The Chartered Institute of
Public Finance & Accountancy

Halton Borough Council

External Assurance Review

May 2026

A Report by:

The Chartered Institute of Public Finance and Accountancy

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Contents

1 Executive Summary

1.1 Summary of Findings, Issues, Evidence and Analysis

Halton Borough Council (the council) has, under its existing Medium Term Financial Strategy (MTFS), a growing year by year structural budget gap. The gap is forecast to rise from £44.9 million in 2026-27 to £118.6 million in 2030-31. There are insufficient reserves to cover these gaps and the council has applied for Exceptional Financial Support (EFS) through a capitalisation direction. Whilst requests for EFS provide some respite, this is a temporary measure that will not resolve the underlying issue. The request for EFS is significant in proportion to the net revenue budget, and if utilised in full as per the application, will add additional revenue pressures in the region of £32 million per annum. Each £10 million borrowing will add some £1 million cost to the revenue budget, including interest and Minimum Revenue Provision.

Members and officers understand that the council's financial position is unsustainable, and that change, transformation and savings are urgently needed to address the significant and increasing budget gap. However, there is limited evidence of members understanding of the concept of transformation, or whether they are willing to make the difficult decisions to deliver the level of savings required. Between 2022-23 and 2025-26, the council's budget for net revenue expenditure has increased from £103.691 million to £183.052 million and the delivery of transformation and savings has been slow and patchy. The cost of transformation so far has been greater than savings delivered as a result. Limited transformation progress has been made and in the absence of substantive plans, the need for capitalisation continues to grow. The council has not yet fully embraced the recommendations previously made in the Local Government Association (LGA) corporate peer challenge (2024) and CIPFA's resilience review (2025) by developing an action plan which focuses on outcomes and specifies officers and members responsible for implementation within challenging but realistic timescales.

It is clear that members have been briefed on the council's precarious financial position on numerous occasions, however, there is no clear consensus amongst members around what needs to be done. When prompted, members referred to "cuts" rather than transformation or efficiencies, and when prompted further some members said there were too many senior managers and staffing levels may have to be cut. When asked about closing council facilities or reducing the number of scrutiny committees (Policy and Performance Boards) from 6 to 2 or 3, members were not keen. It is difficult to see how savings can be made through reduced staffing levels without the identification of the appropriate services where staffing levels may be reduced.

The appointment of a new Chief Executive in March 2026 has demonstrated a commitment to building stronger financial discipline across the council, and a new leadership team in Children's and Adults services provides a good opportunity to drive the changes needed to reach financial sustainability over the life of the MTFS. Children's and Adults services, the largest spending department, has already delivered significant savings to date, and is likely to deliver further savings, streamlining and better overall financial control. Interviews with key staff in social care / commissioning revealed an enthusiastic outlook and lots of ideas around efficiencies and savings, as well as strict financial oversight and control. The outturn position for both Children's and Adults services has improved significantly in the latter part of 2025-26, although it is too early to determine the long term impact and sustainability.

While it is positive that the newly appointed Chief Executive has a strong focus on financial management, and that new leadership in children's and adults social care is beginning to exert improved financial control, the council's current financial position remains extremely fragile. Based on the current trajectory, it appears unlikely that the council will be able to stabilise its finances without continued Exceptional Financial Support.

Despite the slow transformation progress to date, there are some changes that will help build the momentum for change. A new Change and Innovation Unit (CIU), with a recently promoted Director of Transformation, has been established, which should be fully in place by July 2026. The council has also appointed an independent improvement panel and an independent audit committee member. This will provide more credibility to a recovery plan as there is minimal scope for delay due to the size of the budget gaps.

The council's financial monitoring report at the end of November 2025 forecast a year-end overspend of £0.930 million, due to overspends in Children's and Adults, partly offset by underspends in Environment and Corporate services. This position improved significantly in the January 2026 report, which forecast an overall underspend of £1.27 million, mainly due to improvements in Children's and Adults. The draft outturn position to 31st March 2026 is also significantly improved, indicating an overall underspend of £6 million. The improved overall position is mainly down to spending restrictions across the council, with a significant improvement in both adult social care and children's services. In addition, there are some further "windfalls" namely income from the Mersey Gateway bridge toll of £3.5 million and the business rates pool of £1.2 million. The final outturn position will therefore be an underspend of around £10.7 million.

Children's is the largest improvement area with a £3.6 million underspend, primarily through continued reductions in agency staff costs and residential fees, as well as utilisation of grant funding. Adults is also showing further improvement with a £0.549 million overspend, a 50% improvement from the January 2026 forecast. This is due to continued reductions in agency staffing, community care costs and innovation around Disabled Facilities Grants (DFGs). There is also an improvement in Environment & Regeneration, with an underspend of £2.8 million, primarily due to additional income.

EFS will be funded from new borrowing and we are told there are no assets to be disposed of. This may be true, but the Asset Management Plan has not been updated since 2018 and there is no Asset Disposal Plan in place. Some members talked about the benefits of Community Assets Transfer and repurposing assets, which is positive, but can take a long time to implement. We found no evidence of this work having commenced.

There are four libraries in Halton. It is questionable whether the council can afford four libraries and it would be beneficial to commence a review, with a view to dispose / repurpose the buildings. However, it should be noted that these reviews tend to take time due to consultation etc, so are unlikely to provide immediate short-term changes .

The scale of the challenge in bridging the financial gap in Halton is considerable. The development of a transformation plan that strengthens financial management, and sets out how further income can be generated, costs reduced and surplus assets sold to reduce borrowing will determine whether the council has the capacity and conviction needed for the next steps. However, it is unlikely that the council will reach financial sustainability without EFS beyond 2027-28, and the additional borrowing required to repay EFS will add considerable additional revenue budget pressures.

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 A2)	Recommendation (including Timeline)
On the quality of financial management and processes		
1. Budget holders do not have proper ownership of budgets. The finance team takes too much responsibility for the financial position, giving budget holders limited ownership.	**High - 6**	1a) Roll out a comprehensive training programme for budget holders and finance staff, so all parties fully understand their respective roles and responsibilities, including 'budget holder accountability letter'. 1b) Pressure should be applied to budget holders to operate within the budget envelope and deliver the savings they signed up to. This should be a key feature of weekly meetings to discuss the budget, savings tracker and delivery of transformation. **By the end of September 2026**
2. The Chief Internal Auditor has many non-audit functions and duties, which reduces audit resources and may be a conflict of interest and lack of segregation of duties.	**Medium - 4**	2. Make sure Internal Audit can focus on Internal Audit only as far as practicable and transfer all other duties to other staff. **By the end of September 2026**
3. There may be insufficient Internal Audit Resources.	**Medium - 4**	3. Re-allocation of non-audit work will facilitate greater Internal Audit resources and avoid any conflicts of interest. **By the end of September 2026**
4. The External Audit key and statutory recommendations have not been addressed, and the recommendations are retained year on year.	**High - 9**	4. The External Auditors' statutory and key recommendations should be prioritised. A Public Interest Report would be damaging for the council's reputation. **By the end of September 2026**
5. The council's approach to transformation and savings tracking may become fragmented and encourage silo working	**High - 6**	5. The Leadership Team should ensure that all services pick up pace around delivering transformation and savings, and that everyone is on the same page with the consistent capture of information and reporting across the council. **By the end of September 2026**
6. The CIPFA Financial Management Code self-assessment may have been rated too highly and therefore overstated the council's ability to implement change.	**Low - 2**	6. The CIPFA Code self-assessment could be reviewed through a slightly more critical lens. **By the end of September 2026**

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
7. The corporate risk register may become an annual process rather than a ‘live’ document at the heart of the council.	**Low - 2**	7. Ensure the corporate risk register is a ‘live’ document and updates are presented to the leadership team and elected members regularly throughout the year. **By end of September 2026**
On financial sustainability and risk		
8. There is lack of track record in delivering transformation and savings.	**High - 9**	8. A comprehensive corporate transformation plan with robust governance arrangements should be in place as a matter of urgency. **By the end of September 2026**
9. EFS funded from borrowing will add unaffordable additional pressure on the revenue budget.	**High - 6**	9. The senior leadership team must work together to deliver the savings needed, with shared ownership of the overall financial position, with a view to minimising EFS borrowing. In addition, the Asset Management Plan and Asset Disposal Plan should be updated as soon as possible. **By the end of September 2026**
10.Members do not fully understand the meaning of transformation and do not fully appreciate what needs to be done to address the budget gap.	**High - 6**	10. Workshops should be arranged where all members can raise their own ideas of areas where savings can be made, rather than receiving officers’ suggestions. Transformation is not all about cuts but the ability to deliver services in a different way – such as community asset transfers. Members should be informed of progress in a timely manner. **By the end of September 2026**
11. Officers and members may not work constructively with the new independent improvement panel.	**High - 6**	11. All officers and members should confirm that they understand the need to work constructively with the independent improvement panel and the implications of not doing so. **By the end of September 2026**
12. The council’s usable un-earmarked reserves are too low, £5.1 million on a net Revenue Budget of £224 million, which is 2.3%. The low level of reserves poses a risk to short and longer term financial resilience.	**High - 9**	12. The council should continue to review earmarked reserves to establish if all commitments are still current and affordable, with a view to boosting general fund un-earmarked reserves. **Ongoing**
13.The additional EFS borrowing is not affordable.	**High 9**	13. Update the Asset Management Plan to determine if there are any assets available for disposal to generate capital receipts.

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
	🟥	**By the end of September 2026**
14. The current asset base may not be affordable.	**Medium - 3**	14. Look at all assets to determine if these can be consolidated, re-purposed or subject to Community Asset Transfer (CAT). **By December 2026**
15. Limited reserves and limited assets for disposal.	**Medium - 3**	15a). A comprehensive review of current library provision should be undertaken as soon as possible. 15b). Parking is free in Halton. It is questionable whether the council can afford to continue to provide free car parking. Options for the introduction of charges should be explored further. **By the end of December 2026**
16. The capital programme is ambitious and potentially unaffordable.	**Medium - 3**	16 a). Review the capital programme in line with new affordability limits. New borrowing should only be undertaken to meet statutory / Health & Safety requirements. 16b). The review of capital expenditure should be completed by the end of May, and recommendations should be implemented at pace. **Ongoing and by the end of September 2026**
17.Continued council ownership of Halton Stadium is unaffordable.	**Medium - 3**	17. A full review of the financial implications of the Halton Stadium should be undertaken. **By the end of September 2026**
On service reform, delivery and transformation		
18. Higher spend on discretionary services increases financial fragility.	**High - 9**	18. The council needs to review whether these costs are still affordable in the light of its financial situation. **By the end of September 2026**
19a). Children's and Adults' services may not be able to deliver the required transformation, savings and financial controls. Insufficient budget to meet increasing demand in social care. 19b). That the services may revert to reliance on agency staff. 19c). That there is insufficient budget to meet increasing demand in Social Care.	**High - 6**	19a). Excellent progress has been made to transform Children's services and this should be commended. The good work to date should continue and controls introduced in Children's services should be extended to Adults. 19b). The good work around agency reduction should continue. 19c). Work should continue to ensure the services operate within the budget envelope.

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
	🟥	**Ongoing**
20. Transformation may become fragmented as social care have progressed quicker than the rest of the council.	**Medium - 4**	20a). The newly formed Change and Innovation Unit (CIU) should ensure that the leadership team are aligned and that the transformation and savings programme is owned corporately. Silo working should be avoided. 20b). The CIU may benefit from additional external resources, such as an experienced interim or fixed term contractor, who can provide experience of what works elsewhere. **As soon as possible**
On governance, culture and leadership		
21. The measures to strengthen the scrutiny function in Halton lack pace in their implementation and/or fail to be effective.	**Medium 4**	21. Focus is given to implementing identified changes to the governance of the Policy and Performance Boards at a faster pace, including the Cabinet/Scrutiny Protocol. **By end of September 2026**
22. The important challenge role of scrutiny in holding the administration to account is not appreciated fully throughout the council, by members of PPBs, members more widely and senior officers.	**Low – 2**	22. That a further training programme in relation to the role of scrutiny, including in relation to financial challenge, is introduced to members and officers especially for new members and new members of the Policy and Performance Boards after the forthcoming election with mandated attendance. **By end of September 2026**
23. The new governance arrangements for transformation/change are not implemented at pace and fail to be effective in real change that addresses the financial sustainability challenge facing the council.	**High - 6**	23. Ensure the new governance arrangements are up and running **as soon as possible**.
24. There continues to be a reluctance to make difficult decisions, slowing the pace of change and failing to show the leadership required to foster a positive culture to tackling the challenge of financial sustainability despite the influence and recommendations of the newly established Improvement Board.	**Medium -3**	24. The Executive Board to lead by example and display a close working relationship with the independent Improvement Board, encouraging challenge and fostering a bi-partisan approach to decisive action that will tackle head-on the financial sustainability challenge. **Ongoing**
25. Without effective intervention from the Improvement Board and Executive Board, the reshaped Change/Transformation Programme is not transformational	**High - 6**	25. The Executive Board, with the support of the Improvement Board, to ensure the reshaped Change/Transformation

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
in nature and focuses on ‘budget cuts’ without addressing the need for real change in how services are delivered and asset usage.	🟥	Programme is ‘fit for purpose’ and identified at pace so that delivery is not delayed. **Ongoing**
26.There continues to be a failure to grasp what transformation entails amongst some members and officers.	**Medium - 3**	26. That a series of workshops are delivered with members and officers to embed an understanding of transformation and a culture which is energised in achieving meaningful change that contributes to achieving financial sustainability. Including the IIP and external facilitator if possible. **As soon as possible**

2. Introduction

2.1 Background

Halton Borough Council (the council) has, under its existing Medium Term Financial Strategy (MTFS), a growing year by year structural budget gap. This reports that without corrective action, the council's medium-term gap is forecast to rise from £29.385 million in 2025-26 to £118.613 million in 2030-31.

Halton's request for Exceptional Financial Support (EFS) is significant in proportion to the Net Revenue Budget, and if allocated in full as per the council's original request, will add additional revenue pressures in the region of £32 million per annum. Limited progress on transformation has been made to date and in the absence of substantive plans the need for capitalisation continues to grow until at least 2029-30. However, the authority is very open to change and the appointment of a new Chief Executive and a new Leadership Team in Adult Social Care (ASC) provides a good opportunity for the cultural changes needed to reach financial sustainability over the life of the MTFS. The council should embrace the recommendations made in the Capital Payments and Receipts Return (CPR) and CIPFA's resilience review and an action plan for implementation that identifies specific officers and members for delivery, and provides challenging but realistic timescales. The plan should focus on outcomes rather than the programme itself and processes. Some quick wins should be achieved as soon as possible, such as the appointment of an Independent Improvement Panel and an independent Audit Committee member. This will provide more credibility to a recovery plan as there is minimal scope for delay due to the size of the budget gaps.

2.2 Requirement and Methodology

As a result of receiving Exceptional Financial Support (EFS), MHCLG is seeking some deeper assurance around the plans included in the business case for the 2026-27 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 detailed requirements for the report are set out in Annex A1, together with details of the methodology for the required analysis that was agreed with MHCLG.

3. Areas Reviewed

3.1 Review Area 1: QUALITY OF FINANCIAL MANAGEMENT AND FINANCIAL PROCESSES

Halton Borough Council benefits from a well-established and credible finance function that produces statutory accounts to a good standard and on time. However, budget management arrangements are weakened by an overreliance on the finance team, with inconsistent ownership and accountability among budget holders and limited external challenge through training. Delivery of transformation and savings has been slow and uneven since 2022-23, with a history of paused or revised plans and variable member understanding of transformation, which is often equated with service reductions rather than service redesign. This became very clear during interviews with members. The self-assessment against the CIPFA Financial Management Code appears overly optimistic given the council's financial position, suggesting that the scale of the challenge is not yet fully recognised.

There are, however, emerging areas of improvement. Performance in children's services improved significantly in 2025-26, addressing a previous OFSTED rating of 'Inadequate' in May 2024 and with a forecast underspend in 2025-26 driven by tighter financial controls, reduced agency use and more effective use of grant funding, following the appointment of a new Executive Director. Some improvement has also been achieved in adult social care, although pressures remain. Progress elsewhere has been slower, including in addressing external audit recommendations and strengthening value for money arrangements, notably in relation to waste services and contract management with Merseyside Recycling and Waste Authority (MRWA). While corrective actions are now underway, the overall pace of change remains a concern and sustained corporate grip will be required to deliver financial sustainability and transformation at scale.

The following sections outline the basis of this assessment in more depth.

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

Halton Borough Council has an experienced and established finance team, with strong organisational credibility. The finance function is regarded as capable and effective, and statutory accounts are produced to a good standard and within required timescales.

Notwithstanding this strength, there is an over-reliance by budget holders on the finance team for budget monitoring and forecasting. Ownership and accountability for budgets are not consistently clear. Financial training for budget holders and members is largely delivered internally. Consideration should be given to commissioning external budget management training to provide independent challenge and exposure to sector good practice. Budget holders must demonstrate clearer ownership of, and accountability for, their budgets and fully understand their financial responsibilities, supported appropriately by the finance team.

Between 2022-23 and 2025-26, the council's budget for net revenue expenditure has increased from £103.691 million to £183.052 million and the delivery of transformation and savings in social care has historically been slow and inconsistent. Savings have largely comprised cost avoidance or reductions in forecast overspends rather than recurring savings against base budgets. Since 2022-23, the children's services net revenue budget has increased from £27.9 million to £55.3 million (98%). Despite this significant increase, outturns continued to exceed available resources until recently. And benchmarking information indicates that Halton Borough Council's costs are relatively high compared to the average for other similar authorities.

Following the Ofsted inspection in May 2024, performance in children's services improved materially during 2025-26. The provisional outturn forecasts a £3.6 million underspend, driven by reduced use of agency staff, lower placement costs and increased use of grant funding. This improvement coincides with the appointment of a new Executive Director for Children's Services.

Progress in adults' social care has been slower. Since November 2025, both adults and children's services have been under a single Executive Director. Improvements were evident in the latter half of 2025-26, with the provisional outturn showing a £0.5 million overspend, representing a 50% improvement against the January 2026 forecast. However, financial pressures remain.

Arrangements with public health are effective. Senior leaders work collaboratively to maximise the use of ring-fenced public health grant funding for preventative activity within the scope of grant conditions.

The internal audit service is delivered in-house and comprises six staff, reducing to five towards the end of the 2026-27 financial year. The service appears effective overall. However, the Chief Internal Auditor holds a number of significant non-audit responsibilities, including insurance, payments, income control, purchase-to-pay support, income recovery and payments to adult social care providers. This presents a potential conflict of interest and weakens the independence of the internal audit function.

External audit is undertaken by Grant Thornton. The 2024-25 Annual Auditor's Report included three statutory recommendations and four key recommendations, two of which were carried forward from the previous year. The report also referenced the potential issuance of a Public Interest Report.

The statutory recommendations relate to weaknesses in financial planning, the pace and scale of transformation, and the need for stronger corporate grip by senior officers and members over financial sustainability and governance. The key recommendations cover the Dedicated Schools Grant (DSG) deficit, business continuity and cyber security, performance management, and improvement in children's and Special Educational Needs and Disabilities (SEND) services.

These recommendations are expected to be repeated in the 2025-26 Annual Auditor's Report. The lack of progress is concerning, particularly where actions could have been implemented quickly.

The value for money assessment raised significant concerns regarding the council's arrangements with MRWA. At the time of audit, there were no formal contract management meetings and limited scrutiny of financial performance. The existing contract did not support the council's statutory duties under the Simpler Recycling requirements introduced from 31 March 2025, raising concerns over value for money and statutory compliance.

At the time of this review, the relationship between Halton Council and MRWA remained in draft form, with completion expected by the end of 2026 to reflect expanded statutory waste collection responsibilities. An inter-authority agreement is in place for the Resource Recovery Contract.

The council has since engaged with MRWA to address contractual and cost issues. Quarterly contract meetings are planned from 2026-27, supported by monthly Waste Partnership meetings. Simpler recycling was implemented from April 2026 through a contract variation to enable acceptance of additional materials. The council will continue to operate a co-mingled recycling service, supported by a completed Technically, Environmentally and Economically Practicable (TEEP) assessment.

Despite these actions, the overall pace of progress remains a concern.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
1. Budget holders do not have proper ownership of budgets. The finance team takes too much responsibility for the financial position, giving budget holders limited ownership.	**High - 6**	1a) Roll out a comprehensive training programme for budget holders and finance staff, so all parties fully understand their respective roles and responsibilities, including 'budget holder accountability letter'. 1b) Pressure should be applied to budget holders to operate within the budget envelope and deliver the savings they signed up to. This should be a key feature of weekly meetings to discuss the budget, savings tracker and delivery of transformation. **By the end of September 2026**
2. The Chief Internal Auditor has many non-audit functions and duties, which reduces audit resources and may be a conflict of interest and lack of segregation of duties.	**Medium - 4**	2. Make sure Internal Audit can focus on Internal Audit only as far as practicable and transfer all other duties to other staff. **By the end of September 2026**
3. There may be insufficient Internal Audit Resources.	**Medium - 4**	3. Re-allocation of non-audit work will facilitate greater Internal Audit resources and avoid any conflicts of interest. **By the end of September 2026**
4. The External Audit key and statutory recommendations have not been addressed, and the recommendations are retained year on year.	**High - 9**	4. The External Auditors' statutory and key recommendations should be prioritised. A Public Interest Report would be damaging for the council's reputation. **By the end of September 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

Delivery of transformation and savings has been inconsistent. Over recent years there has been a pattern of pausing transformation and savings programmes, with plans frequently revised rather than implemented at pace. This has limited the council's ability to deliver sustainable change. Member understanding of transformation also appears variable. When discussed, transformation is often described in terms of service or staffing reductions rather than redesigning services or adopting new delivery models. Officers reported that savings options had been presented to members on several occasions but were not approved, contributing to delays in implementation.

A transformation team is in place, led by a recently appointed Director of Transformation, promoted internally from within the existing team. Previously, the team relied heavily on short-term secondments from services. A more structured approach is now being introduced through the newly established Change and Innovation Unit (CIU). To strengthen capacity and challenge, the council would benefit from embedding external expertise within the CIU, either through an interim appointment or consultancy support, to introduce new ideas, test assumptions, and draw on learning from other authorities.

Significant change activity is underway within social care. The Executive Director for Children's Services has implemented tighter financial controls through the establishment of a Budget Recovery Group. Following the extension of this role to include adults social care in November 2025, similar arrangements have been introduced in adults services. Early impact has been positive, with improved grip, increased staff engagement, and clearer accountability. Agency expenditure has reduced by £1.2 million gross, with £510,000 reinvested in recruitment through market supplements. More innovative use of grant funding has supported both service transformation and financial savings. Progress is monitored through weekly meetings, and the relevant portfolio holder is actively engaged in the improvement programme.

However, comparable progress has not been achieved at the same pace across other service areas, where transformation activity remains less developed and less clearly embedded.

The council has completed a self-assessment against the CIPFA Financial Management Code. The results indicate a high level of compliance, with 39 areas rated High, 25 Medium and only four Low. Given the council's significant and ongoing financial challenges, these ratings appear optimistic and suggest that the severity of the financial position may not be fully recognised. For example, the assessment rates the council as High against having a clear and consistent understanding of value for money, despite slow progress in delivering savings and transformation. A more critical and realistic self-assessment would provide a stronger foundation for improvement.

Training for members and officers is predominantly delivered in-house. While this provides continuity, there is limited evidence of external validation or challenge. The use of external trainers would help test current practice, strengthen understanding of transformation and value for money, and support learning from effective approaches adopted elsewhere.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
5. The council's approach to transformation and savings tracking may become fragmented and encourage silo working	**High - 6**	5. The Leadership Team should ensure that all services pick up pace around delivering transformation and savings, and that everyone is on the same page with the consistent capture of information and reporting across the council. **By the end of September 2026**
6. The CIPFA Financial Management Code self-assessment may have been rated too highly and therefore overstated the council's ability to implement change.	**Low - 2**	6. The CIPFA Code self-assessment could be reviewed through a slightly more critical lens. **By the end of September 2026**

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

Key findings and analysis

The council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance. Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. In order to manage risks effectively the council operates a formal process to identify, evaluate and control risks. The council's Corporate Risk Register summarises the key strategic risks faced by the council and includes details of arrangements established to ensure that intended outcomes are achieved.

The council has in place an Audit and Governance Board, which meets regularly throughout the year. The Board operates with clearly defined responsibilities and provides oversight and challenge around risk management.

Corporate and Directorate risk registers outline the key risks faced by the council, including their impact and likelihood, along with the relevant mitigating controls and actions. Risks are RAG rated and respective directors are listed as lead officers.

The Head of Internal Audit plays a key role in reviewing and improving the effectiveness of the risk management, governance and control arrangements, and provides an annual opinion on the risk management, control, and governance processes.

A new Risk Management Policy was developed during 2025-26, with support from Zurich Municipal. The new policy has been approved by members, and training has been provided and new procedures are being implemented.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
7. The corporate risk register may become an annual process rather than a ‘live’ document at the heart of the council.	**Low - 2**	7. Ensure the corporate risk register is a ‘live’ document and updates are presented to the leadership team and elected members regularly throughout the year. **By end of September 2026**

3.2 Review Area 2: FINANCIAL SUSTAINABILITY AND RISK

Halton Borough Council's financial fragility is rooted in sustained overspends within adult social care and children's services, compounded by rising demand, price inflation, and limited progress on transformation. Despite substantial increases in service budgets, overspends have persisted, depleting reserves and resulting in reliance on Exceptional Financial Support (EFS). The council's external debt is significant, with £212 million in long-term borrowing, £21 million in short-term borrowing, and £384 million in Private finance initiative (PFI) schemes and leases. While some borrowing, such as that for the Mersey Gateway Bridge, is offset by toll income, new borrowing to fund EFS will add considerable ongoing pressure to the revenue budget.

The council's ability to stabilise its finances without continued EFS appears limited. The council's reserves have been significantly reduced, with un-earmarked General Fund Reserves standing at just £5.4 million, and no scope for further transfers. The Asset Management Plan has not been updated since 2018, but asset disposal options appear to be limited, restricting assurance over capital receipts. The council operates four libraries, but their affordability is questionable given consistent underspends and high operating costs, particularly at Halton Lea Library. Previous proposals to reduce library provision have been rejected, and while Community Asset Transfers (CAT) and repurposing are discussed, however, such reviews tend to take a long time. Free car parking and a capital programme heavily reliant on new borrowing further strain finances. The council's exposure to its company and Limited Liability Partnerships (LLPs) is limited, but governance arrangements for performance reporting require strengthening. Overall, the council lacks significant commercial investment and faces considerable challenges in managing budget pressures within its own resources.

The following sections outline the basis of this assessment in more depth.

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

We have noted previously the pressures on net revenue budgets. In addition, the council's level of external debt, as reported in the 2024-25 Statement of Accounts, is relatively high. This comprises £212 million of long-term borrowing, £21 million of short-term borrowing, and £384 million relating to PFI schemes and leases. Two PFI schemes relate to the Grange School and the Mersey Gateway Bridge. Borrowing includes £152 million associated with the construction of the Mersey Gateway Bridge. In accordance with the agreement with the Department for Transport, interest costs on this borrowing are met from toll income and therefore do not impact the council's General Fund.

EFS will be fully funded through borrowing. This will create significant ongoing pressure on the revenue budget, with each additional £10 million of borrowing adding approximately £1 million per annum to revenue costs, through interest payments and Minimum Revenue Provision (MRP). The cumulative impact of this borrowing will increase the council's budget gap year on year.

While it is positive that the newly appointed Chief Executive has a strong focus on financial management, and that new leadership in children's and adults social care is beginning to exert improved financial control, the council's current financial position remains extremely fragile. Based on the current trajectory, it appears unlikely that the council will be able to stabilise its finances without continued Exceptional Financial Support,

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

Delivery of savings and transformation at the council has been limited to date. While there is clear recognition among members of the significant financial pressures facing the authority, there is little evidence of willingness or ability to make difficult decisions regarding service provision. Discussions around transformation frequently default to the language of "cuts", rather than exploring alternative models of service delivery or innovation. Although some members have referenced the need to reduce staffing levels, particularly within management, there has been no substantive consideration of which services should be prioritised or reconfigured. Officers consistently reported that savings proposals put forward were deemed unacceptable by members. In the absence of disposable assets or credible savings options, the council's ability to set a balanced budget without recourse to EFS remains highly uncertain.

It is encouraging that the council has established a new Independent Improvement Panel (IIP). The purpose of the new panel is to oversee progress on transformation and financial sustainability matters, and to provide additional external and internal challenge.

The Improvement Panel comprises the following members:

- Chair - Will Godfrey - previous Chief Executive of Bath & North East Somerset
- Dan Archer – LGA North West Lead Officer
- Simon Henig – previous Leader of Durham Council
- Paul McKevitt – LGA North West Finance Associate and previous CFO at Wigan Council
- Cllr Mike Wharton – HBC Leader
- Cllr Mark Dennett – HBC Corporate Services Portfolio Holder
- Andrew Donaldson – HBC Chief Executive
- Ed Dawson – HBC Chief Financial Officer
- Richard Rout – HBC Corporate Director
- Lisa Taylor – HBC Interim Director of Transformation

However, concerns were raised by both officers and members regarding the extent to which the council will engage constructively with the IIP. It is therefore essential that all officers and members fully understand the role of the IIP and the implications of failing to work collaboratively to deliver the necessary changes and achieve the scale of savings required.

Risks and Recommendations

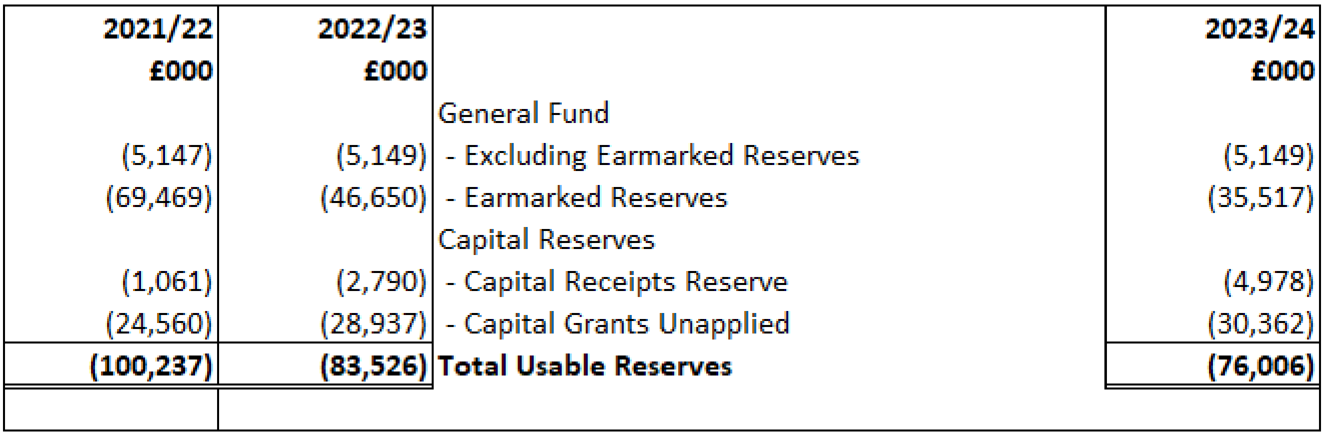
Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
8. There is lack of track record in delivering transformation and savings.	**High - 9**	8. A comprehensive corporate transformation plan with robust governance arrangements should be in place as a matter of urgency. **By the end of September 2026**
9. EFS funded from borrowing will add unaffordable additional pressure on the revenue budget.	**High - 6**	9. The senior leadership team must work together to deliver the savings needed, with shared ownership of the overall financial position, with a view to minimising EFS borrowing. In addition, the Asset Management Plan and Asset Disposal Plan should be updated as soon as possible. **By the end of September 2026**
10.Members do not fully understand the meaning of transformation and do not fully appreciate what needs to be done to address the budget gap.	**High - 6**	10. Workshops should be arranged where all members can raise their own ideas of areas where savings can be made, rather than receiving officers' suggestions. Transformation is not all about cuts but the ability to deliver services in a different way – such as community asset transfers. Members should be informed of progress in a timely manner. **By the end of September 2026**
11. Officers and members may not work constructively with the new independent improvement panel.	**High - 6**	11. All officers and members should confirm that they understand the need to work constructively with the independent improvement panel and the implications of not doing so. **By the end of September 2026**

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

Halton Borough Council's ability to manage identified budget pressures through its own resources, including reserves, is severely constrained. The council has historically experienced sustained overspends in adult social care and children's services, despite significant increases in service budgets.

The council's reserves levels have significantly reduced over the last 5 years, and there are now very limited reserves in place. Un-earmarked General Fund Reserves have remained around just £5.1 million (see figure) and the Chief Financial Officer (CFO) confirmed in the s25 statement for the 2026-27 budget that £5.4 million was the maximum available to meet any budget gap. The CFO confirms that un-earmarked reserves are reviewed annually, and there is no scope to transfer anything to un-earmarked reserves.



2021/22 £000	2022/23 £000		2023/24 £000
		General Fund	
(5,147)	(5,149)	- Excluding Earmarked Reserves	(5,149)
(69,469)	(46,650)	- Earmarked Reserves	(35,517)
		Capital Reserves	
(1,061)	(2,790)	- Capital Receipts Reserve	(4,978)
(24,560)	(28,937)	- Capital Grants Unapplied	(30,362)
(100,237)	**(83,526)**	**Total Usable Reserves**	**(76,006)**

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
12. The council's usable un-earmarked reserves are too low, £5.1 million on a net Revenue Budget of £224 million, which is 2.3%. The low level of reserves poses a risk to short and longer term financial resilience.	🟥 **High - 9**	12. The council should continue to review earmarked reserves to establish if all commitments are still current and affordable, with a view to boosting general fund un-earmarked reserves. **Ongoing**

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

Key findings and analysis

The council intends to fund all EFS from new borrowing. Each £10 million borrowed in each year will add an approximate additional pressure of the revenue budget of £1 million, including MRP. This is clearly not affordable.

Officers and members stated that there are no assets remaining that could be sold to offset the costs of borrowing needed. However, this position cannot be fully substantiated, as the council's Asset Management and Asset Disposal Plan has not been updated since 2018.

The absence of a current asset strategy significantly limits assurance over the council's ability to generate capital receipts or optimise the use of its asset base.

The council operates four libraries. Halton Lea Library is the largest in Cheshire, occupying three public floors with an additional staff floor. Despite relatively high usage, it is the most expensive library to operate, with high utility and maintenance costs. It is located within a shopping centre experiencing increasing vacancy levels and is positioned at the edge of the centre, resulting in limited passing footfall. Ditton Library has the lowest footfall of the four libraries, despite efforts to improve usage through co-location with a Family Hub, the availability of a large car park and outdoor space, and proximity to a local shopping parade.

The library service also provides a range of digital services, including e-books and online newspapers. While these form part of the library offer, they do not require delivery from a physical library building. It is therefore questionable whether the council can afford to continue operating four physical libraries in its current financial context.

A review of the library estate, including options to dispose of or repurpose buildings, would be beneficial. However, such reviews typically require extensive consultation and are unlikely to deliver short-term financial benefits. Previous proposals to reduce library provision have been rejected by members, which may limit the scope for change.

The library service has consistently underspent against its budget in recent years, with underspends of £275,702 in 2023-24, £353,695 in 2024-25 and £582,521 in 2025-26. This pattern suggests that the budget may be overstated and could have been reduced earlier to support the council's wider financial position.

Some members expressed enthusiasm for Community Asset Transfers (CATs) and the repurposing of council assets. While these approaches may offer longer-term opportunities, they are not quick wins and require early and sustained effort if benefits are to be realised.

Finally, car parking within the borough is currently free. In the context of the council's financial position, consideration should be given to whether this policy remains affordable over the longer term.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
13.The additional EFS borrowing is not affordable.	**High 9**	13. Update the Asset Management Plan to determine if there are any assets available for disposal to generate capital receipts. **By the end of September 2026**
14. The current asset base may not be affordable.	**Medium - 3**	14. Look at all assets to determine if these can be consolidated, re-purposed or subject to Community Asset Transfer (CAT). **By December 2026**
15. Limited reserves and limited assets for disposal.	**Medium - 3**	15a). A comprehensive review of current library provision should be undertaken as soon as possible. 15b). Parking is free in Halton. It is questionable whether the council can afford to continue to provide free car parking. Options for the introduction of charges should be explored further.

		By the end of December 2026

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

The table below shows a summary of the 3-year Capital Programme:

	2026/27 £m	**2027/28 £m**	**2028/29 £m**
Spending			
Scheme Estimates	**44.833**	**8.337**	**7.353**
Funding			
Borrowing and Leasing	21.428	4.983	4.585
Grants and External Funds	22.610	2.954	2.368
Direct Revenue Finance	0.395	0.000	0.000
Capital Receipts	0.400	0.400	0.400
	44.833	**8.337**	**7.353**

The Capital Programme for 2026-27 is £44 million, £21.4 million of which is funded by new borrowing - leasing. It is unlikely that the council can afford this level of capital investment which includes £1 million for work on the Halton Stadium in the Capital Programme.

The Halton Stadium, also known as the DCBL Stadium, is owned by the council. It serves as the home to Widnes Vikings Rugby Club and has capacity for 13,350 spectators. Although the stadium provides a community asset for sports events, weddings and meetings etc, the council should now consider whether it should be sold to a provider who might be able to make better commercial use of it. In addition to the capital requirements, the 2025-26 year end position is a revenue cost of £613,220 to the council.

An external review of the Capital Programme and approach to Capital Expenditure has been commissioned, however the report was not available to the time of this review.

Companies:

The council has ownership of one company - Mersey Gateway Crossings Board Ltd. The company is responsible for the administration and oversight of the Mersey Gateway Bridge and for setting the tolls on both that bridge and the Silver Jubilee Bridge. Based on the evidence submitted there are no current concerns on this company.

The council is a member of three limited liability partnerships (LLPs):

- Halton & Kent Commercial Services LLP
- Daresbury SIC (Pubsec) LLP
- Daresbury SIC LLP

The council's financial exposure to the three LLPs is limited. There is no formal requirement for the Executive Board to receive reports on the performance of the LLPs or the company. There is a risk that elected members are not advised of any changes to trading conditions or other matters that may impact the council either financially or reputationally.

The council does not have any significant commercial investment.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
16. The capital programme is ambitious and potentially unaffordable.	**Medium - 3**	16 a). Review the capital programme in line with new affordability limits. New borrowing should only be undertaken to meet statutory / Health & Safety requirements. 16b). The review of capital expenditure should be completed by the end of May, and recommendations should be implemented at pace. **Ongoing and by the end of September 2026**
17.Continued council ownership of Halton Stadium is unaffordable.	**Medium - 3**	17. A full review of the financial implications of the Halton Stadium should be undertaken. **By the end of September 2026**

3.3 Review Area 3: SERVICE REFORM, DELIVERY AND TRANSFORMATION

Halton Borough Council demonstrates significantly higher unit costs than its nearest neighbours in several key service areas, most notably children's social care, culture and related services, education, and public health. The council's comparatively high spend on discretionary services – including libraries, parks, open spaces, and subsidies to third parties further increases financial fragility. While adult social care costs have historically been lower, recent data shows a higher rate of growth than statistical neighbours. CIPFA's Financial Resilience Index confirms that Halton has a low council tax base, low reserves, and high debt levels, underscoring the need to review the affordability of current spending patterns.

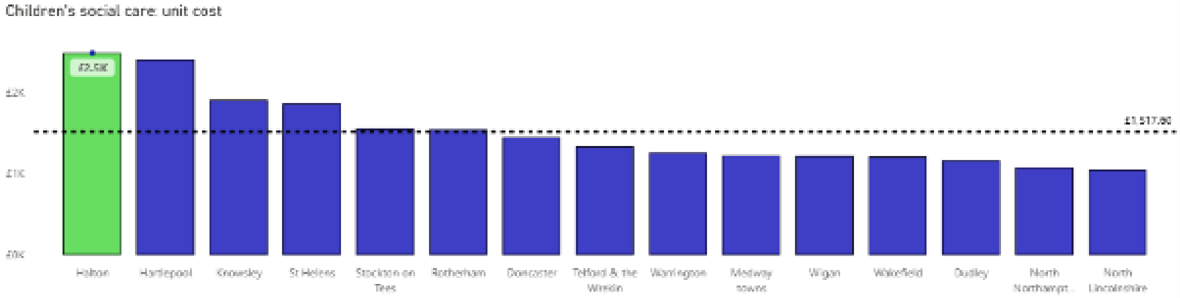
The following sections outline the basis of this assessment in more depth.

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

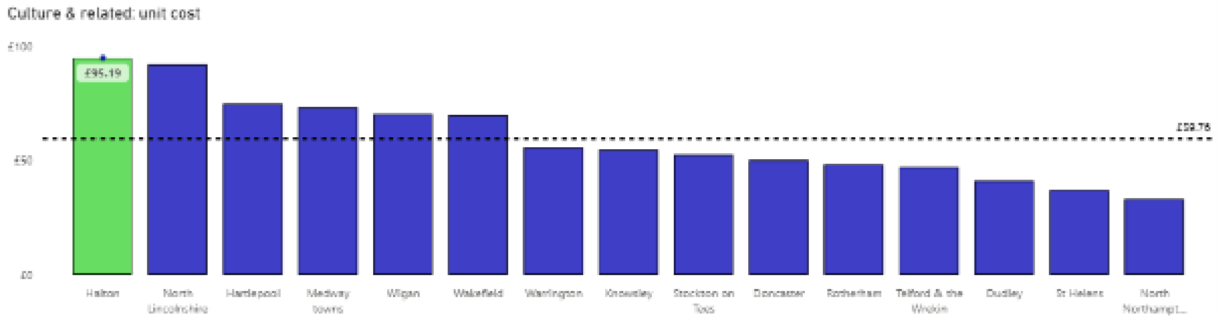
Key findings and analysis

Halton Borough Council exhibits significantly higher unit costs than its nearest neighbours in several key service areas, most notably children's social care, culture & related services, education, and public health.

The unit cost for children's social care in Halton was £2,500, compared to a mean of £1,517 for other similar authorities.



More significantly, the unit cost for culture and related services of £95.19 is much higher than the mean of £59.76 – see figure below. The CIPFA review in 2025 noted that the council had comparatively high levels of spend for associated discretionary services, in particular libraries, parks and open spaces and direct and indirect subsidies to third parties, such as the Rugby League club.



While adult social care costs have been comparatively low, this is based on 2024-25 data and since then it has shown a higher rate of growth than its statistical neighbours.

The Financial Resilience Index confirms that the council has a low Council tax base, low level of reserves and high debt levels.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
18. Higher spend on discretionary services increases financial fragility.	🟥 **High - 9**	18. The council needs to review whether these costs are still affordable in the light of its financial situation. **By the end of September 2026**

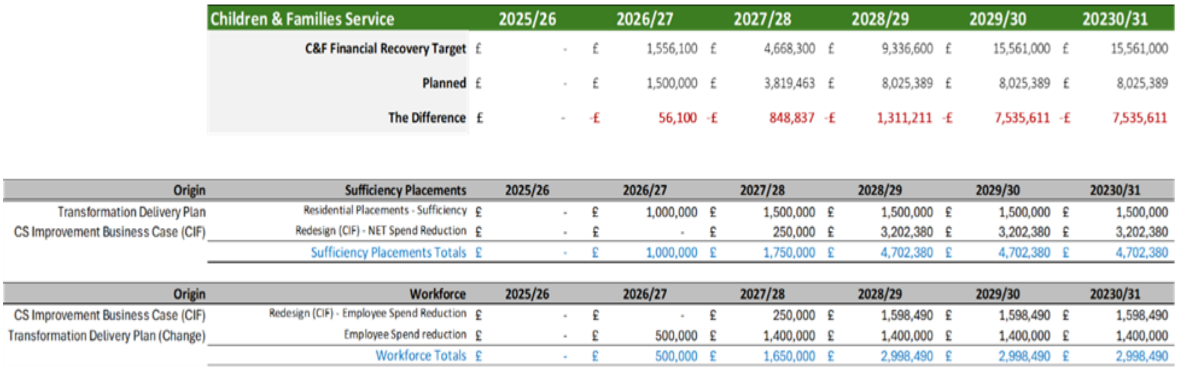
b) Assessment of the extent to which the council's service delivery model particularly in Adults Social Care of high demand / financial pressure reflect current best practice and guidance on service effectiveness and efficiency.

Key findings and analysis

Children's Social Care

Children's Social Care at Halton Borough Council has experienced substantial budget growth since 2022-23, with the net revenue budget rising from £27.9 million in 2022-23 to £55.3 million in 2025-26, a 98% increase. Despite these increases, outturns have historically exceeded available funds. However, as of January 2026, the service is forecasting a £3.6 million underspend, reflecting improvements achieved through reductions in agency staff costs, placement fees, and greater utilisation of grant funding.

The children's social care programme plan for 2026 sets out the overarching principles of the change and financial recovery programme for Children's Social Care. It represents a credible, well-governed approach, demonstrating stronger programme grip and accountability than previously seen. Senior ownership and corporate oversight are evident, with progress actively monitored and risks centrally managed. While the plan transparently identifies ongoing challenges—including excessive numbers of children in care and high use of residential placements—a budget gap of £7.5 million remains by 2029-30 (see figure).



Children & Families Service	2025/26	2026/27	2027/28	2028/29	2029/30	20230/31
C&F Financial Recovery Target	£ -	£ 1,556,100	£ 4,668,300	£ 9,336,600	£ 15,561,000	£ 15,561,000
Planned	£ -	£ 1,500,000	£ 3,819,463	£ 8,025,389	£ 8,025,389	£ 8,025,389
The Difference	£ -	-£ 56,100	-£ 848,837	-£ 1,311,211	-£ 7,535,611	-£ 7,535,611

Origin	Sufficiency Placements	2025/26	2026/27	2027/28	2028/29	2029/30	20230/31
Transformation Delivery Plan	Residential Placements - Sufficiency	£ -	£ 1,000,000	£ 1,500,000	£ 1,500,000	£ 1,500,000	£ 1,500,000
CS Improvement Business Case (CIF)	Redesign (CIF) - NET Spend Reduction	£ -	£ -	£ 250,000	£ 3,202,380	£ 3,202,380	£ 3,202,380
	Sufficiency Placements Totals	£ -	£ 1,000,000	£ 1,750,000	£ 4,702,380	£ 4,702,380	£ 4,702,380

Origin	Workforce	2025/26	2026/27	2027/28	2028/29	2029/30	20230/31
CS Improvement Business Case (CIF)	Redesign (CIF) - Employee Spend Reduction	£ -	£ -	£ 250,000	£ 1,598,490	£ 1,598,490	£ 1,598,490
Transformation Delivery Plan (Change)	Employee Spend reduction	£ -	£ 500,000	£ 1,400,000	£ 1,400,000	£ 1,400,000	£ 1,400,000
	Workforce Totals	£ -	£ 500,000	£ 1,650,000	£ 2,998,490	£ 2,998,490	£ 2,998,490

Whilst the Service remains rated as ‘Inadequate’ by Ofsted (inspection May 2024) the latest monitoring visit November 2025 outlines continued progress in relation to the improvement of services for children in Halton, which is encouraging and highlights that the Service is delivering financial benefits alongside performance improvement.

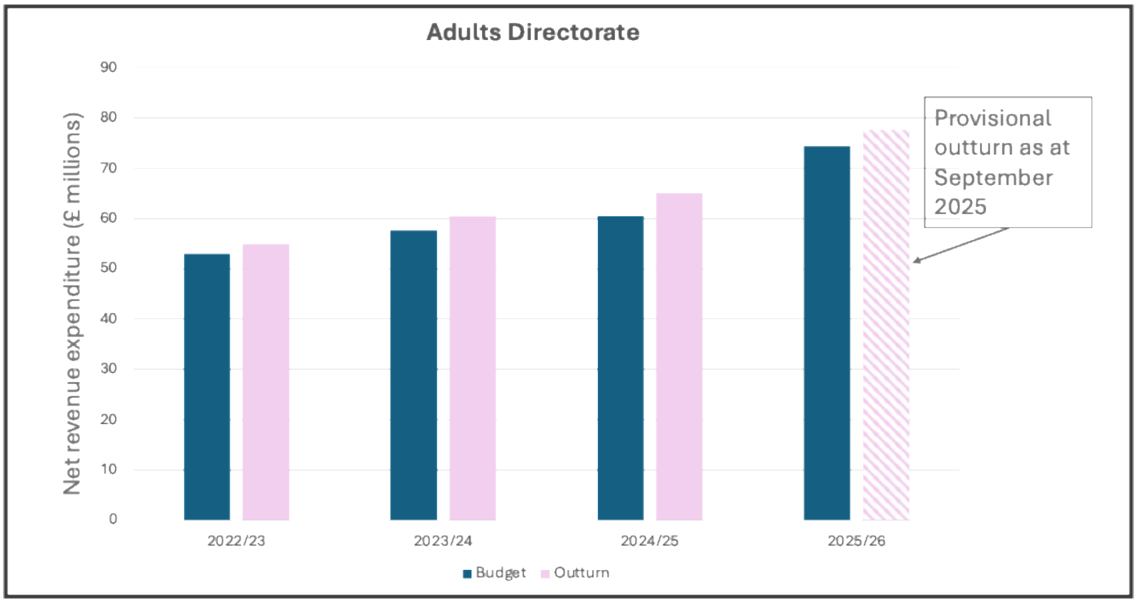
Ofsted note children entering care are benefiting from strengthened leadership, improved strategic oversight and a committed workforce. Senior leaders continue to welcome external scrutiny and demonstrate an accurate understanding of service delivery. The foundations for service transformation are well established and are beginning to deliver improved outcomes for children. The improvement plan is actively monitored, and leaders and staff are driving measurable progress across key areas.

Children’s Education

At the time of this review, the final figure for Halton’s Dedicated Schools Grant (DSG) deficit was not available; however, it is anticipated that the in-year deficit for 2025–26 will be approximately £13 million, with a cumulative deficit of around £28 million. This represents a significant and growing financial risk for the council, particularly as the number of pupils with Education, Health and Care Plans (EHCPs) remains well above statistical neighbours. Even though the introduction of the High Needs Stability Grant should cover 90% of the sums, the remaining 10% would need to be met by the council if the temporary override ends by March 2028.

Adult Social Care

Over recent years, the adult social care directorate budget has grown significantly, rising from £53 million in 2022-23 to £74.3 million in 2025-26, a 40% increase – see figure.



The increases reflected overspends arising from demand and cost pressures. The initial draft outturn for 2025–26 indicates that the adult social care budget is showing some improvement, with a projected overspend of £549,000 -- representing a 50% improvement from the January 2026 forecast. This sits against a substantial increase in the base budget for 2025-26 of £7.4 million. This reflects ongoing demand pressures and the need to accommodate previous year overspends.

Previous assurance work by CIPFA (December 2025) raised significant concerns about the deliverability of savings within adult social care, noting that earlier efficiency plans relied heavily on the use of grants and shifting costs to health partners, rather than transformational activity. The newer Adults with Learning Disabilities (ALD) service re-design programme represents a more credible response, setting out a clear case for change and targeting a reduction in expenditure of around £6 million (circa 20%) by 2029-30. The programme adopts a whole-system transformation approach, focusing on prevention, independence, and reducing reliance on high-cost placements, supported by improved governance and programme management. However, significant delivery risks remain, and critically, the current programme does not close the full financial recovery gap, with no clearly articulated plan for how the remaining shortfall—rising to £10.8 million by 2029-30 will be met.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
19a). Children's and Adults' services may not be able to deliver the required transformation, savings and financial controls. Insufficient budget to meet increasing demand in social care. 19b). That the services may revert to reliance on agency staff. 19c). That there is insufficient budget to meet increasing demand in Social Care.	**High - 6**	19a). Excellent progress has been made to transform Children's services and this should be commended. The good work to date should continue and controls introduced in Children's services should be extended to Adults. 19b). The good work around agency reduction should continue. 19c). Work should continue to ensure the services operate within the budget envelope.

	🟥	**Ongoing**
20. Transformation may become fragmented as social care have progressed quicker than the rest of the council.	**Medium - 4**	20a). The newly formed Change and Innovation Unit (CIU) should ensure that the leadership team are aligned and that the transformation and savings programme is owned corporately. Silo working should be avoided. 20b). The CIU may benefit from additional external resources, such as an experienced interim or fixed term contractor, who can provide experience of what works elsewhere. **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

Delivery of transformation and savings to date has been slow and patchy, however, the creation of a new Change and Innovation Unit (CIU) Delivery Unit with a newly promoted Director of Transformation should ensure a stronger drive behind the transformation agenda. The CIU should be fully operational by 1st July 2026.

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

The Corporate Plan for 2024 – 2029 covers "Our Community, Our Priorities, Our Future". The plan sets out six key priorities:

1: Improving Health, Promoting Wellbeing and Supporting Greater Independence
2: Building a Strong, Sustainable Local Economy
3: Supporting Children, Young People and Families
4: Tackling Inequality and Helping Those Who Are Most In Need
5: Working Towards a Greener Future
6: Valuing and Appreciating Halton and Our Community

The plan acknowledges the financial pressures facing the council. The foreword from the Leader and Chief Executive at the time notes that:

> *“The old ways of working cannot be sustained with the council taking the lead, and the days of assuming that the council can provide services for everyone, regardless of the financial implications, are no longer.”*

The plan does not, however, include any specific actions to remedy the financial position. It also dates from 2024, and we have noted elsewhere the lack of progress in addressing the issue. Elected Members have been briefed about the council’s precarious financial position, but it is not clear whether there is an appetite or commitment to pursue the actions needed to address the budget gap and reach financial sustainability.

Governance around the Corporate Plan is covered in more detail in Section 4.

Risks and Recommendations

As covered in the Governance Section.

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

Services are generally delivered in-house. The Procurement Service seems to be effective, with an experienced team in place, with six category managers.

The new Procurement Act has been implemented, and two large contracts are currently being procured under the new Act; for Highways and Adults Social Care. The procurement service also supports Public Health, and there are good links with Commissioning and Stakeholders. There is a good culture of compliance in place, and exemptions / waivers are relatively low, there were 10 Procurement Waivers in 2025-26 to the total value of £2.4m, all of which were reported to the Executive Board for approval and inclusion. An annual report is presented to the Audit and Governance Board, where members are engaged and tend to ask questions. Training is provided on a regular basis and Standing Orders are reviewed annually. Procurement plans and pipeline activity are in place.

3.4 Review Area 4: GOVERNANCE, CULTURE AND LEADERSHIP

Halton Borough Council has operated as a unitary authority since 1998 and has been under continuous Labour majority control since its inception, with only a small number of opposition councillors following the 2024 elections. The council utilises a conventional leader and cabinet model, with the Executive Board serving as the main decision-making body and six Policy and Performance Boards (PPBs) providing oversight and scrutiny aligned to the council's corporate priorities. Recent external reviews, including the LGA Corporate Peer Challenge and the council's external auditors, have highlighted the need to strengthen the impact and pace of scrutiny and transformation governance, particularly in relation to financial sustainability and the delivery of savings. In response, the council is reviewing its scrutiny arrangements, developing a Cabinet/Scrutiny protocol, and has established a Change and Innovation Unit (CIU) to drive transformation from July 2026. While there is stability in political and senior officer leadership, the council faces significant financial challenges and must ensure that new governance arrangements, including the Improvement Panel and enhanced scrutiny, are embedded swiftly and effectively to support decisive action and continuous improvement.

The following sections outline the basis of this assessment in more depth.

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

Halton Borough Council became a unitary authority in 1998 having previously been a district council. The council has been under Labour majority control since its creation in 1974 with only four out of fifty-four Councillors not being a member of the ruling party after the elections in 2024. Elections in 2026 for nineteen seats did not result in a change in control but there was an increased number of opposition councillors.

Governance arrangements in the council are conventional, with the council operating a leader and cabinet model (called the Executive Board in Halton). The Executive Board comprises the Leader of the council and nine other members who have responsibility for particular portfolios. The Executive Board is the main decision-making body of the council. There is a clear scheme of delegation.

Oversight and Scrutiny is a function of the six Policy and Performance Boards (PPBs) which are aligned to the six priorities in the council's Corporate Plan 2024 – 2029:

- Initiating new Policy and Proposals for consideration by the Executive Board/Council
- Monitoring and commenting on Council performance
- Reviewing and making recommendations on existing Council policies
- Promoting public confidence in Council Services
- Holding Executive Board Members and Senior officers to account
- Monitoring Executive Board compliance with agreed policies

The LGA Corporate Peer Challenge (CPC) stated in September 2024: “Many of those the team spoke with, also wanted to see the impact that the Policy and Performance Boards (PPBs) have, being further developed. This is in the case of both providing challenge through scrutiny and support for policy development”.

The Corporate Peer Challenge final report in July 2025 refers to LGA assistance in particular to support the chairs of the PBBs to take a more empowered, central role in increasing the profile, practice and impact of the Policy and Performance Boards in line with the practice seen in other councils. In particular, in supporting the chairs to ensure that Policy and Performance Boards are more engaged and impactful against the key priorities of the council, which includes the overarching financial challenge and the difficult spending decisions this will inevitably necessitate.

In the interim 2024-25 annual audit report (dated 18 September 2025) the auditors issued an improvement recommendation (IR3) in relation to overview and scrutiny. This states:

> *“The council needs to review its overview and scrutiny arrangements to provide earlier engagement of scrutiny to enhance decision-making and ensure scrutiny receive reports for consideration to provide an opportunity for challenge.”*

In response and included in the 2024-25 Annual Audit Report, the council stated:

> *“Scrutiny processes are being reviewed via the Members’ Scrutiny Chairs Group, to develop and enhance the council’s scrutiny arrangements. Policy and Performance Board titles and terms of reference have been amended which reflect the council’s new priorities in the Corporate Plan. Work will also be carried out with external advisors to further enhance scrutiny. [Responsible Officer: Director of Finance. Due Date: 31 March 2026].”*

A package of support has been provided to Halton by the LGA and the Centre for Governance and Scrutiny (CfGS) in the Autumn of 2025. However, only four of the Executive Board attended and only thirteen of the remaining forty-four members attended. Less than half of the senior officers invited attended though the training was well attended by the management team.

Whilst Portfolio Holders are invited to attend PPBs, they are not required to attend on occasion to be held to account, as is the practice in some Councils. The degree of financial scrutiny also appears limited, with financial related reports often there to be noted.

The council is developing a Cabinet/Scrutiny protocol. A draft example was taken to Scrutiny Chair's Group on March 10th 2026, but it is not expected to be agreed by the Executive Board until either July or September 2026 after input from the six PPBs in June. Officers have also identified other improvements to strengthen scrutiny.

The need for change in relation to Oversight and Scrutiny is recognised, however, the implementation of the necessary changes lacks pace.

There will be a new intake of Councillors after the forthcoming elections and potentially new members of the PPBs. It is important that further training is provided to ensure an understanding of the role of scrutiny.

Risks and Recommendations

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)

21.The measures to strengthen the scrutiny function in Halton lack pace in their implementation and/or fail to be effective.	**Medium 4**	21. Focus is given to implementing identified changes to the governance of the Policy and Performance Boards at a faster pace, including the Cabinet/Scrutiny Protocol. **By end of September 2026**
22.The important challenge role of scrutiny in holding the administration to account is not appreciated fully throughout the council, by members of PPBs, members more widely and senior officers.	**Low – 2**	22. That a further training programme in relation to the role of scrutiny, including in relation to financial challenge, is introduced to members and officers especially for new members and new members of the Policy and Performance Boards after the forthcoming election with mandated attendance. **By end of September 2026**

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 Corporate Plan states: "The old ways of working cannot be sustained with the council taking the lead, and the days of assuming that the council can provide services for everyone, regardless of the financial implications, are no longer", but as we commented in our 2025 report on Halton Council: "The Plan does not, however, include any specific priorities or actions to re-shape the way the council operates to restore financial sustainability".

The transformation programme was established from 1 April 2023 for three financial years and so was originally intended to come to an end, at least in its current form on 31 March 2026. Governance arrangements in relation to the transformation programme have changed over time. As reported to the Audit & Governance Board on 20 November 2024, initially, the governance of the transformation programme primarily sat with the Executive Board who acted as a programme board. In August 2024 a Transformation Programme Board was established which can be best described as the 'Executive Board plus' since it included a number of officers and there was a role for the PPBs. Formed as a 'working party', the Transformation Programme Board had no delegated authority and had to recommend to the Executive Board where formal decisions were required.

In their 2023-24 Annual Audit Report, the council's external auditor issued a statutory recommendation concerning the governance and delivery of the council's Transformation Programme with the objective of aligning transformation activity with strategic priorities and ensuring that progress is monitored and reported effectively. In their interim 2024-25 Annual Audit Report (dated 18 September 2025) this statutory recommendation (SR2) was retained. This states:

"*The council should develop and implement the transformation programme at scale and pace to address the significant structural budget deficit. This should include:*

- *ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings.*
- *ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and the Project Management Office (PMO).*
- *ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation.*
- *improving programme management to include officer as well as member assurance boards.*
- *developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme.*
- *ensuring the programme has a risk and issues log that the PMO updates and uses regularly".*

The council's response, reported to Full Council on 22 October 2025 and included in the 2024-25 Annual Audit Report, stated:

"The Transformation Board are reshaping the Programme to prioritise the achievement of savings for implementation as a matter of urgency. Benchmarking against comparators is being used to focus upon service areas exhibiting significant variances against comparator average spend. Viability assessments are being presented to the Board seeking approval to progress with full reviews. The resourcing, skills and knowledge within the Transformation Delivery Unit is being considered, to enable the Programme to be driven forward at pace".

On 11 December 2025, the Executive Board approved the establishment of a Change and Innovation Unit (CIU) to support the Financial Recovery and Corporate Plan (which it was noted was currently under development) from 1 April 2026; following the end of the Transformation Programme and its funding on 31 March 2026. The mobilisation for the CIU is planned to be from 1 April to 30 June 2026, with the new CIU going live not later than the 1st July 2026.

Alongside this, new governance arrangements will be implemented that were identified in CIPFA's report on Halton Council in December 2025.

In tandem with the appointment of a Director of Transformation, the objective is a greater focus on delivery with active management of risk and clear lines of responsibility and accountability.

We had stated in our December 2025 report: "The existing work on transformation has lacked sufficient robustness. The team has worked collaboratively with some directorates to deliver improvements, such as a significant reduction in the reliance of agency staff in children's services. But overall, the progress has been slow, not led to significant change and parts of the council have not yet engaged. There has been insufficient programme management and governance to drive the improvements required".

The council is now effectively in 'reset' mode. New organisational structures, new governance arrangements and new people including a new Chief Executive to implement change at pace. The scale of the financial challenge facing the council means that it cannot afford to repeat the failings of the past which have been highlighted by not only the council's external auditor but also by the LGA Corporate Peer Challenge and CIPFA.

It is important that the council establishes and embeds a 'golden thread' from strategy to outcomes so that the strategic direction being set is real and present throughout operational implementation.

Oversight of change/transformation will be through the newly established Corporate Change Board (chaired by the Chief Executive) and Executive Change Board (chaired by the Leader). This will be supported by the newly established Corporate Oversight & Improvement Board, which will also provide challenge, that met for the first time on 1 May 2026 and has a membership, in addition to members and officers of the council including:

- Chair - Will Godfrey - previous Chief Executive of Bath & North East Somerset
- Dan Archer – LGA North West Lead Officer
- Simon Henig – previous Leader of Durham Council
- Paul McKevitt – LGA North West Finance Associate and previous CFO at Wigan Council

Risks

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
23.The new governance arrangements for transformation/change are not implemented at pace and fail to be effective in real change that addresses the financial sustainability challenge facing the council.	**High - 6**	23. Ensure the new governance arrangements are up and running **as soon as possible**.

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

Halton Council is undergoing a period of significant change. A new Chief Executive started in March 2026. We have set out above changes to the governance and delivery of transformation/change in the council. At the same time there is a good degree of stability in the senior officer leadership and in the political leadership of the council, though there have been some defections from the ruling party to form an independent group and the local elections on 7 May 2026 are likely to change the political balance on the council; though it is highly unlikely the ruling party will lose control.

However, a greater degree of opposition will likely create a more challenging environment for the administration. This may have a positive outcome in helping the PPBs becoming a greater influence in holding the administration to account but could also have a negative outcome if there is a failure to foster a common goal in working towards financial sustainability.

In our December 2025 report we commented: *"… there has been an historic reluctance to make difficult spending decisions in terms of savings, service restructuring or asset usage".* On the basis of interviews with members and officers, including current opposition members, there is an optimism that more can be achieved in the future whilst acknowledging the lack of pace and avoidance of more difficult decisions in the past.

Consequently, our view would be that it is not proven but that the outlook is promising with the right degree of transparency and bipartisanship in addressing the pressing issues facing the council despite political differences; which will foster cooperation, trust and respect.

The influence of independent members of the newly established Improvement Board should add new guardrails in supporting senior leadership in setting and communicating a clear vision and the setting of priorities for the local area, as well as the ability to lead the delivery of those priorities through genuinely transformational activities at pace.

Risks

Key risk	Risk rating (see details in Annex A2)	Recommendation (including Timeline)
24.There continues to be a reluctance to make difficult decisions, slowing the pace of change and failing to show the leadership required to foster a positive culture to tackling the challenge of financial sustainability despite the influence and recommendations of the newly established Improvement Board.	**Medium -3**	24. The Executive Board to lead by example and display a close working relationship with the independent Improvement Board, encouraging challenge and fostering a bi-partisan approach to decisive action that will tackle head-on the financial sustainability challenge. **Ongoing**

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

In their interim 2024-25 Annual Audit Report (dated 18 September 2025) the council's external auditor made a statutory recommendation (SR3) in relation to governance, which states:

"*Senior officers and elected members need to take effective corporate control of the issues highlighted by this report and prioritise at pace corporate effort in managing the issues identified in relation to financial sustainability and embed strengthened governance into the council*".

The council must ensure it has capacity and capability in its management team to achieve this and address the significant weaknesses we have identified in relation to financial sustainability.

In time for budget setting 2026-27 we would expect to see a well-developed medium-term corporate savings and transformation programme to manage MTFP funding gaps and to reduce future reliance on EFS, with clear responsibilities and timescales.

In response, reported to Council on 22 October 2025 and included in the 2024-25 Annual Audit Report, it was stated:

"The Interim Chief Executive's key priority is to ensure the council's financial challenges are addressed as a matter of urgency, with full co-operation of all officers and Members. Governance arrangements will be strengthened to ensure the effective delivery of actions required to bring the council onto a sustainable financial footing over the period of the MTFS. The senior officer leadership group is being fully engaged to implement spending constraints, changes to service delivery, use of innovation, and delivery of savings proposals. Work is underway to develop savings proposals for 2026-27 onwards including those from the reshaped Transformation Programme, for consideration by Members, to address the funding gaps highlighted by the MTFS and eventually remove the reliance on EFS."

Whilst savings proposals were identified in the 2026-27 budget approved by Council, for many of the identified savings the value was 'TBC' and only fourteen savings proposals indicated a value in 2026-27 totalling £5.158 million. Some 54% of this related to just two savings proposals, namely:

- CORP 2: £1.546 million - Supplies and Services Budgets - in 2024-25 Supplies and Services budgets were reduced by 10% for all Council departments, as a two-year reduction. This has therefore been reinstated within the MTFS from 2026-27. However, the proposal is to now make this reduction permanent from 2026-27 onwards. Supplies and Services cover a wide range of budget across different Council departments. Experience over the past two years has been that departments have adjusted spending needs to manage within the reduced budgets, with relatively little impact upon service delivery.
- CH3 £1.238 million - 18+ Residential Care – review and accelerate plans for children to step down from residential care placements once they turn 18.

It is not clear that CORP 2 is a saving if these budgets were originally reduced in 2024-25 since, presumably, this reduction would have been built into the base budget. In any case, this is not transformational.

There are two other savings identified in Corporate Services amounting to £1 million:

- CORP 1: £0.5 million - Reduction in the Central Contingency Budget – the MTFS included a central contingency of £1.5 million for unforeseen items and overspends.

The proposal is to reduce the contingency to £1m. This provides a marginal increase in financial risk; however, it will be mitigated by continued efforts to ensure council wide spending remains within budget.

- CORP 3: £0.5 million - Balance Sheet Review – a review the reserves, balances and provisions held on the balance sheet will be undertaken to identify any which might be released to provide one-off (one-year) savings.

Neither are transformational which means none of the Corporate Services savings proposals, which amount to £2.546 million (49% of the total of £5.158 million), is transformational in nature. Other savings proposals relate to the deletion of vacant posts, and one savings proposal might result in improved cashflow but is not a saving.

We have not seen the "reshaped Transformation Programme" referred to above in response to SR3, even though our December 2025 report commented that it was under development. This goes to the heart of the matter, whether there is a true understanding of transformation. Interviewees often associated this simply with budget cuts. Our December 2025 report also stated: *"… there has been an historic reluctance to make difficult spending decisions in terms of savings, service restructuring or asset usage."*

Halton Council's capacity and capability to improve and transform to secure continuous improvement at an operational level and at a cultural level, therefore, has to be questioned. The council responds well to external challenge and scrutiny (CIPFA, the LGA CPC etc.) and sets about building structures in response to these external challenges but action seems to lag behind intentions. Only time will tell whether the newly established Improvement Broad can bring added motivation to quicken the pace, get a grip on the significant challenges the council is facing and bring rigour and robustness to a change programme that will deliver results in addressing the need for a financially sustainable future.

Risks and Recommendations

25. Without effective intervention from the Improvement Board and Executive Board, the reshaped Change/Transformation Programme is not transformational in nature and focuses on 'budget cuts' without addressing the need for real change in how services are delivered and asset usage.	**High - 6**	25. The Executive Board, with the support of the Improvement Board, to ensure the reshaped Change/Transformation Programme is 'fit for purpose' and identified at pace so that delivery is not delayed. **Ongoing**
26.There continues to be a failure to grasp what transformation entails amongst some members and officers.	**Medium - 3**	26. That a series of workshops are delivered with members and officers to embed an understanding of transformation and a culture which is energised in achieving meaningful change that contributes to achieving financial sustainability. Including the IIP and external facilitator if possible. **As soon as possible**

Annex

A1 Requirement and Methodology

Requirement

The assessment requested by MHCLG involved investigating the following four themes:

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 [NAMED] 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 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 work undertaken by LG Futures.

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 Annex A3.

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.

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.

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.

A2 Risk Assessment – Method

Impact

Likelihood

	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

- Corporate Plan 2024-2029
- Transformation slides – 25.12.25
- Medium Term Financial Strategy
- Budget monitoring report to 31.1.26
- 26-27 Budget report
- CPC Progress Report
- AGS 2024-25
- Annual Auditors Report 2024-25
- Capital Programme Review ToR and report
- Asset Management Plan meeting minutes 27.1.26
- Slides re Transformation Governance
- Library usage stats and KPIs
- Cipfa FM Self Assessment
- Finance Department Business Plan 25-26
- ASC Service Redesign Plan (October 2025)
- ASC FRP Savings Profile 2026-27 – 2030-31
- Children’s Programme Plan
- CSC FRP Savings profile 2026-27 – 2030-31
- DBV Report
- Children’s & Adults benchmarking report
- SEND Provision report
- Annual Procurement Report 2024-25 including waivers and exemptions

A4 Staff Interviewed

Chief Executive
Chair of Environment & Regeneration Policy & Performance Board
Chair of Corporate & Inclusion Policy & Performance Board
Independent Members
Liberal Democrats Group
Deputy Leader
Chair of Health & Social Care Policy & Performance Board
Chair of Local Economy Policy & Performance Board
Chair of Children & Young People's Policy & Performance Board
Independent Members
Independent Members
Portfolio Holder - Corporate Services
Chair of Housing & Safer Policy & Performance Board
Leader
Chair of Audit & Governance Board
Reform Member
Interim Director - Adults Care Management, Safeguarding & Quality
Director of Finance / Section 151 Officer
Director of Public Health
Interim Director of Transformation
Grant Thornton - Public Sector Audit Director
Council Solicitor / Monitoring Officer
Chief Internal Auditor
Corporate Director, Chief Executives Directorate
Interim Director - Adults Commissioning & Provision
Executive Director - Environment & Regeneration
Executive Director - Children's

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