

Shropshire Council Response to MHCLG following the Best Value Notice including response to CIPFA External Assurance Review

Progress Update – September 2026

Introduction

Shropshire Council welcomes the opportunity to provide our response to the Best Value Notice and CIPFA External Assurance Review. Shropshire Council's Cabinet has accepted the findings of the Review (9th September 2026) and there is support from Full Council (24th September), for the initial management responses to the Review recommendations, demonstrating a commitment from group leaders to keep all elected members informed and involved.

The Assurance Review and Best Value Notice are a timely reminder of the significant financial, governance and organisational challenges we face. Many of the issues raised are not new. The Review reinforces issues already recognised through our own self-assessment, external audit activity and wider improvement discussions. We recognise the findings, welcome the recommendations, and are currently responding to them, or have plans in place to do so.

Since the Assurance Review in April 2026, significant progress has been made to further strengthen governance, financial management, leadership capacity and organisational stability. The Council continues to move forward with momentum as part of its organisational improvement and financial recovery journey. Responses to recommendations we are not already addressing will be incorporated into our updated improvement plan and wider transformation, improvement and change portfolio to ensure focus and oversight of this activity.

The Council remains committed to leading its own improvement programme whilst engaging constructively with MHCLG, its LGA supported Improvement Board, external auditors and other assurance partners. We welcome external challenge and scrutiny as important mechanisms for providing assurance, maintaining momentum and supporting the delivery of sustainable improvement.

This update sets out:

1. Overall progress since the CIPFA Assurance Review and Best Value Notice.
2. Response to the CIPFA recommendations including progress made, current activity underway and planned next steps.
3. A summary of the council's budget position heading into the budget setting process for 2027-28, including the steps being taken to transform services and mitigate pressures, and the projected need for Exceptional Financial Support.
4. Actions to impact.
5. Key next steps and further actions.
6. Conclusion.

1. Overview of Progress since the Best Value Notice and CIPFA Review

The Council has adopted an integrated approach to financial recovery and organisational improvement. One cannot happen without the other. Both are required if our route to financial sustainability is to be realistic and achievable.

Our financial recovery and organisational improvement will be delivered through a single council-wide portfolio of transformation, improvement and change programmes informed by:

- The Improvement Plan and Future Council principles
- The People Plan and cultural change required
- The Financial Sustainability and Recovery Strategy (FS&RS)
- Medium Term Financial Strategy (MFTP)
- Internal and external audit recommendations.
- LGA Corporate Peer Challenge and Progress Review
- The CIPFA Assurance Review recommendations.

The Council's immediate priority has been organisational stabilisation, through the Council's governance arrangements, improving financial oversight, rebuilding leadership capacity, increasing accountability and establishing the foundations necessary for sustainable change. 2026/27 continues to be a year of resetting and rebuilding, including the strengthening of corporate governance and accountability.

Progress since May 2026 has continued with pace and momentum - and includes:

- 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 (see section 3 summary).
- Continued delivery of the Improvement Plan. This is overseen by the Improvement Board and includes programmes focussed on strengthening financial management with a stronger approach to budget monitoring – ensuring more grip and understanding of the in-year financial position.
- Financial Sustainability and Recovery Strategy approved at Cabinet as part of a revised Medium Term Financial Plan on 8th July. This contains 11 key elements of financial sustainability and recovery.
- Linked to delivery of our plans, difficult decisions around assets, non-statutory service provision and income have been taken by Cabinet throughout the summer, along with other decisions that enable and support financial recovery and organisational improvement (see **Appendix A**).
- Developed a refreshed organisational structure and targeted investment in key improvement and governance functions. This includes capacity and delivery capability through recruitment to five senior leadership posts, including a Corporate Director for Change and Improvement. Interim capacity has also been secured to support delivery of change including heads of commercial and financial improvement.

- Establishment of strengthened budget monitoring, spend control and governance arrangements, including a new budget and business planning approach for 2027/28 budget setting rolled out over the summer (from August), including an initial round of 'budget challenge' sessions with each director, focussing on understanding the make-up of budgets, and the opportunities for income, savings and efficiencies. This will provide a stronger basis from which to develop the budget for 2027/28.
- Continued embedding of the Budget, Transformation and Change Review Panel approach – ensuring robustness and realism to proposals for transformation, improvement and change.
- 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. Including creation of creation of enhanced oversight of internal audit actions through live dashboards, service director accountability and statutory officer scrutiny.
- The introduction of a Governance Group, chaired by the Chief Executive, to provide strategic oversight of the Council's corporate governance arrangements, monitor key governance risks and assurance activity, and ensure effective delivery of agreed improvement actions.
- Greater focus on risk management, compliance, accountability and organisational culture including a 'role of the manager' toolkit.

2. Responding to the CIPFA Assurance Review Recommendations

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 through its Improvement Plan and associated programmes, and the Financial Sustainability and Recovery Strategy.

The Council has completed an initial assessment of the 22 CIPFA recommendations and will incorporate a response to those not already being addressed within our refreshed Improvement Plan and the wider Transformation, Improvement and Change Portfolio. The Council's initial responses to all recommendations can be found at **Appendix B**.

The Review identified four broad themes requiring attention:

1. Quality of financial management and financial processes
2. Financial sustainability and risk
3. Service reform, delivery and transformation
4. Governance, culture and leadership.

A summary of the key actions taken or planned in response to each is provided in the table below:

CIPFA Theme	Summary of key activity and action
Improving the quality of financial management	Consolidation of actions arising from internal and external reviews and improving responsiveness to Internal audit recommendations. This includes a new process with regular principal auditor and service director meetings, a

and financial processes	live dashboard tracking recommendations and responses, and more statutory officer oversight. The continuation of Spend and Workforce Board arrangements, at a service level, to ensure visibility and control on expenditure during the year and deep dive audits where themes emerge. Financial management training for leaders, senior managers (July-October) and Members. Financial management training for senior managers has focussed on strengthening challenge and curiosity in monitoring and forecasting and identifying practice improvements. Training for elected members begins on the 2nd October 2026. A review of risk management arrangements is being undertaken, including a new Risk Management Strategy and Framework to be presented to Audit & Governance Committee on 25th September. There will need to be a programme of activity to support the implementation of the new strategy and framework including awareness raising, training and guidance for staff on the importance of raising issues timeously. This activity will form part of the refreshed improvement plan. Additional governance and financial management capacity is being sourced, including several interim roles and the recent recruitment of an interim Director for Financial Improvement role (started 17th August). Additional capacity to support restructure is also being provided by CIPFA.
Financial Sustainability and Risk	Delivery of the Financial Sustainability and Recovery Strategy approved by Cabinet as part of a refreshed Medium Term Financial Plan in July 2026. The Strategy sets out eleven ways the council will become financially sustainable. While transformation and reviewing Council Tax levels are both part of the Strategy there is not necessarily an interdependency (as suggested by CIPFA) as both will be required to achieve financial recovery and sustainability. The Strategy also includes a focus on improving tax collection, enhancing efficiency, rebuilding reserves, and optimising debt and capital expenditure. Alongside these, the Council will continue advocating for fairer government funding and promoting economic growth. Together, these actions aim to deliver a resilient financial position, reduce costs and demand, and secure long-term sustainability for the organisation. 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. Development of an overall portfolio of transformation, improvement and change is being progressed based on six key programmes, with transformation business cases and savings plans (see below). Strengthened challenge through the Budget Transformation and Change Panel and Improvement Board.
Service reform, delivery and transformation	The Council has further developed its transformation, change and improvement portfolio with six facets listed below: 1. Children's Services reform 2. Adult Social Care transformation 3. Digital transformation 4. Asset management and corporate landlord function 5. Income generation and commercial opportunities 6. Organisational improvement.

	Several of these facets, have already been reported to Cabinet, including Children's Transformation (10th July) and Digital Roadmap (5th August). Other major transformation programmes, including Adult Social Care Transformation and the Assets and Corporate Landlord programmes will be reported accordingly. An updated Improvement Plan will form the basis of the Organisational Improvement programme. The Council recognises that detailed delivery plans remain under development in some areas and that further work is required before all recommendations can be fully addressed. While some key programmes of service transformation (Children's and Adults) will be defined, other facets of the portfolio, by their nature, will be a prioritised programme of reviews and projects, informed by ongoing and annual activity such as budget and business planning. The full Adult Social Care Transformation programme will be informed by an external consultancy diagnostic commissioned in September 2026. A summary of the portfolio will be included with the Medium-Term Financial Plan presented to Cabinet in November 2026. This will be monitored through programme governance arrangements. Additional expertise and practitioner perspective has been brought forward to the Improvement Board, including a serving local authority DASS and DCS to provide critical friend challenge 'stress testing' to service transformation proposals. An interim Head of Commercial has been recruited and is leading the development of the commercial part of the portfolio.
Governance, culture and leadership	Significant recruitment programme with new directors expected to join the council from November 2026 ensuring stability and continuity of senior leadership. There are various restructures planned or in progress across the organisation – including finance, PMO, highways, planning and assets. Given the need to build organisational capacity and capability, some of these restructures are not driven by cost savings but have an objective of building capacity. Additional capacity has been secured to support financial improvement, transformation and governance. The membership of the Improvement Board has been updated and will take effect in September 2026. Changes include a new Chair (Kim Bromley Derry) and a serving Director of Children's Services (DCS) and a Director of Adult Social Care Services (DASS) added to the membership. This will better enable the Board to provide practitioner perspective and critical friend challenge to the Council's transformation, improvement and change proposals, informed by direct experience. Programme 6 of the Improvement Plan is focussed on the development of a transformation programme more aligned to the financial recovery of the Council and including the initiatives (e.g. service transformation) that will have the biggest contribution to make to resolving the financial gap. The Council is not only facing a financial recovery journey, it needs to improve and modernise the organisation in parallel and that is the focus of the Improvement Plan which will be refreshed to respond to the recommendations from this CIPFA Assurance Review, Annual Audit Report, and learning from the delivery of the Improvement Plan to date. A refreshed Improvement Plan will be supported by defined projects that will improve how the organisation operates. Those projects need to be robustly

	scoped, defined, resourced and managed through clear activity, milestones and measures that help demonstrate impact and benefits. The Improvement Board will maintain its focus on 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.
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3. The Council's Financial Position

The Best Value Notice highlighted the significant deterioration of the Council's assessment of its financial position since its receipt of Exceptional Financial Support (EFS) in February 2025 for the 2024-25 financial year, and the external auditor's annual report 2024/25 published in November 2025. That included a statutory recommendation relating to financial sustainability and identified significant weaknesses in value for money arrangements.

A sustained focus on stabilisation of the budget position during the latter half of 2025/26, led to a reduction in the requirement for EFS which was £61.791m, a £9.609m reduction in the level originally requested and approved in principle by the Government.

Two reports to Cabinet provide information about the current financial position and progress with stabilisation and recovery:

- [Draft Medium Term Financial Plan 2027-2032 - Report](#) to Cabinet 8th July 2026 including Financial Sustainability and Recovery Strategy. This report provides revised assumptions and updated view of the likely need for EFS in 2026/27 and 2027/28 and the consequential impact on 2028/29. It sets out a revised EFS requirement for 2026-27 of c £87m. This is approximately £34m less than the sum approved in principle in February 2026 of £121m.
- [Financial Monitoring Report Quarter 1 2026/27](#) - Report to Cabinet 9th September 2026. The report includes the latest forecasts for expenditure and income against revenue and capital budgets, and in-year savings delivery – and provides evidence of progress being made in stabilising the Council's financial position in readiness for a further update of assumptions within the Medium-Term Financial Plan (MTFP) in November 2026 and preparation of the 2027/28 Budget, work on which has already commenced. It outlines actions in place to manage emerging pressures with the absolute priority to deliver Council Services for 2026/27 within budget.

The stabilisation of the budget has been achieved through action taken prior to May 2026 but also continued since May 2026 at the point of the external Assurance Review with a focus on stabilisation of the budget position. These include:

- Strengthened approach to budget monitoring including training (June/July) for budget holders, supported by a new monitoring dashboard to inform monitoring and management of budgets, and a sustained improvement in budget holders

completing the required monthly monitoring requirements; with latest performance of 98% compliance.

- There are several areas where services have recently been scaled back, or where there is likely to be proposals to do so including Adults Day Services (June 2026), Cultural services and Libraries (due November 2026). Papers continue to be brought to Cabinet for decisions regarding service reductions and savings.
- A key facet of the Council's Financial Sustainability and Recovery Strategy is once again reviewing, rationalising and refreshing the capital programme. This is over and above the Annual Capital Programme reviews. It will ensure that the programme continues to contain identification and earmarked resourcing for statutory, health and safety and contractually committed works that are necessary and unavoidable.
- Steps being taken to transform services and mitigate pressures include:
 - **A transformation, improvement and change portfolio:** A focus on reducing the cost of services, generating income from a variety of sources, mitigating demand growth with a focus on prevention, and enhancing the use of digital technology to improve and enable service delivery. The portfolio provides a single framework and structure for our transformation, improvement and change activity, recognising that alongside financial recovery there is a need to pursue organisational improvement too. The one will not be achievable without the other:



- **Budget and business planning:** Our service transformation and financial sustainability journey is driven by the need to reduce or defer demand on services. While proposals are developed to deliver that, and investment being made, the impact of that will not be immediate. Therefore, a range of savings, income generation and budget pressure mitigation activity is being developed and delivered to ensure the Council remains in-budget in 2027/28.

4. From Actions to Impact

The Council recognises that successful improvement is not measured solely by the completion of actions but by demonstrable and sustainable impact.

Future reporting will therefore focus on:

- Continued delivery of recommendation actions.

- Evidence of strengthened governance and compliance.
- Improvements in financial forecasting and budget performance.
- Delivery of transformation outcomes.
- Progress towards financial sustainability.
- Improvements in organisational resilience and capacity.

The Council is continuing to develop and evolve outcome measures and assurance arrangements to demonstrate how activity is contributing to improvements in performance, governance and financial sustainability; a refreshed performance report was introduced in September 2026 for the Council and this will continue to be shaped by the updated Improvement Plan, member feedback and external reporting requirements. We are currently developing the approach to reporting against the six areas of transformation, improvement and change so that members, Improvement Board and MHCLG are assured on progress, delivery and impact.

5. Next Steps and further actions

Whilst progress has been made, several recommendations require substantial further work. This includes the further development of detailed transformation delivery plans, quantified savings trajectories and longer-term financial recovery arrangements which 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 8th June 2026 and Cabinet on 10th June.

Over the coming months the Council will therefore focus on:

- Finalising and reporting responses to all CIPFA recommendations to Full Council, ensuring elected member awareness and support (September 2026).
- Continued implementation of the Financial Sustainability and Recovery Strategy, including an immediate focus on service transformation, assets, income, and strengthening financial management which are key areas in our transformation, improvement and change portfolio (ongoing).
- Completing the development of our transformation, improvement and change portfolio, including quantified business cases and quantify financial benefits for programmes where possible (December 2026).
- Further development of the Adults Transformation programme following external diagnostic exercise (December 2026).
- Completing key leadership and organisational recruitment activity, including the appointment of senior positions, and completing Finance Service redesign and workforce plan (March 2027).
- Continuing to strengthen risk management arrangements and governance oversight including implementation of the Risk Management Framework rollout and staff training (January 2027).
- Continuing to develop delivery plans and benefits realisation frameworks for key transformation, improvement and change projects, a summary to be presented to cabinet in the MTFP (November 2026).

- Further review of Capital Programme (November 2026).
- Continued reporting of progress to elected members (Cabinet, Scrutiny, Audit and Council), in addition to the Improvement Board and MHCLG – to provide assurance of progress and impact (ongoing).
- Refreshing the Improvement Plan so that it incorporates activity that responds to recent external recommendations and feedback including from the CIPFA Assurance Review, External Audit Annual Report, and our own self-assessment against the Best Value standards (December 2026).
- A refresh and reprioritisation of the People Plan to enable the cultural change required to support and realise sustainable organisational improvement (December 2026).
- Reviewing alternative service delivery/shared service opportunities that are identified through business and budget planning (ongoing).
- Continued delivery on our difficult decisions in line with our flight plan and Cabinet Forward Plan (ongoing).

Alongside specific deliverables, ongoing actions through our business-as-usual activity will focus on:

- Continue monthly budget monitoring improvements and challenge sessions.
- Maintain Spend and Workforce Boards to strengthen expenditure control.
- Improve response rates to Internal Audit recommendations through dashboards and enhanced oversight.
- Assess grant-funded projects for clawback risks and project management robustness.
- Maintain a continuous pipeline of transformation, improvement and change proposals beyond December 2026.
- Continue business planning and budget challenge processes to identify savings, efficiencies, income opportunities and service redesign.

6. Conclusion

The Council has made good progress in establishing the governance, leadership, improvement and assurance arrangements necessary to respond to the Best Value Notice. Shropshire Council also fully acknowledges the findings of the CIPFA Review and recognises the scale of the challenge ahead.

The Council remains under significant financial pressure and there is no room for complacency. However, the Review also confirms that the Council understands the issues it faces and has established clear plans to address them.

Since the Review was completed, important progress has been made at pace in strengthening governance, rebuilding leadership capacity, improving financial oversight and developing the foundations for long-term transformation. The Council now has stronger organisational stability, clearer accountability and maintains an integrated approach to improvement.

We will continue to update progress through our quarterly monitoring meetings and the Council's Improvement Board will in addition provide regular written updates to Cabinet, to be shared with the Department and published for transparency.

We will continue to ensure there is elected member ownership, confidence and assurance with regular reporting to Cabinet, Scrutiny, Audit and Full Council.

Whilst significant work remains, the Council is committed to maintaining momentum, delivering its improvement commitments and working openly and constructively with MHCLG, CIPFA and other partners to secure a financially sustainable and resilient future for the people of Shropshire.

Appendices:

- APPENDIX A: examples of difficult decisions
- [APPENDIX B - CIPFA recommendations and response summary.pdf](#)

Background documents:

Response to CIPFA Assurance Review - Full Council Papers – 24th September 2026:

- Report: [Exceptional Financial Support: External Assurance Review](#)
- [APPENDIX B - CIPFA recommendations and response summary.pdf](#)

Draft Medium Term Financial Plan 2027-2032 - Report to Cabinet 8th July 2026
including Financial Sustainability and Recovery Strategy: [Report](#)

Financial Monitoring Report Quarter 1 2026/27 - Report to Cabinet 9th September 2026: [Report](#)

LGA Corporate Peer Challenge: Progress Review - Report to Cabinet 8th July 2027:

- Cover report: [Report](#)
- LGA Report; [Shropshire CPC Progress Review 12052026](#)

Exceptional Financial Support: External Assurance Review - Report to Finance & Improvement O&S Committee (7th September 2026) and Cabinet (9th September 2026): [Report](#)

APPENDIX A: Examples of recent Cabinet decisions that enable financial recovery and organisational improvement

Cabinet	Decision	Category	Link to report
10/06/26	Transfer of Aquamira Learning Disability Day Service	Adults	<u>Report</u>
10/06/26	Closure of Helena Lane Older People's Day Service	Adults	<u>Report</u>
10/06/26	Children's Transformation Programme	Children's	<u>Report</u>
10/06/26	Commissioning, Procurement and Contract Management Strategy	Org improvement	<u>Report</u>
10/06/26	Asset decision - St Andrews Shifnal	Assets	<u>Report</u>
08/07/26	MTFP / Financial Sustainability & Recovery Strategy	Financial recovery	<u>Report</u>
08/07/26	Asset decision – Bridgnorth Youth Club	Assets	<u>Report</u>
08/07/26	Cyber Strategy	Org improvement	<u>Report</u>
08/07/26	Digital Strategy	Org improvement	<u>Report</u>
14/07/26	Asset decision - Future of Shirehall	Assets	<u>Report</u>
09/09/26	Asset decision – Whitchurch Civic Centre & Library	Assets	<u>Report</u>