North Somerset Council

Auditor's Annual Report
Year ending 31 March 2025

27 November 2025

Contents

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.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for North Somerset 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

The Council is a unitary council with a population of 216,000 residents. The Council operates under a Cabinet 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 the Cabinet. Full Council and Cabinet are supported by six overview and scrutiny committees. The Council has 50 councillors, and the Council is elected every four years. The most recent elections were in May 2023; no single political group had enough seats to secure an overall majority, so a partnership administration was formed between 5 groups. This partnership holds 35 of the 50 seats on the Council.

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 – 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 weakness in arrangements identified in relation to the annual DSG deficit and one improvement recommendation also raised.	One risk of significant weakness identified in relation to the DSG deficit gap and progress of the Council's Children's Social Care delivery plan	R	Two significant weaknesses in arrangements in financial sustainability were identified, surrounding deliverability of future savings plans and for arrangements to effectively reduce the DSG deficit. We have raised two key recommendations. We have also raised one improvement recommendation for managing demand and costs in Adult's and Children's services.
Governance	A	No significant weaknesses identified; improvement recommendations raised in relation to risk management reporting and a procurement exceptions central register.	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but one improvement recommendation has been raised around the need for improved controls on ad-hoc expenditure.
Improving economy, efficiency and effectiveness	A	No significant weaknesses; three improvement recommendations raised for performance reporting, Children's Services improvement plans and contract management.	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support the Council in improving arrangements related to the limited visibility into contract-related spend within Children's Services project-based accounting to enable expenditure to be linked directly to contracts.

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 delivered a balanced budget for 2024/25, despite significant overspends in Children's and Adult's Services. This was achieved through £15m in reserve drawdowns and contingency releases, alongside non-recurrent savings and increased investment income. A balanced budget is in place for 2025/26, but a balanced budget has yet to be reached beyond 2026/27, with the Medium-Term Financial Plan forecasting a £46m savings requirement gap over the next five years. The worsening DSG deficit, constrained transformation capacity and continued reliance on temporary measures present risks to long-term sustainability. Two key recommendations raised relate to the DSG deficit and long-term savings delivery. An improvement recommendation has been raised for demand and cost management in Adult's and Children's services. We include further detail on the following pages.

Governance

The Council has appropriate governance arrangements in place, with clear decision-making processes and active scrutiny. The annual budget setting process is robust and transparent, with public engagement and alignment to the Medium-Term Financial Plan. Risk management is thorough and embedded in performance monitoring. Internal Audit provided the Council with a satisfactory assurance opinion for 2024/25, though some areas of weak control remain. Our review showed that procurement governance has improved, but risks persist in exception reporting and unplanned spend. Therefore, one improvement recommendation has been raised for stronger controls around unplanned spend, including appropriate purchase order approvals. We include further detail on the following pages.

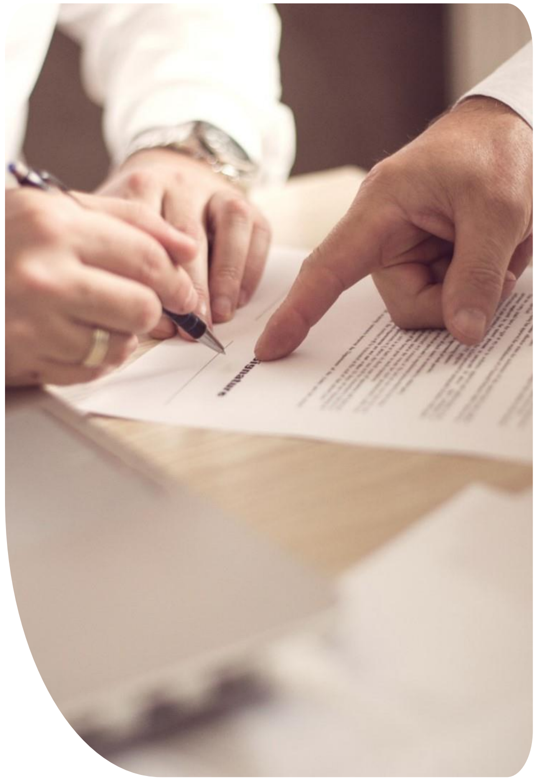
Improving economy, efficiency and effectiveness

The Council has arrangements in place to monitor and improve performance, with integrated reporting of risk and delivery against strategic commitments. The Business Insights team has been realigned to better link financial and outcome data, supporting more responsive service management. Benchmarking and sector-led support inform improvement, particularly in Children's Services. Partnership working is embedded across health, education, and safeguarding. Procurement and contract management are being strengthened, though risks remain around system integration and spend visibility. Two improvement recommendations have been raised: to explore interfacing options between key systems and to consider project-based accounting to improve contract spend tracking. We include further detail on the following pages.

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	The financial statements were approved at the Audit Committee meeting on 27 November 2025. We issued an unqualified opinion on the same day. Our findings are set out in our Audit Findings Report.
Use of auditor's powers	We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. 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. We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014. 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.



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

Our financial statements audit is complete and we issued an unqualified audit opinion following the Audit Committee meeting on 27 November 2025. Our findings are set out in our Audit Findings Report.

The full opinion will be included in the Council's Financial Statements 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 (2025) 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 provided draft accounts in line with the national deadline of 30 June 2025. 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. This was reported to the Council's Audit Committee on 27 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	The Council delivered a balanced budget for 2024/25, despite £28.5m in service overspends: £16.8m in Children's Services and £8.7m in Adult Services. An underspend of (£0.3m) was achieved in 2023/24. The 2024/25 pressures were managed through earmarked reserves, contingency budgets, planned savings and higher income in some areas. For 2025/26, a balanced budget has been set, underpinned by reasonable assumptions and structural adjustments. Growth funding has been allocated to high-pressure areas and the S151 Officer has confirmed the robustness of the budget and adequacy of reserves. However, many mitigations used in 2024/25 were non-recurrent and the Council recognises the need for sustainable savings. The savings gap has widened from £10m over three years, as at when our review began in August 2025, to £46m over the next five years. While this represents a significant challenge, the increase also reflects the longer time horizon now being considered. Continued demand pressures, reliance on temporary measures and uncertainty in future funding mechanisms present risks. The DSG position has worsened, with a £12.7m in-year overspend in 2024/25 (£3.6m in 2023/24); increasing the cumulative deficit to £26m. Structural changes in Children's Services are being considered and transformation programmes are underway, but the scale of the deficit still presents a risk; especially with the statutory override ending in 2027/28. The DSG statutory override allows councils to temporarily exclude SEND related deficits from their general fund. Once lifted, councils must absorb these deficits, posing a serious risk to financial sustainability without reform or support. The Council should continue to reduce the DSG deficit and seek a realistic savings trajectory with the Department for Education (DfE) under the Safety Valve programme. We raise a key recommendation on page 19.	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 (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The Council has developed a savings and transformation programme for 2024/25 and 2025/26, identifying £44.2m in savings, including £20.1m planned for 2025/26. In 2024/25, it delivered or mitigated £15m of its £16m target (93%), though some relied on non-recurrent measures and reserve use rather than embedded efficiencies. In 2024/25, the Council's reliance on reserves to support its financial position was significant, there was a £12.8m drawdown from earmarked reserves to manage service pressures, including substantial use in Children's Services where nearly £5m was released. While this enabled the Council to avoid Exceptional Financial Support, it has materially reduced future financial headroom. The CIPFA Financial Resilience Review (June 2025) recommends the need for a structured, multi-year replenishment plan and clearer reserve categorisation to improve transparency and strategic alignment. The overall useable reserve base has declined from £125.8m (2023/24) to £116.3m (2024/25). The scale of drawdown, particularly in high-risk areas such as Children's Services, underscores the fragility of the Council's financial resilience. Over the medium-term, usable reserves are forecast to further reduce to just over £40m by the end of 2027/28. Despite these challenges, the Council is taking steps to strengthen its position, including engaging external partners like Impower to support transformation in high-cost areas such as placements. Directors are being engaged in developing proposals to enable change, due later this year. Nonetheless, the scale of reserve depletion and limited transformation capacity, particularly in Children's Services, mean the Council faces a real risk of not closing its medium-term funding gap. The period five budget monitoring report presented to Cabinet in October 2025 highlights a worsening financial outlook. The savings gap has widened from £10m over three years, to £46m over the next five years. While this represents a significant challenge, the increase also reflects the longer time horizon now being considered. Continued uncertainty around external income and government flexibilities adds further complexity. This scale of challenge underlines the importance of sustained savings delivery and robust medium-term planning to maintain financial resilience. We raise a key recommendation on page 20.	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 (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	North Somerset Council's Corporate Plan (2024–2028) sets out four strategic ambitions aligned to its vision of being Open, Fair, and Green. The Medium-Term Financial Plan (MTFP) underpins these ambitions, with significant investment in children's service, adult services and sustainable places. The 2025–2029 Capital Strategy supports the Council's net-zero target, with major projects including Metro West Rail, Banwell Bypass, and the Bus Service Improvement Plan (BSIP). Of the £398m capital programme, £289m is externally funded. Spending is set to rise by £30m in 2025/26, driven primarily by increased demand in Adults and Children's Social Care and investment in transport services, reflecting the Council's strategic priorities and service pressures. Children's Services remain a key driver of financial pressure. The number of children in care has risen from around 200 pre-pandemic to approximately 270, with high-cost placements and a surge in unaccompanied asylum-seeking children adding volatility. The 2024/25 budget significantly underestimated demand, allocating for just 11 residential placements against actual need of 30–40. Forecasting demand in this area is inherently complex, influenced not only by the number of children but also by factors such as the complexity of needs, availability and cost of provision, market conditions and national policy changes. Despite these challenges, the Council has not consistently been able to model future demand effectively. Forecasting has historically been constrained by fragmented systems and leadership turnover. The Council has acknowledged these issues and is working to improve modelling through cost and volume tools, external support (e.g. Impower) and tighter governance over care entry. A £5.5m uplift has been included in the 2025/26 budget for placements, alongside £470k in new grant funding. Despite these efforts, demand remains volatile and worst-case scenarios often exceed what is affordable within the MTFP. Continued improvement in forecasting and strategic oversight is needed. Therefore, this remains an improvement recommendation. We raise an improvement recommendation on page 21.	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
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	The Council's financial planning is well-integrated with strategic and operational plans, including workforce, capital, IT, sustainability and transformation. The Medium-Term Financial Plan is designed to deliver the Corporate Plan, with capital investment aligned to the Capital Strategy. Workforce planning is supported by monthly reporting. A review of consultancy use found that while consultants are essential for filling gaps and delivering specialist services, there were concerns about demonstrating value for money. The Council has introduced spending controls and strengthened governance and will be tracking consultancy-related risks and analysing spending trends. The council issue informative treasury management performance reports throughout the year. In addition, their Treasury Management Strategy adopts the CIPFA Prudential Code and Treasury Management Code of Practice, ensuring a comprehensive framework for managing investments, borrowing, cash flow, and capital financing. Governance and oversight arrangements provide assurance, with risks actively managed. No additional procedures are required.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Council actively manages financial risks through integrated controls and oversight. In 2024/25, it implemented spending controls in staffing and non-essential areas to deliver a balanced outturn without drawing on general reserves. Budget monitoring reports include mitigation actions and financial risks from the Strategic Risk Register. The S151 Officer's Section 25 statement for the 2025/26 Budget confirms the robustness of budget preparation and adequacy of reserves. This budget includes sensitivity analysis and scenario modelling to assess the impact of flexing key assumptions. The arrangements in place for identifying and managing risks to financial resilience are sufficient.	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 financial sustainability (DSG)

Key Finding: In our prior year report, we raised a Key Recommendation that the Council needed to work with partners to better control its Dedicated Schools Grant (DSG) expenditure. The Council continues to face a significant financial sustainability risk due to the worsening Dedicated Schools Grant (DSG) deficit. Despite ongoing engagement with the Department for Education (DfE) under the Safety Valve programme, the current trajectory does not provide a realistic path to financial balance.

Evidence: In 2024/25, the DSG recorded a £12.7m in-year overspend, increasing the cumulative deficit to £26m. This represents a material deterioration from the prior year (£3.6m overspend in 2023/24) and places further strain on the Council's financial position. The statutory override allowing the DSG deficit to be excluded from the general fund has been extended, but ends in 2027/28, heightening the urgency for a sustainable resolution. The DSG statutory override allows councils to temporarily exclude SEND related deficits from their general fund. Once lifted, councils must absorb these deficits, posing a serious risk to financial sustainability without reform or support. Without further action to reduce the annual deficit, the Council's ability to manage this pressure within its medium-term financial planning is compromised. Additionally, we have raised an improvement recommendation related to the limited visibility of contract related expenditure within Children's services that is linked to this weakness. While structural changes in Children's Services and transformation programmes are underway, the scale of the deficit remains a critical concern. Additionally, the commissioned June 2025 CIPFA Financial Resilience Review recommends the Council to integrate the DSG and Safety Valve plans into the Medium-Term Financial Plan, establishing joint oversight by Finance, Education and Transformation leads, and regularly reporting progress and risks to Cabinet and Audit Committee.

Impact: An extension to the Dedicated Schools Grant Statutory Override until the end of 2027/28 provides a safety net for the following two years, but the end of the statutory override will require the Council to absorb the deficit within its general fund, which could significantly deplete reserves and limit its ability to respond to future financial shocks. A realistic and achievable savings trajectory is essential to mitigate this risk. The financial risk remains material and unresolved. Measures are ongoing but not yet delivering improvement.

Key recommendation 1

KR1: The Council should: continue to take action to reduce the annual DSG deficit and seek to keep an open dialogue with the Department for Education on how to manage further overspends.

(First raised in 2023/24)

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: While savings plans are in place, many remain non-recurrent or high-risk, particularly in Children's Services. Combined with a significant reserve depletion and limited transformation capacity, this presents a structural vulnerability in the Council's financial sustainability.

Evidence: The Council has set a balanced budget for 2025/26, but this has only been achieved by using £9.1 million of one-off reserves, an approach acknowledged as unsustainable. The Council's financial strategy is increasingly reliant on useable reserves, with £12.8m drawn from earmarked reserves in 2024/25, including nearly £6m to manage pressures in Children's Services. The total useable reserve base has declined from £125.8m (2023/24) to £116.3m (2024/25) and is forecast to fall to just over £40m by 2027/28, significantly reducing financial headroom. In addition, the CIPFA Financial Resilience Review (June 2025) recommended a structured, multi-year replenishment plan and clearer reserve categorisation to support transparency and long-term planning.

Savings plans in high-risk areas remain underdeveloped. In Children's Services, placement demand was significantly underestimated, contributing to overspends and structural budget gaps. The medium-term outlook is further challenged by rising savings requirements and continued uncertainty around external income and government flexibilities.

The period five budget monitoring report presented to Cabinet in October 2025 highlights a worsening financial outlook. The savings gap has widened from £10m over three years (as at when our review began) to £46m over the next five years. This represents a significant weakness in financial sustainability.

Application for Exceptional Financial Support, a mechanism used by the UK Government to provide financial assistance to local authorities that are experiencing severe financial pressures and are unable to balance their budgets without additional support, is now a serious consideration for the Council. Although no decision is expected until December 2025 or January 2026.

Impact: Without fully developed and recurrent savings plans, the Council risks being unable to close its medium-term funding gap. Continued reliance on one-off measures, volatile demand in high-cost services, and declining reserves undermine financial resilience. However, this risk is compounded by uncertainty around the Government's Fair Funding Review, with no confirmed decisions on future funding levels or flexibilities, making it harder for councils to plan effectively.

Key recommendation 2

KR2: The Council should ensure all directorates have fully developed and deliverable savings plans, with a clear focus on achieving recurrent savings, to support the Medium Term Financial Plan and close the funding gap over the next five years.

Financial sustainability (continued)

Area for Improvement identified: managing demand and costs in services

Key Finding: The Council continues to face challenges in producing accurate budget assumptions for Children's Services. The 2024/25 budget significantly underestimated residential placement needs, allocating for 11 placements against actual demand of 30–40. This structural gap reflects ongoing volatility in demand and limitations in forecasting capability.

Evidence: Placement pressures were exacerbated by a surge in care entries, particularly into costly unregistered placements, and through an increase in unaccompanied asylum-seeking children. Despite improvements in data modelling and governance, forecasting remains difficult due to fragmented systems and legacy infrastructure. Individual high-cost cases can rapidly shift projections, and worst-case scenarios often exceed what is affordable within the Medium-Term Financial Plan. Planned savings have been limited by rising costs, and budget assumptions continue to carry a high degree of uncertainty. The council's 2025/26 budget includes over £30 million in increased spending compared to the 2024/25 MTFP budget. With inflation, changes and re-basing leading to a £15.5m increase allocated to adult social care and £16.2m to children's services due to ongoing pressures.

Impact: Inaccurate budget assumptions in high-risk areas such as Adults and Children's Services undermine the Council's ability to plan effectively and deliver a sustainable financial position. Without improved forecasting and system integration, the Council risks persistent overspends and reduced financial resilience.

Improvement Recommendation 1

IR1: The Council should: continue to develop and deliver mitigating actions to manage demand and costs in relation to Adult Social Services and Children's Services. Actions should include:

· Embedding and delivering the Adults and Children's transformation programmes;

· Continuing to model and challenge demand and cost data to ensure budgets are based on accurate projections.

(First raised in 2023/24)

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of Capital Expenditure Reprofiling, but could challenge itself to go further, based on the best arrangements we see across the sector

What the Council is already doing

- There was significant underspending against the profiled budget due to rephasing of capital expenditure into future years. Some delays may have been caused by staffing, contractor availability, or supply chain issues
- The council's capital budgets are based on robust cost estimates and supported by value-for-money procurement processes. Delivery is overseen by a skilled Major Projects Capital Delivery Team and a dedicated Project Management Office (PMO)

What others do well

- Capital risk registers and gateway reviews help assess readiness and mitigate slippage before committing resources
- They make use of consistent and empirically grounded planning assumptions, especially in large-scale or high-risk programmes

The Council could consider

- Ensuring that their Asset Management System is leveraged to improve data quality, lifecycle planning and strategic asset decisions
- Formalising and publishing its rephasing methodology, linking changes to delivery constraints and capacity assessments
- Benchmarking forecasting accuracy year-on-year and across departments to identify trends and areas for improvement

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of Transformation Capacity, but could challenge itself to go further, based on the best arrangements we see across the sector

What the Council is already doing

- Transformation is embedded across various services, including Adults, Children's and Place, supported and governed by the Programme Management Office and the Digital and Transformation Board. The Council has engaged external partners like Impower to support transformation planning
- The Council intends to join the West of England Combined Authority (WECA) as a strategic transformation initiative. It aims to unlock capital investment and access skills funding

What others do well

- Councils with strong programme boards and escalation routes ensure transformation remains on track and responsive to challenges
- Councils joining Mayoral Combined Authorities (MCAs) or regional partnerships benefit from shared resources, strategic alignment, and access to funding streams
- Councils with successful transformation programmes often invest in specialist teams to drive change and manage delivery risks

The Council could consider

- The Council should consider creating a centralised, well-resourced transformation function with embedded leads across directorates to support delivery and benefits realisation
- Transformation has often been conflated with savings targets. The Council will benefit from clearer governance and communication that distinguishes strategic service redesign from tactical cost-cutting
- Joining WECA is seen as vital for unlocking funding and strategic alignment. The Council should ensure sufficient capacity and planning to manage the transition and maximise benefits.

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Council has appropriate arrangements in place to ensure compliance with legislative and regulatory requirements. A quarterly Statutory Officers Group reviews significant legal and statutory issues, and all reports are reviewed by the Monitoring Officer and S151 Officer prior to Cabinet or Council consideration. No significant breaches of laws or regulations were identified for 2024/25. Codes of Conduct are in place for Members and officers, setting clear expectations for behaviour. The Council's governance structure supports transparency and accountability, with oversight provided by the Audit Committee and Overview and Scrutiny Committees. Each Committee conducts an annual effectiveness review and reports findings and improvement priorities to the Cabinet and full Council. Procurement arrangements are governed by a 2021–25 strategy and Contract Standing Orders, which define approval levels and procedures. A Commissioning Board oversees strategic procurement, and a central register of procurement exceptions is maintained. However, exceptions under £100k may be missed due to decentralised reporting. We therefore raise an improvement recommendation for directorates to report all procurement exceptions, with supporting evidence, to the central procurement team to ensure comprehensive oversight. Additionally, though ad-hoc expenditure is managed through purchase orders that require approval by the relevant budget manager, many purchase orders are being raised for incidental items. To reduce administrative burden and strengthen oversight of this type of spend, we recommend enhancing controls to prevent unauthorised or fraudulent expenditure. We are aware that a solution is being explored internally to minimise risk and improve transparency. We raise an improvement recommendation on page 27.	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 (continued)

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 continues to strengthen its governance, risk and assurance frameworks. The refreshed Risk Management Strategy (April 2024) aligns with the Corporate Plan and embeds risk oversight across planning and performance processes. At year-end 2024/25, 14 strategic risks were recorded, with 6 remaining high. Internal audit is delivered independently through One West, with 40 of 46 audits completed or in progress. The overall opinion on the internal control framework was rated as providing satisfactory assurance for 2024/25, though weaknesses were identified in IR35 compliance, cyber security awareness, and corporate credit card use. Remedial actions are in progress, and all 2024/25 recommendations were followed up. From our review, council committees receive regular performance and risk updates, and scrutiny panels are focused on improving impact. Fraud controls are active, with no cases identified in 2024/25. The Annual Governance Statement highlights financial pressures and the DSG deficit as key concerns, with actions underway including a CIPFA-led resilience review and participation in the DfE's Safety Valve programme.	G
approaches and carries out its annual budget setting process	The Council follows a structured and transparent budget-setting process which begins with a review of the current financial position and assessment of future risks and pressures. The 2025/26 budget was approved by Cabinet in February 2025 and this budget incorporates updated funding assumptions, savings proposals, service pressures, and Council Tax base data. Draft proposals are scrutinised internally and shared publicly for consultation, with input from residents and other external stakeholders. The final budget, aligned with the Medium-Term Financial Plan, includes detailed financial appendices and a Section 25 assurance statement confirming its robustness and adequacy. We have sufficient evidence to confirm that arrangements in place are sufficient.	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 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 has established systems to ensure budget control and compliance with financial regulations. Quarterly reports provide clear updates on spending, savings, and reserves, with Directors held accountable for their budgets. A dedicated board oversees capital projects A £28.5m overspend was reported for 2024/25, driven by rising costs in Children's and Adults Services. The council has declared a financial emergency and is implementing spending controls to meet its statutory duties and balance the budget for the Medium-Term Financial Plan covering periods up to 2027/28. This has been reflected in our financial sustainability commentary in previous pages. Significant partnerships are subject to financial oversight, with interventions applied where risks to budget control or statutory compliance are identified. We have sufficient evidence to confirm that arrangements in place are sufficient.	G
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Council makes informed decisions supported by clear evidence, with transparency and challenge embedded in its governance. A key decision in-year was the purchase and implementation of a household waste booking system, following consideration of alternative options and due process. Cabinet papers clearly present decision items with supporting financial, legal, and consultation evidence. Overview and Scrutiny committees receive detailed reports, enabling effective oversight by Executive Directors and Members. The Monitoring Officer ensures legal compliance, while the Audit Committee, comprising elected and independent members, provides robust challenge on issues such as fraud and limited assurance audits. We consider the Council's structure provides sufficient assurance that oversight and challenge are applied to decision making, risk management and performance management.	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 (continued)

Area for Improvement: implementing controls on ad-hoc expenditure

Key Finding: While the Council has a comprehensive procurement strategy and governance framework in place, there are gaps in oversight and control of ad-hoc spend. In addition, purchase orders can currently be raised without sufficient scrutiny.

Evidence: While a contract register is maintained, visibility of lower-value exceptions, particularly those under £100,000 managed within directorates, is limited. Ad-hoc spend is currently untracked, with purchase orders raised without sufficient oversight. A tail spend solution is being explored to improve control and transparency.

The Procurement team, comprising around nine FTEs with no plans for expansion, has limited capacity to respond to unexpected capital and ad-hoc low value projects. Strategic oversight is supported by a newly established commissioning board, and preparations are underway for the Procurement Act 2024, including a tailored contract handover pack. The Council's Constitution requires a Contract Management Plan for contracts over £160,000 and sets out a formal process for approving procurement exceptions in urgent or justified cases.

Impact: The lack of controls around ad-hoc spend and limited visibility of low-value transactions risks unauthorised expenditure, reduced value for money and weak oversight. The Council currently risks not realising value for money from the delivery of its contracts.

Improvement Recommendation 2

IR2: The Council should: implement controls around ad-hoc spend to prevent and detect unauthorised expenditure. This should also include the approval of Purchase Orders by the appropriate budget holder.

Grant Thornton insight

Procurement Considerations

Our national report on procurement and contract management sets out lessons learned from our VfM audits. Key findings include:

- **Raise the Profile of Procurement:** Promote procurement's strategic role to secure investment and attract talent
- **Strategic Use of Interim Staff:** Employ skilled interims not only to fill gaps but also to build internal capability and mentor teams
- **Strategic Planning and Internal Control Are Essential:** Effective procurement requires end-to-end internal control, strategic planning, and commercial awareness to adapt to changing demands and risks. Additionally, individual Directorates should provide regular reports of any exceptions, regardless of value, noted in the period under consideration to the Central Procurement team to ensure these are recorded centrally. They should include all underlying evidence of challenges, justifications etc.

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

We considered how the Council:	Commentary on arrangements	Rating
commissions or procures services, assessing whether it is realising the expected benefits	The Council has established arrangements to commission and manage services, supported by its 2021–25 Procurement Strategy. Contract Standing Orders define approval thresholds and contracts over £160k require formal management plans, including performance measures, governance, and escalation protocols. Strategic contracts, such as the long-standing partnership with Agilisys, are governed through a Strategic Partnership Board and Operations Board, with oversight from the S151 officer. Contract performance is monitored quarterly and underperforming contracts are escalated to the Corporate Leadership Team. However, visibility into Children’s Services spend is limited due to fragmented systems (Agresso, Contract, and LCS (Children's electronic case recording system), which affects forecasting and compliance. We have raised an improvement recommendation for the Council to explore interfacing options between these systems, supported by detailed process maps and documentation to ensure visibility into Children’s Services spend for all relevant teams, including Procurement. Additionally, we have raised another improvement recommendation for the implementation of project-based accounting to link spend to specific contracts, which should be considered alongside the tail spend solution currently being explored. The Council has also undertaken due diligence for new delivery models, including partnering with the DELT Shared Services’ organisation, and maintaining a contract register and performance framework for major contracts. Governance arrangements for commissioning are supported by quarterly reviews, risk assessments, and reporting to Cabinet and scrutiny panels. These arrangements are broadly effective, with improvement actions underway to strengthen visibility, compliance, and benefit realisation. We raised the aforementioned two improvement recommendations on pages 31 and 32.	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.

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 monitors strategic priorities through Annual Directorate Statements and corporate indicators, with monthly reporting reviewed by the Corporate Leadership Team. The Business Insights team was realigned under the Head of Finance and Data Insight to improve integration of financial and outcome data. Cabinet receives quarterly Performance and Risk Update reports combining performance and strategic risk. A 2023/24 recommendation to include performance summaries and mitigating actions was implemented. We have sufficient evidence to confirm that arrangements in place are broadly effective.	G
evaluates the services it provides to assess performance and identify areas for improvement	The Council has appropriate arrangements in place to evaluate service performance and financial and non-financial benchmarking is used across services. A focused Ofsted visit in February 2025 found notable improvements in children's services since the March 2023 inspection, including stronger leadership, improved frontline management and workforce engagement. Following the LGA Corporate Peer Challenge, a draft action plan was developed and progress updates were provided to scrutiny panels, with half of the actions completed and the remainder in progress.	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
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 has clear arrangements to support partnership working and stakeholder engagement. The Corporate Plan outlines the Council's commitment to working with partners to deliver shared objectives, including improving educational outcomes through the Education Excellence Partnership Board. The Annual Governance Statement lists key partnerships, including health, safeguarding, community safety and wholly owned subsidiaries such as the North Somerset Environmental Company (NSEC). Engagement with stakeholders is embedded through consultation on the Corporate Plan and budget, with targeted outreach to young people, rural communities and stakeholder groups. The Council is in partnership with West of England Combined Authority (WECA) on projects like the Bus Service Improvement Plan (BSIP). Furthermore, the Council intends to join the WECA as a strategic transformation initiative with aims to unlock capital investment and skills funding. We have sufficient evidence to confirm that arrangements in place are sufficient.	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 (continued)

Area for Improvement: system fragmentation and interfacing options

Key Finding: There is limited visibility into contract-related spend within Children's Services due to fragmented systems and lack of integration between Agresso (finance), Contract (contract register), and LCS (case management). This limits Procurement's ability to monitor compliance and ensure value for money.

Evidence: Spend and contract data are currently spread across three separate systems that are not integrated, and there is no clear ownership of the processes that link them. This limits visibility and coordination across teams. There is limited integration or shared ownership of process data leading to poor visibility into placements and packages managed outside traditional procurement channels.

Procurement's limited oversight of some of this spend poses a risk of non-compliance with Contract Standing Orders and weakens forecasting. A new contract management framework is being developed, but without system integration and clear process documentation, visibility challenges will persist.

Impact: Limited integration between key systems and unclear ownership of process data weakens contract oversight. This increases the risk of non-compliance with procurement regulations and makes it difficult for the Council to monitor spend, evaluate contract performance and maintain accountability, particularly in high-risk areas such as Children's Services.

Improvement Recommendation 3

IR3: The Council should: explore interfacing options between Agresso, Contract and the LCS systems. This should be accompanied by detailed process maps and documentation to ensure required levels of visibility into Children's Services Spend for all relevant teams, including Procurement.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement identified: project-based accounting

Key Finding: The Council's current finance system does not allow spend to be linked directly to contracts, limiting Procurement's ability to monitor contract-level expenditure and ensure compliance.

Evidence: Expenditure is currently linked to suppliers via account codes, rather than to specific contracts. This creates a risk that costs may be misallocated or go unrecognised, particularly where multiple contracts exist with the same supplier. As a result, Procurement cannot consistently track whether spend aligns with agreed contract terms. This limitation increases the risk of non-compliance with Contract Standing Orders, the Procurement Act, and anti-fraud guidelines.

Impact: The inability to link expenditure directly to contracts restricts the Council's ability to assess contract performance and ensure that procurement activity delivers value for money and complies with regulatory requirements.

Improvement Recommendation 4

IR4: The Council should: consider implementing project-based accounting to enable expenditure to be directly linked to specific contracts. This should also be considered in conjunction with the tail spend solution currently being explored

Grant Thornton insights – learning from others

The Council has the arrangements we would expect to see in respect of a data policy, but could challenge itself to go further, based on the best arrangements we see across the sector

What the Council is already doing

- Repositioned the Business Insights team under Finance to better align cost, volume, and outcome data with financial reporting
- Developed a Digital Technology Strategy (2025–2029) that promotes a "digital-first" and user-centric approach to transformation
- Maintains operational and governance arrangements that support responsible data use, despite not yet having a dedicated Data Policy.

What others do well

- Develop and publish a formal Data Policy that sets out clear principles for how data is managed, protected, and used across the organisation
- Embed data governance frameworks that define ownership, accountability, and stewardship for data across departments

The Council could consider

- Create and publish a dedicated Data Policy that provides a clear, organisation-wide framework for responsible and effective data use
- Align the Data Policy with the Council's Digital Technology Strategy to ensure coherence between data and digital transformation efforts

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

Key recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
KR1	The Council should: continue to take action to reduce the annual DSG deficit and seek to agree a revised Safety Valve agreement with the Department for Education that provides for a realistic trajectory to achieve financial balance for DSG. (First raised in 2023/24)	Financial sustainability (page 19)	Actions: The council has prepared revised forecasts with regards to future levels of DSG spending and updated the impacts of proposed interventions documented within the Safety Valve agreement and shared these with the Department. Good progress continues to be made to track spending and share outcomes comparing original and revised plans through the Departments' reporting process. Responsible Officer: Claire Shiels Due Date: March 2026 / Ongoing
KR2	The Council should ensure all directorates have fully developed and deliverable savings plans, with a clear focus on achieving recurrent savings, to support the Medium Term Financial Plan and close the funding gap over the next five years.	Financial sustainability (page 20)	Actions: The council approved detailed savings plans across the MTFP period and monthly reporting continues to be shared to ensure focus on deliverability of recurrent savings. Responsible Officer: Amy Webb Due Date: Achieved / Activity embedded

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	The Council should: continue to develop and deliver mitigating actions to manage demand and costs in relation to Adult Social Services and Children's Services. Actions should include: · Embedding and delivering the Adults and Children's transformation programmes; · Continuing to model and challenge demand and cost data to ensure budgets are based on accurate projections. (First raised in 2023/24)	Financial Sustainability (page 21)	Actions: The directors of Adults and Childrens have each established transformation programmes to manage demand and support change within these service areas with regular reporting feeding into the council's financial reporting mechanisms. Further work to broaden the council's transformation ambitions has been led by the Cabinet over recent months and will result in a cross-council programme being approved shortly. Work has continued to enhance the financial modelling to ensure that budgets are based on accurate projections with modelling updated to reflect complexity. Reporting for the current financial year shows a significant improvement in outcomes with spending aligned to baseline assumptions. Responsible Officer: Claire Shiels, Hayley Verrico Due Date: March 2026 / Ongoing

Improvement recommendations raised in 2024/25 (continued)

	Recommendation	Relates to	Management Actions
IR2	The Council should: implement controls around ad-hoc spend to prevent and detect unauthorised expenditure. This should also include the approval of Purchase Orders by the appropriate budget holder.	Governance (page 27)	Actions: All purchase orders above £51 currently require system driven approval from a budget manager and controls are enhanced for purchases above £5,000. Responsible Officer: Geoff Chamberlain Due Date: March 2026
IR3	The Council should: explore interfacing options between Agresso, Contract and the LCS systems. This should be accompanied by detailed process maps and documentation to ensure required levels of visibility into Children's Services Spend for all relevant teams, including Procurement.	Improving economy, efficiency and effectiveness (page 31)	Actions: Work has continued to review, map and update spending arrangements, controls and processes within Childrens services to improve financial forecasting, ensure appropriate control and oversight is in place and to enable the council to produce child-led data records. This work is complex and goes beyond the interface with Agresso although has begun to improve the robustness of financial reporting. Responsible Officer: Claire Shiels Due Date: March 2026
IR4	The Council should: consider implementing project-based accounting to enable expenditure to be directly linked to specific contracts. This should also be considered in conjunction with the tail spend solution currently being explored.	Improving economy, efficiency and effectiveness (page 32)	Actions: The council has approved a project to add on an attribute value / flag to contract spend within Agresso to allow reporting on non-care contract spend to be delivered in alternative ways. Further work will be required to assess the viability of this recommendation for care related contract spend because of the interface between systems. Responsible Officer: Geoff Chamberlain Due Date: March 2026

06 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendation

	Prior Recommendation	Raised	Progress	Current status	Further action
KR1	The Council should continue to take action to reduce the annual DSG deficit and seek to keep an open dialogue with the Department for Education on how to manage further overspends.	2023/24	The DSG deficit continued to increase in 2024/25, with an in-year overspend of £12.7m. The council has prepared revised forecasts with regards to future levels of DSG spending and updated the impacts of proposed interventions documented within the Safety Valve agreement and shared these with the Department. Progress continues to be made to track spending and monitor the impact of Safety Valve interventions through formal reporting to the Department. Reporting focuses on both the original and revised plans. The statutory override has been extended to 2027/28, but its eventual removal could negatively affect the Council's reserves. Proper arrangements were not in place to address the DSG deficit in 2024/25.	Limited progress made	We have re-raised a recommendation to ensure that the Council is focused on delivering improvements. See key recommendation 1 on page 19

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	The Council should continue to develop and deliver mitigating actions to manage demand and costs in relation to Adult Social Services and Children's Services. Actions should include: • Embedding and delivering the Adults and Children's transformation programmes; • Continuing to model and challenge demand and cost data to ensure budgets are based on accurate projections.	2023/24	The council has established a Power BI dashboard which is focused on combining and presenting Adult Social Care cost and volume information which allows services managers to review data and assess underlying trends; this allows managers to define specific mitigating plans and actions where required. The council has established MTFP savings plan for Adults, most of which is based on transformational activity within the service and progress against these plans are monitored each month. The Council continues to face challenges in producing accurate budget assumptions for Children's Services however. The 2024/25 budget significantly underestimated residential placement needs. Furthermore, the council's 2025/26 budget includes over £30 million in increased spending compared to the 2024/25 MTFP budget. With inflation, changes and re-basing leading to a £15.5m increase allocated to adult social care and £16.2m to children's services due to ongoing pressures. This reflects ongoing volatility in demand and limitations in forecasting capability.	Re-raised recommendation	See improvement recommendation 1 on page 21

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	The Council should continue to strengthen risk management reporting arrangements by embedding the updates to the Risk Management Strategy approved in April 2024. Consideration should be given to providing more information in the strategic risk register as follows: • Aligning risks in the strategic risk register to corporate priorities; • Documenting further actions identified to manage residual risk, with actions allocated to named officers with target dates for implementation; • Identifying named officers as risk owners for strategic risks.	2023/24	The Council's Risk Management Strategy was refreshed in April 2024 to align with the Corporate Plan and clarify risk identification, ownership and financial thresholds. Directorate risks are developed through the Business Planning Framework and feed into the Strategic Risk Register, which is reviewed quarterly by the Corporate Leadership Team, Cabinet members and the Audit Committee. Risks are scored using a standard matrix and published online for transparency. Updates include original risk assessments, mitigations, residual risks, and proposed actions.	Good progress in implementation	No further action required

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The Council should maintain a central register of approved procurement exceptions and provide regular reports on approved exceptions to those charged with governance so that they can be assured that procurement exceptions are only approved for sound reasons and challenge where procurements have not followed approved competitive processes designed to achieve value for money.	2023/24	While a contract register is maintained, visibility of lower-value exceptions, particularly those under £100,000 managed within directorates, is limited. Ad-hoc spend is currently untracked, with purchase orders raised without sufficient oversight. A tail spend solution is being explored to improve control and transparency. The Council's Constitution requires a Contract Management Plan for contracts over £160,000 and sets out a formal process for approving procurement exceptions in urgent or justified cases. Additionally, it has been stated that the recently formed Commissioning Board have developed a work plan for the year ahead which includes this as an action.	Partially implemented	An improvement recommendation specifically related to implementing controls on ad-hoc expenditure has been raised. See improvement recommendation 2 on page 27

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	In line with best practice, the Performance and Risk Update reports to Executive should include a summary that highlights areas of strong performance, areas where performance is below target, and mitigating actions being taken to improve poor performance.	2023/24	The Council develop and implement Annual Directorate Statements. These are the business plans for the five council directorates (Adults and Housing Solutions, Children's Services, Corporate Services, Place, and Public Health and Regulatory Services) and provide the key strategic commitments for the year ahead. Progress against these commitments is monitored by key actions and their milestones, and by Key Corporate Performance Indicators (KCPIs). Regular performance updates are provided to the Cabinet on a quarterly basis which include relevant aspects of performance against these through the quarterly performance reviews presented to Cabinet. Similarly, quarterly Risk Management updates are provided to the Audit Committee pursuant to the Risk Management Strategy. In addition, the Business Intelligence team has been realigned under the Head of Finance who is now referred to as the Head of Finance and Data Insight. This change aims at ensuring that cost, volume and outcomes data are better integrated with Financial data to improve the council's visibility to monitor and respond to service pressures	Good progress in implementation	No further action required

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR5	The Council should continue to ensure that the Children and Young People Services Policy and Scrutiny Panel are provided with appropriate and adequate oversight of the delivery of the Children's Services Improvement Plan to provide assurance on the pace of improvement.	2023/24	Ofsted concerns have prompted the creation of a Children's Improvement Board, chaired by the Chief Executive. A Children's Improvement Board has been established, chaired by the Chief Executive, to oversee stabilisation and transformation in Children's Services. This board is supported by a new performance and transformation team. Furthermore, review of Scrutiny Committee papers indicates that the various committees and panels receive appropriate information to allow for effective scrutiny.	Good progress in implementation	No further action required
IR6	The Council should strengthen contract monitoring by implementing arrangements to provide central oversight of contract management processes and provide assurance that contracts are being managed in accordance with Contract Standing Orders. This would provide assurance that contracts across the Council are delivering cost and performance specifications and are achieving value for money.	2023/24	The Council has also undertaken due diligence for new delivery models, including partnering with the DELT Shared Services' organisation, and maintaining a contract register and performance framework for major contracts. Governance arrangements for commissioning are supported by quarterly reviews, risk assessments, and reporting to Cabinet and scrutiny panels. These arrangements are broadly effective, with improvement actions underway to strengthen visibility, compliance, and benefit realisation.	Partially implemented	Improvement recommendations specifically related to implementing project-based accounting, and exploring interfacing options between Agresso, the contract register and the case management system has been raised. See improvement recommendations 3 and 4 on pages 31 and 32

Grant Thornton