



Worcestershire County Council

Final Auditor's Annual Report
Year ending 31 March 2025

17 December 2025

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose. Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Worcestershire County Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

Worcestershire County Council (the Council) has a population of 609,200 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council’s formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by two overview and scrutiny committees and fine panels. The Council has 57 councillors, and the Council is elected every four years. The most recent elections were in May 2025 when Reform secured a minority administration with 27 elected councillors. The Council is currently developing the Local Government Reorganisation Business Case for the November 2025 timescale.

It is within this context that we set out our commentary on the Council’s value for money arrangements in 2024/25.

02 Executive Summary

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.

We identify five significant weaknesses in the Council's arrangements for Value for Money resulting in one statutory and four key recommendations.

The statutory recommendation relates to financial sustainability, and is that the Council should urgently address its increasing DSG deficit and work at pace, with its partners, to develop and agree a deficit management plan to begin to reduce the deficit over time. Progress against the key actions within such a plan should be reported frequently to a clearly designated forum capable of holding officers to account for key deliverables.

In addition, we have raised two key recommendations relate to financial sustainability. These relate to financial planning and control, and the need for a robust savings and transformation programme. We also raise two key recommendations relate to economy, efficiency and effectiveness. These are about performance management and working at pace with partners to ensure the SEND priority actions are delivered to the timescales required by Ofsted and the CQC.

Our conclusions are summarised on the pages 8 to 11 and set out in detail on pages 17 to 37.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our Responsibilities - As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements relating to the Council's DSG deficit. **Further details are set out on pages 21 and 22.**

What does the Council need to do next? Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions: the Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting, the Council must decide whether the recommendations are to be accepted and what, if any, action to take in response to these recommendations.

Schedule 7 specifies the meeting publication requirements that the Council must comply with.

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council’s arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	R Significant weaknesses in arrangements identified and two key recommendation made relating to financial sustainability and Dedicated Schools Grant (DSG) Deficit.	Two risks of significant weakness identified in relation to transformation and savings and DSG deficit.	R Three significant weakness identified in arrangements financial management and control, DSG and transformation and savings. We have made a statutory recommendation regarding the management of the DSG deficit and two key recommendations relating to financial management and control and transformation.
Governance	R A significant weakness in arrangements in internal audit and a key recommendation was made together with six improvement recommendations.	One risk of significant weakness identified in relation to internal audit.	A No significant weaknesses but we make five improvement recommendations on internal audit and the Audit Committee, risk management, counter-fraud, Annual Governance Statement (AGS) and procurement and contract management.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; two improvement recommendations raised in relation to monitoring and reporting performance and managing partnerships.	One risk of significant weakness identified in relation to special educational needs and disabilities (SEND) performance.	R Two significant weaknesses in arrangements identified relating to performance management and SEND. One improvement recommendation retained relating to partnership working.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The 2024/25 net budget was £433.35m including a structural deficit of £35m. The 2024/25 outturn was a net overspend of £6.2m after using £7.9m of planned reserves. The 2025/26 net budget is £495.6m for 2025/26 supported by £15m of the risk reserves and £33.6m from Exceptional Financial Support (EFS). The Council also requested £43.6m to support 2026/27 budget setting. During 2024/25, the General Fund balance increased from £16.1m to £19.2m. The Council also has four earmarked risk reserves, with an opening balance of £43.5m which reduced to £28.7m in 2024/25 and are expected to decrease to £7.1m by 31 March 2026, this continued use of reserves and balances to support service provision is not sustainable. We make a key recommendation on page 23 relating to financial planning and control.

In our Auditors Annual Report (AAR) 2023/24 we made a key recommendation relating to Dedicated Schools Grant (DSG) deficit. On 31 March 2024, the Council had a High Needs DSG deficit of £44.2m which increased to £98.2m on 31 March 2025 and is projected (at September 2025 Cabinet) to increase to £184.4m by 31 March 2026. The Council has no reserves to accommodate this deficit if the statutory override is lifted on 31 March 2028. The Council must work at pace, with its partners, to develop and agree a deficit management plan to begin to reduce the deficit over time. We make a statutory recommendation relating to DSG on page 21 and 22.

In our AAR 2023/24 we made a key recommendation relating to the savings and transformation programme. In 2024/25 the Council had a savings target of £37.2m and delivered £27.6m (72%). The 2025/26 budget included £12.5m of proposals to reduce the budget gap of £48.6m. We make a revised key recommendation on page 24.



Governance

In our AAR 2023/24 we made a key recommendation relating to Internal Audit compliance with the requirements of the PSIAS and the Chief Audit Executive's ability to provide an annual internal audit opinion. In 2024/25 the Council is compliant with the new global internal audit standards (GIAS). This was confirmed by the external assessment in March 2025. We close this key recommendation and make an improvement recommendation on page 29 which also includes arrangements for the Audit and Governance Committee. In our AAR 2023/24, we made an improvement recommendation for the Council to improve risk management, this is revised on page 28. We have also revised our improvement recommendation relating to counter-fraud on page 30.

In our AAR 2023/24, we made an improvement recommendation relating to the AGS. This is retained on page 31.

The Council has some good practice in its procurement and contract arrangements including a detailed Procurement Code reflecting the Procurement Act 2023. There is a robust approach to waivers in place with evidence of challenge from the procurement team. We have identified some improvements to these arrangements and make an improvement recommendation on page 32.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Improving economy, efficiency and effectiveness

In our AAR 2023/24 we made an improvement recommendation for the Council to enhance its performance monitoring and reporting arrangements. In 2024/25 and up to July 2025 the Cabinet saw no performance reporting. The Council has an insufficiently developed performance management framework with no golden thread between the Corporate Plan, Directorate and Service Plans, Financial plans and a lack of consistent business planning. There is an insufficiently developed approach to benchmarking and key performance indicators (KPIs) reporting with trends and review processes missing in some key service areas. The Council does not assess data quality and performance reports up to July 2025 did not provide assurance that data used in reporting was quality checked. We make a key recommendation on page 36.

An Ofsted and Care Quality Commission (CQC) inspection of special educational needs and or disabilities (SEND) was published on 15 July 2024. It identified "widespread and/ or systemic failings" in the SEND service. The local area partnership was required to prepare and submit a priority action plan to address the two identified areas. This was completed by September 2024 together with an improvement plan which included actions up to March 2026. While the Council and its partners made progress in 2024/25 to address these findings, we have identified a significant weakness for arrangements for children and young people with SEND which are still being addressed in 2025/26. We make a key recommendation on page 37.

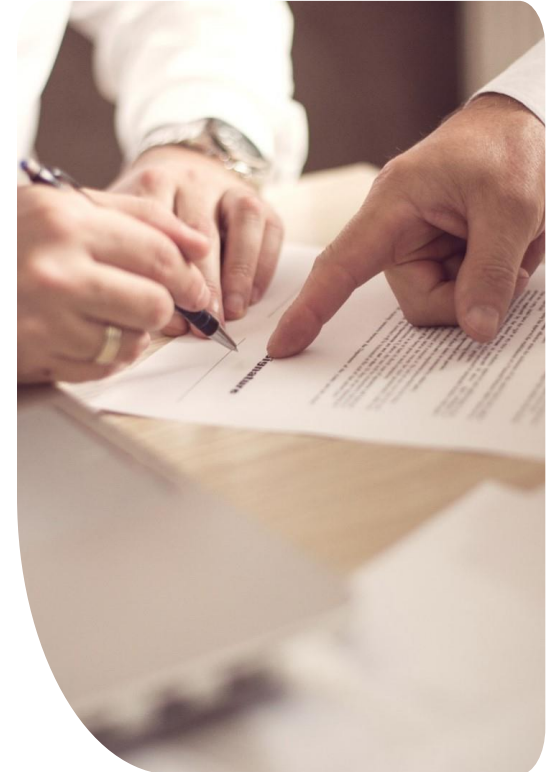
We have retained our prior year improvement recommendation that the Council should enhance its partnership management arrangements by developing a corporate partnership strategy or policy. Maintain a list of key partners and the reason why these partnerships exist and the expected outcomes.

The Council has bronze, silver, gold, platinum contract categories. Platinum contracts get regular commercial and operational performance meetings with monitored KPIs and formal contract reviews by Head of Commercial or Strategic Category Leads or Category Managers and involvement of Assistant Directors and Directors where required. Gold contracts have regular commercial and operational performance meetings with monitored KPIs. We identify this tiered model as good practice.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2024/25 outcome
<p>Opinion on the Financial Statements</p>	<p>We have completed our audit of the 2024/25 financial statements. The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline. We commenced our post-statements audit of these statements in September 2025 and following presentation of our Audit Findings Report to Audit and Governance Committee on the 9 December 2025 issued our unqualified opinion on 17 December 2025.</p>
<p>Use of auditor’s powers</p>	<p>We have made a written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. Further details are provided on pages 21-22.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

We have completed our audit of the 2024/25 financial statements. The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline. We commenced our post-statements audit of these statements in September 2025 and following presentation of our Audit Findings Report to Audit and Governance Committee on the 9 December 2025 issued our unqualified opinion on 17 December 2025.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We will conduct our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

Our findings were reported in our Audit Findings report.

Opinion on the pension fund statements

These pages set out the key findings from our audit of the pension fund financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

The Pension Fund is required to publish its Annual Report by 1 December 2025. We issue an auditor's consistency report which includes our opinion that the 2024/25 Worcestershire Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We have completed our audit of the 2024/25 pension fund financial statements. The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline. We commenced our post-statements audit in late June 2025 and concluded our work in October 2025. Our audit findings report was presented to the September meeting of Audit and Governance Committee on the 9 December 2025 issued our unqualified opinion on 17 December 2025.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We will conduct our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

Our findings were reported in our Audit Findings report.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Our were reported in our Audit Findings report.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements (1 of 7)

We considered how the Council:

Commentary on arrangements

Rating

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The 2024/25 net budget was £433.35m including a structural deficit of £35m. The 2024/25 outturn was a net overspend of £6.2m after using £7.9m of planned reserves. The 2025/26 net budget is £495.6m for 2025/26 supported by £15m of the risk reserves and £33.6m from EFS. The Council also requested £43.6m to support 2026/27 budget setting. EFS is subject to an external assurance review later in 2025. As we would expect in a Council with EFS there are established spending boards and panels alongside budget monitoring to the Cabinet and Scrutiny.

During 2024/25, the General Fund balance increased from £16.1m to £19.2m. The Council also had four earmarked risk reserves, with an opening balance of £43.5m which reduced to £28.7m in 2024/25 and are expected to decrease to £7.1m by 31 March 2026, this continued use of reserves and balances to support service provision is not sustainable. We make a key recommendation on page 23 relating to financial planning and control.

In our AAR 2023/24 we made a key recommendation that the Council needs to ensure that there is a robust plan in place outlining how the DSG deficit will be brought back into balance. On 31 March 2024, the Council had a High Needs DSG deficit of £44.2m which increased to £98.2m on 31 March 2025 and is projected to increase to £184.4m by 31 March 2026. The Council must work at pace, with its partners, to develop and agree a deficit management plan to begin to reduce the deficit over time. The Council has no reserves to accommodate this deficit if the statutory override is lifted on 31 March 2028 this is a significant risk to its financial sustainability. We make a statutory recommendation relating to DSG on page 21 and 22.

The Council has a medium-term financial strategy (MTFS) that covers a three-year period. This has limited information. We would expect to see a robust MTFS with significantly more detail and modelling and a demonstratable link to the corporate plan we include this in our key recommendation relating to financial planning and control on page 23.

R

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (2 of 7)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	<p>In our AAR 2023/24 we made a key recommendation the Council should implement the transformation programme at scale and pace to address the significant structural budget deficit. This was also made as a key recommendation in 2022/23. Savings programme monitoring is undertaken regularly by Cabinet and the Audit and Governance Committee and in May 2025 the Council held its first Transformation Board meeting.</p> <p>In 2023/24, the Council achieved 78% of its £22.4m savings target. This was a decrease compared to 94% achieved in 2022/23, with a target of £8.14m. In 2024/25 the Council had a savings target of £37.2m and it delivered £27.6m (72%). Of the £10.8m undelivered savings £4.69m were corporate savings from areas such as the management review. The Senior Leadership Team and Chief Officers were instructed in 2024/25 to find alternative, achievable savings proposals where there are current gaps in delivery. We note these did not materialise and the overspend was met from risk reserves. The 2025/26 budget included £12.51m of proposals to reduce the budget gap. Of this £4.2m relates to the full year effect of the 2024/25 savings. £8.3 million of new savings were recommended for 2025/26. These savings are well below the budget gap of £48.6m. The gap is filled by £15m use of reserves plus EFS of £33.6m. The Council is not identifying and delivering savings in line with the scale of its budget requirements. We make a revised key recommendation on page 24.</p>	R
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council demonstrates a coherent link between its corporate objectives and its budget. The Council has considered the sustainability of discretionary spend in developing its budgets while these are not split in the budget they are identified from the savings programme.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (3 of 7)

We considered how the Council:	Commentary on arrangements	Rating
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>In our AAR 2023/24 we reported that capital programme delivery remained an issue for the Council during 2023/24 with slippage into 2024/25. We noted that we would review progress and the impact of the new arrangements in 2024/25. We note in the 2024/25 outturn, the Council spent £97m of the £120.1m of the revised Capital Programme, with the £23.1m balance being carried forward to future years. We note the Council’s spending controls include capital reprofiling so do not make a recommendation. The Council does not have a current workforce strategy which it is addressing in 2025/26</p>	<p>G</p>
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>During 2024/25 the Council identified risks to its financial delivery and reported these regularly to the Cabinet and to Overview and Scrutiny. It took action to try to reduce overspending risk in 2024/25 through Directorate Management Team (DMT) engagement. We note increasingly reduced risk reserve levels and make a key recommendation on page 23 so do not repeat it here. The Council's long-term borrowing increased from £399.8m on 31 March 2024 to £496.6m by 31 March 2025. Total long-term liabilities increased from £577.8m to £665.8m over this period.</p> <p>We note the Council does use scenario planning at best, expected and worst case in its conversation with Cabinet members which is good practice.</p>	<p>G</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (4 of 7)

Significant weakness identified in relation to financial sustainability - DSG

Key Finding: Like many upper-tier councils Worcestershire County Council faces significant financial pressure driven by the increasing demand and costs of providing for Special Educational Need and Disabilities (SEND) within the High Needs Block. Over recent years the Council's Dedicated Schools Grant (DSG) has not been sufficient to meet costs, resulting in an increasing DSG deficit that at the 31 March 2025 is now larger than general fund balance and earmarked reserves available to support financial pressures. In our 2022/23 Auditors Annual Report (AAR) we made a key recommendation that the Council should ensure there is a robust plan in place outlining how the DSG deficit will be brought back into balance. Regular reporting and oversight of progress should be provided through the Children and Families Overview and Scrutiny Panel. In 2023/24 we repeated this key recommendation due to a lack of progress. In 2024/25 the Council's DSG cumulative deficit doubled. The continued absence of a robust deficit management plan, proactive action to restrict further deficit increases and a consequential lack of grip on containing this area of Council spend has now result in us concluding that it is appropriate for us to use our statutory powers and make written representation under section 24 of the Local Audit and Accountability Act 2014.

Evidence: Table 1 shows the pace of growth in the Council's DSG deficit.

Table 1 - DSG deficit by financial year showing percentage change from prior year

Financial year	DSG deficit at 31 March (£m)	annual increase (%)
2021/22	11.3	80
2022/23	20.3	117
2023/24	44.1	123
2024/25	98.2	87
2025/26	184.4 (projected as reported to Cabinet in September 2025)	

The Council's own DSG deficit analysis against its peers, undertaken by LG Futures, shows Worcestershire as an outlier with the comparators against other counties showing that in 2024/25 the Council recorded the fastest percentage growth in its deficit.

Financial sustainability (5 of 7)

Significant weakness identified in relation to financial sustainability - DSG

Evidence: The Council is part of the Delivering Better Value in SEND programme with a grant of £1m over 2 years (2024/25 and 2025/26) provided to develop strategies for managing the deficit. While this Programme will not address the historical deficit it aims to restrict further increases. However, arrangements within the Council to develop a robust, action driven output focused plan to restrict DSG overspends are weak. The lack of Council initiated action over a number of years has compounded the national pressures and resulted in spending within one of the Council's fundamental areas of statutory responsibility being out of control.

In 2024/25 the Council had a very limited DSG management plan in place and in June 2025 was working to improve its planning. We note a business plan was provided dated 15 August 2025. It identified £3m of cost avoidance in 2024/25 and no other arrangements were in place which is not what we would expect to see.

The Government has signalled its intent to extend the DSG statutory override until March 2028. We are very concerned about the continuing lack of a robust management plan to address the deficit. The Council has no reserves to accommodate this deficit if the statutory override is lifted on 31 March 2028 this is a significant risk to its financial sustainability. In 2024/25, the General Fund balance was £19.2m. The Council also had four earmarked risk reserves, which are expected to decrease to £7.1m by 31 March 2026.

Impact: If the statutory override is not further extended in April 2028 the Council will become liable for the DSG deficit which would significantly impact its financial sustainability. On this basis we make a statutory recommendation as follows:

Statutory recommendation 1

SR1: The Council should urgently address its increasing DSG deficit and work at pace, with its partners, to develop and agree a deficit management plan to begin to reduce the deficit over time. Progress against the key actions within such a plan should be reported frequently to a clearly designated forum capable of holding officers to account for key deliverables.

Financial sustainability (6 of 7)

Significant weakness identified in relation to financial sustainability – financial planning and control

Key Finding: The Council’s financial position is challenged service demands and overspending leading to depleted reserves and a reliance on EFS.

Evidence: On 15 February 2024, the Council set the 2024/25 Net Budget Requirement of £433.351m including a structural deficit of £35m. On 26 June 2025, the Cabinet received the 2024/25 provisional outturn showing a net overspend of £6.2m on the £433.4m budget after using £7.9m of planned reserves. The overspend is funded from the Finance Risk Reserve. Pressures continue in adults and children’s social care and home to school transport. The Council's financial controls enabled it to mitigate this position in the last quarter of the year with a focus on essential spending.

On 13 February 2025, the Council sets a Net Budget Requirement of £495.598m for 2025/26 which reset the budget to address the structural deficit. The Council requested £33.6m from EFS to support the 2025/26 budget. This will be borrowed at an estimated cost of £15m and is subject to an external assurance review later in 2025. It also requested £43.6m to support 2026/27 budget setting, which is yet to be agreed. As we would expect in a Council with EFS there are established spending boards and panels alongside the regular reporting of the budget monitoring position to Cabinet, Scrutiny and the Strategic Leadership Team.

The General Fund balance increased from £16.1m to £19.2m at the end of 2024/25 less than 5% of the net budget requirement. The Council also has four main earmarked reserves held for risk, with a total opening balance of £43.5m on 1 April 2024 which reduced to £28.7m in 2024/25. The Council used £15m of these to balance the 2025/26 budget, in addition to the EFS, and £1.875m for an options appraisal relating to the decommissioning of County Hall. The value of these reserves is expected to be £7.1m on 31 March 2026 which is not sustainable.

Impact: The Council’s financial position is not sustainable in the medium-term without reliance on EFS.

Key recommendation 1

KR1: The Council needs to work at pace to address its significant budget pressures and reduce reliance on EFS and its very limited reserves and agree a reserves replenishment plan.

Financial sustainability (7 of 7)

Significant weakness identified in relation to financial sustainability – savings and transformation

Key Finding: The Council's savings and transformation programme does not address its budget gap.

Evidence: In our AAR 2023/24 we made a key recommendation the Council should implement the transformation programme at scale and pace to address the significant structural budget deficit. Progress in delivering savings and transformation plans should be tracked regularly by Cabinet, the Audit Committee, and Scrutiny Committees. We note this was also made as a key recommendation in 2022/23. Savings programme monitoring is undertaken regularly by Cabinet and the Audit and Governance Committee and in May 2025 the Council held its first Transformation Board meeting in response to our prior year recommendation.

In 2023/24, the savings target was £22.4m, with £5m remaining unachieved, resulting in 78% of the target being achieved. This is a decrease compared to 94% achieved in 2022/23, with a target of £8.14m. In 2024/25 the Council had a savings target of £37.2m and the outturn shows it delivered £27.6m of its savings (72%). Of the £10.8m undelivered savings £4.687m were corporate savings from areas such as the management review. The Senior Leadership Team and Chief Officers were instructed in 2024/25 to find alternative, achievable savings proposals where there are current gaps in delivery. We note these did not materialise and the overspend was met from risk reserves. The 2025/26 budget included £12.509m of proposals to reduce the budget gap. Of this £4.2m relates to the full year effect of the 2024/25 savings. £8.3 million of new savings were recommended for 2025/26. These savings are well below the budget gap of £48.6m. The gap is filled by £15m use of reserves plus EFS of £33.6m. The Council is not identifying and delivering savings in line with the scale of its budget requirements.

Impact: Not identifying and achieving sufficient savings through transformation is not financially sustainable.

Key recommendation 2

KR2: The Council should urgently implement the savings and transformation programme at scale and pace to address the significant budget gap and reduce reliance on EFS. It should ensure savings are sufficient to address MTFs gaps, put mitigation plans in place in case of slippages and regularly monitor delivery.

Governance – commentary on arrangements (1 of 8)

We considered how the Council:

Commentary on arrangements

Rating

monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

In our AAR 2023/24, we made an improvement recommendation for the Council to improve risk management. The Audit and Governance Committee approved the new Risk Management Strategy in March 2025. The Head of Performance now manages risk. The Council needs to build on these developments, and we make a revised improvement recommendation to enhance the arrangements in place on page 28.

In our AAR 2023/24 we made a key recommendation that the Council must continue to ensure there are robust arrangements in place for providing Internal Audit provision, which is fully compliant with the requirements of the PSIAS and does not impact the Chief Audit Executive’s ability to provide an annual internal audit opinion. In 2024/25 the Council is compliant with the new global internal audit standards (GIAS). This was confirmed by the external assessment in March 2025. The Council ‘generally conforms’ with the Public Sector Internal Audit Standards which is the highest standard it can meet. On 17 July 2025, the Audit Committee received the Head of Internal Audit Opinion for 2024/25. The organisation is assessed as ‘needs improvement’ for the framework of governance, risk management and internal control with 37 audits completed, 3 close to completion. Needs improvement’ reports were issued in four areas; declarations of interest, annual governance statement (AGS), a school, and mileage claims for foster parents. We close our prior year key recommendation. However, we have identified areas for further enhancement and make an improvement recommendation on page 29.

In our AAR 2023/24 we made an improvement recommendation to enhance counter fraud by demonstrating independence between Counter Fraud and Internal Audit, including pro-active work driven by a co-ordinated fraud risk assessment process and ensuring all fraud related policies are reviewed and updated. In 2024/25 the Council has not demonstrated progress to delivering these actions and reduced counter-fraud days in the plan. We have revised the improvement recommendation on page 30. The Council assessed its readiness to comply with the Economic Crime and Corporate Transparency Act 2023 (ECCTA) from September 2025 and developed an action plan. In November 2025, we undertook additional testing against 50 fraud/VFM indicators and found 35 (70%) were compliant and 15 partially compliant. Our findings align to those of the Council. Further details are provided in Appendix D on page 57. We include the need to track actions against the partially compliant areas in our improvement recommendation on page 30.

A

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (2 of 8)

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	The Council has well developed process for budget setting. However, it could be strengthened by using public budget consultation in line with similar councils.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>Budget monitoring and outturn reporting to the Cabinet and Scrutiny Committee during the year support the communication of timely and accurate financial information and provides a clear understanding of the Council's financial position, covering revenue and capital budgets.</p> <p>We note financial statements were published by the statutory deadline of 30 June 2025. In June 2025, the Cabinet heard that during 2025/26 a new financial system is being implemented, Technology One, which will provide enhanced reporting and functionality to assist financial management by budget holders.</p>	G
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	There were no indications from the work undertaken of an inappropriate 'tone from the top' in 2024/25. In our AAR 2023/24 we made an improvement recommendation that the Council should consider the appointment of two independent members to the Audit and Governance Committee. In June 2025 this was not yet included in the Council's constitution or the terms of reference for the Committee. In 2024/25 the Audit and Governance Committee of eight members met five times. We note inconsistent member attendance. We have included recommendations for the Audit and Governance Committee on page 29.	A

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (3 of 8)

We considered how the Council:	Commentary on arrangements	Rating
<p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p>	<p>In our AAR 2023/24 we made an improvement recommendation the Council should complete the review of the Council constitution and publish it on the website. The Constitution was updated in February 2025 and is on the website. We close this recommendation.</p> <p>In our AAR 2023/24, we made an improvement recommendation the Council should ensure key areas of focus, identified as significant governance considerations in the AGS are undertaken and progress reported to the Audit and Governance Committee every six months. We also noted no reporting on AGS actions since March 2023. There was no reporting on AGS actions to the Audit and Governance Committee in 2024/25. On 28 November 2024, internal audit gave a needs improvement opinion to a report on the AGS. It identified weaknesses with the AGS process due to a lack of structured engagement from key stakeholders, particularly senior leadership. It also identified the lack of Audit Committee reporting. These factors, combined, present critical risks that mean the AGS does not fully reflect the Council’s operations, potentially misleading stakeholders and hindering the Council’s ability to address key governance issues. We conclude the ongoing control weakness in the AGS arrangement present a weakness to the Council and make an improvement recommendation on page 31.</p> <p>The Council has some good practice in its procurement and contract arrangements including a detailed Procurement Code reflecting the Procurement Act 2023. There is a robust approach to waivers in place with evidence of challenge from the procurement team. The Commercial Board receives procurements over the threshold for sign-off and discussion, this is chaired by the Chief Executive. It also sees the annual list of exceptions. We would also expect these to go to the Audit Committee at least annually. The Council also needs to update its contract standing orders and its procurement strategy and address expired contracts in the contracts register. We make an improvement recommendation on page 32.</p>	<p style="text-align: center; font-size: 24pt; font-weight: bold;">A</p>

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (4 of 8)

Area for Improvement identified: Risk management

Key Finding: In our AAR 2023/24, we made an improvement recommendation for the Council to further enhance the arrangements in place for managing risk, the Council should: include target scores on the risk register and aligning risks to the Council's objectives. While we found areas of improvement, we also found areas where risk needs further strengthening.

Evidence: The Council had a new Risk Management Strategy by March 2025. The Head of Performance now manages risk. In 2024/25 risks were managed using excel but these are moving to an integrated risk and performance system during Summer 2025 to improve monitoring by risk owners and risk approvers. In March 2025, the Audit Committee received the Quarter 4 CRR. It shows direction of travel and risk categories which is good practice. Owners are assigned to risks and dates of next review are included. However, the CRR does not include assurances, link to corporate objectives, risk causes and impacts, or target risk score. We note cyber security is not a strategic risk which we would expect to see. We would also expect Cabinet to receive integrated risk, performance and finance reporting. The pension risk register has no target risk score or assurance which we expect to see.

Impact: Effective risk management is an essential part of the Council's control environment.

Improvement Recommendation 1

IR1: The Council should enhance the arrangements in place for managing risk by aligning risk and performance and finance reporting, ensuring the risk registers are developed to include assurances, link to corporate objectives, risk causes and impacts, target risk score, adding cyber security as a corporate risk, linking risk appetite to risk type and agreeing these with Senior Leadership Team (SLT) and Cabinet.

Governance (5 of 8)

Area for Improvement identified: Internal audit

Key Finding: Internal audit has improved since 2023/24, but there are some areas where further refinement is needed in reporting and service engagement.

Evidence: Completed audit reports are not shared with the Audit Committee and progress reports do not include audit recommendations. We also note audits in the Economy and Infrastructure Directorate were not completed in a timely way and this was escalated to SLT. We conclude the Council needs to make further improvements to its internal audit arrangements.

In June 2025, independent members were not yet included in the Council's constitution or the terms of reference for the Committee. In 2024/25 the Audit Committee of eight members met five times. Like in 2023/24 it had inconsistent member attendance, in July only three members and a substitution attended and only four attended in March.

Impact: Effective internal audit and Audit and Governance Committee arrangements are an essential part of the Council's control environment.

Improvement Recommendation 2

IR2: The Council could strengthen its arrangements by ensuring completed audit reports are shared with the Audit Committee by exception and by including audit recommendations in the internal audit progress reports. It could also strengthen its Audit Committee and Governance by including independent members in line with CIPFA expectations and by improving regular member attendance.

Governance (6 of 8)

Area for Improvement identified: Counter-fraud

Key Finding: In our AAR 2023/24 we made an improvement recommendation that to further enhance the Counter Fraud arrangements, the Council should: demonstrate objectivity and independence between the Counter Fraud and Internal Audit Team, include pro-active work in addition to re-active work, driven by a coordinated fraud risk assessment process and ensure all fraud related policies are reviewed and updated. In 2024/25 the Council has not demonstrated progress to delivering these actions.

Evidence: The Council does not have a dedicated resource for counter-fraud and has not demonstrated objectivity and independence from internal audit. In 2024/25 there was no dedicated counter-fraud officer in place as we would expect in a Council of this size. In 2024/25 the internal audit plan had 32 days dedicated to fraud, reducing to 21 days in the 2025/26 internal audit plan. The fraud-risk assessment process was not in place in 2024/25 or up to July 2025. There was no counter fraud plan in 2024/25.

The Council assessed its readiness to comply with the Economic Crime and Corporate Transparency Act 2023 (ECCTA) from September 2025 and developed an action plan. In November 2025, we undertook additional testing against 50 fraud/VFM indicators and found 35 (70%) were compliant and 15 partially compliant. Our findings align to those of the Council.

Impact: Effective counter-fraud arrangements are an essential part of the Council's control environment.

Improvement Recommendation 3

IR3: The Council should try to demonstrate objectivity and independence between the Counter Fraud and Internal Audit Team recognising resource constraints. It should have sufficient capacity for counter fraud, include pro-active work in addition to re-active work, driven by a coordinated fraud risk assessment process and agree a stand-alone annual counter fraud plan with the Audit Committee. It should also track its actions to achieve full compliance of the ECCTA and report these regularly to the Audit Committee.

Governance (6 of 7)

Area for improvement identified: AGS

Key finding: The Council had a weakness in its AGS processes and reporting in 2024/25.

Evidence: In our AAR 2023/24, we made an improvement recommendation the Council should ensure that key areas of focus, identified as significant governance considerations in the AGS are appropriately undertaken and progress reported to the Audit and Governance Committee every six months. We also noted no reporting on AGS actions since March 2023. We note an annual governance update was on the work programme for the Audit and Governance Committee in September 2024 but did not go to the meeting, it was also on the December 2024 Committee forward plan but was not received. In March 2025, the Audit Committee received an AGS update but this did not provide an update on actions taken following the AGS 2023/24.

On 28 November 2024, internal audit gave a needs improvement audit opinion to the AGS audit because the engagement with non-statutory senior officers around the production of the AGS exhibited weaknesses. The review identified critical issues with the AGS process. Although there were efforts to enhance the AGS, including the establishment of a dedicated working group, the process remained flawed due to a lack of structured engagement from key stakeholders, particularly senior leadership. This resulted in the working group collecting information without sufficient knowledge to add substance to the examples of good governance increasing the likelihood of incomplete or inaccurate data being used. Additionally, the absence of formalised processes for providing updates to the Audit and Governance Committee has further exacerbated the situation, limiting the Committee's ability to provide timely feedback or guidance. We note the AGS 2024/25 highlights the Council's governance arrangements need further strengthening in 2025/26. It is also noted the internal audit opinion for the Council is 'needs improvement' for the framework of governance, risk management and internal control because of four control weaknesses, one of these weaknesses related to the AGS processes.

Impact: These factors, combined, present critical risks that could lead to the AGS not fully reflecting the Council's operations, potentially misleading stakeholders and hindering the Council's ability to address key governance issues effectively.

Improvement Recommendation 4

IR4: The Council should urgently address the weaknesses in its AGS processes and ensure it is collectively owned by the senior leadership team and is actively managed and reported to the Audit and Governance Committee.

Governance (8 of 8)

Area for Improvement identified: Procurement and Contract Management

Key Finding: The Council has some good practice in its procurement and contract arrangements including a detailed Procurement Code updated to reflect the Procurement Act 2023. There is a robust approach to waivers in place with evidence of challenge from the procurement team. The Council needs to make some further improvements to this area.

Evidence: Contract standing orders were agreed at Full Council in September 2024. We note these do not reflect Procurement Act 2023 changes. We note the contract standing orders were not updated in February 2025 as part of the updated constitution. The Procurement Strategy does not reflect the Procurement Act 2023. The Procurement team ensures conflicts of interest are signed prior to undertaking procurement. The Commercial Board receives procurements over the threshold for sign-off and discussion, this is chaired by the Chief Executive. It also sees the annual list of exceptions. We would also expect these to go to the Audit Committee at least annually. The contracts register in June 2025 had 500 contracts of which 38 had expired or have no contract end dates.

Impact: The Council has a responsibility to ensure procurement and contract management arrangements achieve value for money and align with national policy.

Improvement Recommendation 5

IR5: The Council should improve procurement and contract management arrangements by ensuring its Procurement Strategy and contract standing orders are updated to reflect the Procurement Act 2023, reporting exemptions to the Audit Committee at least annually and updating the contract register.

Improving economy, efficiency and effectiveness – commentary on arrangements (1 of 5)

We considered how the Council:	Commentary on arrangements	Rating
<p>uses financial and performance information to assess performance to identify areas for improvement</p>	<p>In our AAR 2023/24 we made an improvement recommendation for the Council to enhance its performance monitoring and reporting arrangements in place to provide greater clarity and assurance by: including Corporate Plan KPI targets where appropriate, improving oversight reporting to Cabinet of both Corporate Plan and Departmental performance, developing Power BI performance reporting for all departments and developing a corporate approach to benchmarking performance with peers. In 2024/25 and up to July 2025 there was no performance reporting to the Cabinet. The Council's website had performance information for 2023/24 up to June 2025 when 2024/25 data was added.</p> <p>The Council has an insufficiently developed performance management framework with no golden thread in place between the Corporate Plan and Directorate and Service Plans, Financial plans and a lack of consistency in its application of corporate and business planning, and performance, risk and financial planning are not aligned in the way we would expect to see. There is an insufficiently developed approach to benchmarking and KPIs reporting with trends and review processes missing in some key service areas. The Council does not assess data quality and performance reports up to July 2025 did not provide assurance that data used in reporting was quality checked. We note in June 2025 the Council has a plan to integrate performance and risk later in 2025/26 and is aware of the significant improvements it needs to make to performance management. Until the Council starts evidencing progress there is a significant weakness in the Council's arrangements for performance management which is critical to helping it achieve the transformation it needs to undertake to be financially sustainable.</p> <p>We make a key recommendation on page 36.</p>	<p>R</p>

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (2 of 5)

We considered how the Council:	Commentary on arrangements	Rating
<p>evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>An Ofsted and CQC inspection of special educational needs and or disabilities (SEND) was carried out in April 2024 and published on 15 July 2024. It was a level 3 grading reporting "widespread and/ or systemic failings" in the SEND service, with two priority actions required for local partners (1) the partnership should urgently address the long waiting times for community paediatrics, the neuro development assessment pathway, occupational therapy and physiotherapy (2) the partnership should urgently develop genuine co-production with children and young people with SEND at a strategic level. A monitoring inspection will be carried out in 18 months, and the next full reinspection will be in three years. The local area partnership was required to prepare and submit a priority action plan to address the identified areas. This was completed by September 2024 together with an improvement plan.</p> <p>We note these include actions up to March 2026. While the Council and its partners made progress in 2024/25 to address these findings, we have identified a significant weakness for arrangements for children and young people with SEND which are still being addressed in 2025/26. We make a key recommendation on page 37 to work at pace with partners to ensure the priority actions are delivered to the timescales required by Ofsted and the CQC.</p>	<p>R</p>
<p>ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives</p>	<p>The Council engages with a wide range of partners through arrangements such as the Health and Well-being Board, Safeguarding Partnerships and the Safer Communities Board. In our AAR 2023/24 we made an improvement recommendation that the Council should enhance its partnership management arrangements by: developing a corporate partnership strategy or policy which outlines the basis that the Council will enter into key partnerships and monitor arrangements for such partnerships, maintaining a list of key partners which captures all of the Council's key partners the reason why these partnerships exist and the expected outcomes from such partnerships and presenting an annual report on partnerships reported to the Cabinet which outlines performance of all key partnerships. We have not identified any progress on this recommendation. The Council does have a list of outside bodies, but this does not include key health and social care partnerships. We will retain our improvement recommendation.</p>	<p>A</p>
<p>G No significant weaknesses or improvement recommendations.</p> <p>A No significant weaknesses, improvement recommendations made.</p> <p>R Significant weaknesses in arrangements identified and key recommendation(s) made.</p>		

Improving economy, efficiency and effectiveness – commentary on arrangements (3 of 5)

We considered how the Council:	Commentary on arrangements	Rating
<p>commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>The Council has bronze, silver gold, platinum contract categories. Platinum contracts get regular commercial and operational performance meetings with monitored KPIs and formal contract reviews by Head of Commercial or Strategic Category Leads or Category Managers and involvement of Assistant Directors and Directors where required. Gold contracts have regular commercial and operational performance meetings with monitored KPIs. We identify this tiered approach as good practice.</p> <p>In October 2024, Children’s Services were successfully reintegrated back from Worcestershire Children First into Worcestershire County Council with no interruption to these services.</p>	<p>G</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness (4 of 5)

Significant weakness identified in relation to improving economy, efficiency and effectiveness

Key finding: From our review of 2024/25 performance management there is an insufficiently developed performance management framework in the Council with no golden thread in place between the Corporate Plan and Directorate and Service Plans and corporate and directorate KPIs.

Evidence: In our AAR 2023/24 we made an improvement recommendation for the Council to enhance its performance monitoring and reporting arrangements in place to provide greater clarity and assurance by: including Corporate Plan KPI targets where appropriate, improving oversight reporting to Cabinet of both Corporate Plan and Departmental performance, developing Power BI performance reporting for all departments and developing a corporate approach to benchmarking performance with peers. In 2024/25 and up to July 2025 there was no performance reporting to the Cabinet. The Council's website had performance information for 2023/24 up to June 2025 when 2024/25 data was added. The Council lacks consistency in its application of corporate and service planning and it does not align performance, risk and financial planning in the way we would expect to see. There is an insufficiently developed approach to benchmarking and KPIs reporting with trends and review processes missing in some key service areas. 15 KPIs were not reviewed for three years. We note from a review of 2024/25 Cabinet meeting agendas there was no corporate performance reporting to Cabinet in 2024/25. We also commented on the lack of effective Cabinet reporting in 2023/24. The Council's website had performance information for 2023/24 up to June 2025 when 2024/25 data was added. The 2025/26 forward plan for Cabinet does not include performance reporting in July 2025. The Council had a new performance management framework from February 2025 which was revised in July 2025. It says red-rated KPI's from the Corporate Plan are reported to COG / SLT on a quarterly basis to review the effectiveness of improvement activity. We would expect this to also include the Cabinet.

Impact: Without a performance management framework in place, underpinned by robust data the Council will not understand the improvements required or have a golden thread to enable officers to understand how they contribute or achieve VFM.

Key recommendation 3

KR3: The Council should significantly improve performance management by: developing a golden thread from the corporate plan all the way through its business planning processes and ensure these are consistent across the Council, developing corporate guidance and consistency for service planning, aligning reporting to the Cabinet for performance, risk and financial planning, developing a corporate approach to benchmarking as part of the strengthening of performance reporting and improvement work. Ensuring that performance management improvement is underpinned by good quality data.

Improving economy, efficiency and effectiveness (5 of 5)

Significant weakness identified in relation to improving economy, efficiency and effectiveness

Key finding: An Ofsted and CQC inspection of SEND was carried out in April 2024 and published on 15 July 2024. It was a level 3 grading reporting "widespread and/ or systemic failings" in the SEND service.

Evidence: Ofsted and CQC inspectors identified systemic failings in the Worcestershire local area, with two priority actions required of the local area partnership. The local area partnership should urgently address the long waiting times for community paediatrics, the neuro development assessment pathway, occupational therapy and physiotherapy. The local area partnership should urgently develop genuine co-production with children and young people with SEND at a strategic level. A monitoring inspection will be carried out in 18 months, and the next full reinspection will be in three years. As a result of this inspection, His Majesty's Chief Inspector required the local area partnership to prepare and submit a priority action plan to address the identified areas for priority action. This was completed by September 2024 together with an improvement plan. We note these include actions up to March 2026. While the Council and its partners have made progress in 2024/25 to address these findings, we have identified a significant weakness for arrangements for children and young people with SEND which are still being addressed in 2025/26.

On 20 March 2025, the Children and Families Overview and Scrutiny Committee was told that since the publication of the Improvement Plan and Priority Action Plan, the Local Area Partnership held weekly officer core group meetings, biweekly Herefordshire and Worcestershire Health and Care Trust waiting time recovery planning meetings, monthly committee meetings and the first Executive Board was held on 24 October 2024. The Local Authority held a SEND strategy Delivery Plan review session where six strategies that feed into the SEND strategy, were reviewed by 50 partners. The Local Area Partnership recruited an independent Chair who chaired her first Executive Board in February 2025. Sufficiency planning is remodelled and has an agreed £30.1 million investment over the next 3 years. The SEND priority action plan dated September 2024, includes actions up to March 2026 which are reported quarterly to this Committee.


Impact: Local area SEND Partners need to urgently improve outcomes for children and young people with SEND.

Key recommendation 4

KR4: The Council should work at pace with partners to ensure the SEND priority actions are delivered to the timescales required by Ofsted and the CQC.

Pension Fund

The Council is the administering authority for the Worcestershire Pension Fund. As part of our VfM work we are required to consider the Council’s arrangements in respect of the Pension Fund.

We considered the Pension Fund’s:	Commentary on arrangements	Rating
Financial Sustainability: sufficiency of funds to meet liabilities	<p>The value of net assets on 31 March 2025 was £4.016bn, compared to £3.971bn in 2023/24. This represents an increase of £0.45bn, an 11% growth.</p> <p>Hymans Robertson were appointed the Fund Actuary commencing from 22 January 2024. The contract will run until 21 January 2028. The last actuarial valuation was in 2022.</p>	
Governance: appropriateness of governance arrangements	<p>Internal audit gave the Pension Fund a satisfactory assurance rating for 2024/25. It found the Fund did comply with reporting in statutory KPIs and made one recommendation to separate inputting and reviewing KPIs mandated by CIPFA. We note the action is agreed and planned for March 2026.</p> <p>The Fund risk register in May 2025 includes likelihood and impact, RAG ratings and have named risk owners but there are no target risk scores or assurances which we have included in our improvement recommendation relating to risk management on page 28.</p> <p>The Pension Fund has joined the LGPSC Limited pool which manages the pooled investment assets of eight LGPS funds in central England.</p>	
Improving Economy, Efficiency and Effectiveness: annual report findings	<p>The Pension Fund has a three-year Business Plan 2024/2025 – 2026/2027 which was reviewed during the year. This sets out progress towards implementing the McCloud remedy. This also showed significant work to progress the dashboard. Phase 1 of the Pension Dashboard is complete with 63% using it by February 2025.</p>	

05 Summary of Value for Money Recommendations raised in 2024/25

Statutory recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
SR1	<p>The Council should urgently address its increasing DSG deficit and work at pace, with its partners, to develop and agree a deficit management plan to begin to reduce the deficit over time. Progress against the key actions within such a plan should be reported frequently to a clearly designated forum capable of holding officers to account for key deliverables</p>	<p>Financial sustainability (pages 18 - 24)</p>

Actions: A High Needs Dedicated Schools Grant Deficit Management Group is established. Members include the Children’s Service finance lead; Assistant Director for SEND and All Age Disability; Assistant Director for Education and Early Years; Director of Children’s Services and Chief Finance Officer. The management group meets on a fortnightly basis with the Chief Finance Officer and Director of Children’s Services joining the group on a monthly basis.

Clear workstreams of activity have been established with senior leadership owners have been established with actions reduce the deficit and ‘cost avoid’, which feed in directly to the management group.

Whilst a clear deficit management plan has been established and has achieved associated cost avoidance, focus – at pace, is also ensuring there is clear case by case, evidential and auditable activity, to robustly demonstrate such cost avoidance. This activity will be encapsulated within finance reports which in turn will be presented through the appropriate governance process through the Council (SLT quarterly, SEND Partnership Committee monthly and regular reports to Children’s Overview and Scrutiny Committee)

Responsible Officer: Strategic Director of Children’s Services
Due Date: 31 March 2026

Key recommendations raised in 2024/25 (1 of 3)

	Recommendation	Relates to	Management Actions
KR1	The Council needs to work at pace to address its significant budget pressures and reduce reliance on EFS and its very limited reserves and agree a reserves replenishment plan.	Financial sustainability (pages 18 - 24)	<p>Actions: Work has started with Cabinet and SLT on the budget for 2026/27 and beyond, this includes a budget consultation with the public which commenced on 1 October 2025 on the difficult choices the Council will need to make to become more financially sustainable, this will link with a recovery and transformation plan which dovetails with the council LGR business case.</p> <p>Responsible Officers: Chief Executive and Strategic Leadership Team</p> <p>Due Date: 31 March 2026</p>
KR2	The Council should urgently implement the savings and transformation programme at scale and pace to address the significant budget gap and reduce reliance on EFS. It should ensure savings are sufficient to address MTFS gaps, put mitigation plans are in place in case of slippages and regularly monitor delivery.	Financial sustainability (pages 18 - 24)	<p>Actions: Significant work continues in this area to address the demand and pressures experienced across the council, including working with external experts where appropriate as the council develops a Transformation Plan leading the council through to Local Government Reorganisation and future financial sustainability.</p> <p>Responsible Officers: Chief Financial Officer and Strategic Leadership Team</p> <p>Due Date: 31 March 2026</p>

Key recommendations raised in 2024/25 (2 of 3)

Recommendation	Relates to	Management Actions	
KR3	<p>The Council should significantly improve performance management by: developing a golden thread from the corporate plan all the way through its business planning processes and ensure these are consistent across the Council, developing corporate guidance and consistency for service planning, aligning reporting to the Cabinet for performance, risk and financial planning, developing a corporate approach to benchmarking as part of the strengthening of performance reporting and improvement work. Ensuring that performance management improvement is underpinned by good quality data.</p>	<p>Improvement economy, efficiency and effectiveness (pages 33 – 36)</p>	<p>Actions: Corporate Performance is presented quarterly at Audit and Governance Committee (A&G) alongside corporate risk management. This process flows from COG/SLT governance forums into A&G as a performance and risk pack (golden thread). The reporting includes a strategic insights summary to highlight good practices and areas of declining performance, serving as a vehicle for challenge and improvement agendas. Additionally, all Elected Members received a training overview session on 16 September 2025 about performance and risk management at WCC and the final PowerBi products. Both current Performance and Risk strategies will be reviewed in January 2026 for A&G approval. The new CPRMS, launched in July for Performance and September for Risk, the system aims to improve visibility, transparency, and accountability, along with clearer reporting. There will also be an ongoing development pipeline for the system, incorporating iterative development and feedback from stakeholders. The previous corporate plan (2022-2027) may require a review and refresh. This plan should be reflected in business/service planning activities, including refreshed performance indicators to demonstrate delivery (golden thread). For benchmarking, targets are set for nearly all KPIs, with ongoing work for the remaining ones. Data quality is the responsibility of updaters/experts, with COG/SLT and A&G challenging any poor quality. The new CPRMS should ensure regular data reporting and once the CPRMS is more embedded, Power BI reports will be reviewed and updated. There are plans to import results from LG Inform for statistical comparisons, which will require focused time investment.</p> <p>Responsible Officer: Head of Performance Services</p> <p>Due Date: 31 March 2026</p>

Key recommendations raised in 2024/25 (2 of 3)

	Recommendation	Relates to	Management Actions
KR4	The Council should work at pace with partners to ensure the SEND priority actions are delivered to the timescales required by Ofsted and the CQC.	Improvement economy, efficiency and effectiveness (pages 33 – 36)	<p>Actions: The Council will continue to implement the actions within the Children’s Improvement Plan and SEND Transformation plan.</p> <p>Responsible Officers: Assistant Director – Assistant Director of All Age Disability / Assistant Director, Education, Early Years, Inclusion & Education Place Planning</p> <p>Due Date: 31 March 2026</p>

Improvement recommendations raised in 2024/25 (1 of 3)

	Recommendation	Relates to	Management Actions
IR1	The Council should enhance the arrangements in place for managing risk by aligning risk and performance and finance reporting, ensuring the risk registers are developed to include assurances, link to corporate objectives, risk causes and impacts, target risk score, adding cyber security as a corporate risk, linking risk appetite to risk type and agreeing these with SLT and Cabinet.	Governance (pages 25 - 32)	<p>Actions: Further enhancements are being implemented through revised processes, systems, and recording approaches. Targets, along with causes and impacts, have been added to risk registers. A revised risk management strategy was approved at the March 2025 Audit and Governance Committee. A digitised corporate performance and risk system (CPRMS) is now in place, linking performance indicators to strategic objectives. Additional assurance is provided through COG/SLT forums and A&G, which started receiving quarterly corporate performance updates on 25 September 2025.</p> <p>Responsible Officer: Head of Performance Services</p> <p>Due Date: 31 March 2026</p>
IR2	The Council could strengthen its arrangements by ensuring completed audit reports are shared with the Audit Committee by exception and by including audit recommendations in the internal audit progress reports. It could also strengthen its Audit Committee and Governance by including independent members in line with CIPFA expectations and by improving regular member attendance.	Governance (pages 25 - 32)	<p>Actions: The reporting of completed reports to Audit and Governance Committee to be on an exception basis only based on the judgement of the CIA. The CIA reserves the right not to publish sensitive material which could compromise the security of the organisation. This process will be introduced immediately but be formally included and reported before Audit and Governance Committee from the December 2025 including 'nil' returns. An escalation process for those Directorates who do not respond in a timely manner to Internal Audit reports is already in place and has been used therefore it is not considered any further action is necessary regarding this point.</p> <p>A report was placed before Audit and Governance Committee on the 25 September 2025 for consideration regarding the potential appointment of an independent member to the Audit and Governance Committee. The recommendation to appoint was agreed along with the administrative actions and will now go before Council for the final decision.</p> <p>Responsible Officer: Chief Internal Auditor</p> <p>Due Date: 31 March 2026</p>

Improvement recommendations raised in 2024/25 (2 of 3)

Recommendation	Relates to	Management Actions
IR3	Governance (pages 25 – 32)	<p>Actions: Working within the available resources, an assumed responsibility for pulling together a counter fraud approach has been adopted by the Internal Audit and the Performance and Risk team. Counter fraud risk assessment now features in the service risk register assessments. A programme of counter fraud measures has been established and will be delivered during 2025/26 and into 2026/27. This includes a review of the counter fraud measures in place using the 5 pillars of the Fighting Fraud and Corruption Locally (reported to Audit and Governance Committee 25 September 2025), a review of counter fraud measures against the Economic Crime and Corporate Transparency Act 2023 along with formulation of an action plan (reported to SLT/COG 2 September 2025), updating of key counter fraud policies annually (updated September 2025), mandatory training for staff which internal audit have a direct input into (due to be rolled out October to December 2025), intranet and website pages updates (completed September 2025), attendance at peer fraud group meetings and a plan to raise awareness using the national fraud awareness week, school conference presentations and internal communications e.g. Chief Executives Friday Round Up (ongoing).</p> <p>The audit plan currently reflects the requirement for counter fraud days including investigatory, NFI, and contingency. The engagements also include ‘significant’ risk assessment which includes fraud and is built into our methodology. A fraud risk assessment based on the fraud risk registers and the newly introduced Director quarterly meetings that are taking place during 2025/26 will be part of the annual planning process for 2026/27. A stand-alone counter fraud plan will be presented in parallel to the Annual Internal Audit Plan for 2026/27 onwards.</p> <p>Responsible Officer: Chief Internal Auditor</p> <p>Due Date: 31 March 2026</p>

Improvement recommendations raised in 2024/25 (2 of 3)

	Recommendation	Relates to	Management Actions
IR4	The Council should urgently address the weaknesses in its AGS processes and ensure it is collectively owned by the senior leadership team and is actively managed and reported to the Audit and Governance Committee.	Governance (pages 25 - 31)	<p>Actions: SLT/COG to own this process. Working group to continue but a statement from each of the Directors regarding their Service achievements in the last year along with future plans and a 6 monthly update that is reported before Audit and Governance Committee in December is required. Update report to go before Audit and Governance Committee December 2025 based on the 2024/2025 AGS report. Full engagement January to March 2026 from SLT/COG with a view to producing the 2025/26 AGS Report.</p> <p>Responsible Officers: Strategic Leadership Team</p> <p>Due Date: 31 March 2026</p>
IR5	The Council should improve procurement and contract management arrangements by ensuring its Procurement Strategy and contract standing orders are updated to reflect the Procurement Act 2023, reporting exemptions to the Audit Committee at least annually and updating the contract register.	Governance (pages 25 – 31)	<p>Actions: The Procurement Strategy is due to be updated in the next few months, the target date for completion is January 2026. Contract Standing Orders were updated in April 2025, and this did take into account the new Procurement Act 2023. In terms of the exemption reporting the Commercial Board will capture highlights to enable an Annual Report to be considered by Audit and Governance Committee, along with the Council's contract register.</p> <p>Responsible Officers: Head of Commercial Services</p> <p>Due Date: 31 March 2026</p>

06 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations (1 of 2)

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	The Council should implement the transformation programme at scale and pace to address the significant structural budget deficit. The Council needs to ensure that officers are supported in making the changes needed. Progress in delivering savings and transformation plans should be tracked regularly by Cabinet, the Audit Committee, and Scrutiny Committees.	2023/24	In 2024/25 the Council had a savings target of £37.2m and it delivered £27.6m (72%). Of the £10.8m undelivered savings £4.69m were corporate savings. The 2025/26 budget included £12.51m of savings to reduce the budget gap. These savings are well below the budget gap of £48.6m. The gap is filled by £15m use of reserves plus EFS of £33.6m. The Council is not identifying and delivering savings in line with the scale of its budget requirements.	Limited progress made	Key recommendation revised and reported on page 24.
KR2	The Council needs to ensure that there is a robust plan in place outlining how the DSG deficit will be brought back into balance.	2023/24	The 2024/25 outturn shows the non-schools DSG deficit as £98.2m (£44.1m deficit on 31 March 2024). This is projected to be £174.4m by 31 March 2026.	Limited progress made	Statutory recommendation made on pages 21 and 22.

Follow up of 2023/24 Key recommendations (2 of 2)

	Prior Recommendation	Raised	Progress	Current status	Further action
KR3	<p>The Council must continue to ensure there are robust arrangements in place for providing Internal Audit provision which is fully compliant with the requirements of the PSIAS and does not impact the Chief Audit Executive’s ability to provide an annual internal audit opinion. This includes, but is not limited to, ensuring: In year delivery is sufficient to provide assurance and to inform the Head of Internal Audit Opinion and that any slippage is minimised. External assessment of the service is commissioned. Embed the changes to planning and reporting to Committee undertaken in 2023/24 and 2024/25</p>	2023/24	<p>In October 2024, the Internal Audit team carried out a self-assessment against the new GIAS which it used as the basis of the quality assurance improvement plan (QAIP) as required by the standards. In March 2025, the Council received its external accreditation confirming its internal audit service generally conforms with the Public Sector Internal Audit Standards which is the highest standard it can meet. On 17 July 2025, the Audit Committee received the Head of Internal Audit Opinion for 2024/25. We have identified improvements to reporting and directorate engagement with audit.</p>	<p>Progress made replaced with a revised improvement recommendation</p>	<p>Progress made replaced with a revised improvement recommendation on page 29.</p>

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

 **A range of different recommendations can be raised by the Council’s auditors as follows:**

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	To further enhance the arrangements in place for managing risk, the Council should include target scores on the risk register and align risks to the Council's objectives.	2023/24	The Council has a new Risk Management Strategy and the Head of Performance now manages risk. In March 2025, the Audit Committee received the Quarter 4 CRR. It shows direction of travel and risk categories which is good practice. Owners are assigned to risks and dates of next review are included. However, the CRR does not include assurances, link to corporate objectives, risk causes and impacts, or target risk score. We note cyber security is not a strategic risk which we would expect to see. We would also expect Cabinet to receive integrated risk, performance and finance reporting.	Recommendation closed and replaced with a revised recommendation.	Yes, revised improvement recommendation made on page 28.
IR2	To further enhance the Counter Fraud arrangements in place, the Council should: demonstrate objectivity and independence between the Counter Fraud and Internal Audit Team. Include proactive work in addition to re-active work, driven by a co-ordinated fraud risk assessment process. Ensure all fraud related policies as reviewed an updated.	2023/24	The Council has not demonstrated progress on these actions. It does not have a dedicated resource for counter-fraud and has not demonstrated objectivity and independence from internal audit. In 2024/25 there was no dedicated counter-fraud officer which we would expect in a Council of this size. In 2024/25 the internal audit plan had 32 days dedicated to fraud, this reduced to 21 days in the 2025/26 plan. The fraud-risk assessment process was not in place in 2024/25 or up to July 2025.	Recommendation closed and replaced with a revised recommendation.	Recommendation closed and replaced with a revised recommendation on page 29.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The Council should consider the appointment of two Independent Members to the Audit and Governance Committee.	2023/24	No progress yet on these appointments.	Recommendation revised to reflect member attendance	Yes, revised improvement recommendation made on page 29.
IR4	The Council should complete the review of the Council constitution as soon as practicable and ensure the updated constitution is published on the Council's public website.	2023/24	The Constitution was updated during 2024/25 on a rolling basis with the last update February 2025. We have reviewed the Council's website, and the constitution is available dated February 2025.	Recommendation closed	Recommendation closed
IR5	The Council should ensure that key areas of focus, identified as significant governance considerations in the Annual Governance Statement are appropriately undertaken and progress reported to Audit and Governance Committee every six months.	2023/24	No AGS action plan reporting since March 2023. The AGS process received needs improvement in November 2024. The AGS is identified in the HOIA for 2024/25 as one of the four control weaknesses.	Recommendation revised.	Improvement recommendation made on page 30.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR6	The Council should enhance its performance monitoring and reporting arrangements in place to provide greater clarity and assurance by: including Corporate Plan KPI targets where appropriate. Improving oversight reporting to Cabinet of both Corporate Plan and Departmental performance. Developing Power BI Performance Reporting for all Departments. Developing a corporate approach to benchmarking with peers.	2023/24	The Council has an insufficiently developed performance management framework with no golden thread in place between the Corporate Plan and Directorate and Service Plans and Financial Plans. It lacks consistency in its application of corporate and business planning, and it does not align performance, risk and financial planning in the way we would expect to see. There is an insufficiently developed approach to benchmarking and KPIs. Until the Council starts evidencing progress there is a significant weakness in the Council's arrangement as it needs to make significant savings without effective performance management to guide decision-making.	Recommendation escalated to key recommendation.	Escalated to key recommendation on page 35.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR7	The Council should enhance its partnership management arrangements by developing a corporate partnership strategy or policy. Maintain a list of key partners and the reason why these partnerships exist and the expected outcomes. Present an annual report on partnerships to the Cabinet which outlines performance of key partnerships.	2023/24	We have not identified any progress on this recommendation.	We retain this recommendation.	We retain this recommendation.

Appendix D: Economic Crime and Corporate Transparency Act 2023 (ECCTA): Improving economy, efficiency and effectiveness – commentary on arrangements

Implementing appropriate arrangements for the implementation of ECCTA post September 2025

The Council has assessed its readiness to comply with ECCTA in a meaningful, timely and efficient manner. From a strategic perspective there is strong linkage between the actions the Council has taken with the benchmarking of the local action plan and gap analysis against the architecture of the Home Office Guidance on ECCTA, namely the six key principles covering top level commitment, risk assessment, proportionate risk-based prevention measures, due diligence, communication (including training) and monitoring and review. An analysis of these areas was undertaken internally and the gaps identified are part of an action plan that focuses on five development areas which has been endorsed by SLT, Chief Officers Group and the Audit and Governance Committee. From these five areas, fifteen specific actions were identified. Ten are scheduled to be completed by 31 December 2025 and two by March 2026, with the residual addressed in 2026 and in 2027. In addition to the gap analysis, fraud management checklists were used for the following: Fighting Fraud and Corruption Locally, the Government Functional Standard GovS013 and the CIPFA Code of Practice on managing the risk of fraud and corruption to benchmark the Councils response.

Improving economy, efficiency and effectiveness – commentary on arrangements

Our governance and value for money testing around ECCTA was mindful of the work the Council had undertaken, and the schedule of work already planned up to March 2026 and beyond. We reviewed the Council's ECCTA implementation plan against 50 fraud/VFM key performance indicators and found at the time of our review (November 2025), 35 (70%) were compliant and 15 partially compliant. There were no instances of nil compliance. Of the 15 areas assessed as partially compliant, we note a broad correlation with the outcomes of our testing and those issues identified in the Council's gap analysis. Eight of the 15 areas have a high potential for enhancing efficiency and effectiveness of the Councils fraud management systems and processes once fully implemented. Additional work around associate definitions, knowing your customer, contracts and development of data analytics was discussed as potential areas for consideration to include in the Council's fraud prevention strategy going forwards and to demonstrate that the Council has implemented an appropriate and proportionate set of reasonable fraud prevention procedures in compliance with ECCTA 2023.



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