

St Helens Borough Council

Auditor's Annual Report
Year ending 31 March 2025

26 November 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.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for St Helens Borough 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 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. 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		Present		Future	
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.		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.		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.
	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.		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.		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					

St Helen’s Borough Council is a unitary authority providing the majority of Council services, alongside strategic functions provided by the Liverpool City Region Combined Authority, to a population of c185k residents. The Council covers 136 square kilometres, and the Council must balance service provision to meets the needs of both a rural population and those within more densely populated urban areas. Council operates under a Leader and Cabinet model. The Council has 48 elected councillors, whole Council elections for all councillors are held every 4 years with the next whole Council election scheduled for May 2026. The Labour party has been in control of the Council since 2010. The Council has a Corporate plan, Our Borough Strategy 2021-30 that sets out the Council’s vision and strategic priorities supported by a regular performance framework.

02 Executive Summary

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	A No significant weaknesses in arrangements identified, but three improvement recommendations raised.	Risk of significant weakness identified with regard to robustness of budget estimates, arrangements to deliver savings, and managing cost in Children and Young People.	R Significant weakness in arrangements identified relating to managing cost and demand in Children’s Services and we have raised one key recommendation. We also raise three improvement recommendations relating to the erosion of revenue reserves, managing the annual Dedicated Schools Grant deficit, and ensuring savings targets are realistic.
Governance	A No significant weaknesses in arrangements identified, but one improvement recommendation raised.	No risks of significant weakness identified	G No significant weaknesses in arrangements identified, and no improvement recommendations made.
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified, but three improvement recommendations raised.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but three improvement recommendations made relating to improving arrangements for overseeing a key collaboration, to normalise a pooled budget arrangement, and for the Council’s to further enhance its wider contract management arrangements.

- 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 Council set balanced budgets for 2024/25 and 2025/26. The Medium-Term Financial Strategy is underpinned by the development of a multi-year pipeline of savings that is considered good practice.

We have however identified significant weaknesses with regard to arrangements to deliver financial sustainability. The Council overspent by £4.7m in 2024/25, which was the third consecutive annual overspend and has required the use of reserves to balance.

The net overspend in 2024/25 was driven by Children's Services overspending by £8.4m. Delivering this service within agreed budgets is fundamental to financial sustainability. We have raised a key recommendation to mitigate cost and demand pressures in Children's Services.

We have raised further improvement recommendations relating to protecting reserves, managing the Dedicated Schools Grant deficit, and savings delivery.



Governance

We have not identified any significant weaknesses with regards to governance arrangements.

The Council has recently reviewed its main risk management strategy and routinely assesses the strategic risks that threatened its key objectives. The Council has in place and effective internal audit service with the Chief Audit Executive Opinion providing 'Substantial' Assurance for 2024/25. The Council's control environment further supported by counter fraud resources and the activities of the Audit and Governance Committee.

There is a structured and transparent decision-making process in place at the Council, supported by effective scrutiny. Appropriate arrangements are in place to ensure compliance with legislative and regulatory requirements. The Council has in place thorough budget setting and monitoring arrangements which supports financial grip.



Improving economy, efficiency and effectiveness

We have not identified any significant weaknesses with regards to the Council's arrangements to secure economy, efficiency and effectiveness.

The Council has in place comprehensive arrangements to monitor performance. The Care Quality Commission (CQC) rated Adult Social Care services as 'Good' which follows the Office for Standards in Education, Children's Services and Skills (Ofsted) 'Good' rating of Children's Social Care in 2023/24. These inspection outcomes are notable. The Council participated in a Peer Challenge, demonstrating the Council willingness to learn others to support continuous improvement.

The Council places an emphasis on partnership working and actively seeks stakeholder engagement. We have identified improvement recommendations for the Council to place an enhanced focus on a key collaborations and to develop further its contract management arrangements.

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
Opinion on the Financial Statements	We have completed our audit of your financial statements and issued an unqualified audit opinion on 26 November 2025. Our findings are set out in further detail on page 11.
Use of auditor’s powers	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</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 issued an unqualified opinion on the Council's financial statements on 26 November 2025.

The full opinion is included in the Council's Statement of Accounts for 2024-25 which can be obtained from the Council's website.

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 conducted 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

The Council published draft accounts on 24 July 2025 which was beyond the national deadline of 30 June 2025. Publication of the accounts was delayed primarily as a result of the implementation of a new ledger for the year and completion of quality control processes.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. The Audit Findings Report was presented to the Council's Audit and Governance Committee in November 2025. Requests for this Audit Findings Report should be directed to the Council.

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.

We have nothing to report in this regard.



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

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	<p>The Council set balanced budgets for 2024/25 and 2025/26. The Medium-Term Financial Strategy identifies that savings previously approved as part of the 2024/25 budget process can balance the forecast financial gap of £9.1m for 2025/26 and 2026/27, provided that savings are delivered as planned, there are no new significant financial pressures and the local government finance settlements do not reduce resources. A financial gap of £1.7m is currently forecast for 2027/28 that needs to be addressed but should be manageable if new pressures do not materialise.</p> <p>The Council overspent by £4.7m in 2024/25, which was the third consecutive annual overspend, requiring the draw down of £12.3m of reserves over three years. The erosion of reserves to support revenue overspends is not sustainable. The 2024/25 overspend was driven by the £8.4m Children’s Services overspend. The delivery of Children’s Services within approved budgets and the delivery of agreed savings are fundamental to the Council’s financial sustainability. We have raised a key recommendation to mitigate demand and cost pressures within this service.</p> <p>We have raised two further improvement recommendations relating to protecting levels of reserves and managing the annual Dedicated Schools Grant deficit.</p>	R
plans to bridge its funding gaps and identify achievable savings	<p>The Council approved a pipeline of worked-up savings in March 2024 that balanced the budget gaps identified in the Medium-Term Financial Strategy for three years from 2024/25 to 2026/27. This is considered good practice. There are governance arrangements in place to oversee savings delivery through the Budget and Performance Monitoring Board and Strategic Change and Transformation Board.</p> <p>However, the Council faces challenges in delivering approved savings plans, with £3.7m (29%) not achieved in 2024/25 and early monitoring for 2025/26 identifying that £1.8m (20%) of planned savings may not be delivered. We have updated the improvement recommendation we raised in 2023/24 to ensure that savings targets are realistic.</p>	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.

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council’s ‘Our Borough Strategy 2021–2030’, Medium-Term Financial Strategy 2025–2028 and Revenue and Capital Budget 2025/26 all clearly demonstrate the strategic importance the Council places on financial sustainability, accountability and value and provides direct evidence of the interconnectivity between the Council main corporate objectives and its financial planning.</p> <p>The 2025/26 budget comprehensively described, and reflected, the dominance of demand led statutory services on the Council’s financial planning. We have already raised associated key and improvement recommendation referencing financial sufficiency and sustainability risks, particularly driven from children’s social care, but we do acknowledge the prevalence of such risks within the sector.</p>	G
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>The Council’s financial plans are interconnected with other associated strategies which are agreed as part of the annual-budget setting process. This includes the Capital Strategy, Treasury Management Strategy, Annual Investment Strategy, Annual Revenue Provision and Reserve Strategy for 2024/25, with further interconnectivity demonstrated between the Council’s financial planning and the Borough Strategy 2021– 2030, Workforce Strategy, Asset Strategy and Asset Management Plan and the Council’s Carbon Action Plan. The Council is currently developing a revised Workforce Strategy to further strengthen its strategic planning.</p> <p>The Council has arrangements in place to monitor the delivery, and affordability, of its capital programme, however the Council will need to continue to sharply monitor the financial impacts of its capital ambitions.</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 (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>Key financial risks are set out within the Council’s Strategic Risk Register and budget monitoring reports provide a comprehensive appraisal of the Council’s financial position, financial risks and mitigating actions.</p> <p>The Council is being adversely impacted by overspending, particularly within demand led services, and has responded by introducing control measures but this remains a key financial risk area requiring careful management and we have referenced these factors within a key recommendation, earlier within this report.</p> <p>Financial assumptions are clearly set out in budget setting reports and are subject to sensitivity analysis. As part of the budget setting process for 2025/26 the Council considered, using a risk-based approach, the adequacy of its reserves and raised its general fund balances to £12m to support the management of the financial risks. A wider improvement recommendation relating to the Council's reserves, has already been raised within this report.</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 (continued)

Significant weakness identified in relation to managing cost and demand in the Children and Young People Portfolio

Key Finding: The £8.4m overspend within Children's Services was the key driver for the adverse financial position in 2024/25. The service has significant cost and demand pressures and challenges delivering agreed savings. Managing cost and demand in Children's Services is fundamental to achieving financial sustainability.

Evidence: The £8.4m overspend within Children's Services accounted for 78% of the total portfolio overspend of £10.8m in 2024/25, due to placement costs for looked after children and agency staff costs. The services also underdelivered savings by £2.1m (53%) against the £3.9m target, with no mitigations identified.

The Council has a Demand Management Strategy Children's Social Care 2021-2025 and action plan in place that set out the measures and mitigations to reduce demand, including early help measures, safely reducing the numbers of looked after children, increasing in-house foster carers and increasing in-house children's home provision through purchasing homes and running them in partnership with third party providers. The Council has had some success reducing the number of looked after children from a high point of 500 to 434 at the time of writing, but still has high numbers per 10,000 children, with the cost of care a significant issue.

While all planned children's homes have now been purchased, there were delays in handing them to registered operators and with Ofsted registration and so no homes were operational during 2024/25. This resulted in the slippage of £1.3m of assumed savings in 2024/25 and contributed to the overspend in Children's Services. While one home became operational in April 2025, the others are delayed due to the extended time it is taking to obtain Ofsted registration. The 2025/26 budget again assumed a full year of savings delivery against these children's homes and so further mitigating actions are required.

The 2025/26 budget allocated an additional £4.7m to mitigate budget pressures in looked after children and £0.6m for special educational needs and disabilities. Early budget monitoring for 2025/26 identifies continued budget pressures within the service with a £0.3m overspend identified, but with significant financial risk associated with this forecast. The budget report presented to the Budget and Performance Board in August 2025 provides an updated forecast overspend of £2.1m for Children's Services.

There are arrangements in place to monitor progress with the children's transformation programmes and savings delivery through the Strategic Change and Transformation Board's portfolio monitoring, the Children's and Young People Finance and Performance Board and the Children's Improvement Board.

Financial sustainability (continued)

Significant weakness identified in relation to managing cost and demand in the Children and Young People Portfolio (continued)

Evidence (continued): Therefore, while the Council has identified actions to try to mitigate demand and cost pressures in Children's Services, the service was the main driver for the 2024/25 overspend and required significant additional growth to be allocated in 2025/26.

Impact: The delivery of Children's Services within approved budgets and the delivery of agreed savings plans are fundamental to the Council's financial sustainability over the medium term.

Key recommendation 1

KR1: We recommend the Council places an urgent organisational focus on developing and implementing effective mitigations to manage escalating demand and cost in relation to Children's Services. Actions should include:

- Identify and deliver actions to reduce demand through early help, ensure sufficiency of cost-effective placements, and reduce agency staffing costs.
- Refinement of financial and demand modelling to ensure that budgets are based on realistic assumptions.
- Contain overspends within the Directorate so as not to adversely impact on the Council's outturn position.
- Ensure planned savings and their timing are realistic and identify full mitigating actions if they are delayed.

Financial sustainability (continued)

Area for improvement identified: protecting the level of reserves

Key Finding: The Council incurred a £4.7m overspend for 2024/25, which was the third consecutive year that the revenue budget overspent, requiring £12.3m to be drawn down from reserves to balance the position over three years. Successive revenue overspends have eroded reserves and this is not sustainable.

Evidence: Management took action to mitigate budget pressures during the year, including a recruitment freeze, cessation of non-essential expenditure and a review of agency workers. However, the £4.7m overspend for 2024/25 had to be funded from the General Fund (GF) reserve, with an appropriation from other earmarked reserves required to maintain the GF reserve at the minimum prudent level of £12m. The Council's outturn for 2024/25 is the third consecutive year that the revenue budget has been overspent, equating to a total net overspend of £12.3m over 3 years that has been funded from GF reserves. Earmarked reserves reduced from £44.4m at 1 April 2024 to £39.9m at 31 March 2025.

CIPFA Resilience Benchmarking presented to the Audit Committee in March 2025 highlights that using 2023/24 data, the Council is 11th out of 16 comparator councils for the ratio of earmarked reserves to net revenue expenditure, indicating a higher level of financial risk.

The Medium-Term Financial Strategy (MTFS) recognises that the use of reserves to support the revenue budget is not sustainable, and makes provision to make revenue contributions to reserves over the period to 2027/28 to increase financial resilience. It is noted that in addition to the GF balance, the Council holds other reserves that can be used to mitigate financial risk, including the Funding Reform and Volatility Reserves with a balance of £12.4m at 31 March 2025.

Impact: Utilising reserves to balance overspends is not sustainable and risks reducing reserves to a level that puts the financial sustainability of the Council at risk.

Improvement recommendation 1

IR1: The Council should take action to address the unsustainable use of reserves to balance revenue budget overspends. This should include:

- ensuring that in-year budget pressures are mitigated in order to deliver balanced outturn or revenue underspends, and reverse the erosion of revenue reserves;
- ensuring that the level of GF reserves are sufficient to mitigate the financial risks that the Council is exposed to and also fund corporate priorities;
- ensuring the MTFS includes provision to make adequate contributions to reserves so they are sufficient to mitigate financial risk.

Financial sustainability (continued)

Area for improvement identified: managing the Dedicated Schools Grant (DSG) deficit

Key Finding: The Council incurred a £3.3m DSG deficit for 2024/25. The annual deficit should be managed so that it does not become significant and impact on cash balances and financial sustainability should the statutory override not be extended.

Evidence: High Needs Block deficits are an issue nationally which the Department for Education has been addressing through the Safety Valve and Delivering Better Value programmes.

The Council incurred a £3.3m DSG deficit for 2024/25, resulting in a cumulative deficit of £1.4m after taking into account the prior year surplus of £1.9m. The overspend is caused by pressures within the High Needs Block due to the demand for Education, Health and Care Plans. The DSG Deficit Management Plan demonstrates a trajectory of increasing demand pressures in future years, with the mitigated cumulative deficit forecast to grow to £15.9m in 29/30.

The Council is taking action to mitigate financial pressures and is participating in the Delivering Better Value Programme to mitigate demand and there is provision within the capital programme to create additional capacity within existing and new special schools.

Currently a statutory override allows cumulative DSG deficits to be carried in the balance sheet, and this is due to end in March 2028. It is currently unknown what the arrangements will be for addressing the cumulative deficit should the statutory override not be extended further. Growing DSG deficits can also impact on the cash balances available to the Council, and if significant can lead to additional external borrowing required to fund capital programmes and impact on borrowing costs and investment income. Therefore, the Council should remain focused on mitigating pressures within DSG.

Impact: If the statutory override is not further extended in April 2028 the Council could become liable for the DSG deficit which could impact its financial sustainability if the deficit is significant. Growing DSG deficits also impact on the cash balances available to the Council.

Improvement recommendation 2

IR2: The Council should continue to manage the annual DSG deficit so that it does not become a significant risk to financial sustainability if the statutory override ends and in order to protect cash balances. The Council should continue to develop and deliver actions to mitigate demand and cost.

Financial sustainability (continued)

Area for improvement identified: delivering planned savings targets

Key Finding: The Council has arrangements in place to approve pipelines of savings for delivery over the period of the MTFS which is considered good practice. However, the Council has faced challenges delivering savings as planned, which increases in-year financial pressure and increases savings targets in future years.

Evidence: The Council approved an additional pipeline of savings as part of the 2024/25 budget in March 2024, balancing projected budget gaps in the MTFS totalling £14.1m over three years from 2024/25 to 2026/27. These were in excess of the £10.4m savings approved for delivery in 2023/24 and 2024/25 as part of the previous budget process in March 2023. The savings proposals were fully worked up and subject to a both public and internal stakeholder consultation. Savings proposals were individually listed in the budget report 2024/25. The pre-approved pipeline of savings resulted in no additional savings to be identified to balance the 2025/26 budget. The development of an approved detailed pipeline of savings that addresses budget gaps in future years of the MTFS is good practice.

Governance arrangements are in place to oversee savings delivery, and these continue to develop. The Budget and Performance Monitoring Board met quarterly from July 2024 with a role to review and challenge savings development and delivery.

The Council has an established Council-wide Transformation Programme in place aimed at improving service delivery, managing demand, and driving efficiencies. Governance structures are place including the Strategic Change and Transformation Board and Change Advisory Board and transformation work is supported by the Programme Management Office. Many of the current programmes are now complete and in the process of closing, and the Council is refreshing the Transformation Programme. The new Service Optimisation pillar includes a prioritised review of services to develop a pipeline of opportunities to enhance efficiency and effectiveness.

The Council has however faced challenges in delivering planned savings. The 2024/25 budget had a total savings target of £12.7m including previously approved savings and slippage from previous years. The Council delivered £9.0m of these planned savings, with £3.7m (29%) unachieved in 2024/25. The Council did identify temporary mitigations of £1.4m, so under delivery was mitigated to £2.3m (18%). Under delivery of planned savings places pressure on the in-year financial position and temporary mitigations do not benefit future years, increasing savings targets in later years.

Financial sustainability (continued)

Area for improvement identified: delivering planned savings targets (continued)

Evidence (continued): The 2025/26 budget includes a total savings target of £9.2m including approved savings and £3.1m slippage from previous years. Early financial monitoring for Period 1 2025/26 identifies that £1.8m (20%) may not be delivered in the year due to implementation delay or no longer being achievable, demonstrating the continued pressure on savings delivery and need for recurring mitigations to be identified. The Council should ensure that savings proposals are realistic with regard to the amount and timing of savings that can be delivered.

We raised an improvement recommendation in 2023/24 that the Council should ensure savings plans developed by directorates are based on realistic estimates and assess the revised governance arrangements for overseeing savings delivery. Due to the continued challenges in delivering savings plans, we have updated this improvement recommendation

Impact: The delivery of approved savings are integral to forecasts within the MTFS and in order to deliver financial sustainability over the medium-term, but recent experience is delivery slippage of approximately 30%.

Improvement recommendation 3

IR3: The Council should ensure that savings plans developed by directorates are based on realistic assessments of the scale and timing of savings. The Council should continue to review and develop governance arrangements for overseeing savings delivery, including ensuring that savings delivery is embedded within the refreshed Transformation Programme.

Governance – commentary on arrangements

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	The Council clearly defines and sets out its risk management arrangements within Risk & Opportunity Management Policy and Strategy Framework 2024. The Council maintains a Strategic Risk Register which provides informative details on each of the strategic risks the Council is facing and is supported by oversight and governance by the Audit and Governance Committee. An appropriate internal audit and counter fraud service is in place, with comprehensive progress reports, considered by the Audit Committee. For 2024/25 an overall Substantial Assurance opinion provided by the Chief Audit Executive.	G
approaches and carries out its annual budget setting process	The Council has an established budget setting process which involves members, officers and stakeholders, demonstrating appropriate internal and external engagement. The Council has in place a comprehensive regime of governance and oversight to support the development of its annual budget which includes an Overview and Scrutiny Budget Task Group to review emerging budget proposals with the group's recommendations forming part of the Council's final budget setting reports.	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	The Council can evidence it carefully monitors, and reports, its financial position throughout the financial year. The Council's finance team collaborates with service areas to conduct a monthly forecast with oversight provided by senior officers. Detailed financial monitoring reports are considered, quarterly, by the Overview and Scrutiny Commission, Cabinet and full Council. These reports provide key data, financial forecasts, and explanatory narrative in relation to areas such as the Council's revenue and capital budgets, treasury management activity, dedicated school grant, savings, and reserves all of which provide an informative and transparent update to the Council's financial position. The Audit and Governance Committee also provide additional oversight to the Council's treasury management activity. The Council's arrangements are thorough.	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.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council's Constitution is published on its public website. The Constitution is a written legal document which guides the Council on its decision-making process, therefore setting out a framework for members and officers to work within and clearly sets out the terms of reference for the Council's committees. It also sets out procedures to ensure that decisions are made efficiently, transparently and with accountability to residents. The Constitution is reviewed and updated by the Council to ensure it remains fit for purpose.</p> <p>The Council operates a Leader and Cabinet model of governance. Details of all Cabinet, committee and full Council meetings are published on the Council's website. Our review of Cabinet papers has identified that there is a structured and transparent decision-making process. Oversight of Cabinet decisions was provided by the Council's Overview and Scrutiny committees, which met frequently during 2024/25 and considered a wide range of topics. The Council also operates an Audit and Governance Committee which regularly met during 2024/25, with minutes of these meetings demonstrating a range of topics being assessed within the committee's remit. We also note the Audit and Governance Committee has independent members which is good practice. Annual reports detailing the activities of Overview and Scrutiny committees and the Audit and Governance Committee are also produced further enhancing transparency, governance and oversight and is notable practice.</p>	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Council has a range of policies, codes and procedures which describe expectations for members and officers in terms of conduct and behaviour, and support compliance with legislative and regulatory requirements. These include the Code of Conduct, Anti-Fraud, Bribery and Corruption Policy, Whistleblowing Policy and procedures for declaring interests and gifts and hospitality. We also note the Council operates a standards Committee with independent member support. The Council participates within a collaborative procurement service operated on behalf of 6 partner Council's with arrangements put in place to support adherence to the Procurement Act 2024. The Council procurement arrangements are supported by comprehensive oversight and governance. The Council has commenced, during 2024/25, to report contract exemptions to the Audit and Governance Committee, which is good practice.</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.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	The Council has in place extensive performance management arrangements. The Council agrees each year a performance framework and associated key performance indicators that are directly linked to key outcomes set out in the Borough Strategy 2021–2030. Detailed performance management reports are considered by Cabinet and the Overview and Scrutiny Committee, with the reports providing an informative appraisal of core performance areas. The Council is also actively developing its data quality arrangements and has also introduced a new KPI system which includes data quality assurance indicators. The Council utilises benchmarking data to inform its strategic and operational planning.	G
evaluates the services it provides to assess performance and identify areas for improvement	The Council’s Children Service received a ‘Good’ Ofsted rating in 2023/24. In 2024/25 Ofsted conducted a further focused visit and noted the Council has continued to develop and improve outcomes for the children and families. During 2024/25, CQC undertook an inspection of adult social care services, and provided an overall rating of ‘Good’. The Council achievement of ‘Good’ ratings for the two key areas of social care is notable and reflective of the Council’s readiness for inspection and focus on continuous improvement. The Council invited the LGA to conduct a Peer Challenge in 2024/25 with the outcome report detailing a positive direction of travel for the Council and setting out opportunities for even further improvement. The Council has responded appropriately to the LGA peer review by the development of an action plan which provides evidence of the Council’s willingness to engage in sector-lead improvement.	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.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
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	The Council’s corporate strategy was informed by extensive engagement and articulates the strategic importance the Council places on partnership working. The Council People’s Plan sets out the strategic priorities for St Helens Cares Partnership, under a shared vision, providing further evidence of system wide strategic planning in respect of health and wellbeing activity. During 2024/25 the Council updated key social care strategies which carried strong themes of coproduction and refreshed its Partnership Governance Framework to further support effective partnership working. The Council’s regeneration ambitions are supported through the activities of Parkside Regeneration, a Council joint venture partnership with a commercial developer, to regenerate a former colliery. The Council key partnership activities are reported to the those charge with governance. However, we have identified opportunities for the Council to strengthen its partnership arrangements, even further, in respect to Merseyside Recycling and Waste Authority and to normalise contractual pooled budget arrangements with health partners.	A
commissions or procures services, assessing whether it is realising the expected benefits	The Council has developed its contract management arrangement by introducing a contract register and by updating its contract procedure rules to align with new legislation. We have identified further opportunities for the Council to develop arrangements even further and have raised an improvement recommendation for the Council to consider further contract management training, guidance and enhanced monitoring arrangements. The Council actively participates in collaborative commissioning arrangements through its arrangements with STAR procurement, and we note the Council own Procurement and Commissioning Group place a focus on identifying joint procurement opportunities. The Council has an ambitious capital programme which includes very significant regeneration projects. The Council is alert to the risk and opportunities associated with this capital activity and has in place arrangements to carefully monitor and control such projects, supported by appropriate governance.	A
<div> <div>G</div> <div>No significant weaknesses or improvement recommendations.</div> </div> <div> <div>A</div> <div>No significant weaknesses, improvement recommendations made.</div> </div> <div> <div>R</div> <div>Significant weaknesses in arrangements identified and key recommendation(s) made.</div> </div>		

Improving economy, efficiency and effectiveness (continued)

Area for improvement identified: Council partnership activity in respect of Merseyside Recycling & Waste Authority (MRWA)

Key Findings: MRWA is a statutory strategic waste and resource management authority, leading on the recycling and management of municipal waste across the Liverpool City Region on behalf of constituent Council's. The Council pays an annual levy to the MRWA, alongside other regional Council's with additional funding received from Halton Borough Council under a separate agreement with MRWA. Activities of MRWA are overseen by a member led MRWA board. The Council's participation with MRWA is a key collaboration for the Council however limited information regarding MRWA is presented in budget setting reports or provided to those charged with governance at the Council. Additionally, the Council provides a range of support services to MRWA under a service level agreement however the current iteration is yet to be finalised.

Evidence: The Council's 2025/26 budget report set out the levy payable to MRWA being £10.02m, an increase of 1.77% from the prior year, but did not include any further explanatory information or context. The Council has a nominated representative to attend MRWA meetings, however update reports regarding MRWA activities are not currently provided to a Committee of the Council which would further enhance transparency, oversight and governance of this key area of partnership working. The Council also provides a range of corporate support services to MRWA under the terms of a service level agreement (SLA) however the 2025/26 SLA is yet to be finalised.

Impact: Greater transparency, oversight and governance of the Council's involvement and collaboration with MRWA would more appropriately reflect the vital role MRWA plays in the management of waste resources across the Liverpool City Region, support the Council to manage risk and opportunities relating to MRWA, whilst increasing accountability, especially in the context of the constantly evolving landscape of waste management.

Improvement recommendation 4

IR4: We recommend the Council:

- Seeks opportunities to incorporate further information relating to MRWA within budget setting reports.
- Reviews its governance and oversight arrangements in respect of its participation within the Merseyside Recycling & Waste Authority (MRWA) to ensure they are sufficient.
- Conclude and formalise the 2025/26 MRWA service level agreement.

Improving economy, efficiency and effectiveness (continued)

Area for improvement identified: Pool budgets agreement with health partners.

Key Findings: The Council has a pooled budget arrangement with NHS Cheshire & Merseyside Integrated Care Board (ICB) for the provision of continuing healthcare, long-term nursing care, aftercare and it also covers arrangements relating the better care fund. These arrangements reflect a strategic partnership between the Council and the ICB to support the efficient delivery of their statutory obligations relating to the health and wellbeing of residents.

The pooled arrangements are made under Section 75 of the National Health Service Act 2006 and is commonly referred to as a 'Section 75 Agreement'.

Evidence: Cabinet last approved the Section 75 Agreement between the Council and the ICB in April 2023, with the agreement running until 31 March 2025. The Council and ICB have yet to formally agree a new Section 75 Agreement from 1 April 2025 and the matter remains under negotiation. The Council referred to matters relating to the Section 75 Agreement within the Revenue and Capital Outturn Report 2024/25, considered by Cabinet in June 2025, with the report stating a risk share exists that splits any cost pressures in the Pool between the ICB (72%) and the Council (28%). The total expenditure in the Pool increased by 6.66% to £61.865m in 2024/2025; this caused an overspend of £4.690m, of which the Council bears £1.313m (28%). The main driver for the increased expenditure this year was an increased demand for domiciliary care, primarily for people with physical support needs. This demonstrates the scale and risk associated with elements of the pooled funding arrangements.

Impact: The lack of formal agreement between the Council and the ICB in relation to the Section 75 Agreement creates financial uncertainty and risk to the Council especially considering the scale of the pooled arrangement, the risk share and in the context of the adverse variance reported in 2024/25. The Council should place a significant focus on normalising and clarifying the Section 75 Agreement and provide an update on the current status to members.

Improvement recommendation 5

IR5: We recommend the Council:

- Provides an update, to members, to the status of the Section 75 Agreement.
- Concludes negotiations with the NHS Cheshire & Merseyside Integrated Care Board in order that the Section 75 Agreement can be normalised and clarified from 1 April 2025 onwards.

Improving economy, efficiency and effectiveness (continued)

Area for improvement identified: Contract Management

Key Findings: The Council has in place specialist procurement capacity, and during 2024/25, developed these arrangements further whilst introducing enhancements to its contract management activities, however we have identified an opportunity for the Council to strengthen its contract management even further.

Evidence: The Council has been actively developing its contract management activities through the introduction of a contract register, contract pipeline and by the revision of its contract procedure rules (CPRs) to align with the requirements of the Procurement Act 2024. Post award contract management responsibilities are largely devolved to services but recent training on effective contract management (in line with revised CPRs) has not been provided to relevant staff.

The Council could also consider introducing standardised contract management procedures that support adherence to CPRs. These procedures could include a risk-based methodology framework that could determine the frequency and depth of contract reviews based on contract value and potential impact on service delivery, a model that we have observed used in other Councils.

Impact: The provision of contract management training, standardised procedures and the adoption of formal risk-based monitoring would provide additional assurance to the Council that contracts are being appropriately managed and that expected benefits are being realised.

Improvement recommendation 6

IR6: We recommend the Council further strengthens its contract management arrangements by:

- Providing specific training for contract managers to support adherence to the Council's revised contract procedures rules.
- Developing central contract management procedures to increase corporate oversight and assurance that contracts are being appropriately managed.

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

Key recommendation raised in 2024/25

Recommendation	Relates to	Management Actions
<p>KR1 We recommend the Council places an urgent organisational focus on developing and implementing effective mitigations to manage escalating demand and cost in relation to Children’s Services. Actions should include:</p> <ul style="list-style-type: none">• Identify and deliver actions to reduce demand through early help, ensure sufficiency of cost-effective placements, and reduce agency staffing costs.• Refinement of financial and demand modelling to ensure that budgets are based on realistic assumptions.• Contain overspends within the Directorate so as not to adversely impact on the Council’s outturn position.• Ensure planned savings and their timing are realistic and identify full mitigating actions if they are delayed.	<p>Financial sustainability (page 15 -23)</p>	<p>Actions: Agreed. We recognise the importance of this recommendation and will seek to manage and mitigate through the following:</p> <ul style="list-style-type: none">•Introduce Check & Challenge meetings between relevant Directors and Portfolio Holders•Continue to deliver the Children’s Programme to develop in house provision•Actively manage use of Agency staff to reduce numbers and cost•Update the Demand Management Strategy•Continue to actively management budgets through the RMG process <p>Responsible Officer: Paula Swindlehurst / Richard Gibson.</p> <p>Executive Lead: Jamaila Hussain / Cath Fogarty.</p> <p>Due Date: March 2026.</p>

Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div><div>IR1</div><div><p>The Council should take action to address the unsustainable use of reserves to balance revenue budget overspends. This should include:</p><ul style="list-style-type: none">• ensuring that in-year budget pressures are mitigated in order to deliver balanced outturn or revenue underspends, and reverse the erosion of revenue reserves;• ensuring that the level of GF reserves are sufficient to mitigate the financial risks that the Council is exposed to and also fund corporate priorities;• ensuring the MTFS includes provision to make adequate contributions to reserves so they are sufficient to mitigate financial risk.</div></div>	<div>Financial sustainability (pages 15-23)</div>	<div><p>Actions: Agreed. The Council is actively seeking to mitigate in year pressures to maintain reserves at the appropriate levels.</p><p>Responsible Officer: Richard Gibson.</p><p>Executive Lead: Cath Fogarty.</p><p>Due Date: March 2026.</p></div>

Improvement recommendations raised in 2024/25 (continued)

	Recommendation	Relates to	Management Actions
IR2	The Council should continue to manage the annual DSG deficit so that it does not become a significant risk to financial sustainability if the statutory override ends and in order to protect cash balances. The Council should continue to develop and deliver actions to mitigate demand and cost.	Financial sustainability (pages 15-23)	Actions: Agreed, the Council is seeking to actively manage DSG spend, specifically within the High Needs Block. Responsible Officer: Paula Swindlehurst. Executive Lead: Jamaila Hussain. Due Date: March 2026.
IR3	The Council should ensure that savings plans developed by directorates are based on realistic assessments of the scale and timing of savings. The Council should continue to review and develop governance arrangements for overseeing savings delivery, including ensuring that savings delivery is embedded within the refreshed Transformation Programme.	Financial sustainability (pages 15-23)	Actions: Agreed, the Council continues to monitor via the Budget & Performance Group (part of SLT), scheduled throughout 2025/26. Responsible Officer: SLT / Richard Gibson. Executive Lead: Cath Fogarty / Lisa Harris / Jamaila Hussain. Due Date: March 2026.

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR4	<p>We recommend the Council:</p> <ul style="list-style-type: none">•Seeks opportunities to incorporate further information relating to MRWA within budget setting reports.•Reviews its governance and oversight arrangements in respect of its participation within the Merseyside Recycling & Waste Authority (MRWA) to ensure they are sufficient.•Conclude and formalise the 2025/26 MRWA service level agreement.	Improvement economy, efficiency and effectiveness (pages 26-30)	<p>Actions: Agreed, the Council will provide further information within its Medium-Term Financial Strategy reports.</p> <p>Responsible Officer: Richard Gibson / Jan Bakewell.</p> <p>Executive Lead: Cath Fogarty.</p> <p>Due Date: March 2026.</p>

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR5	<p>We recommend the Council:</p> <ul style="list-style-type: none">•Provides an update, to members, to the status of the Section 75 Agreement.•Concludes negotiations with the NHS Cheshire & Merseyside Integrated Care Board in order that the Section 75 Agreement can be normalised and clarified from 1 April 2025 onwards.	<p>Improvement economy, efficiency and effectiveness (pages 26-30)</p>	<p>Actions: Agreed, the Council continues to use its best endeavours working with the ICB to confirm the S75 Agreement for 26/27 and will keep the Portfolio Holder updated.</p> <p>Responsible Officer: Jamaila Hussain / Rob Crookes / Jan Bakewell.</p> <p>Executive Lead: Jamaila Hussain.</p> <p>Due Date: March 2026.</p>

Improvement recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<div>IR6</div> <div>We recommend the Council further strengthens its contract management arrangements by:<ul style="list-style-type: none">• Providing specific training for contract managers to support adherence to the Council’s revised contract procedures rules.• Developing central contract management procedures to increase corporate oversight and assurance that contracts are being appropriately managed.</div>	Improvement economy, efficiency and effectiveness (pages 26-30)	<div>Actions: Agreed.</div> <div>Responsible Officer: Richard Gibson / SLT.</div> <div>Executive Lead: Cath Fogarty / Lisa Harris / Jamaila Hussain.</div> <div>Due Date: March 2026.</div>

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	<p>The Council should carefully monitor progress with its plans for developing children’s residential homes and ensure any slippage is factored into its assessment of the scale and timing of overall revenue savings. The benefits of these and other initiative should be rigorously monitored against expectations to ensure future cost forecasts are as accurate as possible.</p>	2023/24	<p>There are arrangements in place to monitor progress with the Children’s Residential Programme workstream by the Strategic Change and Transformation Board’s portfolio monitoring and the Children’s and Young People Finance and Performance Board.</p> <p>While all planned children’s homes have now been purchased, there were delays in handing them to registered operators and with Ofsted registration and so no homes were operational during 2024/25. This resulted in the slippage of £1.3m of assumed savings in 2024/25 and contributed to the overspend in Children’s Services. While one home became operational in April 2025, the others are delayed due to the extended time it is taking to obtain Ofsted registration. The 2025/26 budget again assumed a full year of savings delivery against these children’s homes and so further mitigating actions are required.</p> <p>Delays to the delivery of additional in-house children’s homes therefore continue to create financial pressure within Children’s Services. This is reflected in the new key recommendation raised in 2024/25.</p>	Recommendation incorporated into a new key recommendation.	We have raised a new key recommendation relating to mitigating cost and demand in Children’s Services.

Appendix C: Follow up of 2023/24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	<p>The Council should review key budget assumptions against recent actual experience to ensure that it identifies, as accurately as possible, the key financial pressures it is likely to face, and use this to provide assurance that its reserves could withstand a plausible worst-case scenario. In particular it should:</p> <ul style="list-style-type: none"> review annual forecasts of demand for placements of children looked after and children leaving care given the ongoing spend above budget in this area; review the modelling assumptions within its MTFS around potential under-delivery of savings, currently illustrated at 10%, given recent under-delivery of around 30%. 	2023/24	<p>The MTFS includes a “Sensitivity Analysis and Risks” section setting out the financial impact of changes to key budget assumptions such as the pay award, energy costs, social care provision, inflation and savings.</p> <p>While the MTFS assumes 100% savings delivery, the accompanying sensitivity analysis has been updated to illustrate the impact of not delivering 30% of approved savings.</p> <p>Work is ongoing to develop financial modelling for Adults and Children’s Services with finance business partners working together and supported by the Local Government Association.</p> <p>We consider that this improvement recommendation can be closed, but we have raised a new key recommendation relating to mitigating cost and demand in Children’s Services and an improvement recommendation to address the unsustainable use of reserves.</p>	Recommendation closed.	We have raised a new key recommendation relating to mitigating cost and demand in Children’s Services and an improvement recommendation to address the unsustainable use of reserves.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	<p>The Council should ensure the savings plans developed by directorates are based on realistic estimates of the level of savings and timings of savings delivery, and assess the effectiveness of its revised arrangements for overseeing savings delivery based on performance over 2024/25.</p>	2023/24	<p>The Council approved a pipeline of worked-up savings in March 2024 that balanced the budget gaps identified in the Medium-Term Financial Strategy for three years from 2024/25 to 2026/27. This is considered good practice.</p> <p>There are governance arrangements in place to oversee savings delivery through the Budget and Performance Monitoring Board and Strategic Change and Transformation Board.</p> <p>However, the Council faces challenges in delivering approved savings plans, with £3.7m (29%) not achieved in 2024/25 and early monitoring for 2025/26 identifying that £1.8m (20%) of planned savings may not be delivered. We have updated the improvement recommendation we raised in 2023/24 to ensure that savings targets are realistic.</p>	Recommendation updated.	<p>Improvement recommendation updated:</p> <p>The Council should ensure that savings plans developed by directorates are based on realistic assessments of the scale and timing of savings.</p> <p>The Council should continue to review and develop governance arrangements for overseeing savings delivery, including ensuring that savings delivery is embedded within the refreshed Transformation Programme.</p>

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	<p>In line with the Audit and Governance Committee's annual effectiveness review, and the Council's positive response to this and our linked recommendation from 2022/23, the Council should ensure the Audit and Governance Committee is given the support it needs to enhance its ability to oversee and challenge the Council's response to key risks. In particular it should:</p> <ul style="list-style-type: none"> • ensure the Committee is provided with assurance that the Council is undertaking sufficient, proactive fraud prevention work; and • ensure there is adequate capacity and time allocated in the Committee's schedule to review key strategic risks, including potentially reporting the risk register more frequently, and periodic "deep dives" into key risks. 	2023/24	<p>The Council has in place dedicated Counter fraud resource, and an Annual Counter Fraud Report is considered by the Audit and Governance Committee. The Council has also recently strengthened its strategic planning by introducing an updated Anti-Fraud, Bribery and Corruption Policy.</p> <p>We have found the Council's risk management arrangements were adequate during 2024/25.</p>	Recommendation closed.	None needed.

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR5	<p>The Council should consider including in its quarterly performance reports:</p> <ul style="list-style-type: none"> financial benchmarks (such as unit cost benchmarks) – to provide information on the relative costs of key services or service processes, compared to similar authorities; data quality assurance indicators – information on the assurances available over the data systems that underpin key performance indicators. 	2023/24	<p>The Council has considered this recommendation.</p> <p>We have also established the Council is actively developing it data quality arrangements.</p>	Recommendation closed.	None needed.
IR6	<p>Ensure the Council’s ongoing assurance activity includes a proportionate programme of assurance over the other high priority partnerships’ compliance with the partnership governance framework.</p>	2023/24	<p>During 2024/25 the Council reviewed and updated its Partnership Governance Framework Review to ensure that it remained fit for purpose which is good practice and supports partnership assurance.</p>	Recommendation closed.	<p>We have raised associated improvement recommendations in relation to Council involvement with MRWA and the ICB.</p>

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR7	The Council should ensure it has a complete register of all its contracts with external suppliers and develop its contract management framework, drawing on relevant guidance and best practice including that issued by the Cabinet Office.	2023/24	The Council has reviewed, updated and published a contract register and has also revised its CPRs in line with the Procurement Act 2024. We have identified further opportunities for the Council to develop arrangements even further by contract management training, guidance and enhanced monitoring arrangements. All of which could provide additional assurance to the Council that contracts are being appropriately managed and that expected benefits are being realised.	Partially implemented.	As associated improvement recommendation has been raised in relation to post award contract management.



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