The Chartered Institute of
Public Finance & Accountancy

CIPFA

# Cumberland Council

## External Assurance Review

## May 2026

A Report by:

The Chartered Institute of Public Finance and Accountancy

**CIPFA, the Chartered Institute of Public Finance and Accountancy**, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

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# 1 Executive Summary

## 1.1 Summary of Findings, Issues, Evidence and Analysis

Cumberland Council came into being in April 2023. As a result of previous applications to receive Exceptional Financial Support (EFS), CIPFA were commissioned to undertake assurance reviews of the council in October of 2023 and 2024. This report refers to the findings of those reviews but focuses on the present and future.

Over the three financial years since the council came into being it has used EFS and reserves to achieve balanced budgets. EFS's significant use for their transformation programme has generated efficiencies that has contributed to meeting some of the growth the council has needed to cover pay increases, inflation and contractual commitments as well as budget pressures, particularly in children's services.

For 2026-27, the council is predicting a balanced budget, following ministerial approval to re-schedule £11.83 million of EFS from 2025-26. This is needed to fund a programme of voluntary redundancy (VR) estimated to cost approximately £10 million that it is estimated would release between 300 and 400 staff. The programme will enable the delayed implementation of terms and conditions harmonisation and the 'Our Future Cumberland' cultural change programme.

The position going forward is more uncertain with growth in service delivery cost built into the Medium-Term Financial Plan (MTFP): 2027/8 - £30.32 million; 2028-29 - £26.85 million and 2029-30 - £26.85 million) and the size of the capital programme has continued to climb and requires higher borrowing to fund it. The latest MTFP shows the budget gaps will be 2027-28 - £25.57million; 2028-29 - £50.85 million; 2029-30 - £59.51 million. Savings are only predicted to be £2.39 million in 2027-28 and £0.63 million in each of the two following years.

The scope available to bridge the budget gaps in the MTFP includes the savings that will flow from the VR process now started. The council also intends that continued transformation activity will generate more savings through business process re-engineering which will further reduce headcount and reduce the use of agency staff. Additionally, spans of control will be rationalised. They expect greater benefit being extracted from more prevention work in children's services and increased yield from commercial activity. Other potential contributions to meeting the budget gap are maximising the service value from in-house care provision; administrative (and depot) accommodation rationalisation; and reduced terms and conditions for employees. The council is starting to look at opportunities to reduce the cost of the Waste Disposal contract; to standardise services across the former district areas and re-letting of the leisure contract is expected to deliver some savings. However, these are not factored into the MTFP.

Though the council has maintained reserves despite their financial difficulties, the levels are low and not significantly increasing, but they expect higher levels of asset sales in 2027-28.

Overall, we consider there is a high level of confidence that the council can reach a balanced budget without EFS support for 2027-28 through its own activities.

The council has benefitted from an external Improvement Board over the last 18 months, but this is now winding up. Their final report recommendations include the hastening of progress against the single improvement plan and suggesting a corporate peer review in the future. If the Improvement Board is to cease, there is the danger of momentum being lost as well as access to external expert support that the council has clearly valued.

A further risk is the position of children's services in the corporate leadership. There is a history of overspending on children's services due to demand pressures. At the 11th hour of setting the 2026-27 budget, the Director of Children's Services invoked his statutory responsibility to suggest the budget was insufficient. An interim solution has been found, but the invocation has highlighted potentially deeper problems in the relationships at senior leadership level that must be dealt with.

In summary, the council is generally effective in stewarding its resources but given that whole council elections will take place in May 2027 it is critical that by the end of 2026 there is a credible and costed plan to bridge the budget gaps detailed in the MTFP for 2027-28 so that any difficult decisions required are not delayed. We are recommending that the council is assisted by an external facilitator appointed as soon as possible to support this process.

For the later years of the MTFP (2028-29 and 2029-30), there is now a recognition that the size of the Council Tax reduction scheme needs to be reviewed as does the size of the capital programme and the unsupported borrowing required to fund it. However, there is currently no political appetite to seek Council Tax increases above the threshold. In addition, the council has a financial risk from an Equal Pay claim, and the council expects it will find its resources constrained even further after the current MTFP period. The council is in a position of continued financial fragility in those later years and there is no apparent expectation of an ability to pay back the EFS received.

## 1.2 Key Risks / Findings and Recommendations

This table provides the improvement plan and roadmap that we recommend the council follows with priority actions indicated by the RAG rating and the recommended timeline included with the recommendations.

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| **On the quality of financial management and processes** | | |
| 1. The Audit Committee may not have the capacity to fully analyse the council's forward financial risk. | 3 | 1.The Audit Committee should be required to present a biannual report to the Executive on their risk analysis of the Medium-Term Financial Plan and their view of any mitigations appropriate.<br><br>From January 2027. |
| 2. Continued limited assurance of internal controls may reduce the councils' control framework. | 4 | 2.The Audit Committee should undertake a special inquiry to establish any common themes identified by Internal Audit reports that suggest the underlying causes of internal control weaknesses.<br><br>By December 2026. |
| 3. The absence of calls for evidence from residents limits the challenge that Scrutiny Committees can bring to their work. | 1 | 3.The Scrutiny Committees should introduce calls for evidence from residents prior to meetings. These should be widely advertised.<br><br>By December 2026. |
| 4. The continued absence of an integrated finance system will hamper the development of better allocation of and monitoring of resources. | 9 | 4a. The development of forward financial envelopes over the MTFP period for all services should be considered to focus attention on medium term service planning rather than short term savings.<br><br>As soon as possible. |
| | | 4b. The council should continue and expand financial training for all members focused on the options available for the council to become financially sustainable<br><br>As soon as possible. |
| | | 4c. The council should give priority to the development of an integrated finance system<br><br>By May 2027. |
| **On financial sustainability and risk** | | |

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| 5. The council has substantial budget gaps identified in the MTFP with several additional risks. There is no definitive plan to meet these gaps. | 9 | 5a. The council should continue its processes to control all non-essential revenue and capital spending.<br><br>Ongoing. |
| | | 5b. The strategic planning for 2027-8 should be extended to produce three-year service budgets that fit within the MTFP envelope.<br><br>Ongoing. |
| 6. The council does not have sufficient definitive savings proposals prepared to implement early in the 2027-28 financial year to meet the identified budget gap. | 9 | 6a. The council should prepare a savings plan for 2027-28 that identifies savings capable of being implemented on 1st April 2027 that meets the expected budget gap.<br><br>By December 2026. |
| | | 6b. The council's budget-setting process and timetable should be developed by identifying 'gateway' stages that require senior leadership 'sign-off'.<br><br>By October 2026. |
| | | 6c. The council should continue to develop further the knowledge and involvement of all councillors in the budget-setting process and in scrutiny of budget management through the year, and build robust support and induction plans for the new Council after its 2027 elections, taking into account the role of members across the council in supporting continuing financial sustainability.<br><br>By May 2027. |
| 7. Using the EFS proposed for re-profiling in 2026-27 is critical to allow the council to significantly reduce its headcount and further transform the council. | 9 | 7. The council should maximise the use of EFS re-profiled for 2026/27 to fund a programme of voluntary redundancy (VR).<br><br>By July 2026. |
| 8. The council does not progress sufficient asset sales quickly enough to meet its budget needs. | 6 | 8. The council should ensure its planned asset sales are completed in accordance with its current disposal plan.<br><br>By June 2027. |
| 9. The growth in the capital programme continues to increase the council's future borrowing requirements. | 6 | 9. The council should remove any contractually uncommitted capital schemes from its programme that are funded by unsupported borrowing.<br><br>By October 2026. |
| **On service reform, delivery and transformation** | | |
| 10. The lack of a clear comparative view of performance, particularly in service delivery cost, may hamper | 4 | 10a. The council should continue to work to ensure that it supplies service expenditure information through RO and RA returns. |

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| decisions on investment in services needed to generate improvement. | | By January 2026. |
| | 4 | 10b. Performance reporting should be reviewed and rationalized to focus on KPIs that can be accurately and consistently reported in comparison with other Unitary Councils, including cost indicators.<br><br>By December 2026. |
| | 4 | 10c. The council should seek to include cost comparisons in its performance reporting to ensure there is an appreciation of value for money.<br><br>By December 2026. |
| 11. The cost of children's services has not been brought fully under control; this represents a risk to the whole council. | 9 | 11. The council needs to utilise further external support to ensure that the required budget envelope for children's services can be validated and agreed. This should cover the period of the council's MTFP.<br><br>As soon as possible. |
| 12. The council's current management of social care would benefit from better alignment with best practice, particularly in relation to prevention, market shaping and demand management. As such, a rebalancing of the operating model is required. | 9 | 12a. The council needs to require each prevention programme to demonstrate a clear benefit case, with quantified reductions in demand, cost avoidance and timescales.<br><br>As soon as possible. |
| | | 12b. The council should prioritise adult social care prevention where it is already aligned to existing programmes, such as Home First and reablement.<br><br>As soon as possible. |
| 13. The council is experiencing financial difficulty as the balance between in-house and external provision in social care is not fully optimised. | 9 | 13. The council needs a re-balancing of the operating model in children's (continuing its investment in new accommodation) and adult social care.<br><br>By April 2027. |
| 14. Continued workforce instability in children's services needs to be addressed. | 9 | 14. The council should prioritise reducing agency dependency, rebuilding its permanent workforce pipeline and addressing structural recruitment challenges, including those linked to geography.<br><br>As soon as possible. |
| 15. The council needs to address SEND system reform, which represents the most significant long-term financial risk. | 9 | 15. The council should accelerate and strengthen SEND system reform focused on delivery of local sufficiency solutions, including special school capacity and alternative provision, alongside tighter demand management and earlier intervention. |

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| | | By January 2027. |
| 16. The councils' commissioning and procurement capability is not fully supporting the councils' needs. | 6 | 16. The councils' commissioning and procurement capability requires investment.<br><br>By April 2027. |
| 17. The council is at risk from the potential undeliverability of the required transformation in children's services over the MTFP period. | 9 | 17. To move toward financial sustainability, the council should prioritise with external support, a focused set of high-impact reforms targeted at the structural drivers of cost, particularly demand growth, SEND pressures, workforce instability and limited commissioning capacity.<br><br>By April 2027. |
| 18. Without service plans, it is not possible for the council to be confident that all services are delivered according to the council's plan and budget. | 4 | 18. The council should ensure that there are service plans in place for the start of the 2027-28 financial year.<br><br>By January 2027. |
| 19. The council's capacity and capability to support market management in social care for children and adults represents a risk to the council. | 6 | 19. A fundamental review of the procurement capacity and capability of the council to support market management for children and adult social services should be undertaken.<br><br>By April 2027. |
| 20. The council does not have a wide mixed economy for its services which may prevent the achievement of service efficiencies. | 6 | 20. A fundamental review of the procurement capacity and capability of the council to support greater outsourcing of services should be undertaken.<br><br>By April 2027. |
| **On governance, culture and leadership** | | |
| 21. The absence of webcasting of meetings means that the council misses the opportunity to receive resident feedback on decisions that are made. | 2 | 21. The council should give some priority to enabling webcasting of meetings.<br><br>By May 2027. |
| 22. The Council Plan is now entering its final year, and the council needs to refresh its priorities. | 4 | 22. The council should compile a comprehensive review of the needs of the area in preparation for the development of the new Council Plan.<br><br>By March 2027. |
| 23. The implementation of 'Our Cumberland Future' represents a risk to the council through uncertainty of staff and the potential loss of corporate knowledge. | 4 | 23. The senior leadership team should institute regular monitoring of the implementation of 'Our Cumberland Future'.<br><br>By December 2026. |
| 24. The council has a large challenge to reach financial sustainability requiring difficult political choices. | 9 | 24a. The single improvement plan should be refined to detail timed actions to be delivered. |

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| | | By September 2027. |
| | | 24b. The council should engage an external facilitator to support development of a balanced budget proposal for 2027-28 That facilitator should be retained until the council has set its budget for 2028-29.<br><br>As soon as possible. |

# 2. Introduction

## 2.1 Background

CIPFA has been asked by MHCLG to deliver an external assurance review (in depth assessment of finance and governance) of Cumberland Council. The review is required to cover the areas set out below and to be completed in line with the objectives set out in the contract specification.

## 2.2 Requirement

As a result of receiving Exceptional Financial Support, MHCLG is seeking some deeper assurance around the plans included in the business case for the 2026-7 financial year. In line with that expectation, CIPFA adopted the approach of looking to provide an assessment of the council's financial resilience, financial management, governance arrangements, capital programme, debt position, and service delivery, with a view to providing recommendations for improvement.

The details of the analysis required by MHCLG, and the methods applied by CIPFA are contained in Annex 1.

# 3 Areas Reviewed

## 3.1 Review Area 1: Quality of Financial Management and Financial Processes

***An assessment of the local authority's financial management and management of risk.***

**Key findings and analysis**

The council has in place an appropriate framework for financial management, control of risk and has adequate arrangements for audit and scrutiny though there are weaknesses in internal control. Scrutiny functioning is still not fully mature. The council has now resolved legacy statutory accounts reporting. Financial management has improved through consistent reporting; the prominence of finance has benefitted from the reshaping of senior leadership in 2025. There is more to be done, including the provision of a single finance system.

***a) The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.***

***Key findings and analysis***

The council's constitution details Budget and Policy Framework Rules and Finance Procedure Rules and Contract Procedure Rules. These are comprehensive and in accordance with good practice. This is supported by a comprehensive approach to risk management at a strategic and directorate level. Risk is regularly monitored by the Executive, the Audit Committee and the senior leadership team with online recording, monitoring, and reporting of risk. No concerns have been identified.

The Audit Committee is fulfilling its fundamental responsibilities, but the Committee has not made any formal recommendations concerning the council's financial position. An independent chair was appointed in September 2025, and members have been trained in the committees' role; counter-fraud and corporate risk management. The committee has received draft Annual Governance statements for 2023-24 and 2024-25, which are comprehensive and identified no governance weaknesses. The committee approved the council's Anti-Fraud, Bribery and Corruption Policy in October 2025.

The Internal Audit Service meets the public sector internal audit standards requirements and presented 13 audit reports, 2 school audit reports and 3 follow-up reports to the Audit Committee in the last year. In November 2025, External Audit noted that at June 2025, more than half of the reviews for the year had partial assurance or lower. They suggested that internal control weakness may be pervasive.

In November 2025, External Audit made a number of recommendations regarding significant weaknesses in relation to financial management, Dedicated Schools Grant

(DSG) deficit and the council's transformation programme and also two improvement recommendations for improving arrangements for economy, efficiency and effectiveness. The council should develop a comprehensive understanding of debtors by developing a single view of its debtors, monitoring and reporting on debt collection and reducing outstanding debt. The council has made staffing enhancements and updated its policy.

The council has four scrutiny panels; that for Business and Resources focuses on finance. A scrutiny development plan sought to upskill the scrutiny function and transition from an initial establishment phase to a more proactive role in policy and service development. Scrutiny panels undertook 'deep dives' into service areas, but there continues to be no evidence that the panels have had a significant influence on the council's direction. There have only been 2 'call-ins' and three task and finish groups. The scrutiny panels do not call for evidence from residents or customers or undertake independent enquiries. The council's 2025-26 Residents Survey will be used to inform Overview and Scrutiny activity in 2026-27 with a more focussed work programme, better aligned to corporate priorities. The Business and Resources Panel now receives quarterly performance and financial reports before the Executive, giving an opportunity for scrutiny and challenge. Scrutiny members have been offered a wide range of training.

The council has provided training for members in scrutiny, constitution, corporate risk, cyber security and fraud. However, take up has been limited with usually less than a third of members participating, and much of the training has time expired and requires renewal.

A self-assessment against the CIPFA Financial Management Code is underway, with findings used to inform a targeted improvement plan.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 1. The Audit Committee may not have the capacity to fully analyse the councils' forward financial risk. | 3 | 1. The Audit Committee should be required to present a biannual report to the Executive on their risk analysis of the Medium-Term Financial Plan and their view of any mitigations appropriate.<br><br>From January 2027. |
| 2. Continued limited assurance of internal controls may reduce the councils' control framework. | 4 | 2. The Audit Committee should undertake a special inquiry to establish any common themes identified by Internal Audit reports that suggest the underlying causes of internal control weaknesses.<br><br>By December 2026. |
| 3. The absence of calls for evidence from residents limits the challenge that Scrutiny Committees can bring to their work. | 1 | 3. The Scrutiny Committees should introduce calls for evidence from residents prior to meetings. These should be widely advertised.<br><br>By December 2026. |

***b) The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.***

***Key findings and analysis***

The council has had a stable management structure since vesting although the Chief Executive re-shaped his senior management structure in 2025 removing the Director of Resources post; bringing finance, HR and legal functions under the control of the former Director of Transformation. Customer Services were moved alongside community engagement. A new post of Chief Officer of Commercial and Innovation took the lead for Assets, Fleet and Digital.

CIPFA have previously pointed out the challenges the council had in managing finance. Some of those challenges remain; reliance on different legacy systems; lags in the reporting of financial information; turnover in business partners and not having the 'right' relationship with directorate performance clinics and lateness in starting strategic budget planning. It was not until the budget cycle for 2026-27 that a 'star chamber' exercise was arranged.

External Audit commented on the delays in publishing the draft accounts for 2023-24 and 2024-25, referring to the capacity challenges in the finance team. There were also issues about mapping bank accounts to the general ledger and the lack of regular, supervised, documented reconciliations of all bank accounts. Reporting of financial matters was deficient such as quarterly capital monitoring not providing reasons for delayed expenditure or giving a detailed narrative though this was available in the 2024-25 outturn report issued in September 2025.

The position is now improved. Finance reports to the Executive are now sent in draft to the Business and Resources Scrutiny Committee; they are consistent in style and content and comprehensive. The finance function now includes the procurement function. Some additional appointments had been made in the function (less than 10% of posts are currently vacant) though one senior manager role had been filled by an internal candidate and other appointments were of people without local government experience both requiring ongoing development support. Interim/cover arrangements were still being made for other roles. Changes to structures are being considered to create more roles attractive to the market and consideration was being given to creating apprenticeship roles. Strategic budget planning is now more inclusive with a better relationship between finance and transformation staff. The process of strategic budget planning is starting earlier than before for 2027-28 and has benefitted from a review of how it could be improved from that for 2026-27 including earlier identification of possible savings and better alignment with executive portfolios.

Only recently has work started on scoping and mapping out delivery of a functioning system for finance requiring substantial work needed to harmonise existing systems with the legacy financial system approaching end of life with the current license expiring on 31 March 2028 and no option to extend.

The Improvement Panel has expressed concern over the time lapse in providing the Senior Leadership Team, Executive and wider council with timely financial reporting, albeit acknowledging that the Chief Finance Officer is attempting to streamline the existing processes. They think that role has benefitted from the re-shaping of senior leadership and there is evidence of the growing prominence and impact of the S151 role.

There are extensive arrangements for training members in finance and making them aware of the councils' financial position including: Budget and MTFP Briefings; Star Chamber/Challenge Processes; Improvement related Member Engagement and Briefings Linked to Assurance Frameworks.

***Risks and Recommendations***

| Key risk | Risk rating (see details in Annex 2) | Recommendation (including Timeline) |
|---|---|---|
| 4. The continued absence of an integrated finance system will hamper the development of better allocation of and monitoring of resources. | 9 | 4a. The development of forward financial envelopes over the MTFP period for all services should be considered to focus attention on medium term service planning rather than short term savings.<br><br>As soon as possible.<br><br>4b. The council should continue and expand financial training for all members focused on the options available for the council to become financially sustainable.<br><br>As soon as possible.<br><br>4c. The council should give priority to the development of an integrated finance system.<br><br>By May 2027. |

***c) The local authority's approach to financial risk management including identification, management and treatment of risk.***

***Key findings and analysis***

CIPFA have previously recognised that the council has been evolving its risk management approach. Risk matters are reported regularly. Cabinet reports and lead member decisions have sections including financial risk. The Audit Committee regularly reviews updates on the strategic risk register, which is characterised by its high level of detail and complexity.

The risk management framework has also been reviewed and amended. It now specifies how service directorates develop and maintain operational risk registers, conduct quarterly reviews, and escalate risks exceeding the significant risk threshold. An on-line risk management System to enable online recording, monitoring, and reporting of risk registers has been acquired.

External audit noted in November 2025 that an integrated assurance group will now start to review risk appetite. The council is now exploring options for future integration of reporting on financial performance, risk, and performance management.

***Risks and Recommendations***

- None identified.

## 3.2 Review Area 2: Financial Sustainability and Risk

*An assessment of the local authority's overall financial resilience and sustainability, the identification of specific financial risks and a view on the authority's capital and debt position and approach to assets (with a view on the sustainability, Value for Money and risk exposure of the local authority in this space).The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.*

**Key findings and analysis**

Over the three full years of the council, the council has had to increase the net budget for growth due to inflation, pay awards, contractual impacts and increased service demands. These have been particularly acute in children's services. EFS and reserves have been used to achieve a balanced budget. The outturn for 2025-26 is not yet available but children's services are expected to overspend by £10.74 million. The budget is anticipated to be balanced by use of £6.50 million from the general fund. For 2026-27 the council has budgeted for a balanced budget by the use (subject to approval) of EFS of £11.83 million, but took emergency action immediately before the budget was set as the Director of Children's Services advised a concern that the proposed budget was insufficient.

For the future the council's MTFP shows that the net requirement will rise and the budget gaps will be 2027-28 - £25.57 million; 2028-29 - £50.85 million; 2029-30 - £59.51 million. In addition, the council is carrying risk from an Equal Pay claim and uncertainty at the continuance of the DSG statutory override. The council has no definitive savings plans to cover these gaps and additionally believes it now has a structural deficit.

The council's significant budget gaps going forward need the delivery of savings but the council has not always delivered the savings it planned. The major focus for savings was the transformation programme through which significant EFS was used to fund a structured programme. The council has not moved as far and as fast as it originally set out to do, delays were encountered in waste collection and children's savings. The 'Our Future Cumberland' initiative launched in April 2026 is expected to deliver between 300 and 400 staff exits through controlled voluntary redundancy (VR) funded by EFS of £9 million (carried over from 2025-26 approval in principle). The council expects further savings will flow from the VR process now started as continued transformation activity will generate more savings through business process re-engineering that will further reduce headcount.

In 2027-28 and beyond the council will have a reduced actuarial pension fund contribution and is looking at a range of other savings areas though there are no precise quantifications of these opportunities. The council is prepared to take difficult decisions in the council's Council Tax reduction scheme and the amount of unsupported borrowing in the existing capital programme where overall the borrowing required to fund the programme has increased.

Together, all these in-train activities and opportunities give a high degree of confidence that the 2027-28 budget gap can be closed. However, the council has no appetite to seek increases in Council Tax above the referendum threshold and there is no plan to cease any discretionary services, both of which will be needed to close the budget gap for 2028-29.

Though the council has preserved the overall level of reserves, the general fund is only just above the minimum required and though they are accelerating, asset sales are insufficient to significantly increase reserves.

***a) The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.***

***Key findings and analysis***

Over the three full years of the council, the council has had to increase the net budget for growth due to inflation, pay awards, contractual impacts and increased service demands. These have been particularly acute in children's services. EFS and reserves have been used to achieve a balanced budget.

In 2023-24, children's services overspent their £65.07 million budget by £17.04 million driven by pressures in demand and cost increases in cared for services. In 2024-25, children's services spent £90.95 million against an original budget of £72.31 million largely due to extra cost for Children & Families, Education, SEND and inclusion. The council also overspent on Waste Management due to a delayed implementation of a restructuring of the service. Delayed capital expenditure benefitted the council from lower borrowing.

The outturn for 2025-26 is not yet available; at Quarter 3, Children's services are expected to overspend by £10.74 million from pressures in Education, SEND & Inclusion; a significant incident of School damage; SEND & Home to School transport; Children & Families social work and early prevention workers support & protect services and Cared for Children. The council expects to spend £5.07 million less on borrowing due to delays in capital spend and transformation programmes. The budget is anticipated to be balanced by use of £6.50 million from the general fund.

For 2026-27 the council has budgeted for a balanced budget by the use of EFS of £11.83 million with anticipated growth of £41.24 million but with savings of £35.27m.

However, the council had to take emergency action immediately before the budget was set as the Director of Children's Services advised a concern that the proposed budget was insufficient noting that at Q3 of 2025-26 the existing children's services was overspent and the new budget was less than the forecast outturn. To provide some assurance and control, the council has created a 'ring-fenced' contingency to be drawn down subject to detailed monitoring and approval.

For the future the council's MTFP shows that the net requirement will rise from £396.589 million in 2027-28 to £442.07 million in 2029-30, primarily accounted for by inflation and the potential cost of the new emissions charge/levy which may be applied to the council's energy from waste facilities. Growth in 2027-28 will be £30.32 million; £26.85 million in 2028-29 and 2029-30. Savings are only predicted to be £2.39 million in 2027-28 and £0.63 million in each of the two following years. The budget gaps will be 2027-28 - £25.57 million; 2028-29 - £50.85 million; 2029-30 - £59.51 million.

In addition, the council is carrying several risks: the receipt in August 2023 by the council and Westmorland & Furness Council of an Equal Pay claim relating to over 400 employees of the former County Council now employed by the council which the council is taking steps to minimise; further unquantified pressure in children's services; and uncertainty at the continuance of the DSG statutory override.

The council has significant predicted budget gaps over the MTFP period for which the council has no definitive savings plans to cover although the council has begun its strategic budget planning for 2027-28 and has some indicative areas of potential further savings. Later in this report we detail the steps the council are taking to manage the identified budget gaps through a continued focus on savings and ongoing transformation activity.

In its bid for a rescheduling of its EFS to 2026-27, the council argues that it has a structural deficit, where increase in funding is not meeting increase in un-avoidable and LGR related costs. The Executive was told in February 2026, that the future funding system now assumes greater local self-financing, particularly through council tax with the risk of a funding cliff edge after 2028-29. The Leader of the council is seeking to engage local MPs in taking up the councils' cause for more funding.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 5. The council has substantial budget gaps identified in the MTFP with several additional risks. There is no definitive plan to meet these gaps. | 9 | 5a. The council should continue its processes to control all non-essential revenue and capital spending.<br><br>Ongoing. |
| | | 5b. The strategic planning for 2027/8 should be extended to produce three-year service budgets that fit within the MTFP envelope.<br><br>Ongoing. |

***b) An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back***

***Key findings and analysis***

The council's significant budget gaps going forward have been noted above. To bridge those gaps the council will continue to need to make substantial savings. The council has not made all the savings that it has planned previously: £37.61 million were planned in 2024-25 of which £30.37 million were delivered. Approved savings for 2025-26 were £25.24 million and by December 2025, c£14 million have been delivered with the remainder on track.

The major focus for savings was the transformation programme through which significant EFS was used to fund a structured programme management approach to changing the way the council worked. The evidence is that this has been a success with recurring savings representing twice as much as the investment.

However, the council has not moved as far and as fast as it originally set out to do on its transformation programme. Delays were encountered in waste collection and children's savings. The councils' headcount, which was 4,085 at April 2023, has grown to 4,472 at

April 2026. There are reasons for this: inherited structures with significant vacancies and some areas almost entirely populated by agency staff who were not captured in the original headcount and staff now disaggregated from Westmorland and Furness Council add to the headcount. There has been significant growth in apprenticeships and permanent staff replacing agency staff. Though there will be decreases in headcount from further disaggregation, the biggest fall in headcount will be because of the ‘Our Future Cumberland’ initiative launched in April 2026 with the expectation that between 300 and 400 staff would exit the organisation through controlled voluntary redundancy (VR) funded by EFS.

For 2027-28 and beyond, the council expects further savings will flow from the VR process now started as the council also intends that continued transformation activity will generate more savings through business process re-engineering that will further reduce headcount and reduced use of agency staff to cover sickness. Additionally, spans of control will be rationalised.

Impacting on the 2027/28 budget, the council will have a reduced employer pension contribution rate (£7 million). Other potential contributions to meeting the budget gap for 2027-28 are the continuation of the recruitment freeze; greater benefit being extracted from more prevention work in children’s and adult social care services with savings from in-house care provision. Further savings are expected from administrative (and depot) accommodation rationalisation and reduced terms and conditions for employees. The council is starting to look at opportunities to reduce the cost of the Waste Disposal contract; to standardise services across the former district areas and re-letting of the leisure contract is expected to deliver some savings.

There has been already some specific improvement in fees and charges for Adult Social Care residential care and car parking and the council’s new Chief Officer for Commercial and Innovation is embarking on a review of fees and charges needed as, compared to other unitary councils, the council’s yield is well below average. However, there are no precise quantifications of these opportunities.

Discussions for this review have identified that the council is prepared to take difficult decisions in two areas. The first is the council’s Council Tax reduction scheme (of which the council is one of only 75 councils offering up to 100% support and no band cap) and secondly, the amount of unsupported borrowing in the existing capital programme. These may start to have some impact for 2027-28.

Together, all these in-train activities and opportunities give a high degree of confidence that the 2027-28 budget gap can be closed. However, the council has no appetite to seek increases in Council Tax above the referendum threshold and there is no plan to cease any discretionary services, which will be needed to close the budget gap for 2028-29.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 6. The council does not have sufficient definitive savings proposals prepared to implement early in the 2027-28 financial year to meet the identified budget gap. | 9 | 6a. The council should prepare a savings plan for 2027-28 that identifies savings capable of being implemented on 1st April 2027 that meets the expected budget gap.<br><br>By December 2026.<br><br>6b. The council’s budget-setting process and timetable should be developed by identifying |

| | | |
|---|---|---|
| | | ‘gateway’ stages that require senior leadership ‘sign-off’.<br><br>By October 2026.<br><br>6c. The council should continue to develop further the knowledge and involvement of all councillors in the budget-setting process and in scrutiny of budget management through the year, and build robust support and induction plans for the new Council after its 2027 elections, taking into account the role of members across the council in supporting continuing financial sustainability.<br><br>By May 2027. |

***c) An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.***

***Key findings and analysis***

The council has had approval for a total of £56.65 million EFS over the years 2023-24 to 2025-26. In 2023-24 EFS was used to provide a balanced budget and also in 2024-25, but since then EFS has been used for transformation investment.

In February 2026, the council sought EFS for 2026-27 through the re-profiling of the unused proportion of the Government’s in-principle capitalisation direction of £23.43 million, awarded for 2025-26 of which only £11.60 million is now forecast to be required. This is to enable the council to capitalise specific one-off exit costs arising from the corporate-wide staff structure and terms and conditions programme, which forms a central component of the ‘Our Future Cumberland’ transformation. These changes are essential to delivering the savings required across the MTFP. The exit costs required to deliver these savings are substantial and will fall predominantly in 2026-27. The 2026-27 budget includes the re-profiling of part of the approved 2025-26 EFS to 2026-27 which has now been approved.

The council has limited reserves available to self-finance the investment required in the transformation programme. The position of reserves is as follows:

| Area | 31.3.23 (£m) | 31.3.24 (£m) | 31.3.25 (£m) | 31.3.26 (£m) (Est) | 31.3.27 (£m) (Est) |
|---|---|---|---|---|---|
| **General Fund** | 26.15 | 30.77 | 28.63 | 26.51 | 26.51 |
| **Earmarked reserves** | 90.98 | 76.83 | 80.44 | 80.34 | 80.87 |
| **Total** | **117.13** | **107.60** | **109.07** | **106.85** | **107.38** |

Earmarked reserves include provisions for PFI existing contractual commitments; a self-insurance provision to minimise the councils’ insurance premium and meet the cost of claims; and balances that are income from third parties ring-fenced through grant conditions and/or commitments.

In addition, the council held Schools reserves and the DSG grant balance.

***Risks and Recommendations***

| Key risk | Risk rating (see details in Annex 2) | Recommendation (including Timeline) |
|---|---|---|
| 7. Using the EFS proposed for re-scheduling in 2026-27 is critical to allow the council to significantly reduce its headcount and further transform the council. | 9 | 7. The council should maximise the use of EFS re-profiled for 2026/27 to fund a programme of voluntary redundancy (VR).<br><br>By July 2026. |

***d) An assessment of how the council expects to finance capitalisation (i.e through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach.***

***Key findings and analysis***

The council has financed the EFS approvals to date (2023-24: £10.63 million; 2024-25: £22.58 million; 2025-26: £22.43 million) through borrowing which adds to the revenue requirement of the council. In its 2026-27 EFS application, the council indicated the amount of MRP, and interest required for EFS borrowing:

| | **Forecast MRP costs** (£m) | **Forecast interest costs of borrowing** (£m) |
|---|---|---|
| **2026-27** | £2.241 | £2.780* |
| **2027-28** | £2.833 | £2.780* |
| **2028-29** | £2.833 | £2.780* |

As the council is not seeking any further EFS, whilst the costs in the table marked with an asterisk (*) are indicative only, they assume the council would externalise its borrowing requirement for EFS and utilises the council's latest forecast interest rates for its MTFP. The actual position would be dependent of the council's actual interest rates and borrowing terms subject to its wider treasury management processes and procedures.

As the council is not seeking further EFS, these costs represent the best estimate of the councils' budget requirement to meet the cost of EFS. The MRP charge would last for 20 years.

***Risks and Recommendations***

- None identified

***e) An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under exceptional financial support.***

### *Key findings and analysis*

In June 2024, the council's Executive agreed an Asset Management Strategy for the period 2024 – 2027 setting out the council's vision for its land and buildings property portfolio. In December 2024, the council's assets were:

| Subcategory | No Properties | Gross cost/valuation at 1.4.23 (£) |
|---|---|---|
| **Land and Buildings** | **523** | **442,424,899** |
| **Surplus Property** | **124** | **15,368,119** |
| **Investment Property** | **206** | **134,639,002** |
| **Trust Assets (group accounts only)** | 1 | **605,000** |
| **Total** | **854** | **593,037,019** |

By July 2025, the Executive was able to agree a policy for disposals. The new Director of Commercial and Innovation has given a stimulus to the process of disposals and the council has started to achieve disposal of assets that can impact on its financial position. Based on estimated disposal yields, the council expects to generate £1.3 million in 2025-26; £2.76 million in 2026-27 (with potential of further £1.3 million) and £6.07 million in 2027-28. The council has at this stage decided not to sell a significant commercial asset as the likely receipt does not represent value for money against the revenue currently generated; similarly with three industrial sites. This should be kept under constant review.

The council is also pursuing office accommodation rationalisation with relocation of staff from West Cumbria House and consolidation into Allerdale House in Workington, and likewise in the Carlisle area from Parkhouse into the Civic Centre building. A Depot Rationalisation programme is beginning.

### *Risks and Recommendations*

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 8. The council does not progress sufficient asset sales quickly enough to meet its budget needs. | 6 | 8. The council should ensure its planned asset sales are completed in accordance with its current disposal plan.<br><br>By June 2027. |

***f) A detailed assessment of any financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regards to these areas, including, but not limited to, minimum revenue provision guidance, investment guidance, and accounting codes.***

***Key findings and analysis***

The former councils had significant capital programmes and were carried over to the new council. The capital programme was agreed in February 2023. The programme as agreed totalled £283.53 million. This programme required prudential borrowing of £68.64 million. In December 2023 CIPFA said there were concerns about the management of the capital programme and concluded the council does not have the capacity to carry through its capital programme at this time.

In June 2024, the Executive approved a comprehensive Capital Investment Strategy aimed at supporting the priorities outlined in the Council Plan. The strategy established a structured approach to funding capital projects including robust governance. Even with this conservative approach to new capital investment, the size of the capital programme has continued to grow, as shown in this table:

| **Area** | **2023/4 (Q2)** (£m) | **2024/5** (£m) | **2025/6** (£m) | **2026/7** (£m) (Est) |
|---|---|---|---|---|
| **Budgeted Spend** | 289.34 | 276.62 | 298.50 | 281.04 |
| **Total Future Programme** | N/K | 434.93 | 428.75 | 567.67 |
| **Total Future Programme: Unsupported Borrowing** | N/K | 117.95 | 171.67 | 189.67 |

Slippage in spend has continued to occur as shown here:

| **Area** | **2023/4 (Q2)** (£m) | **2024/5** (£m) | **2025/6** (£m) | **2026/7** (£m) (Est) |
|---|---|---|---|---|
| **Budgeted Spend** | 289.34 | 276.62 | 298.50 | 281.04 |
| **Spend Outturn** | 125.41 | 202.63 | 184.93 | N/K |
| **% underachievement** | 56.66% | 26.75% | 38.05% | N/A |

Overall, the delayed expenditure due to slippage has reduced the amount of borrowing the council has had to undertake, but the borrowing required to fund the programme has increased.

The council inherited several wholly and partly owned companies which according to external audit consisted of 14 companies and two unincorporated charities. A Shareholder and Trustee Committee has been established as a committee of the Executive to perform the shareholder function and maintain oversight. It has only met once in the last 12 months. The Chief Finance Officer has been appointed as the Shareholder Representative.

The council has instructed Local Partnerships to undertake a review of all the companies to inform how the council reports on company activity and it is likely that the Terms of

Reference for the Shareholder and Trustee Committee will be revised so that the Committee has greater oversight of all entities. This will be completed by the end of 2025-26 with new constitutional arrangements agreed at the annual meeting of council.

The council had total borrowing of £243.87 million in June 2024, that rose to £282.12 million by Q3 of 2025-26 well below the Unitary Council average of £417 million. At September 2025 investment balances totalled £105.36 million up from £77.364 million in March 2025. The council has a CCLA Property Investment Fund of £3 million. The council's policy is not to acquire commercial assets primarily for financial return.

The council became the accountable body for large grants in 2024-25: Town Deals: £43.79 million; Levelling Up: £27.9 million; Future High Street Grants: £10.94 million and Pothole Action Funding: £5.99 million. This has added to the council's capital programme which is subject to slippage and therefore there must be some concern that the council fully has the capacity to successfully progress these schemes.

CIPFA have previously said that the capital investment strategy agreed in June 2024 is fully compliant with the prudential code and provides a robust framework for managing capital expenditure and debt repayment. Also, that the council's MRP policy is fully compliant with relevant guidance. Both are part of the council's Treasury Management Strategy Statement approved annually accompanied by the proposed prudential indicators. These are prepared in accordance with the statutory framework and CIPFA codes of practice.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 9. The growth in the capital programme continues to increase the council's future borrowing requirements. | 6 | 9. The council should remove any contractually uncommitted capital schemes from its programme that are funded by unsupported borrowing.<br><br>By October 2026. |

## 3.3 Review Area 3: Service Reform, Delivery and Transformation

*An examination of high cost service pressures and an assessment of specific opportunities for savings, innovation, and reform to support the local authority to move to financial sustainability with named service areas. This assessment has made use of recognised best practice models and guidance for delivering quality and cost-efficient services that put prevention first, and the council's alignment with this good practice.*

**Key findings and analysis**

The council's performance management structure is incomplete as cost of services does not feature. Where it is possible to compare performance there is a mixed picture with particular under-achievement in Development Control compared to others. Internal KPIs achievement is only marginally positively RAG rated. The council does undertake benchmarking at the service level. In Education attainment, the council does not perform well in comparison.

The council has worked hard to address legacy issues in the Children's Services performance. In November 2024, Ofsted reported that children's services are 'Good' overall. The council has demonstrated improved operational performance in including measurable reductions in children in care, but it is still a persistently higher-than-average rate.

The council demonstrates alignment to national best practice principles at a strategic level. There has been significant investment but high repeat referrals and continued elevated demand suggest that early help and edge-of-care interventions are not yet achieving system-wide impact. Overall, the delivery model does not yet appear to reflect a fully optimised balance between in-house provision, external commissioning and preventative services, limiting both efficiency and flexibility.

The council lacks strong market shaping, suffers from ongoing growth in demand, the absence of a fully implemented SEND sufficiency solution and workforce instability.

While transformation is underway, it is not yet delivering at the scale required, remaining structurally demand-led and financially fragile, with a high risk that demand-led cost growth will continue to outpace savings unless reform is accelerated. The continued reliance on the independent sector, combined with rising placement costs driven by complexity and market conditions, means the council remains exposed to external pricing and limited market control.

The most immediate priority is to rebalance the system towards prevention and early intervention, particularly prevention. The second priority is to accelerate and strengthen SEND system reform.

Workforce stability is a further critical enabler, and the council should prioritise reducing agency dependency, rebuilding its permanent workforce pipeline and addressing structural recruitment challenges, including those linked to geography.

At the improvement Board meeting in April 2026, the Board received a Children & Family Wellbeing: Improvement and Financial Sustainability Action Plan listing a wide range of actions in line with the aim of moving to greater prevention and demand management.

Demand data indicates that Adult Social Care is experiencing 67–69% higher request rates, alongside higher conversion into long-term care, suggesting that the system is operating in a reactive rather than preventative manner. Adult Social Care has been assessed as "Requires Improvement" by the Care Quality Commission (CQC), reflecting ongoing issues in timeliness, workforce and delivery, alongside significant demand pressures and potential structural pressures. The council demonstrates alignment to national best practice principles at a strategic level, but operational evidence suggests that these approaches are not yet embedded at scale. The significantly lower spend on prevention and commissioning, combined with high conversion to long-term care, indicates that prevention is not yet reducing demand.

In both service areas the most immediate priority is to rebalance the system towards prevention and early intervention and optimise its service delivery model, particularly the balance between in-house and external provision. Also, while there is evidence of improving commercial capability and increased focus on joint commissioning, the overall approach is likely to need continued investment to support the council's ability to control costs and drive innovation. The council should also significantly strengthen its commissioning and procurement capability.

CIPFA have previously noted procurement as a weak area for the council. The 2025 senior leadership re-shaping resulted in this function coming under the control of the Chief Finance Officer. The procurement function has developed over the last few years, and the function is positioning itself as a strategic enabler, not just a compliance function and officers are expected to consider market, social value and delivery outcomes earlier in the commissioning cycle. However, there have been no major changes to the way in which the council has delivered services.

Previously CIPFA have noted limited evidence of clear service plans though a template has also been adopted so that services can develop their own service plans that they can be monitored against.

The council has adopted an ambitious programme of transformation programmes to change the way it delivers services: The Customer and Pre-Front Door programme; The Assets, Fleet and Highways transformation programme; and the 'Libraries Fit for the Future' project. One strand of the transformation has been difficult for the council. This is the full harmonisation of structures, terms and conditions. Another area of difficulty has been IT as the council carries the responsibility and risk to deliver operational service for the Cumbria Fire and Rescue Service and Westmorland & Furness Council and to undertake the disaggregation programme. Only now has the council been able to establish a proper relationship with the Fire & Rescue service and with Westmorland & Furness.

**a) *The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.***

### *Key findings and analysis*

The Executive receives quarterly reports on performance. In December 2024, CIPFA noted that there were concerns regarding the accuracy, source, and presentation of some data. Of significance is the absence of performance indicators related to the cost of services as there were no metrics at the council, service block, or service area levels to track or benchmark cost efficiency. The council has not submitted RO returns for 2024-25 and RA returns for 2025-26 so up to date comparisons are not possible.

Three years ago, CIPFA noted there appeared to be high cost in service delivery. The council's total spend per capita was £2,014.95 (2023-24), significantly higher than the Near Neighbours' average of £1,759.70. The analysis indicated that the council's expenditure is above average in several key service areas, namely Total Other Services, Total Education Services, Total Highways and Transport Services, and Total Children's Social Care. Since then, the council have not submitted RO and RA figures but the Council are working to resolve data issues to ensure returns going forward.

In March 2026, the Business and Resources overview Scrutiny Committee received a report on performance for Q3 of 2025-26. This said that for key performance indicators (measuring service performance), 25 of the 48 attributed a RAG rating were green (on target), 9 were amber (close to target) and 14 were red (off target).

However, it is difficult to get a clear view of the trend of improvements through the council's corporate performance reporting. In the Corporate Performance report for Q1 of 2024-25 there were reports on 65 KPIs. There was a review of KPIs for 2025-26 as the result of ongoing data aggregation/disaggregation and quality work; work to ensure that KPIs better reflected strategic objectives; and work to introduce more outcome focused KPIs (moving from counts to percentages and rates). In the report for Q2 of 2025-26, there are 30 indicators that match back to Q1 of 2024-25 and of those 15 performed the same or better and 13 performed worse.

The council undertakes benchmarking activity across key services using national and regional data or statistical neighbours as appropriate, participating in regional benchmarking clubs/groups across key services such as children's and adults' social care. The council has provided some examples of the benchmarking.

In Education the council does not perform well in comparison. For GCSE headline comparisons, the Attainment 8 score for all pupils in Cumberland was 42.2 in 2025 (down from 43.3 in 2024) and was also below the national figure of 46.2. Nationally, the Attainment 8 score went up by +0.1 points whereas the fall in Cumberland was -0.1 points. There has been very little change in the Attainment 8 figure in Cumberland over the last 3 years.

We accessed LG Inform to try to compare Cumberland's performance with other Unitary Councils. The amount of comparison is limited as Cumberland have not made expenditure detail publicly available. In some limited areas we can make comparisons:

| HOUSING BENEFIT ADMINISTRATION | | Cumberland | Unitary Average |
|---|---|---|---|
| Days to process change of circumstances (days) | 2025-26 Q2 | 12 | 11.04 |
| Days to process new claims (days) | 2025-26 Q2 | 27 | 24.85 |
| COUNCIL TAX COLLECTION | | Cumberland | Unitary Average |
| % Council Tax collected | 2024-25 | 96.14 | 95.61 |
| % NNDR not collected | 2024-25 | 2.85 | 2.59 |
| | | | |
| PLANNING AND DEVELOPMENT | | Cumberland | Unitary Average |
| Processing major applications on time | 2024-25 | 74% | 93.1% |
| Processing minor applications on time | 2024-25 | 76% | 90.2% |
| Processing other applications on time | 2024-25 | 67% | 92.3% |
| PLANNING AND DEVELOPMENT | | Cumberland | Unitary Average |
| Processing major applications on time | Q3; 2025-26 | 70% | 91.4% |
| Processing minor applications on time | Q3; 2025-26 | 85% | 90.3% |
| Processing other applications on time | Q3; 2025-26 | 58% | 88.8% |

| HIGHWAYS | | Cumberland | Unitary Average |
|---|---|---|---|
| A roads requiring maintenance | 2024-25 | 2% | 4.03% |
| B and C roads requiring maintenance | 2024-25 | 6% | 6.2% |
| WASTE | | Cumberland | Unitary Average |
| Household Waste recycled | 2024-25 | 50.1% | 42.14% |
| Household waste per person (kg) | 2024-25 | 108.5 | 92.6 |

Of these areas, Cumberland performs noticeably poorly in processing planning applications (though the council has sought to focus on gaining more performance planning arrangements for major developments for income generation and better relationships with applicants). Also, recently the River Eden has been designated to receive funding for mitigating nutrient pollution in waterways that will release major planning applications for housing in the Carlisle area. Processing new claims for Housing Benefit is slightly worse than average; road maintenance is better than average and whilst recycling rates are better than average, waste minimisation is worse than average.

Later in this report we note how the council conducts its performance reporting.

### *Risks and Recommendations*

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 10. The lack of a clear comparative view of performance, particularly in service delivery cost, may hamper decisions on investment in services needed to generate improvement. | 4 | 10a. The council should continue to work with CIPFA to ensure that it supplies service expenditure information through RO and RA returns.<br><br>By January 2026. |
| | 4 | 10b. Performance reporting should be reviewed and rationalized to focus on KPIs that can be accurately and consistently reported in comparison with other Unitary Councils, including cost indicators.<br><br>By December 2026. |
| | 4 | 10c. The council should seek to include cost comparisons in its performance reporting to ensure there is an appreciation of value for money.<br><br>By December 2026. |

## ***b) Assessment of the extent to which the council's service delivery model particularly in Children's and Adult Social Care areas of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.***

### *Key findings and analysis*

Children's services

The council has worked hard to address legacy issues in the Children's Services performance. In November 2024, Ofsted reported that Cumberland Council's children's services are ‘Good’ overall which was an improvement from the 2022 assessed "Requires Improvement to be Good" predecessor (Cumbria Council) by Ofsted in 2022. In September 2025, Ofsted and CQC published a joint inspection of SEND services. They highlighted the need to ensure health, social care and other partnerships contribute to the development of children and young people’s Education, Health and Care Plans (EHCPs).

Based on the RA returns for 2024-25, the council planned to spend nearly 20% more than the Near Neighbour average on Children’s Social Care. Of the 2026-27 budget, 56% approximately is taken up by children in care placements and SEND and home-to-school transport. And while this level of concentration is broadly consistent with other local authorities, it reflects a high degree of financial exposure to demand-led cost pressures. Earlier in this report the overspends against budget by children’s services were highlighted.

The council has demonstrated improved operational performance in Children’s Services, including measurable reductions in children in care (from approximately 520 to c.460–484 over the last 3 years), supported by interventions such as Placement Scrutiny panels chaired by the Director and strengthened oversight. However, the continued position is still a persistently higher-than-average rate of children in care (c.19% above statistical neighbours).

National best practice, as reflected in guidance from the LGA, ADASS and wider sector evidence, emphasises early intervention and prevention; strengths-based practice and strategic commissioning and market shaping. The council demonstrates alignment to these principles at a strategic level. There has been significant investment into Early Help and protection, SEND sufficiency planning, the Children in Care sufficiency strategy and a focus on reducing external placements, all of which align with national expectations.

High repeat referrals and continued elevated demand suggest that early help and edge-of-care interventions are not yet achieving system-wide impact. In SEND, the continued growth in EHCPs and reliance on external provision show signs of a system which remains reactive and provision-led rather than preventative. A gap between strategy and delivery is currently evident and while the council is aligned to best practice in design, it is not yet apparent that those models are fully embedded in practice, which may be resulting in continued cost escalation.

The council operates a mixed delivery model, with significant reliance on external providers in children’s services (particularly SEND residential placements). The reduction in external residential placements (from approximately 80 to around 60 over 3 years) is positive; however, the continued reliance on the independent sector, combined with rising placement costs driven by complexity and market conditions, means the council remains exposed to external pricing and limited market control.

Overall, the delivery model does not yet appear to reflect a fully optimised balance between in-house provision, external commissioning and preventative services, limiting both efficiency and flexibility.

The absence of strong market shaping means the council is often operating within the market demand rates, particularly in children’s residential accommodation and SEND. While there is evidence of improving commercial capability and increased focus on joint commissioning (particularly with health partners), the overall approach is likely to need continued investment to support the council’s ability to control costs and drive innovation.

The most significant risk is the ongoing growth in demand. This position is reinforced by inspection evidence where Ofsted identified issues in timeliness and consistency at the front door, including delays in decision-making and variability in oversight. These findings indicate that the system is not consistently intervening early enough to prevent escalation, which directly contributes to higher demand and cost.

SEND represents the most significant long-term financial risk to the council. The combination of EHCP growth, insufficient local provision, and high transport costs creates a structural cost pressure that is largely outside short-term control. The absence of a fully implemented sufficiency solution means that the council remains dependent on the external market, where costs are driven by supply constraints and complexity. Without accelerated delivery of local provision and demand management, SEND costs are likely to continue to increase.

Workforce instability represents an additional compounding risk. In children's services, agency staff account for approximately 30% of the workforce (rising to 70% in the West), contributing to £2.5 million of staffing pressure. While agency usage has reduced, the loss of the Social Work Academy pipeline and ongoing recruitment challenges linked to geography indicate that the workforce model is not yet stable. This reduces the council's ability to deliver transformation consistently, as reliance on temporary staff impacts productivity, continuity and cost control.

<u>Adult Social Care</u>

Benchmarking based on the council's 2024-25 RA returns, comparing planned expenditure to statistical near neighbours, indicates that Adult Social Care spend is £432.64 per head compared to £458.81 for comparators. A more detailed breakdown of this data shows a planned spend approximately double the comparator average for physical support for working-age adults (18–64), around 50% higher for older people, and 47% higher for mental health services, while spend on Information and Early Intervention is approximately 50% lower and commissioning expenditure is less than 10% of the comparator average.

The Adult Social Care & Housing budget has increased over the years, but variances have been relatively minor. As at Q3 of 2025-26, the expected outturn was £92.69 million against a budget of £91.4 million. There were areas of expected overspend in home support for older people; younger adults with complex needs and care services all driven by demand.

Demand data from the council's internal benchmarking and performance analysis, comparing activity to statistical neighbours, indicates that Adult Social Care is experiencing 67–69% higher request rates, alongside higher conversion into long-term care. In addition, performance data indicates no recorded reablement activity, which is a key intervention within best practice models. Taken together, this evidence suggests that the system is operating in a reactive rather than preventative manner, with higher demand entering and remaining within long-term care pathways, contributing to increased cost and reduced efficiency.

Adult Social Care has been assessed as "Requires Improvement" (53%) by the Care Quality Commission (CQC), reflecting ongoing issues in timeliness, workforce and delivery, alongside significant demand pressures and potential structural pressures. The findings of the CQC assessment identified delays in assessments and reviews and the need to strengthen preventative support and early intervention, indicating that demand is not being managed effectively at the front end of the system.

National best practice, as reflected in guidance from LGA, ADASS and wider sector evidence, emphasises early intervention and prevention; strengths-based practice; reablement and independence and strategic commissioning and market shaping. The council demonstrates alignment to these principles at a strategic level. The introduction of the "Making Prevention Everyone's Business" strategy, the development of Home First models in Adult Social Care, and investment in Technology Enabled Care all reflect a clear understanding of best practice approaches.

However, operational evidence suggests that these approaches are not yet embedded at scale. The significantly lower spend on prevention and commissioning, combined with high conversion to long-term care, indicates that prevention is not yet reducing demand. The gap between strategy and delivery is therefore likely to be a key issue going forward as though the council is aligned to best practice in design, it is not yet apparent that those models are fully embedded in practice, which may be resulting in continued cost escalation.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 11. The cost of children's services has not been brought fully under control; this represents a risk to the whole council. | 9 | 11. The council needs to utilise further external support to ensure that the required budget envelope for children's services can be validated and agreed. This should cover the period of the council's MTFP.<br><br>As soon as possible |
| 12. The council's current management of social care would benefit from better alignment with best practice, particularly in relation to prevention, market shaping and demand management. As such, a rebalancing of the operating model is required. | 9 | 12a. The council needs to require each prevention programme to demonstrate a clear benefit case, with quantified reductions in demand, cost avoidance and timescales for delivery.<br><br>As soon as possible. |
| | | 12b. The council should prioritise Adult Social Care prevention where it is already aligned to existing programmes, such as Home First and reablement.<br><br>As soon as possible. |
| 13. The council is experiencing financial difficulty as the balance between in-house and external provision in social care is not fully optimised. | 9 | 13. The council needs a re-balancing of the operating model in children's (continuing its investment in new accommodation) and adult social care.<br><br>By April 2027. |
| 14. Continued workforce instability in children's services needs to be addressed. | 9 | 14. The council should prioritise reducing agency dependency, rebuilding its permanent workforce pipeline and addressing structural recruitment challenges, including those linked to geography,<br><br>As soon as possible. |

***c) Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.***

***Key findings and analysis***

Children's Services

While transformation is underway, it is not yet delivering at the scale required. The evidence indicates that the council is operationally improving but remains structurally demand-led and financially fragile, with a high risk that demand-led cost growth will continue to outpace savings unless reform is accelerated.

There has been significant investment into Early Help and protection, SEND sufficiency planning, the Children in Care sufficiency strategy and a focus on reducing external placements, all of which align with national expectations, but operational evidence suggests that these approaches are not yet embedded at scale. The gap between strategy and delivery is therefore likely to be a key issue. While the council is aligned to best practice in design, it is not yet apparent that those models are fully embedded in practice, which may be resulting in continued cost escalation.

The continued reliance on the independent sector, combined with rising placement costs driven by complexity and market conditions, means the council remains exposed to external pricing and limited market control.

While there is evidence of improving commercial capability and increased focus on joint commissioning the overall approach is likely to need continued investment to support the council's ability to control costs and drive innovation.

The most immediate priority is to rebalance the system towards prevention and early intervention, particularly prevention. The second priority is to accelerate and strengthen SEND system reform. The council could prioritise delivery of local sufficiency solutions, including special school capacity and alternative provision, alongside tighter demand management and earlier intervention. The council could accelerate transport controls, because this is already identified as a major pressure and sits within existing transformation activity. The focus should be on speeding up decisions on tightening transport eligibility and delivery, expanding independent travel training and ensuring that demand forecasts are built into financial planning.

The council should also significantly strengthen its commissioning and procurement capability. The council should review its strategic commissioning function, capacity, availability of commercial skills and improved pipeline management, enabling it to move from a position of reacting to market conditions to actively influencing them. This is critical to reducing reliance on high-cost external provision and achieving better value for money.

In parallel, the council should review and optimise its service delivery model, particularly the balance between in-house and external provision. In November 2025, the council's Executive approved the use of up to £2.649 million of capital investment funding to create three additional in-house homes and one larger, replacement home. The first of the new homes is expected to be open by Autumn 2026, with all of them operational by Spring 2028. The council's capital budget provides £9.93 million in 2026-27 to fund this programme.

Workforce stability is a further critical enabler, and the council should prioritise reducing agency dependency, rebuilding its permanent workforce pipeline and addressing structural recruitment challenges, including those linked to geography. This may include revisiting models such as the Social Work Academy and strengthening career pathways to improve retention.

At the improvement Board meeting in April 2026, the Board received a Children & Family Wellbeing: Improvement and Financial Sustainability Action Plan. Overall, it did not meet the aspiration that the Board had sought of a 'MTFP' for children's services but did list a wide range of actions in line with the aim of moving to greater prevention and demand management. Financial savings expectations listed were £0.43 million per year from demand management and early intervention; £3 million in year 2 from reduced high-cost placements; £2 million per year from a pipeline of recruitment from the social work academy and £0.15 million from revision of social worker caseloads. Other initiatives were uncosted.

<u>Adults Social Care</u>

The evidence indicates that the council's current position would benefit from better alignment with best practice, particularly in relation to prevention, market shaping and demand management. As such, a rebalancing of the operating model is required.

The most immediate priority is to rebalance the system towards prevention and early intervention. The council should prioritise prevention where it is already aligned to existing programmes, such as Home First and reablement.

While there is evidence of improving commercial capability and increased focus on joint commissioning, the overall approach is likely to need continued investment to support the council's ability to control costs and drive innovation.

The council should also significantly strengthen its commissioning and procurement capability. This is critical to reducing reliance on high-cost external provision and achieving better value for money.

In parallel, the council should review and optimise its service delivery model, particularly the balance between in-house and external provision. Current arrangements are a large in-house provision, some of which has been identified as not sustainable in the long term. The council should undertake a strategic review of in-house services, focusing on where they add most value (e.g. complex care, reablement, specialist provision), while ensuring that external commissioning is used in a planned and cost-effective way. This should include rationalisation of estate and service models, for example moving toward hub-and-spoke or outreach approaches where appropriate.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 15. The council needs to address SEND system reform, which represents the most significant long-term financial risk. | 9 | 15. The council should accelerate and strengthen SEND system reform focused on delivery of local sufficiency solutions, including special school capacity and alternative provision, alongside tighter demand management and earlier intervention.<br><br>By January 2027. |
| 16. The councils' commissioning and procurement capability is not fully supporting the councils' needs. | 6 | 16. The councils' commissioning and procurement capability requires investment.<br><br>By April 2027. |
| 17. The council is at risk from the potential undeliverability of the required transformation in children's services over the MTFP period. | 9 | 17. To move toward financial sustainability, the council should prioritise with external support, a focused set of high-impact reforms targeted at the structural drivers of cost, particularly demand growth, SEND pressures, workforce instability and limited commissioning capacity.<br><br>By April 2027. |

***d) A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.***

***Key findings and analysis***

Previously CIPFA have noted limited evidence of clear service plans. External Audit in November 2025 said a template has been adopted so that services can develop their own service plans which they can be monitored against.

This template allowed service plans to be created at different levels of the organisation by 1st March 2026 which fits with the council's budget setting cycle. The template requires the service to give a brief description of the services covered by the Service Plan; the Key achievements in 2025-26; the Key challenges and opportunities for the service area in 2026-27 and beyond; the Key Strategies and Plans the service will deliver/significantly contribute to and a summary of how the service will demonstrate the council's values over the next year.

The template asks for Priorities and key areas of focus for 2026-27 including relevant Council Plan Delivery Plan activities/projects and any transformation programmes or projects the service is working on. The template seeks that the included material is SMART and links to the relevant Council Plan Delivery Plan KPIs and the priority improvement/maintenance KPIs monitored through directorate performance clinics. There is a section requiring detail on resources and staffing and any risks relating to the service area that are not included on the operational risk register. To assist compilation, the template suggests the use of an internally and an externally focused SWOT analysis.

Two service plans for 2025-26 were seen for this review from different directorates and though they did not follow the same format the content was broadly similar.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 18. Without service plans, it is not possible for the council to be confident that all services are delivered according to the council's plan and budget. | 4 | 18. The council should ensure that there are service plans in place for the start of the 2027-28 financial year.<br><br>By January 2027. |

***e) A consideration of the effectiveness of the chosen approach in delivering services (i.e in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.***

***Key findings and analysis***

CIPFA have previously noted this as a weak area for the council. The 2025 senior leadership re-shaping resulted in this function coming under the control of the Chief Finance Officer. The procurement function has developed over the last few years and the council has introduced the Procurement Policy 2025-2029 and Social Value Statement which align with the Procurement Act 2023 and National Procurement Policy Statement.

The function is positioning itself as a strategic enabler, not just a compliance function and officers are expected to consider market, social value and delivery outcomes earlier in the commissioning cycle. The procurement team was re-shaped so there is now a clearer delineation between strategic procurement advice and support which the team carry out and operational sourcing and contract management that officers in the directorates are directly responsible for.

There has been an increased emphasis on upskilling officers' council wide. Specific training has been rolled out to increase awareness, compliance with processes and to reduce risk with development of a new suite of template documents and guidance to ensure compliance with the Procurement Act 2023 including stronger control of requests for exemptions from the contract procedure rules (reduction in approvals from 44 in 2023-24 FY to 15 in 2025-26).

There is greater scrutiny of procurement decisions with a requirement for formal 'Procurement Comments' in reports which cover a permission to procure or award decision. The Contracts Register was overhauled to ensure mandatory fields required as per the Local Government Transparency Code 2015 captured and now published quarterly on the council's website.

A procurement pipeline has been developed and kept up-to-date to ensure greater visibility and allow for early procurement involvement with a commissioning and procurement working group being established to facilitate early discussions.

There has been development of the in-house contract management module to allow for automated reporting and a new external system to support the reporting of Local, SME spend.

However, there have been no major changes to the way in which the council has delivered services other than the decision to end Allerdale Waste services and bring the activity in-house. This resulted in better terms and conditions for the employees and hence greater costs for the council but meant the council was able to re-organise its complete service across Cumberland.

Elsewhere in this report we have noted that the council needs to strengthen its commissioning to support market management for children's services and adult social care. That should form part of a fundamental review of procurement capacity and capability across the council to support this and to develop the skills capable of supporting greater outsourcing of services where the business case suggests this could be advantageous for the council.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|
| 19. The council's capacity and capability to support market management in social care for children and adults represents a risk to the council. | 6 | 19. A fundamental review of the procurement capacity and capability of the council to support market management for children and adult social services and to develop the skills capable of supporting greater outsourcing of services should be undertaken.<br><br>By April 2027. |

| | | |
|---|---|---|
| 20. The council does not have a wide mixed economy for its services which may prevent the achievement of service efficiencies. | | 20. A fundamental review of the procurement capacity and capability of the council to support greater outsourcing of services should be undertaken.<br><br>By April 2027. |

## *f) Additional points for service specific issues in this authority as required*

### *Key findings and analysis*

The council has adopted an ambitious programme of transformation programmes to change the way it delivers services:

- The Customer and Pre-Front Door programme sets out an approach to empower residents, and those acting on their behalf, to build independence and resilience, achieving positive outcomes in a financially sustainable way. The Prevention Service brings together the Revenue and Benefits service, Social Prescribing, Libraries and Community Hubs and Customer Services to ensure that prevention is at the core of everything the council does, focusing on community safety, health and wellbeing, and domestic abuse.

- The Assets, Fleet and Highways transformation programme includes the rationalisation of assets and reviews of car parking provision and harmonises policies and a better blend of on and off-street parking.

- The 'Libraries Fit for the Future' project reviews library services to identify ways to continue to deliver inclusive library services.

The Transformation programme has been costed at £32.3 million over three years and in October 2025 the Improvement Board was told that the total estimated recurring savings built into the MTFP were £67.05 million. On that basis, the investment is of significant benefit to the council.

One strand of the transformation has been difficult for the council. This is the full harmonisation of structures, terms and conditions. The People and Culture transformation programme ('Our Future Cumberland') was formally launched in May 2025. But practical implementation only started in April 2026 following external support to undertake the council's organisational design, workforce reshaping, and a global review of role profiles and staff terms and conditions. The implementation of this policy depends on the utilisation of the final tranche of the in-principle EFS agreed for 2025-26 to facilitate the exit of staff.

Another area of difficulty has been IT as the council carries the responsibility and risk to deliver operational service for the Cumbria Fire and Rescue Service and Westmorland & Furness Council and to undertake the disaggregation programme. Only now has the council been able to establish a proper relationship with the Fire & Rescue service and with Westmorland & Furness to appoint to posts to manage their IT function. This now enables a clearer focus on the council's needs.

### *Risks and Recommendations*

- None identified.

## 3.4 Review Area 4: Governance, Culture and Leadership

*An assessment of the local authority's approach to ensuring robust overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the local authority is operating in line with the Nolan Principles and in a way to secure continuous improvement.*

**Key findings and analysis**

The only concern about the governance of the council is about the potential imbalance in how the Executive responds to challenges. Opposition councillors do not consider they have adequate opportunities to question portfolio holders. Council reports are generally comprehensive, but meetings are not webcast.

The council's strategic direction is guided by its Council Plan 2023-2027, and the Delivery Plan 2025-2027. Executive reports indicate that officers consistently consider the Council Plan in their policy recommendations, ensuring that strategic alignment is maintained.

The Chief Executive reshaped his senior leadership (largely unchanged since 2023) in 2025; this created a greater focus on assets, fleet, commerciality and ICT. This is already demonstrating improvement. The senior leadership has managed the budget difficulties of the council and has managed a disparate organisation without large scale dislocation to service delivery. However, the evidence is that service delivery has not substantially improved and this represents a huge challenge for the future alongside the continuing budget difficulties.

However, there is a risk to the corporateness of the senior leadership resulting from a problem setting the 2026-27 budget caused by the Director of Children's services briefing the Chief Executive that he did not believe the proposed budget enabled him to fulfil his statutory responsibilities. The impact on relationships in the senior leadership team could be significant. Compounding this is the significant change that will come from the introduction of 'Our Cumberland Future', the loss of expertise; the need to re-assemble teams and the changes to workflows that will result.

The council has had to deal with the challenge of consolidation of data from the four legacy councils; the delay in developing effective management systems; multiple teams in some service areas such as planning and disparities in pay scales and employment conditions delaying the establishment of rationalised and cohesive workforce structures and the less than full disaggregation from Westmorland & Furness Council (W&F). Some services remain hosted by the council.

The council established its Improvement Panel in September 2024 focused on all areas of the council's financial health, transformation and sustainability workings. The council has developed a single consolidated Improvement Plan to enable a single improvement workplan, clarify monitoring and roles and responsibilities, and enhance progress reporting

The Panel is now of the view that it is satisfied that the council has adequate understanding, plans and actions in place to continue its journey to financial stability without the need for a Panel beyond this point.

However, the council faces a particularly hard financial situation going forward in that the budget gaps for 2028-29 and 2029-30 will require some difficult political choices in a situation where the elections of May 2027 may deliver a new inexperienced leadership for the council. Whilst the existing leadership believe they have the capability to meet the challenge and the senior leadership have experience in meeting the past challenges, the budget requirements are so large that the council does need some support to maintain momentum and focus.

This needs to be practically focused and sustained for a period, probably until the budget is set for 2028-29, by which time the council should have completed its transformation; downsized its capital programme; reduced its Council Tax reduction scheme to one more financially sustainable; and taken decisions on enhanced levels of council tax. Unless it does that, there is a risk that the council might have to seek further EFS purely to cover ongoing revenue budget pressures.

Accordingly, the retention of some form of external resource that can ensure the council continues a laser focus on its financial sustainability at the strategic and operational level is critical. An expert resource supporting the ‘right-sizing’ of the children’s budget would also be desirable.

***a) The adequacy of the local authority’s decision making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.***

***Key findings and analysis***

An updated constitution was approved by the council in May 2024. The application of this and other parts of the governance framework have been reviewed in the draft Annual Governance Statement for 2024-25. This was a comprehensive statement of the governance framework that identified no issues.

The council operates under executive arrangements, following the “Strong Leader” model. The Executive members each have themed portfolios not related to the council’s officer structure. This does not appear to have led to issues for officers though for example in the Public Health and Communities area, these services contribute to four portfolios.

While this model provides stability and clear leadership, there are concerns about the potential imbalance in how the Executive responds to challenges. Opposition councillors do not consider they have adequate opportunities to question portfolio holders. Opposition members have received briefings from the Chief Executive but recently these have not happened. They are also not on the Improvement Board.

The Improvement Board have engaged with a cross-section of elected Members and elicited concerns about limited involvement, knowledge and engagement in budget setting and finance. Steps have been taken to address this through training, but the board consider it important that a wider programme of induction is constructed to ensure that councillors understand the challenges and legal constraints that a large unitary council operates under.

The Improvement Board have also said there is clear evidence of corporate support and engagement in financial controls but think further engagement is needed to ensure all parts of the authority adhere to the agreed financial controls and recognise the statutory roles and responsibilities of, particularly, the s151 Officer and the Monitoring Officer.

Council reports are generally comprehensive, including statements on the implications for the council's priorities, relevant risks, consultation and engagement processes, legal and financial considerations, information governance, and impact assessments. Meetings are not webcast, meaning that residents have to gain an understanding of the council through agendas, minutes and press reporting.

***Risks and Recommendations***

| Key risk | Risk rating (see details in Annex 2) | Recommendation (including Timeline) |
|---|---|---|
| 21. The absence of webcasting of meetings means that the council misses the opportunity to receive resident feedback on decisions that are made. | 2 | 21. The council should give some priority to enabling webcasting of meetings.<br><br>By May 2027. |

***b) The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.***

***Key findings and analysis***

The council's strategic direction is guided by its Council Plan 2023-2027, and the Delivery Plan 2025-2027.

The council has continued to develop its suite of strategies, the latest of which is the Cumberland Economic and Inclusive Growth Strategy, but some legacy plans are still in existence.

In May 2025, the Improvement Panel received a presentation on performance management, risk management and financial reporting. A project group is being established to consider options around aligning and integrating all three.

In March 2026, the Business and Resources overview Scrutiny Committee received a report on performance for Q3 of 2025-26. This said there are 85 key activities detailed in the Council Plan Delivery Plan. Of the 85 updates received this quarter, 69 were rated green (on track), 10 amber (just off track) and 6 blue (completed).

***Risks and Recommendations***

- None identified.

c) ***A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.***

***Key findings and analysis***

In previous reports, CIPFA acknowledged that the council had a structure that provided a stable foundation for the new council. The Council Leader has established a prominent role, not only as a representative of the council but also as a forward-looking figure committed to driving progress. The vision of the Council Plan is central to the council's strategic ambitions and has been further operationalised through the creation of the Council Plan Delivery Plan. Executive reports indicate that officers consistently consider the Council Plan in their policy recommendations, ensuring that strategic alignment is maintained.

The Chief Executive reshaped his senior leadership in 2025; this created a greater focus on assets, fleet, commerciality and ICT. This is already demonstrating improvement particularly in the management of assets and significant changes in the delivery of IT and making digital improvements more aligned with transformation. It has also brought HR; finance and legal services closer together and with greater prominence.

The senior leadership of the council has been relatively unchanged since 2023. The team has managed the budget difficulties of the council and has managed a disparate organisation without large scale dislocation to service delivery. However, the evidence is that service delivery has not substantially improved and this represents a huge challenge for the future alongside the continuing budget difficulties.

However, there is a risk to the corporateness of the senior leadership resulting from a problem setting the 2026-27 budget caused by the Director of Children's services briefing the Chief Executive that he did not believe the proposed budget enabled him to fulfil his statutory responsibilities. Following discussion there had been approval to a £2 million contingency that would be managed by a group involving the Leader, portfolio holders and the Chief Executive and Section 151 officer. However, the impact on relationships in the senior leadership team could be significant and the continuing budget difficulty caused by children's services must be managed corporately to avoid a requirement for other service budgets to absorb continuing overspends.

Compounding this is the significant change that will come from the introduction of 'Our Cumberland Future', the loss of expertise; the need to re-assemble teams and the changes to workflows that will result. The amount of preparatory work undertaken gives the senior leadership team confidence that this can be delivered but inevitably there will be difficulties encountered.

***Risks and Recommendations***

| **Key risk** | **Risk rating (see details in Annex 2)** | **Recommendation (including Timeline)** |
|---|---|---|

| | | |
|---|---|---|
| 22. The Council Plan is now entering its final year, and the council needs to refresh its priorities. | 4 | 22. The council should compile a comprehensive review of the needs of the area in preparation for the development of the new Council Plan.<br><br>By March 2027. |
| 23. The implementation of 'Our Cumberland Future' represents a risk to the council through uncertainty of staff and the potential loss of corporate knowledge. | 4 | 23. The senior leadership team should institute regular monitoring of the implementation of 'Our Cumberland Future'.<br><br>By December 2026. |

***d) A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.***

***Key findings and analysis***

Political and senior leadership at the council has remained stable over the recent period, which has facilitated a consistent approach to governance and strategic direction. The Chief Executive has placed significant emphasis on fostering a value-driven culture within the council. To support this cultural shift, nearly 200 Change Champions have been recruited from across the council.

The council has had to deal with the challenge of consolidation of data from the four legacy councils and the council has encountered difficulties in maintaining accurate and accessible performance, personnel and financial information, with delay in developing effective management systems impacting operational efficiency. Multiple teams still operate in some service areas such as planning and disparities in pay scales and employment conditions further complicate personnel management, delaying the establishment of rationalised and cohesive workforce structures.

The council is not yet fully disaggregated from Westmorland & Furness Council (W&F). Some services remain hosted by Cumberland, on behalf of W&F and in some cases Cumbria Fire & Rescue Service. These include ICT, payroll, finance systems, coroners service, waste disposal, registrars, records management and several children's services. In addition, several key sovereign corporate facilities are subject to a 5-year shared accommodation agreement with most of these assets being owned and operated by Cumberland as part of its asset portfolio. This hosting of services and facilities does limit the council's ability to transform some of the council's services.

The council is cooperating in some service areas: a Regional Adoption Agency (RAA); in waste there has been consideration of building one service for Cumbria and with the NHS to regularise Continuing Care arrangements.

The council established its Improvement Panel in September 2024. The panel's remit focused on all areas of the council's financial health, transformation and sustainability workings. Each panel member provides dedicated expertise in the areas currently contributing to the financial challenge. The independent Improvement Panel has continued to meet every month and reported regularly to Audit Committee and Council.

The council has developed a single consolidated Improvement Plan comprising the range of recommendations, actions plans and mitigation strategies to identify overlapping areas for improvement and activities to enable a focused and efficient single improvement workplan, clarify monitoring and roles and responsibilities, and enhance progress reporting. Ten key priorities have been identified with specific objectives and action plans set out for each. Progress against the planned actions is regularly reviewed and monitored by Directors in Directorate Management Team meetings and the consolidated improvement plan is reported at the Senior Leadership Team meeting monthly. Progress reports are brought to each monthly meeting of the Improvement Panel for review, check and challenge and, thereafter, to the Audit Committee as part of regular reporting.

The Panel is now of the view that it is satisfied that the council has adequate understanding, plans and actions in place to continue its journey to financial stability without the need for an independent Improvement Panel beyond this point. The Panel consider the council has a grasp of what it needs to do and a focus on achievement. The council now has benefitted from the external expertise and greater clarity on its financial challenges. The finance function is stronger and more mature although there is much more to be done over the next 12-24 months. Particular challenges are the need to reduce the capital programme to what the council can afford and can deliver and to revise services to become more tailored.

The Panel was however concerned that management of the single improvement panel could become overly complex and wanted to see it less complicated going forward and more action focused. The Improvement Panel in recognising the risk of a loss of momentum from its winding up was recommending a Peer Review at some time in the future.

The Improvement Panel noted that the recent difficulty over the children's services budget had to be dealt with corporately to avoid difficulties in corporate leadership.

The council faces a particularly hard financial situation going forward in that the budget gaps for 2028-29 and 2029-30 will require some difficult political choices in a situation where the elections of May 2027 may deliver a new inexperienced leadership for the council. Whilst the existing leadership believe they have the capability to meet the challenge and the senior leadership have experience in meeting the past challenges, the budget requirements are so large that the council does need some support to maintain momentum and focus.

This needs to be practically focused and sustained for a period, probably until the budget is set for 2028-29, by which time the council should have completed its transformation; downsized its capital programme; reduced its Council Tax reduction scheme to one more financially sustainable and taken decisions on enhanced levels of council tax. Unless it does that, there is a risk that the council might have to seek further EFS purely to cover ongoing revenue budget pressures.

Accordingly, the retention of some form of external resource that can ensure the council continue a laser focus on its financial sustainability at the strategic and operational level is critical; an action focused resource; a 'challenger', a bit more than a critical friend at a practical level. An expert resource supporting the 'right-sizing' of the children's budget would also be desirable.

***Risks and Recommendations***

| Key risk | Risk rating (see details in Annex 2) | Recommendation (including Timeline) |
|---|---|---|
| 24. The council has a large challenge to reach financial sustainability requiring difficult political choices. | 9 | 24a. The single improvement plan should be refined to detail timed actions to be delivered.<br><br>By September 2027. |
| | | 24b. The council should engage an external facilitator to support development of a balanced budget proposal for 2027-28. That facilitator should be retained until the council has set its budget for 2028-29.<br><br>As soon as possible. |

# Annex

## A1. Requirement and Methodology

***The Requirement***

To provide this assessment, four key themes were investigated:

1. **Quality of financial management and financial processes**

   An assessment of the local authority's financial management and management of risk., covering:

   a. The local authority's financial management, governance processes, the effectiveness of its internal control environment and the audit and scrutiny committee(s), as well as compliance with local government accounting codes and international finance reporting standards.

   b. The capacity and capability of the local authority to deliver an effective finance function to the authority commensurate with the complexity of its particular circumstances, the ability to undertake any transformation activity as required, and consider whether officers / members are provided with the right information and training to take necessary financial decisions.

   c. The local authority's approach to financial risk management including identification, management and treatment of risk.

2. **Financial sustainability and risk**

   An assessment of the local authority's overall financial resilience and sustainability, the identification of specific financial risks and a view on the authority's capital and debt position and approach to assets (with a view on the sustainability, Value for Money and risk exposure of the local authority in this space). Specific factors have included:

   a. The underlying drivers of any financial fragility and risk and the local authority's ability to successfully manage those drivers so that issues do not materialise.

   b. An assessment of steps the local authority is undertaking to ensure it remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans, income generating activity, ensuring activities that are no longer required are being scaled back.

   c. An overall view on the ability of the local authority to manage identified budget pressures through its own resources, including reserves. This should include a view on the actions the council should take to minimise the need to use / seek a capitalisation direction.

   d. An assessment of how the council expects to finance capitalisation (i.e through external / internal borrowing or through capital receipts), the viability / risks of their proposed approach,

   e. An assessment of the council's current asset base and planned asset disposal strategy, and scope for the council to utilise planned receipts and generate to fund expenditure capitalised under exceptional financial support.

   f. A detailed assessment of any financial risks in relation to the council's (i) capital programme, (ii) companies, (iii) commercial investments and (iv) major projects, identifying any risks associated with specific investments, and assessing the adequacy of internal processes, scrutiny of decisions, use of external expertise (where required), and capacity / capability to deliver. An assessment of whether and to what extent the council is complying with statutory guidance / following best practice in regard to these areas, including, but limited to, minimum revenue provision guidance, investment guidance, and accounting codes.

3. **Service delivery, reform, and transformation**

An examination of high-cost service pressures and an assessment of specific opportunities for savings, innovation, and reform to support the local authority to move to financial sustainability with named service areas. This assessment has made use of recognised best practice models and guidance for delivering quality and cost-efficient services that put prevention first, and the council's alignment with this good practice. The specific factors examined have included:

a. The efficiency and effectiveness of service delivery, including benchmarking against comparator local authorities, sector, and wider public sector metrics.

b. Assessment of the extent to which the council's service delivery model particularly in Adults and Children's Social Care Services areas of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.

c. Identification of opportunities to reform / transform delivery in these areas to support both improved outcomes and manage financial pressures.

d. A view on the extent to which service plans are aligned to the local authority's strategic priorities and financial sustainability, the effectiveness of service areas in responding to financial pressures, and whether financial management and sustainability is embedded within service area practices and culture.

e. A consideration of the effectiveness of the chosen approach in delivering services (i.e in house or external). This should include a consideration of how the operation of the procurement functions is geared towards effective service delivery, including overall management of the pipeline, capacity and capability of officers, the adequacy of the processes and culture and attitude towards procurement.

Additional points for service specific issues in this authority have also been examined, as required.

4. **Governance, culture, and leadership**

An assessment of the local authority's approach to ensuring robust overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the local authority is operating in line with the Nolan Principles and in a way to secure continuous improvement. Factors that have been investigated include:

a. The adequacy of the local authority's decision-making processes including presence / absence of clear schemes of delegation, scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the authority. This should include a view on the effectiveness of the adopted governance model and whether it is suitable to drive the right outcomes for the area.

b. The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the local authority and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the local authority is present throughout operational implementation or whether it exists in 'name only'.

c. A view on the effectiveness of local authority leadership including the stability of senior leadership, their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.

d. A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff. The local authority's capacity and capability improve and transform to secure continuous improvement at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change including inviting external challenge and scrutiny, delivery with local partners, and collaboration with sector support), and a view on the local authority's ability to identify early warning signs and take action to address potential failures at the earliest opportunity.

***Methodology***

In our approach, we were mindful of the four broad areas for review, and the specific areas of focus, as set out above.

The approach taken comprised the following elements:

***Desktop analysis***

MHCLG provided appropriate background. We reviewed the material and made supplementary document requests to the council. The team has analysed substantial numbers of documents together with other records that have been shared by the council as being relevant for the review. A list of documents reviewed is shown in Appendix 2. We also examined relevant comparator material. We would like to record our thanks to officers for their ready compliance with our request for reports and data.

***Specialised inputs***

Some comparative data analyses were conducted on issues such as revenue spend, and indebtedness. These are based on analysis undertaken by CIPFA using the CIPFA resilience index, published data such as the Revenue Account (RA) and Revenue Outturn (RO) forms. Service performance data has been extracted from a wider range of sources including the council's own surveys of residents and staff, and other appropriate benchmarking reports.

***Interviews***

The bulk of the fieldwork comprised of interviews. The se provided the invaluable triangulation of our analysis. Council members and officers were invited to give views and respond to queries provoked by documentary evidence. We would like to thank everyone involved for their courtesy and constructiveness. A list of interviewees is shown in Appendix 3.

***Report drafting, feedback and fact-checking***

The above inputs were then analysed and subjected to our professional and expert judgement. The result is this report.

This report was fact checked as far as possible and is based on the fieldwork completed within the time frame for the review. It is not a comprehensive audit of the council's finances or its governance arrangements. Consequently, the conclusions do not constitute an opinion on the status of the council's financial accounts. Our review of the council's Minimum Revenue Provision (MRP) considers the reasonableness of the council's MRP policy and does not constitute an audit of the full application of the policy. Similarly, our review of the council's productivity does not constitute an audit of the council's productivity plan but represents an overview of the arrangements in place to consider productivity and take account of any publicly available information on historic or relevant performance.

CIPFA's review team consisted of an experienced finance consultant and relevant technical expertise.

CIPFA would like to take this opportunity to thank the council for being so amenable and open to meeting with the review team and for the considerable effort that has been expended in collating and sharing key documents with CIPFA. We also thank everyone involved for the openness, tact, and honesty in what is a sensitive issue for the council.

The information and data within this report are accurate as at the time of the initial data gathering and interviews that took place in April 2026, and unless otherwise stated reflect the position at that time.

***Report Structure***

The key findings and analysis, together with supporting evidence, are set out under each of the review areas requested (as detailed in the commission). Risks and recommendations are detailed under each of the review areas.

# A2 Risk Assessment – Method

| Likelihood \ Impact | Critical:3 | Moderate:2 | Marginal:1 |
|---|---|---|---|
| Probable:3 | High - 9 | High - 6 | Medium - 3 |
| Occasional:2 | High - 6 | Medium - 4 | Low - 2 |
| Improbable:1 | Medium - 3 | Low - 2 | Low - 1 |

Likelihood:

- Improbable – possible, but unlikely to happen.
- Occasional – might happen, might not happen, in the order of 50/50
- Probable – most likely will happen.

Impact:

- Marginal – some minor, possible minor operating difficulties largely contained within the council, some awareness / action may be required by members.
- Moderate – notable financial and operational impact/ losses / costs operating impacts hitting services for some of the community, a significant issue for members to deal with
- Critical – major operating impact/ financial losses / costs requiring subsequent intervention by MHCLG or other 3rd parties, reaches national press interest, major political embarrassment for members.

# A3 Documents Reviewed

Improvement Board: Agendas; submitted papers and minutes;

Cumberland ESF 2026/7 submission;

Executive

Budget 2025-26 and Medium-Term Financial Plan

Summary of 2026-27 revenue budget financing estimates

Appendix A: 2026-27 Revenue Budget overview:

Financial performance against capital budget for Q2

202526CapitalBudget MonitoringSchedule

202526RevenueBudget Amendments to Q2

202526TreasuryManagementQ2

Budget consultation detailed report

Budget monitoring Quarter 3 202526 report

Capital Budget 2025-26 to 2029-30

Capital Budget Bids 2025-26 to 2029-30

CoreSpendingPower to General Funding

Corporate Performance Report - Quarter 3 202526

Corporate Performance Report Quarter 1 2024.25 Appendix

Corporate Performance Report Quarter 2 2025.26 Appendix 1

Finance Report - Quarter 2 April to September 2025 (1)

Business and Resources Overview and Scrutiny Committee minute excerpt 20 January 2026

Non Recurring Growth - Transformation Programme Investment

Non Recurring Growth Directorate Budgets

Pay Policy Statement Review 202627

RecurringBudgetGrowth - Assumptions Sensitivity and Risk

RecurringBudgetGrowth6.7-9.30

Revenue Budget BookFeb26

RevenueSavingsproposedFeb26

Treasury Management Mid Year Review 2025-26

Treasury Management Policy Statement -Feb 2026

Treasury Management Strategy Statement Annual Investment Strategy and Minimum Revenue Provision Pol

Draft AGS Appendix 2

Chair of Audit Risk Committee Mid Year Report to Council

Adult Social Care Achieving ExcellenceSummary

CQC Assessment 2025Report Presenation

CQC Report UpdateMarch 2026

Local Area SEND and Alternative Provision Strategy 2024 to 2028

SEND Sufficiency Plan 2024

SEND Sufficiency

Draft AGS Appendix 1

Draft Annual Governance Statement 2024-25;

DRAFT Cumberland Pay Policy Statement 2026

Staffing Committee MinutesJan2026

Staffing Committee reportJan2026

Land and Property Disposals Policy

MRP policy statement 2026-27

# A4 Those Interviewed

- Chief Executive
- Improvement Board Chair
- Director of Corporate and Transformation Services
- Director of Children and Family Wellbeing
- Chief Innovation and Commercial Officer
- Leader of Opposition
- Director of Adult Social Care and Housing
- Leader
- Director of Place and Economy
- S151 Officer
- Chair of Business and Resources Overview & Scrutiny
- Chair of Audit Committee

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