The Chartered Institute of
Public Finance & Accountancy

Gloucester City 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

Gloucester City Council (GCC) was subject to a cyberattack in December 2021 that encrypted the servers hosting the core finance system, Civica Financials which was held on the council's premises at the time. The ransomware attack disabled electronic financial systems including accounting software and digital records.

A series of remedial actions were taken to stabilise the council's operations and its finance, with core IT systems being rebuilt from scratch and gradually restored to service including the Civica Financials system. Whilst some measures were taken to offset the erosion of reserves, including car park fee increases, pausing staff recruitment and asset reviews using manual records, once the records had been restored and the financial accounting statements brought up to date, the council found itself in a negative balance situation on its general fund reserves.

In September 2025 following the completion of the 2023-24 Statement of Accounts a report was presented to members updating the financial position. This report detailed the overspend of £0.826 million in 2023-24 and highlighted that there was an overspend in 2022-23 of £0.725 million which was not apparent until January 2025 when the accounts were published and signed off. The adjusted general fund balance, as at 31 March 2024, was £0.393 million which, when factored into the Medium Term Financial Plan (the Money Plan) figures presented in February 2025, created a negative reserves position for 2026-27.

Immediate action was taken to mitigate the risk of not being able to set a balanced budget for 2026-27, with members agreeing a series of actions with the aim of increasing reserves in 2025-26.

At this point the S151 Officer and Managing Director (HoPS) contacted the Ministry of Housing, Communities and Local Government (MHCLG) setting out the situation recognising that an application for Exceptional Financial Support (EFS) was going to be likely to avoid a S114 Notice. CIPFA was asked to provide some diagnostic work to support the council. That high level review did not find any further matters to affect the overall financial position but resulted in a series of recommended actions to put in place a recovery plan with appropriate oversight and governance arrangements. The review carried out did not include the more detailed testing of financial records that will be undertaken as part of the normal external audit processes.

In addition to the overall financial situation, in October 2025 the council's External Auditor Ernst & Young issued three statutory recommendations under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 which required discussion at Full Council and a public response. The report was considered by the council on 25 November 2025. Members agreed unanimously to approve the three recommendations and the proposed actions to address the recommendations.

The recovery plan is being led by the council's Senior Management Team (SMT) supported by a Recovery Advisory Board which still needs to gain momentum. This will not take away the need to use the formal decision-making processes but will allow for earlier discussion and awareness of elements of the plan.

There is a clearly defined plan for asset disposals that, subject to market conditions, will produce capital receipts to remove the need for EFS, however some of the relationships between councillors, political groups and the officer cohort could create challenges to decisive and timely decision-making. There is a need to rebuild mutual trust and confidence in order to bring a cohesive and concerted momentum to delivering financial stability. Further support will be needed to enhance the effectiveness of the Audit and Governance Committee as part of the overall strengthening of governance and assurance.

1.2 Key Risks 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)**
1. Further accounting weaknesses are discovered in the closedown of accounts and preparation of the financial statements for 2025/26	Low - 1	1. Deliver the planned closedown timetable to meet the 30 June 2026 deadline for publication of draft accounts and ensure that all futures years meet the statutory deadlines.
2. External Audit process may identify accounting issues / non-compliance with accounting standards	Low - 1	2. Work with External Audit to ensure timely completion of evidence so that accounts can be presented to the early Autumn meeting of Audit and Governance
3. Statutory recommendations are not satisfied in a timely manner	Medium - 4	3. Deliver the new finance structure and timely accounts, and restore documented processes and procedures in finance by 31 March 2027 at latest
4. Audit and Governance Committee does not have the capability required to hold the organisation to account as its terms of reference require	High - 6	4. Mobilise the training programme for the Audit and Governance Committee. Training should start as soon as possible and continue over the calendar year
5. Recruitment to the new finance structure is not successful	High - 6	5. Progress recruitment activity with pace including options for interim resources and secondment opportunities from other comparable organisations – S151 Officer to ensure this has commenced as soon as possible
6. Material errors in the financial information are identified by either the finance team or the external auditors	Low - 1	6. Ensure that the plan for the closure of the accounts and preparation of the financial statements is delivered to allow timely external audit
7. Transformation plans do not deliver the expected levels of cost reductions or increases in income	Medium - 4	7. Continue the SMT work to monitor the delivery of the transformation projects – ongoing during 2026-27

8. Challenging decisions relating to current reviews of discretionary service provision and asset disposals are not taken in a timely fashion	High - 6	8. Ensure there is effective working with members to allow timely decisions to be made and implemented – ongoing during 2026-27 ensuring that Recovery Advisory Board gains momentum
9. Asset disposals do not come to fruition as planned due to economic or market factors	High - 6	9. Continue the active management of the asset portfolio and disposal plan – ongoing on a regular basis during 2026-27
10. Decisions on disposals are frustrated by political or community pressures	High - 6	10. Ensure that members are all committed to achieving financial recovery as a priority – as soon as possible
11. Financial Recovery Plan does not progress at the pace that is required	Medium - 4	11. Continue with the rhythm of officer and members meetings that support the recovery plan delivery – ongoing throughout 2026-27
12. Decisions relating to future reviews of non-statutory services are rejected or deferred	Medium - 4	12. Engage members and / or communities early where there are challenging decisions required about future provision of non statutory services Ongoing
13. Borrowing costs exceed the expectations built into the council's Money Plan	Low - 1	13. Actively manage the financial position including the timing of any short term borrowing, ensuring the use of external treasury advisors is in place. Ongoing.
14. Resources are not sufficient to deliver the asset management and asset disposal plans	Medium - 4	14. Head of Place to consider alternative support required given that recruitment has not been successful – as soon as possible
15. Revision of corporate plan activities is not accepted	Medium - 4	15. Engage early and openly to gain collective understanding and agreement of priorities and capacity to deliver – September 2026
16. The division of responsibility between officers and members is not clear to all parties leading to mistrust and involvement of members in operational matters	High - 9	16. Consider how to reinforce the officer / member protocol to ensure that there is clarity of understanding and respect for the strategic and operational roles – start as soon as possible and continue to March 2027
17. Revising the constitution too often may lead to unintended consequences relating to the	Low - 2	17. Ensure that any revisions to the constitution are considered with short-term resolutions for any current issues. Ongoing

ability to take timely decisions		
18. Training is not provided quickly enough to members to fully discharge the functions expected in Audit and Governance	Medium - 4	18. Mobilise training for the Audit and Governance Committee as quickly as possible
19. Revision of the expectation in the corporate plan are not agreed to fit the available resources	Medium - 4	19. Ensure that service planning clarifies what can be delivered in line with the corporate plan and clarify with members relevant priorities.
20. Mutual trust and confidence are not restored which reduces the ability of the council to deliver its recovery plans	High - 9	20. Seek appropriate support, from a source in the sector, to enable the focus on recovery and the future sustainability of the council. SMT to agree route to enable this as soon as possible

2. Introduction

2.1 Background

Gloucester City Council (GCC) was subject to a cyberattack in December 2021 which encrypted the servers hosting the core finance system, Civica Financials which was held on the council's premises at the time. The ransomware attack disabled electronic financial systems include accounting software and digital records.

A series of remedial actions were taken to stabilise the council's operations and its finance with core IT systems being rebuilt from scratch and gradually restored to service including the Civica Financials system. Some measures were taken to offset the erosion of reserves including car park fee increase, pausing staff recruitment and asset reviews while manual records were used. Once records had been restored and the financial accounting statements brought up to date, the council found itself in a negative balance situation on its general fund reserves.

In February 2025, the then interim S151 Officer, set out in the Money Plan (MTFS) and budget report for 2025-26 highlighted that the funding estimated following the implementation of the Fairer Funding Review 2.0 expected from 1 April 2026 would have a significant impact on the Medium Term Financial Position and for 2026-27 general fund balances were estimated to drop to £0.321 million, highlighting a challenging financial position. However, at that time the reserves were estimated to reach £1.8 million by 2029-30.

In September 2025, following the completion of the 2023-24 Statement of Accounts a report was presented to members updating the financial position. This report detailed the overspend of £0.826 million in 2023-24 and highlighted that there was an overspend in 2022-23 of £0.725 million which was not apparent until January 2025 when the accounts were published and signed off. The adjusted general fund balance as at 31 March 2024 was £0.393 million which when factored into the Money Plan figures presented in February 2025 created a negative reserves position for 2026-27.

Immediate action was taken to mitigate the risk of not being able to set a balanced budget for 2026-27 with members agreeing a series of actions with the aim of increasing reserves in 2025-26. These were as follows:

- Conclude delivery of savings already in plan – alignment of parking machines, transformation of operational services, changes in postal contract (£0.375 million in 2025-26 and £0.15 million in 2026-27).
- Recruitment – reviewing all current temporary/interim appointments and seeking to regularise these into permanent positions if unavoidably needed or releasing those staff if not. It is also more rigorously reviewing all vacant posts and is suspending the Apprenticeship Programme for a year.
- Review all fees and charges to identify scope for further increases in line with inflation.
- A review of all non-essential spend, including spend currently planned but not yet commissioned
- Exploring further restructuring options and other operational efficiencies

(including the scope of the Ubico contract for waste services and further capital actions to reduce housing revenue spend) and income generation opportunities.

- Commissioned an asset management review to develop a higher income generating profile from its asset portfolio.
- Revisiting the business plans for the Guildhall, Museum and Blackfriars, and other service areas.

Members were also advised that it was likely that the priorities in the corporate plan would require revision as it was not going to be possible to deliver them with existing or forecast resources. Changes were made to the constitution to require officer assessments of cost implications to be included in any Notices of Motion prior to their debate at Council.
In December 2025 a further financial update report was presented to members following completion of the draft outturn for 2024-25. The variance against the budget was a significant overspend of £4.3 million, higher than the estimated outturn reported in July 2025 of £0.262 million. This level of overspend took the general fund reserves into a negative position for 2024-25.

At this point the S151 Officer and Managing Director (HoPS) contacted MHCLG setting out the situation recognising that an application for Exceptional Financial Support was going to be likely to avoid a Section 114 notice and CIPFA were asked to provide some diagnostic work to support the council. That high level review did not find any further matters to affect the overall financial position but resulted in a series of recommended actions to put in place a recovery plan with appropriate oversight and governance arrangements. The review carried out did not include the more detailed testing of financial records that will be undertaken as part of the normal external audit processes.

Tighter budget monitoring has been in place since late 2025 which showed that an estimated net overspend of £2.5 million was expected for 2025-26 principally from challenges for the council's commercial properties income, bereavement services income, IT spending, waste spending, and housing subsidy budgets.

The current S151 Officer who was appointed in April 2025 has led detailed budget reviews concluding that some key service budgets were set at unrealistic levels for a number of years through a combination of lack of financial data, lack of engagement with budget officers and limited budget monitoring. This led to a recommendation to members to approve revised budgets reflecting the more realistic scenario which did however add £2.845 million to the net budget requirement for 2025-26 making a further detrimental impact on the general fund reserves position.

The outcome of this situation has been that the council submitted its application for a capitalisation direction for £15.5 million over 3 years to enable them to set a balanced budget or 2026-27 and fully mobilise its recovery plan to restore its financial health. The recovery plan sets out a series of asset disposals based on the independent review carried out to reduce its borrowing including the capitalisation direction. It further developed plans to reduce its cost base during 2026-27 and move to a sustainable future financial position for 2027-28 onwards.

In addition to the overall financial situation, in October 2025 the council's External Auditor Ernst & Young issued three statutory recommendations under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 which required discussion at Full Council and a public response. The report was considered by the council on 25 November 2025.

Members agreed unanimously to approve the three recommendations and the proposed actions to address the recommendations.

The statutory recommendations are:

Statutory Recommendation 1:

We recommend that the council urgently review the Finance team to ensure that there is sufficient capacity and capability to support the breadth of its activities, including the preparation of accurate financial information to support informed decision making and to meet statutory reporting obligations.

Statutory Recommendation 2:

We recommend that the council sets out a clear timetable and project plan for the production of the 2024-25 and 2025-26 Statement of Accounts, including the Annual Governance Statement. In doing so, the council will need to ensure it has robust arrangements to actively monitor the delivery of the project plan.

Statutory Recommendation 3:

We recommend that the council urgently undertakes a comprehensive review of its in year financial monitoring and reporting processes to ensure that the reported financial position during the year is robust and supports informed decision making including the setting of the council's budget.

The S151 Officer's Section 25 Statement for the February 2026 budget setting concludes as follows:

It is my opinion as the Chief Finance Officer (Section 151 Officer) that the total net budget requirement in 2026-27 of £28.688 million is based upon robust estimates. This Budget is based on funding by a one-off capitalisation direction of £9.050 million (£15.5 million in total including 2024-25 and 2025-26), together with ongoing income streams to arrive at the Council Tax requirement of £9.845 million for 2026-27. This is to be presented for approval by Council for consideration and approval. The budget estimates are robust on the basis that:

- *The increase in Council Tax is approved at 2.99% within the referendum threshold.*
- *That the MHCLG Exceptional Financial Support is approved of £15.5 million for 2024-25, 2025-26 and 2026-27. Agreement in principle if successful is expected early February with final approval late February. If approval is not awarded before the council meeting this will need to be delayed but we need to ensure the delay does not impact on cashflow.*
- *All Members and Officers work collaboratively to deliver the recovery plan which is a requirement of the EFS application. A number of the items are included in the figures presented for 2026-27 as the target saving is £1 million. The details are in Appendix C.*
- *All Members and Officers need to work together focussing on financial management and control as a priority as follows:*
    - *Controlling costs within cash limited budgets.*
    - *Delivery of planned savings 2026-27.*
    - *Identify and develop further savings to at least meet the 202728 target of a further £1 million, this may need to increase if the recovery plan is not delivered. This is required to mitigate further EFS support.*
    - *Note failure to deliver planned savings increases the funding gap.*
    - *Commitment from Senior Management Team that they will work collaboratively together to support the finance service to deliver their services within the allocated budget.*

- *SMT will ensure full staff compliance across respective service areas and identify to the Section 151 officer staff financial training required to fulfil this requirement.*

Continue to support the robust monitoring process with full engagement with the budget officers.

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 financial processes.

As a consequence of a cyberattack in December 2021, the time taken to rebuild the finance system and despite a number of remedial actions being taken, once the finance records were restored and the financial accounting statements brought up to date, the council identified that it was in a negative balance situation on its general fund reserves. This culminated in a report to members in September 2025 which recommended that an application for Exceptional Financial Support was the only short-term option to avoid a S114 declaration.

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

As set out above, the consequence of the cyberattack was that the core systems including the financial system had to be rebuilt during which time manual records were used which was resource intensive. This meant that regular and robust budget management was not effective. Subsequent work by the incumbent S151 Officer who took up post in April 2025 has determined that some of the base budgets were also not sound as a consequence of the lack of focus on budget monitoring while resources were directed to rebuilding the basic finance system and records. This has now been addressed and there is confidence that the budgets presented and approved for 2026-27 are a fair reflection of the costs and expected income.

Internal Audit, at the request of the Statutory Officers, commissioned a specialist review into the Management and Oversight of the Financial Position at GCC as a result of the cyberattack. This was carried out by Lighthouse Consulting on behalf of internal audit which is provided by a joint service hosted by Gloucestershire County Council known as ARA.

One of the findings of that advisory review was that once the financial systems were rebuilt and restored, manually recorded transactions were re-entered into the core finance system, Civica Financials, creating multiple overlapping data streams that took time to reconcile and resulted in data fragmentation across the financial records. Reconciliation protocols need to be re-embedded and maintained with appropriate sign offs.

It is clear that because of the system outage, budget forecasting was not robust as it was only based on incomplete or provisional data and manual records. There was a control weakness in the business continuity planning at the time of the cyberattack needed to ensure that robust forecasting could be maintained. Action has been taken to restore the robustness of budget monitoring and to ensure that for 2026-27 base budgets are now reflective of costs and income. The key areas affected by inaccurate base budgets for either expenditure or income were Commercial Property, Asset Management, Housing Subsidy, IT, Bereavement Services and Housing & Homelessness. The net increase in budget requirement for 2025-26 was £2.845 million which was approved by members in that financial year and then used as a more robust and reliable base for the 2026-27 budget estimates.

The Audit and Governance Committee is not strong at GCC. The Committee has a membership of 7 councillors and 1 independent member. Training and awareness sessions have not been as fulsome as the Chair and other members feel that they need to be. There has been an absence of an independent member for some time however there is a current recruitment campaign to secure a new member. The S151 Officer is actively pursuing a development programme for the Chair and the Committee as a whole. The Committee is not currently strong at holding Officers to account. However, the proposed training programme is aimed at strengthening the approach.

The Overview and Scrutiny Committee consists of 13 councillors. There is a forward workplan with the Committee meeting regularly. The two committees work independently of each other with the Overview and Scrutiny Committee carrying out a significant amount of pre-decision scrutiny activity and seeking a high degree of detailed material from officers. Some matters such as asset management, asset disposals and regeneration projects appear on the agenda very regularly.

Despite the statutory recommendations, there do not appear to be any material deviations from local authority accounting codes or non-compliance with accounting standards. There is a plan in place to prepare the financial statements for 2025-26 in line with statutory timescales so that they can be audited and presented to the Audit and Governance Committee to meet the backstop dates.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
1. Further accounting weaknesses are discovered in the closedown of accounts and preparation of the financial statements for 2025-26	Low - 1	1. Deliver the planned closedown timetable to meet the 30 June 2026 deadline for publication of draft accounts and ensure that all futures years meet the statutory deadlines.
2. External Audit process may identify accounting issues / non-compliance with accounting standards	Low - 1	2. Work with External Audit to ensure timely completion of evidence so that accounts can be presented to the early Autumn meeting of Audit and Governance
3. Statutory recommendations are not satisfied in a timely manner	Medium - 4	3. Deliver the new finance structure and timely accounts, and restore documented processes and procedures in finance by 31 March 2027 at latest
4. Audit and Governance Committee does not have the capability required to hold the organisation to account as its terms of reference require	High - 6	4. Mobilise the training programme for the Audit and Governance Committee. Training should start as soon as possible and continue over calendar year

> ***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

It has been identified above that there are some weaknesses in the finance function culminating in the external auditors first Statutory Recommendation:

> *We recommend that the council urgently review the Finance team to ensure that there is sufficient capacity and capability to support the breadth of its activities, including the preparation of accurate financial information to support informed decision making and to meet statutory reporting obligations.*

This was accepted by the council and in addition to seeking advisory support from CIPFA, a Decision Making Accountability (DMA) review was commissioned by the Head of Paid Service and the S151 Officer. This decision was prompted by increasing financial pressures, the complexity of statutory responsibilities, and the need for strong financial governance to support informed decision-making across the organisation. The Local Government Association (LGA) carried out the review in December 2025.

The objective of the independent review was to gain insight into the team's structure, skills, and resources, ensuring that the Finance function is equipped to deliver high-quality financial management and strategic advice in a rapidly changing environment.

The council has had four S151 officers within a 5year period, one of which was an interim arrangement until the current postholder was able to take up the role in April 2025. This is a significant churn in a key statutory role with both statutory responsibilities and a small team that had long term sickness challenges coupled with the recovery from the cyberattack. There had been a lack of attention to developing the team and effective performance management until the last year. Consequently, the team had been very transactional and operationally focussed as opposed to supporting services in a business partnering approach.

The DMA states that:

> *The limited capability of staff due to limited experience and development has impacted the efficiency of the Service. This has been compounded by the lack of clarity of roles and capacity within the Finance team which have not only affected the management and leadership of the team but have also impeded the quality of communication of financial decisions made by the council at Member-level. Confidence has been lost in the Finance Team's capability to provide good assurance and governance over the council's finances, and the new Section 151 Officer is working hard to rebuild trust and provide resilience to the service.*

During the work that CIPFA has carried out, including the interviews for the assurance review, attending member briefings and observing formal committee meetings, the current S151 is demonstrating resilience and giving sound advice which is respected across leadership and members.

The DMA highlights the urgent need for:

- A new, permanent structure with clear roles and responsibilities.
- Improved financial processes, documentation, and systems automation.
- Enhanced performance management, training and development to build resilience and capability.
- Cultural change to foster collaboration and a business-partnering approach.

There are 12 more detailed recommended next steps in the LGA report. The Head of Paid Service presented a report to Cabinet on 11 March 2026 setting out a new structure for the finance team which was approved. The S151 Officer is progressing the recruitment to the structure some of which may, for the short term, require some interim resources to ensure that there is capacity.

As a result of the cyberattack and lack of a fully operational finance system, the quality and accuracy of financial information has been historically compromised. This has led, as reported publicly and summarised in this report, to the application for Exceptional Financial Support. Records from public meetings show that some councillors have questioned how current financial information can be relied on. There are frequent questions from members of the public and from councillors posed to the Leader and the Deputy Leader at public meetings about the confidence that can be gained from the current financial information.

The S151 Officer, with the finance team, has looked at base budgets and has confidence that financial information is robust. Clearly, as testing takes place to support the external audit, there may be some non-material errors that come to light which is not unusual are part of those processes. This means that the information that members are receiving to support financial decision-making and the decisions about asset disposals to support the repayment of the capitalisation direction are more robust.

As part of the recovery plan, which the council has developed to bring it back to a financially sustainable position, there are a number of transformation projects within a transformation programme. These are focussed on refining service delivery to reduce the cost base or considering the operating model for service provision such as the structure of Leisure Service contract to reduce the management fee that the council pays.

The Senior Management Team have been considering all aspects of service delivery, putting forward recommendations to members during 2025-26 that were accepted. Non-essential spend has been reviewed and either deferred or removed from future plans. Business plans for cultural services have been revised, and some activities have already been ceased. While cultural services are discretionary, there are former grants that would need to be repaid if certain services were ceased completely. These areas have been challenged by SMT to ensure that they are delivered in the most economical way including generating increased levels of income.

Interviews with members of SMT confirm that there is focus on looking at areas of discretionary service provision, cost base reductions and transformational changes as part of the ongoing budget and medium-term financial planning. Some of the discretionary areas are sensitive politically, with the community making them more challenging to get agreed and delivered.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
5 Recruitment to the new finance structure is not successful	High - 6	5 Progress recruitment activity with pace including options for interim resources and secondment opportunities from other comparable organisations – S151 Officer to ensure this has commenced as soon as possible
6 Material errors in the financial information are identified by either the finance team or the external auditors	Low - 1	6 Ensure that the plan for the closure of the accounts and preparation of the financial statements is delivered to allow timely external audit
7 Transformation plans do not deliver the expected levels of cost reductions or increases in income	Medium - 4	7 Continue the SMT work to monitor the delivery of the transformation projects – ongoing during 2026-27
8 Challenging decisions relating to current reviews of discretionary service provision and asset disposals are not taken in a timely fashion	High - 6	8 Ensure there is effective working with members to allow timely decisions to be made and implemented – ongoing during 2026-27 ensuring that Recovery Advisory Board gains momentum

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

Key findings and analysis

Risk Management has recently been reviewed by the SMT to revise the register and ensure that the financial risks that the council currently faces are actively managed. In addition to this approach, there is a regular meeting held to review the action plan needed to deliver the financial recovery. This is being managed in the manner often used to deal with civil emergency recovery. Meetings are structured, chaired by the Managing Director, minuted and supported by project management resources.

This plan will have oversight from a Recovery Advisory Board which is comprised of all political group leaders and the lead member for finance. This board does not have formal decision-making powers, as decisions will still be taken through the constitutional decision-making processes. The role of Overview and Scrutiny and of the Audit and Governance Committees need to be clear as part of the approach to supporting financial recovery.

Risks

- None that are not covered elsewhere.

Recommendations

- Not applicable

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.

Subject to rebuilding the resilience in the Finance Team, ensuring that financial management remains the priority of managers and the Senior Leadership Team, it is not envisaged that there will be further financial accounting and reporting issues recurring. There is, however, a residual financial risk if the asset disposal programme cannot be delivered in the expected timescale.

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

The underlying drivers of financial fragility are set out above. The review has not identified any further substantive matters that have not been taken into account by the council. The risks are well articulated particularly in relation to the asset disposal and asset management activities that the council needs to ensure are effectively resourced to minimise the risk of non-delivery.

There are inherent risks in any asset disposal strategy that are outside of the control of the council. Market forces and the economic climate cannot be managed or controlled so remain a risk that needs to be monitored and responded to by having flexibility in the asset management and disposal plans.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
9 Asset disposals do not come to fruition as planned due to economic or market factors	Medium - 4	9 Continue the active management of the asset portfolio and disposal plan – ongoing on a regular basis during 2026-27
10 Decisions on disposals are frustrated by political or community pressures	High - 6	10 Ensure that members are all committed to achieving financial recovery as a priority – as soon as possible

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

Since the financial situation was clearly understood and reported to members, a series of immediate actions have been put in place as set out in the budget report and the S151 Officer's S25 statement presented to council in February 2026.

Savings plans are inherent in the budget for 2026-27 and there is evidence that the services have responded quickly including a review of fees and charges led by a member of the SMT to ensure that they are appropriate. Scaling back non-statutory services or alternative models of provision (leisure and culture in particular) are being reviewed and considered by officers with appropriate engagement with members.

There is evidence through the Recovery Plan that the council has a clearly stated intent to recover its financial stability and resolve the Statutory Recommendations over the shortest possible timeframe as well as in a sustainable manner. This can only be achieved with the support of members in making business-like and sometimes challenging decisions.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
11 Financial Recovery Plan does not progress at the pace that is required	Medium - 4	11 Continue with the rhythm of officer and members meetings that support the recovery plan delivery – ongoing throughout 2026-27
12 Decisions relating to future reviews of non-statutory services are rejected or deferred	Medium - 4	12 Engage members and / or communities early where there are challenging decisions required about future provision of non statutory services. Ongoing

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

Managing the budget pressures can be achieved if the asset disposal and asset management plans are delivered allowing repayment of debt including the capitalisation direction. General fund reserves are depleted as a result of the accounting issues that were set out in the council's application for Exception Financial Support and that the assurance review has substantiated. Replenishing the reserves will only be achievable if the disposals are secured and areas of discretionary spend are reduced or ceased.

Maximising income from fees and charges is essential and the review undertaken was timely. Continuing to seek opportunities for income generation from cultural activities that cannot be ceased due the previous grant award conditions will remain an important element of the financial recovery because it will reduce any call on revenue resources.

Risk

- None that are not already covered

Recommendations

- Not applicable

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's application for a capitalisation direction stated that there may be a need for some initial external borrowing until the expected capital receipts from asset disposals are secured.

As part of the earlier work that CIPFA undertook, challenges on the viability of the asset disposals was undertaken. Since that initial work, it is clear that there has been activity to secure disposals. One of the key disposals is the airport which is jointly owned with a neighbouring district council. Despite extensive and collective effort the potential purchaser was not able to secure the required funding. The relevant director and team have actively pursued bringing forward other proposed disposals to generate capital receipts. Evidence was provided that in addition to those actions, there have been discussions to ensure that the airport (and other assets) are operated in a way that puts the least strain on the already stretched revenue resources of the council.

This appears to be an appropriately commercial approach in the current financial circumstances of the council. There are no other options, aside from external borrowing and asset disposal, to finance the capitalisation in the short term.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
13 Borrowing costs exceed the expectations built into the council's Money Plan	Low - 1	13 Actively manage the financial position including the timing of any short-term borrowing, ensuring the use of external treasury advisors is in place. Ongoing.

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

An extensive exercise was carried out to support the preparation of an overall strategy for both commercial and community assets that the council has in its overall portfolio.

The relevant director has an overall strategy to minimise the costs associated with the management of the portfolio, maximise the commercial returns on investments and ensure that regeneration projects are delivered to time so that they can return the expected revenue income at the earliest opportunity. This has culminated in an ambitious but realistic programme subject to the capacity of the resources. There is an internal team supported by an external provider managing some of the commercial assets.

Given the ambitious nature of the asset disposal strategy and the other portfolio management work, the council agreed to appoint additional staff resources to the team. Recent recruitment was not successful so the council will need to determine how to best resource the activity because it is an important part of the recovery programme.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
14 Resources are not sufficient to deliver the asset management and asset disposal plans	Medium - 4	14 Head of Place to consider alternative support required given that recruitment has not been successful – as soon as possible

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 limited to, minimum revenue provision guidance, investment guidance, and accounting codes.

Key findings and analysis

To summarise, there are some inherent risks in the asset portfolio such as lease arrangements for a shopping centre which are not the most beneficial to the council. These were challenged during the earlier work that CIPFA undertook and again as part of the assurance review and there is evidence that the council has challenged these and concluded that it would be of greater financial detriment to bring them to an end before the natural end of the arrangements. This is sound financial decision under the current circumstances despite the pressure it has on the council's budget.

There have been no significant issues identified with the approach to the Minimum Revenue Provision (MRP) or accounting for the assets or capital projects. In February 2026, the Audit and Governance Committee received and endorsed the Treasury Management Strategy for 2026-27 and the Capital Strategy for 2026-27 meeting the requirement of the CIPFA code.

Risks

- Nothing not already considered

Recommendations

- Not applicable

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.

Service delivery is not a major concern for the council. It is the legacy of the loss of the finance system and the need to dispose of assets for the repayment of borrowing that are the key issues.

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

Key findings and analysis

Service delivery has been and continues to be reviewed by the SMT seeking to minimise cost and maximise income. There are no immediate outliers in terms of costs that give rise to concern based on the CIPFA resilience index.

As a district council, there are limited demand-led pressures, except for the cost of temporary accommodation which is not an extreme pressure for this council relative to others where it has become an overwhelming pressure. Whilst the cost of temporary accommodation has increased over the last few years, the council took action to acquire accommodation which enabled it to manage the increased costs.

Comment has already been made about the work to move to a more financially advantageous model of lease regarding the leisure provision. A number of smaller changes such as moving away for postal billing for Council Tax, provision of sticker for garden refuse collections and managing incoming calls to the council are evidence that the council has a culture of seeking to move to more effective and efficient service delivery methodologies. It is important that these are tracked.

Risks

- Nothing that is not covered above

Recommendations

- Not applicable

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

Key findings and analysis

There are no significant findings to report in this area. There are no regulatory findings that indicate that there are areas of weakness and whilst there is some pressure from cost of homelessness, it is not a significant cost pressure that causes financial stress.

Risks

- None

Recommendations

- Not applicable

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

Key findings and analysis

No further matters to report not already covered.

Risks

- None

Recommendations

- Not applicable

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

Evidence was given that service planning for 2025-26 should identify areas that can no longer be delivered given the resource constraints and financial challenges that the council is currently managing.

Members are aware that there will be areas of the corporate plan that will no longer be delivered in line with the original approved corporate plan. There is no current intention to fully revise the Corporate Plan as this activity would itself divert resources from what are the current priority activities to move to financial sustainability and sound financial management.

It has been accepted through the work done by the LGA that there is a need to build on the financial management capabilities of the organisation which the new finance structure will support. The S151 Officer is taking steps to ensure that processes and procedures relating to financial management and accounting are properly documented which will give assurance to both internal and external audit given some of the recommendations arising from their respective work programmes. This has included engaging a temporary resource that has supported the detailed work for closing the accounts for 2025-26 and documenting the processes for future use. Transfer of skills and knowledge to the permanent team member has also been part of the engagement.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
15 Revision of corporate plan activities is not accepted	Medium - 4	15 Engage early and openly to gain collective understanding and agreement of priorities and capacity to deliver – September 2026

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

The chosen service delivery models are not an issue and there is limited capacity to consider alternatives at the current time.

Risks

- None

Recommendations

- Not applicable

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

Key findings and analysis

Nothing to report

Risks

- None

Recommendations

- Not applicable

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.

Relationships between political parties and between Senior Leadership and Members are strained and lack mutual trust and confidence which is fettering the ability to make decisions that move the council forward at the pace needed to recover its financial stability in preparation for Local Government Reorganisation (LGR).

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

The council's constitution sets out that decisions are made as follows:

The Leader, the Cabinet and Individual Cabinet Members, (collectively known as 'The Executive') are responsible for most day-to-day decisions. The Cabinet is made up of the Leader of the council, and five Councillors. When major decisions are to be discussed or made, these are published in the Forward Plan in so far as they can be anticipated. If these major decisions are to be discussed with Council officers at a meeting of the Cabinet, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Executive has to make decisions which are in line with the council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the council as a whole to decide.

The Overview and Scrutiny Committee supports the work of the Executive and the council as a whole. It allows citizens to have a greater say in Council matters by exploring matters of local concern. These lead to reports and recommendations which advise the Executive and the council as a whole on its policies, budget and service delivery. The Overview and Scrutiny Committee also monitors the decisions of the Executive. It can 'call-in' a decision which has been made by the Executive but not yet implemented. This enables it to consider whether the decision is appropriate. It may recommend that the Executive reconsiders the decision although the Executive does not have to change the policy. It may also be consulted by the Executive or the council on forthcoming decisions and the development of policy

This is a common approach to the decision-making processes seen in many councils. In addition, there are a number of regulatory committees to carry out specific functions including the Audit and Governance Committee.

It is clear from observing a number of meetings of Council, Cabinet and Overview and Scrutiny that there are tensions among different elements of the decision-making processes. The nature of questions being asked by members, not part of the Executive, to the Cabinet also demonstrate some of those tensions with Cabinet members feeling that they should know matters of detail to be able to respond appropriately. Cabinet Members expressed the view that they should have access to more detail however what they were suggesting was very operational and steps into the officer role.

From reviewing papers that are presented to members in formal meetings, they appear to be meaningful and well-structured. Some members do not feel that the papers give the level of detail that they would like to see in order to make decisions. Analysis of those comments indicate that in some cases the information being requested is of an operational nature rather than on a strategic matter. Officers have demonstrated in several areas that there is due consideration of operational matters in the preparation of the papers that are presented to committees and decision-making meetings.

The constitution contains all the relevant parts that are expected and was last updated in January 2026. The foreword from the Managing Director recognises that this is a dynamic document which is reviewed as the need arises.

Concern was expressed by some councillors that there has not been enough training and awareness given to the members of the Audit and Governance Committee. This concern has been accepted by the SMT and there is an active plan to deliver more training to increase the capacity of the that committee to fulfil its responsibilities.

Key risk		Risk rating (see details in Annex 2)	Recommendation (including Timeline)	
16	The division of responsibility between officers and members is not clear to all parties leading to mistrust and involvement of members in operational matters	High - 9	16	Consider how to reinforce the officer / member protocol to ensure that there is clarity of understanding and respect for the strategic and operational roles – start as soon as possible and continue to March 2027
17	Revising the constitution too often may lead to unintended consequences relating to the ability to take timely decisions	Low - 2	17	Ensure that any revisions to the constitution are considered with short term resolutions for any current issues. Ongoing
18	Training is not provided quickly enough to members to fully discharge the functions expected in Audit and Governance	Medium - 4	18	Mobilise training for the Audit and Governance Committee as quickly as possible

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 has a Corporate Plan, a Medium Term Financial Plan (Money Plan) and now has an updated Annual Governance Statement (AGS). The AGS for 2023-24 was revised to reflect the current situation the council finds itself in and was approved by the Audit and Governance Committee on 23 February 2026. The minutes reflect that this was approved to include the actions planned by the council to further enhance good governance arrangements.

The Corporate Plan is ambitious in the context of the current resource constraints and the financial situation that faces the council. This has been acknowledged by the Leader and the SMT. Service planning will identify areas that can no longer be delivered as anticipated. This will mean revising expectations if not revising the full corporate plan.

There is also an awareness that in addition to stabilising its own situation, the council is part of the LGR process and will need to manage resource to deliver this alongside other priorities.

Key risk		Risk rating (see details in Annex 2)	Recommendation (including Timeline)	
19	Revision of the expectation in the corporate plan are not agreed to fit the available resources	Medium - 4	19	Ensure that service planning clarifies what can be delivered in line with the corporate plan and clarify with members the relevant priorities.

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

The SMT has been through several changes over the last few years including a number of postholders in both the Monitoring Officer and S151 roles. Attending and observing meetings of SMT has demonstrated that there is clarity of the current priorities and mutual respect for what needs to be delivered. SMT meet regularly both as a regular decision-making group but also as the Recovery Team.

From the interviews that were carried out, it is clear that there is mutual trust and respect between SMT members with a focus on what needs to be delivered to return to financial stability, satisfy the Statutory Recommendations and prepare for (LGR).

Risks

- Nothing new identified

Recommendations

- None

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

From observations of formal meetings, interviews and attending some on-site meetings, it is clear that the level of trust and confidence between the political leadership and the officer leadership is not in line with the Nolan Principles. This is not helpful when the council needs to be aligned in moving to the financially stable, well governed and operationally effective state that the current situation requires.

There is evidence of strong support between officer levels but a recognition, especially in the finance team, that there is a need to do more to support the team and development capacity and capability.

Acceptance of challenge from Overview and Scrutiny to decisions or proposals by the Cabinet is not always welcomed as openly as it could be by the Cabinet and openness from the Cabinet could be improved. Some requests for more detailed information from members does indicate that some do not appreciate that operational delivery is a matter for officers based on the strategy that they determine.

Openness to resolving the lack of mutual trust and confidence is essential for delivering the actions set out in the recovery plan and returning to financial stability. This will require a significant shift in the way in which current interactions take place between political groups, councillors and officers.

Key risk	Risk rating (see details in Annex 2)	Recommendation (including Timeline)
20 Mutual trust and confidence are not restored which reduces the ability of the council to deliver its recovery plans	High - 9	20 Seek appropriate support, from a source in the sector, to enable the focus on recovery and the future sustainability of the council. SMT to agree route to enable this as soon as possible

Annex

A1 Requirement and Methodology

Requirement

CIPFA has been asked by MHCLG to deliver an external assurance review (in depth assessment of finance and governance) of the 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.

As a result of receiving Exceptional Financial Support, MHCLG will be 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.

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 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 around 60 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 and 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 Office for Local Government (Oflog), the council's own surveys of residents and staff, and other appropriate benchmarking reports.

Interviews

The bulk of the fieldwork comprised of interviews. These provided the invaluable triangulation of our analysis. Council officers, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. Council officers at senior and junior levels, members, auditors, and other experts 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 review. 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 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.

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.

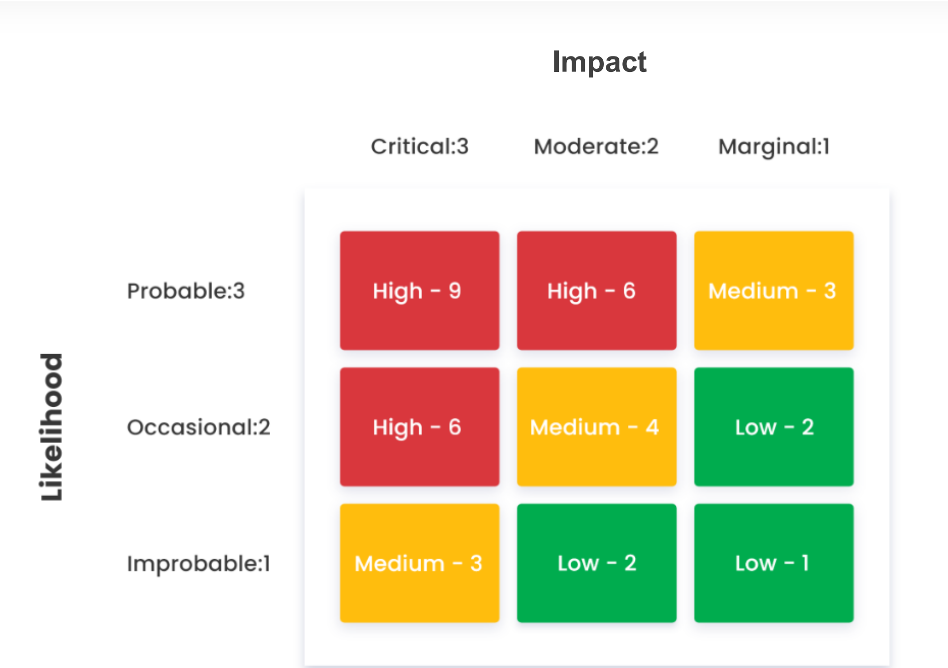
CIPFA's review team consisted of an experienced finance consultant and relevant technical expertise.

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.

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:

- 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

Corporate Plan

Money Plan and MTFS

Financial Statements and Annual Governance Papers

LGA Report relating the finance structure

Relevant Committee Papers relating to asset management, financial reporting and governance

Asset Management Strategy

Asset Disposal Plan

Elements of the Constitution

External Auditor reports including Statutory Recommendations

A4 Stakeholders Interviewed

Managing Director (Head of Paid Service)

Corporate Director

Head of Finance and Resources (S151)

Head of Place

Head of Culture

Head of Transformation and Commissioning

Policy and Governance Manager (Monitoring Officer)

Leader

Deputy Leader (Finance Lead Member)

Group Leaders – individually

Head of Internal Audit

External Audit Partner

And by request, a group meeting with other Cabinet Members (not Leader and Deputy)

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