arrangements remain a work in progress. This is a key action within the Improvement Plan, a key facet of the Financial Sustainability and Recovery Strategy approved by Cabinet in July 2026, and a component of the 'flightpath' to financial sustainability included in the Improvement Plan update report presented to the Finance & Improvement Overview and Scrutiny Committee on 08/06/26 and Cabinet on 10/06/26.

3.8 The Improvement Plan will be reviewed and refreshed (by December 2026), providing an opportunity to ensure activity that addresses the Assurance Review recommendations is subsumed into one overall plan and programme for organisational improvement and optimisation, along with other anticipated external reviews and recommendations including the External Audit Annual Report.

Oversight and Scrutiny: Monitoring our response

3.9 An update on implementation progress will be provided to MHCLG by the end of September 2026 in accordance with the requirements set out in the EFS arrangements and Best Value Notice process. After that, progress and delivery will be closely monitored by MHCLG officials, through a regular monitoring meeting with the Council.

3.10 In addition, the Improvement Board will maintain its focus on the delivery of our Improvement Plan, and the programmes that form the transformation, change and improvement portfolio and improve the Council's overall financial position. The Board, including all political group leaders, meets monthly and receives updates on the financial position and progress in developing and delivering plans for improvement. An update of delivery against the Improvement Plan is periodically reported to Cabinet and the Finance and Improvement Overview and Scrutiny Committee and will incorporate the response to the Review recommendations.

3.11 Together, these arrangements provide multiple layers of assurance and oversight and create a robust framework through which implementation of the Review's recommendations can be monitored, challenged and reported. The role of the Audit and Governance Committee needs to be considered in the context of these oversight arrangements.

4. Alternative Options

4.1. Responding to the CIPFA Review recommendations is a requirement of the EFS arrangements and will be monitored by MHCLG as part of the Best Value Notice process. As such there is an essential need to respond to the recommendations, and no alternative options have been considered. There will, though, be a range of ways in which to respond to the recommendations and these are currently being considered, with a focus on adapting and accelerating existing plans and programmes where most appropriate to do so.

5. Key risks and Opportunities

5.1. The External Assurance Review highlights significant risks relating to financial sustainability, organisational capacity, transformation delivery and governance. These risks are reflected within the Council's risk management arrangements and are monitored through established governance structures. The principal risk remains the pace at which financial recovery and transformation activity can be delivered whilst maintaining service delivery and meeting statutory responsibilities.

6. Council Priorities

6.1 The Review and its recommendations are linked to the Corporate Plan strategic ambition of being a *financially sustainable council, with clear priorities and purpose, and a workforce that is supported to excel*. Taking action in line with the CIPFA recommendations will help strengthen the quality of financial management and financial processes, and the delivery of transformation, and the governance, culture and leadership required to do that.

7. Financial Implications

7.1. The review does not, of itself, create any direct financial implications. However, implementation of the recommendations forms an important element of the Council's wider financial recovery activity and supports the objective of reducing future reliance on Exceptional Financial Support.

8. Legal and HR implications

8.1. In light of the Council's ongoing engagement with MHCLG, the Exceptional Financial Support arrangements and the Best Value Notice process, it is essential that the Council gives proper consideration to the findings and recommendations contained within the CIPFA External Assurance Review. The Council is under a continuing statutory duty to secure Best Value under section 3 of the Local Government Act 1999, requiring continuous improvement in the way its functions are exercised, having regard to economy, efficiency and effectiveness. The recommendations within the Review will therefore need to be considered through the lens of delivering sustainable services, sound governance and long-term financial resilience. Legal Services will provide ongoing advice and support as specific proposals are developed and brought forward for decision, to ensure compliance with the Council's statutory duties, decision-making framework and applicable legal requirements.

8.2. There are no direct staffing reductions arising from this report. However, implementation of some recommendations and future transformation activity may lead to organisational change proposals, which would be subject to the Council's established workforce policies, consultation arrangements and governance processes.

8.3. The Review identifies the importance of organisational capacity, capability and leadership in supporting the Council's financial recovery and long-term sustainability. Implementation of the Review recommendations will require continued focus on ensuring the Council has sufficient workforce capacity and the appropriate skills in key areas including finance, transformation, programme management, commercial activity, commissioning and change management. The Council already have a number of arrangements to address these, including delivery of the People Plan, management development activity, strengthened performance management arrangements, refreshed organisational values and investment in key capacity within finance, strategy and transformation functions.

9. Electoral Division Implications

9.1. Future decisions arising from the implementation of recommendations, particularly those relating to service transformation, asset management, financial sustainability or service delivery models, may have implications for individual electoral divisions. Where this is the case, such implications will be considered and reported as part of the relevant decision-making process.

10. Health, Social (including "Child Friendly Shropshire") and Economic Implications

10.1. This report has no direct health, social or economic implications. Implementation of recommendations arising from the External Assurance Review is intended to strengthen the Council's financial sustainability and organisational effectiveness, supporting the continued delivery of services and outcomes for residents, communities, children and young people, and the local economy. Any specific proposals, including transformation proposals, arising from the Council's response will be subject to appropriate impact assessment and decision-making processes.

11. Equality and Diversity Implications

11.1. The Review and this report have no direct equality, diversity or social inclusion implications. However, future actions arising from the recommendations, particularly those relating to transformation, service redesign and financial sustainability, may require detailed assessment of impacts on residents, service users and staff. Such impacts will be considered through the Council's established Equality, Social Inclusion and Health Impact Assessment processes and relevant governance arrangements.

12. Climate Change, Biodiversity and Environmental Implications

12.1. This report has no direct climate change or biodiversity implications. Any future proposals arising from the Council's response to the External Assurance Review will be subject to the Council's normal assessment processes and will consider climate change and biodiversity impacts where relevant.

13. Background Papers

1. Shropshire Council Improvement Plan
2. Shropshire Council Financial Sustainability and Recovery Strategy

14. Appendices

APPENDIX A – CIPFA External Assurance Review Report – published here: [Shropshire_External_Assurance_Review_2026.pdf]

APPENDIX B – Summary of response to the CIPFA External Assurance Review Report and its' recommendations