Assurance reviews summary paper

Executive summary

CIPFA was commissioned to undertake financial assurance reviews for 12 out of the 19 councils currently in receipt of Exceptional Financial Support (EFS) from central government for the 2024/25 financial year.

The aim of this paper is to identify common issues across the 12 councils and highlight practical steps towards financial stability by summarising risks and recommendations from the assurance reviews and placing them within a broader economic context. This will be particularly useful to help councils understand the value of CIPFA's assurance reviews and how CIPFA's methodology works.

Financial assurance reviews were categorised into three groups according to the level of EFS support required in the current financial year (2025/26): **Transition towards financial sustainability, Moderate financial challenge ahead** and **Continued need for high levels of financial assistance.**

Risks within each financial assurance review were categorised based on four themes: **organisational and structural; governance and regulations; capital, commercial, assets and revenue** and **services, savings, debt and reserves.**

None of the councils reviewed faced exactly the same challenges, but for most, the majority of risks were organisational and structural. Across all themes, **planning and strategy, culture, capacity, skills and knowledge, internal audit, commercial ventures, assets, savings delivery** and **reserves** were the most significant issues affecting councils. The most common practical steps CIPFA recommended were to appoint an independent member or chair to the audit committee and developing finance training (for either members, officers or staff). Local government reorganisation also had a significant impact on council finances. Out of all the councils CIPFA reviewed, 25% had undergone reorganisation in the last five years.

Over the coming five years, councils are likely to experience even greater financial pressures. Local government funding reform will impact many councils across England, leaving both winners and losers. Additionally, central government will be inviting more councils to undertake local government reorganisation, placing short-term strain on a significant number of councils' finances; no longer-term solution has been identified. In 2028, the SEND (children's special educational needs and disabilities) support statutory override is set to expire. This means councils can no longer hide SEND support deficits on their balance sheets. All these changes, along with increased demand and a volatile economic landscape, mean pressure will continue, as can be seen from the practical recommendations in these reports. CIPFA is well-equipped to support councils through these unprecedented times.

Background

Exceptional Financial Support

During the 2024/25 financial year, 19 councils requested EFS. The Ministry of Housing, Communities and Local Government (MHCLG) commissioned CIPFA to undertake financial assurance reviews for 12 of these councils.

These are Bradford, Cheshire East, Cumberland, Eastbourne, Havering, Medway, Middlesbrough, Plymouth, Somerset, Southampton, Stoke-on-Trent and West Northamptonshire.

The total EFS allocated in the 2024/25 financial year was worth £1.5bn. The 12 councils CIPFA reviewed made up 37% of this figure (£561.25m). The councils with the largest overall EFS support allocations were Birmingham with £685m (45.5%) and Bradford with £140m (9.3%).

Since 2024/25, the demand for financial support has risen. Almost **10% of all councils (30 of 317)** are now in receipt of EFS, although the total amount of EFS allocated was slightly less than the previous financial year, standing at £1.3bn so far. The combined value of support provided to Birmingham, Bradford and Croydon represents slightly over 1/3 of this figure. Apart from four councils (Plymouth, West Northamptonshire, North Northamptonshire and Middlesbrough), all the councils that received support in the 2024/25 financial year also received support for the current financial year (2025/26).

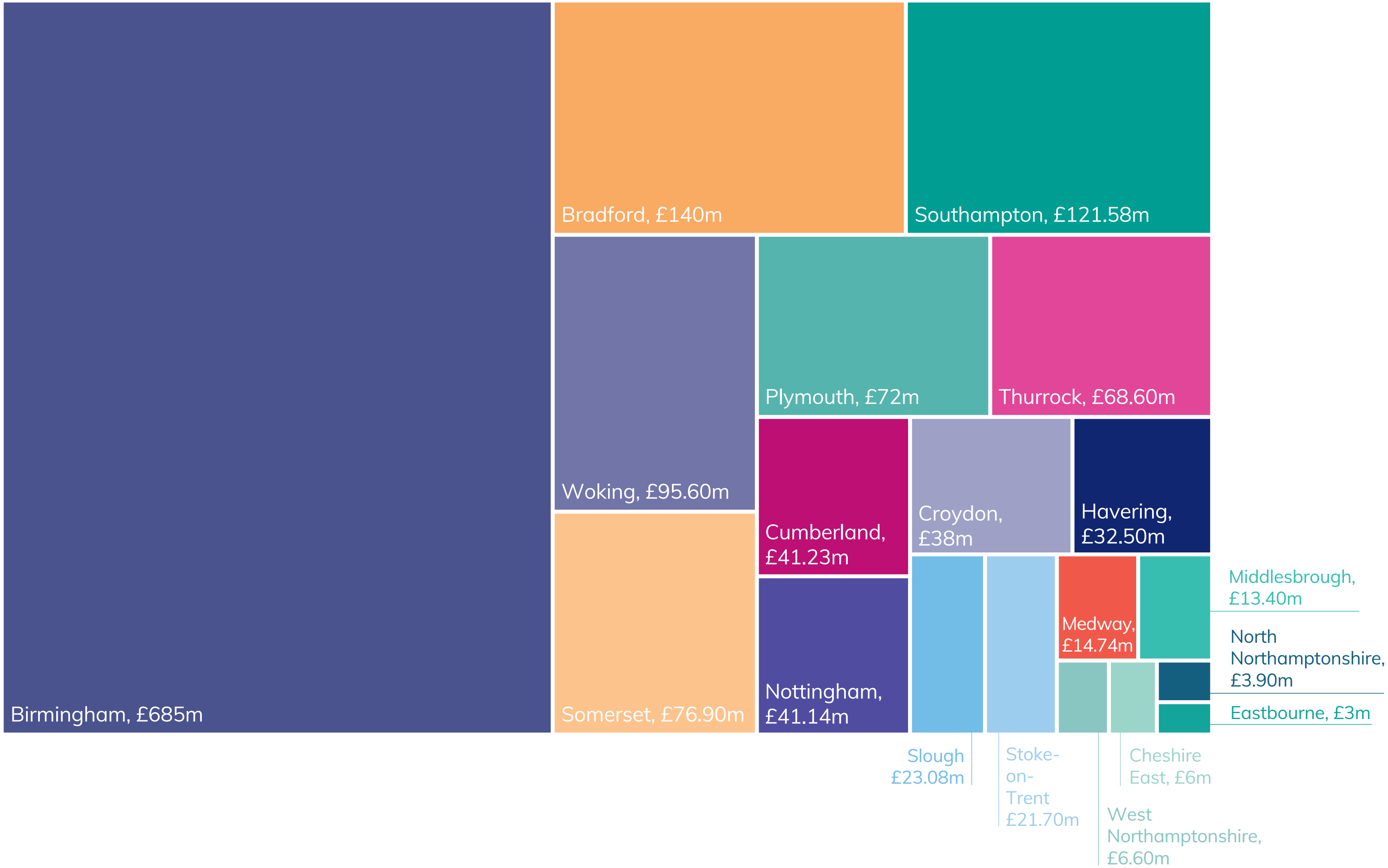
Assurance reviews

The assurance reviews were written between August and October 2024 and assessed each council based up to five different areas:

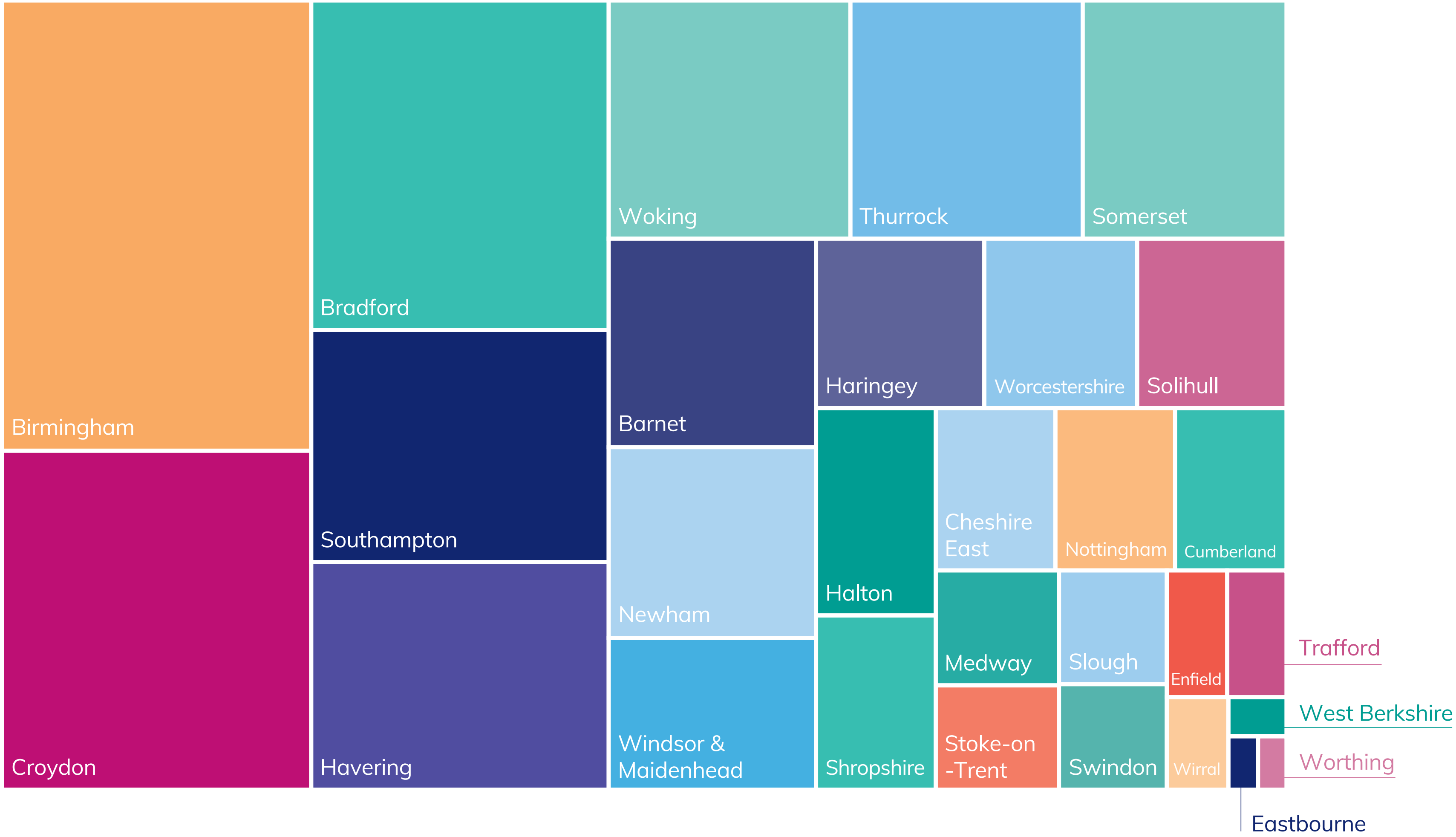
- progress, financial management and sustainability
- capital programme, debt, investment and assets
- governance
- service delivery
- transformation/improvement plan and roadmap.

Alongside deep analysis of each council's position across the five areas, CIPFA produced a table of key risks and recommendations, tailored to each council. This paper will categorise these risks based on four key themes: organisational and structural; governance and regulations; capital, commercial, assets and revenue and services, savings, debt and reserves.

Exceptional Financial Support requests from local authorities 2024/25



Exceptional Financial Support for councils 2025/26



Council categories

Although the assurance reviews are based on each council's financial situation in the 2024/25 financial year, for the purposes of this report, each council has been grouped according to level of EFS support required in the current financial year (2025/26). This approach highlights the progress each council has made towards financial sustainability since CIPFA produced the latest assurance reviews.

Transition towards financial sustainability

This category includes the councils CIPFA reviewed that are no longer in receipt of EFS, as of the current financial year (2025/26). These councils tended have to a low number of risks and recommendations.

Moderate financial challenge ahead

This category includes the councils CIPFA reviewed that are still in receipt of EFS, as of the current financial year (2025/26). These councils occupied a relatively small portion of the total EFS support allocated by central government and tended have to a moderate number of risks and recommendations.

Continued need for high levels of financial assistance

This category includes the councils CIPFA reviewed that are still in receipt of EFS, as of the current financial year (2025/26). These councils occupied a relatively large portion of the total EFS support allocated by central government and tended have to a high number of risks and recommendations.

Risk ratings and new themes

CIPFA identified key risks and recommendations for each council it reviewed. Most risks were paired with a relevant recommendation. Most risks paired with a recommendation were also given a rating of either high, medium or low. Risks were also numbered to indicate their severity based on likelihood (improbable, occasional, probable) and impact (marginal, moderate and critical). More information on the risk assessment method can be found in the annex of each assurance review, for example, Bradford's assurance review.

Occasionally multiple recommendations were paired to a single risk, or no recommendation was paired to a risk. Within this report, risks will be categorised according to the following themes:

Organisational and structural

- Planning and strategy
- Culture
- Recruitment
- Workforce capability and capacity
- Political challenges
- Governance and regulations audit

- Risk management
- Scrutiny
- Constitutions/codes
- Performance and progress monitoring.

Capital, commercial, assets and revenue

- Commercial ventures
- Capital programme
- Revenue (including minimum revenue provision)
- Asset disposals.

Services, savings, debt and reserves

- Service delivery and demand pressures
- Overspending and savings delivery
- Debt and borrowing
- Sustainability of reserves.

ONS global clusters

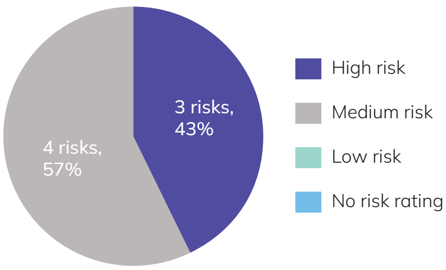
To provide additional economic context, each council will be examined using the Office of National Statistics (ONS)'s clustering analysis. This groups local authorities with similar attributes into clusters. Clusters are based on factors including local economy, demography, health, wellbeing and connectivity.

Transition towards financial sustainability

Plymouth

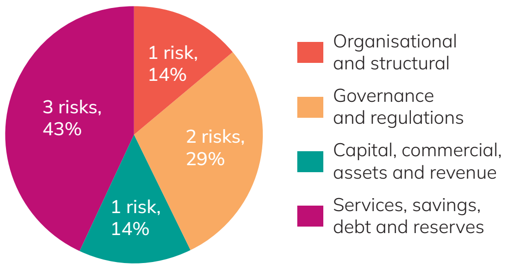
Plymouth, located within Devon, South-West England, is a port city. It is a global cluster B authority, as a high proportion of residents lack qualifications, there is a significant number of children in relative poverty and the median house price is below average (among other factors). Some of its most statistically similar areas, Wirral and Medway, are also in receipt of EFS. It is one of the three councils reviewed that will not be in receipt of EFS during the 2025/26 financial year. At the time of its review, Plymouth had a permanent CFO. CIPFA identified **seven risks** and **seven recommendations.**

Plymouth, risks per rating



Three risks (43%) rated high and four (57%) rated medium.

Plymouth, risks per theme



Three risks (43%) were services, savings, debt and reserves, two (29%) were governance and regulations, one (14%) was organisational and structural and one (14%) was capital, commercial, assets and revenue.

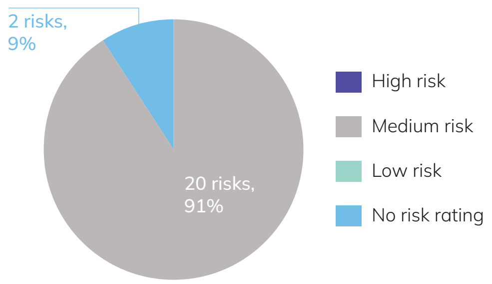
All three high-rated risks fell under the services, savings, debt and reserves theme. These were centred around financial sustainability: the cost and demand pressures in adult and children's social care, insufficient savings proposals agreed to close the budget gap for 2025/26 and increasing financing costs as proportion of net revenue. The relevant recommendations were regular monitoring and forecasting of changes in demand and costs combined with financial monitoring, making the decisions necessary for a balanced budget and calculating the forecast financing costs as a proportion of net revenue up to 2028/29.

Governance, rules and regulations risks stressed the weak governance arrangements surrounding the council's commercial ventures. Other risks were centred around capital programme underspending and the role of financing costs in decision-making.

West Northamptonshire

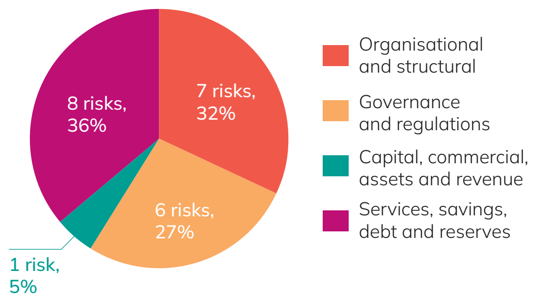
West Northamptonshire primarily consists of market towns and is partially rural. It is classed as a global cluster C authority, due to a high employment rate, healthy life expectancy and population growth, low proportion of residents with no qualifications and low numbers of children in relative poverty. The council was formed when Daventry, Northampton and South Northamptonshire districts merged in 2021. It is the only council CIPFA reviewed without any high-rated risks. The council had **22 risks** and **22 recommendations**.

West Northamptonshire, risks per rating



Twenty risks (91%) were rated medium and two (9%) rated low.

West Northamptonshire, risks per theme



Eight risks were services, savings, debt and reserves; seven were organisational and structural; six were governance and regulations and one was capital, commercial, assets and revenue.

The total number of risks positions West Northamptonshire roughly in the middle of all reviewed councils. It was in receipt of EFS in 2023/24 and 2024/25. It is one of the three councils reviewed that will not be in receipt of EFS during the 2025/26 financial year. At the time of its review, the council had a permanent CFO.

The most significant risks belonged to the demand pressures, over-spending and reserves theme. There were moderate concerns regarding the delivery of sufficient savings and the financial risk posed by children's services, in the context of its low Ofsted rating. CIPFA proposed timely progress reporting, suitable challenge and remedial actions to optimise savings delivery and managing costs and demand pressures to avoid children's services overspending.

Across risks of lower significance, there was continued emphasis on service delivery. CIPFA stressed that the focus placed on children's services may divert attention from the council's other services, specifically temporary accommodation and adult social care. CIPFA voiced concerns about capacity of the Northamptonshire Children's Trust, which is responsible for the children's services. Since the council were considering bringing these services in-house, issues were also raised about the possible adverse effects of doing so.

The council's sole commercial and capital risk revealed further concerns with the effectiveness of the council's external service providers. CIPFA noted that there was a lack of evidence to suggest that Northamptonshire Partnership Homes are held accountable for their outcomes and recommended measuring the association's contribution to outcomes as part of their performance framework.

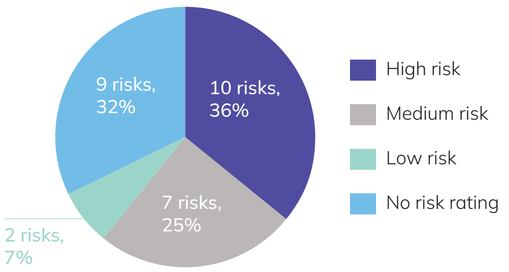
Organisational, structural and governance, rules and regulations risks were centred around financial management and transformation. This included a siloed approach to financial management, no formal review of financial management arrangements against the CIPFA Financial Management Code, overemphasis on transformation and unreliable transformation governance.

Middlesbrough

Middlesbrough is a port town located in North Yorkshire. It is classed a global cluster B authority, as a high proportion of residents lack qualifications; there is a significant number of children in relative poverty and the median house price is below average (among other factors). The council was ranked as the fifth most deprived local council area in England. Statistically similar local authorities also on EFS support include Bradford, Stoke-on-Trent and Birmingham. It is also one of the three councils reviewed that will not be in receipt of EFS during the 2025/26 financial year. Middlesbrough has a low council tax base. Although it was not in receipt of EFS in 2023/24, part of its 2024/25 EFS was agreed in principle to cover 2023/24.

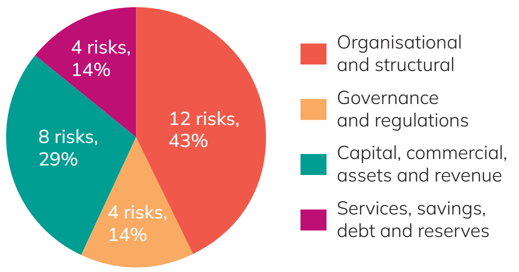
CIPFA identified **28 risks** and **18 recommendations**.

Middlesbrough, risks per rating



Nine risks were rated high, seven rated medium, two rated low and ten had no risk rating.

Middlesbrough, risks per theme



Twelve risks were organisational and structural, eight were capital, commercial, assets and revenue, four were services, savings, debt and reserves and four were governance and regulations.

The council had the largest number of risks without a recommendation. At the time of its review, Middlesbrough had an interim CFO.

The most severe risks belonged to the organisational and structural, and services, savings, debt and reserves categories. These were around the topics of transformation and savings delivery. There were fears the council's transformation plan did not have the depth and substance to help reach savings and close the budget gap. CIPFA's recommendations included broadening the scope of the transformation strategy, developing comprehensive mitigation plans and implementing scenario planning of the 2025/26 budget position, based on different scales of delivery for the transformation programme. Additionally, there was a risk of overspending due increased pressure on the council. CIPFA proposed improving children's services to alleviate cost pressures, while acknowledging the council had already devised plans for directorates driving overspending.

Other high-rated risks emphasised capacity and programme delivery. Lack of capacity (coupled with arrangements and internal skills, respectively) was noted as a barrier to delivering significant change at the political level and successfully delivering the transformation programme. Slippage in the capital programme was noted as a barrier to service delivery and building up the revenue budget.

Medium-rated risks covered the lack of independent audit committee membership, out-of-date policies for asset disposals, external debt and poor service quality. It was noted that significant progress has been made towards recruiting permanent leadership staff, upskilling, learning lessons from prior investment mistakes and achieving the capital receipt target.

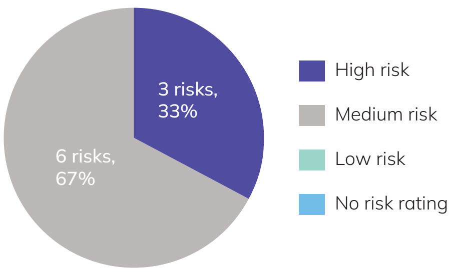
Moderate financial challenge ahead

This category includes the councils CIPFA reviewed that are still in receipt of EFS as of the current financial year (2025/26). These councils occupied a relatively small portion of the total EFS support allocated by central government and tended have to a moderate number of risks.

Medway

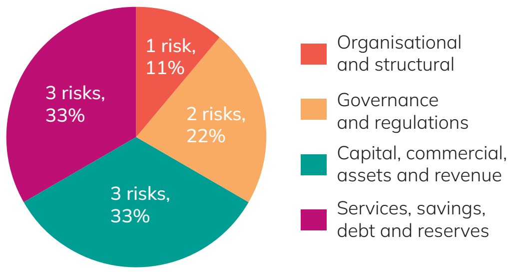
Medway is a unitary authority within Kent, Southeast England. Despite consisting of several urban towns, over half of its land mass is rural. It is classed as global cluster C authority, due to a high employment rate, healthy life expectancy and population growth, low proportion of residents with no qualifications and low numbers of children in relative poverty. Among its most statistically similar areas, the Wirral was also in receipt of EFS. Medway collects the lowest council tax in Kent and below the average for English authorities. CIPFA identified **9 risks** and **9 recommendations.** The council had the second-lowest total number of risks. At the time of its review, Medway had a permanent CFO.

Medway, risks per rating



Three risks (33%) were rated high and six (67%) rated medium.

Medway, risks per theme



Three risks (33%) were capital, commercial, assets and revenues, three (33%) were services, savings, debt and reserves, two (22%) governance and regulations and one was organisational and structural.

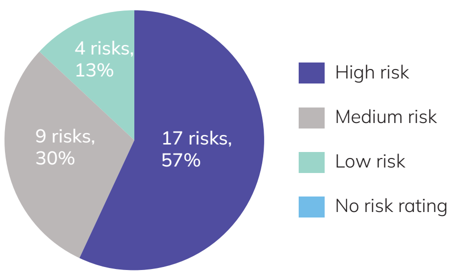
All high-rated risks belonged to the services, savings, debt and reserves theme. There were concerns that Medway would be unable to contain the drivers of financial fragility or manage overspending within the 2024/25 financial year and close the budget gaps projected for the next two financial years. CIPFA advised that the council review its preventative and cost reduction measures, act to limit spending or undertake a review of earmarked reserves (if it is not possible limit spending any further), maximise funding and identity a realistic EFS necessary for future financial years.

The most significant medium-rated risks were related to commercial ventures. Kyndi, the council's trading company, had its business strategy plans delayed, and the council has not agreed its terms of services with Medway Norse, thus limiting efficiency gains and cost reductions. Within the organisational, structural and governance themes, Medway had issues with transformation, efficiency measures and procurement. Risks were triggered by the partially developed transformation plan, undermined progress in procurement without an accompanied change in working practices and limited emphasis on efficiency measures to support members scrutinising cost effectiveness.

Cheshire East

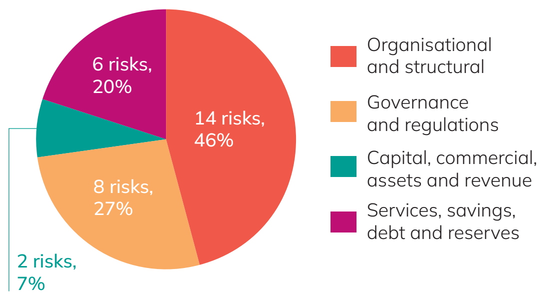
Cheshire East is the North East's third-largest unitary authority and is partly rural. It is classed as a global cluster C authority, due to a high employment rate, healthy life expectancy and population growth, low proportion of residents with no qualifications and low numbers of children in relative poverty. Although it was not in receipt of EFS in 2023/24, part of its 2024/25 EFS was agreed in principle to cover 2023/24. Before 2009, the council was part of Cheshire County Council alongside the current Cheshire West and Chester Council. At the time of its review, the council had an interim CFO. CIPFA identified **30 risks** and **40 recommendations**.

Cheshire East, risks per rating



Seventeen risks (57%) were rated high, nine (30%) were rated medium and four (13%) were rated low.

Cheshire East, risks per theme



Fourteen (46%) risks were organisational and structural, two (7%) were capital, eight (27%) were governance and regulations, two (7%) were commercial, assets and revenue and six (20%) were services, savings and debt and revenue.

Out of all the assurance reviews, the council has the second-largest number of recommendations and high-rated risks.

The council had high-rated risks across all themes. Under the services, savings, debt and reserves category, risks identified were an increase of already unsustainable levels of borrowing (at this time, it was likely borrowing costed would increase even further if the council were approved for EFS), uncontrolled Dedicated Schools Grant deficit (a significant contributor to the council's unsustainable borrowing) and uncurtailed finance costs falling to the General Fund. Some of CIPFA's recommendations for these risks were funding EFS via capital receipts rather than borrowing, working with the Department for Education to get on the safety value programme to reduce the deficit and cutting or deferring capital programme projects where value for money is unaffected.

High-rated capital, commercial, assets and revenue risks included not exploring possible investments to help the financial situation and a lack of concrete decisions on asset sales. The recommendations made suggested the council should investigate whether investing in Alderley Park Limited, home to a renowned bioscience campus, could help finances and attempt to obtain accurate and up-to-date assets valuations.

Risks of similar importance under the organisational/structural and governance and regulations themes were centred around co-ordination and planning. This included issues with implementation of the enterprise resource planning system (ERP), the lack of a single dashboard to monitor mitigations and the negative effect of the current committee system on the pace of decision-making. Additionally, the council's financial situation had prevented it from initiating needed transformation projects. CIPFA proposals included an ERP health check, a single mitigation monitoring dashboard, a decision-making matrix to determine whether input is required from one or many committees and closer working between strategic financial management and the transformation board.

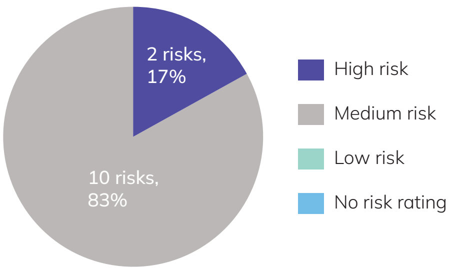
Almost half of all medium-rated risks were focused on skills, with CIPFA recommending appropriate staff training. Committees and members lacked sufficient understanding of risk management and local government finance. There was also insufficient scenario analysis and modelling capacity to support the strategic finance board.

Stoke-on-Trent

Stoke-on-Trent is a unitary authority and largest city between the West Midlands and Greater Manchester conurbations. It consists of several distinct town-like areas each holding its own identity. It is one of the three councils reviewed that will not be in receipt of EFS during the 2025/26 financial year. It is classed a global cluster B authority as a high proportion of residents lack qualifications, there is a significant number of children in relative poverty and the median house price is below average (among other factors). Bradford is the only one of its most statistically similar areas that is also in receipt of EFS. At the time of its review, the council had a permanent CFO. CIPFA identified **13 risks** and **15 recommendations**.

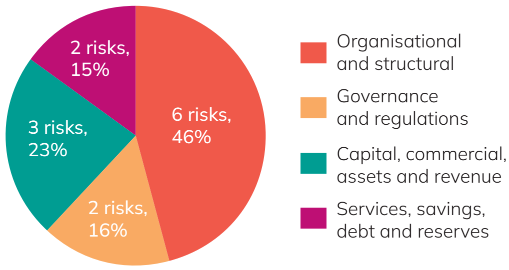
Stoke-on-Trent had the fourth-lowest number of risks of all councils reviewed.

Stoke-on-Trent, risks per rating



Two risks (17%) were rated high and ten were rated medium.

Stoke-on-Trent, risks per theme



Six risks (46%) were organisational and structural, three (23%) were capital, commercial, assets and revenue, two (15%) were services, savings, debt and reserves and two (16%) were governance and regulations.

Organisational and structural risks concerned systems, co-ordination and transformation. There were moderate fears that the council's improvements were not sustained and its ERP system and transformation dashboards did not deliver the intended benefits and actions. The end of the organisation's external financial support arrangements was also a major threat to the council's financial sustainability. The sole high-rated risk within this theme focused on the finance team's capacity to support long-term transformation; CIPFA recommended monitoring the team's capacity and capability on this.

Notable minor risks within the governance, rules and regulation theme were also related to capacity and improvement. This included a lack of capacity within the audit and standards committee to deliver improvements and the effect of the council's inability to continually control costs and pressure on the sustainability of its reserves.

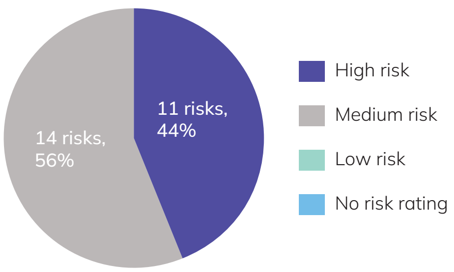
Relevant risks from the services, savings, debt and reserves theme were centred around savings delivery. The inability to a set a balanced budget in future years according to forecasts was one of the two high-rated risks CIPFA identified. The council was advised to conduct scenario analysis to determine the level of EFS that could be required in the future. Additionally, pivotal savings expected from re-procurement exercises faced delays and did not deliver as expected.

Capital, commercial, assets and revenue risks conveyed issues regarding asset disposals (due to low land and asset values) and unwinding investments (amid concerns the process would be lengthy, costly and disrupt services). Another similar concern was the difficulty of delivering the capital programme.

Cumberland

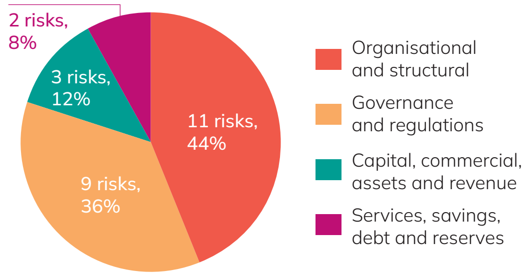
Cumberland, located in North-West England, is mostly rural, boasting significant agriculture, tourism and manufacturing sectors. It is classed as a global cluster A authority, due its high levels of wellbeing, access to amenities and dependency ratio, as well as lower than median population density. None of its most statistically similar local authorities are in receipt of EFS. The council was formed in 2023, out of Allendale, Carlisle and Copeland districts. CIPFA identified **25 risks** and **25 recommendations**.

Cumberland, risks per rating



Eleven risks (44%) were rated high and 14 (56%) rated medium.

Cumberland, risks per theme



Eleven risks (44%) were organisational and structural, nine (36%) were governance and regulations, three (12%) were capital, commercial, assets and revenue and two (8%) were services, savings, debt and reserves.

Cumberland's total number of risks positions it roughly in the middle of all reviewed councils. At the time of its review, Cumberland had a permanent CFO.

The council's most serious risks were centred around the themes of capital, commercial, assets and revenue, services, savings, debt and reserves, and organisational and structural. This included concerns of unmanageable capital, transformation and savings programmes, insufficient capacity to support the finance function and asset sales, inability to meet savings targets and partially developed plans to resolve the budget deficit. CIPFA advised the council not to add any further actions to the capital programme (unless critical), consider a third party to assist with both the capital programme and asset sales, prepare a plan showcasing the attributes of a good financial function and conduct a review of its budget and transformation and savings programmes.

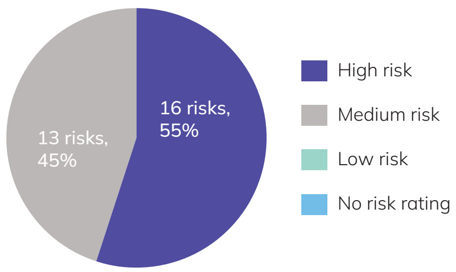
Less significant high-rated risks were organisational and structural, with particular emphasis on co-ordination and planning. The council had failed to use comparisons to challenge service costs, produce concise, complete and comprehensive service plans and harmonise pay terms from the previous councils. CIPFA were also critical that the CFO was positioned as a third-tier officer and advised elevating the role to higher level within the management structure.

Similar topics reappear across the council's medium-rated risks. Cumberland does not use a single council plan, instead relying on the plans of previous councils. Poor delegation led to excessive top-down decision making from the senior leadership team, threatening the council's agility and responsiveness. Further governance and regulations risks reveal a lack of appropriate challenge from the audit and scrutiny committees, alongside poor financial data and performance reporting.

Eastbourne

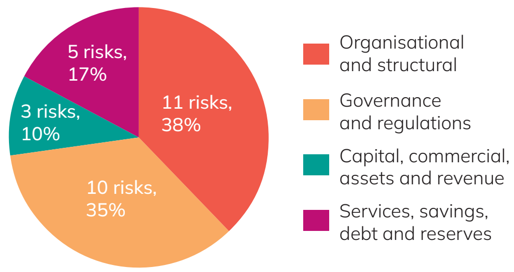
Eastbourne is a coastal town and a district council located in the South of England. The town is a major tourist destination. It is classed a global cluster B authority as a high proportion of residents lack qualifications, there is a significant number of children in relative poverty, and the median house price is below average (among other factors). The council has been in receipt of EFS since 2023/24. Statistically similar local authorities also on EFS support include the Wirral and Southampton. At the time of its review, Eastbourne had a permanent CFO. CIPFA identified **29 risks** and **33 recommendations**.

Eastbourne, risks per rating



Sixteen risks (55%) were rated high and 13 (45%) were rated medium.

Eastbourne, risks per theme



Eleven risks (38%) were organisational and structural, ten (35%) were governance and regulations, five (17%) were services, savings, debt and reserves and three (10%) were capital, commercial, assets and revenue.

The council has the fourth-largest number of risks of all councils CIFPA reviewed. Other than Cheshire East, Eastbourne was the only other council to have more recommendations than risks.

Most risks were organisational and structural and primarily focused on co-ordination and knowledge. Severe high-rated risks revealed the council lacked a single source of information to assist in managing its financial position and members and officers demonstrated insufficient awareness and understanding of the council's treasury management strategies. CIPFA suggested a single spreadsheet detailing actions to improve the financial position and briefings, provided by treasury management advisors to leading members and the opposition.

Less severe high-rated risks were centred on strategy and planning. The budget and spending review failed to deliver improved financial management, and the council demonstrated an inability to implement a strategic approach to procurement and contract management for improved value for money. Additionally, Eastbourne were over-reliant on third-sector groups and lacked a strategy for local economy diversification, a failure highlighted during the COVID-19 pandemic.

High-rated governance and regulations risks were insufficient financial sustainability governance, the lack of influence of risk management within governance, unidentified and unscrutinised strategic risks and the limited role and impact of the audit and governance committees. Medium-rated risks were centred around similar topics. Issues related to the role of audit and committees (maximising independent committee membership, maximising the value of scrutiny and the role of internal audit) and key documentation (the annual governance statement and the constitution) were also given particular emphasis.

Within the capital, commercial, assets and revenue and services, savings, debt and reserves themes, high-rated concerns covered the profiling of the capital programme, borrowing, the inaccurate charging mechanism for service provision to Lewes District, the weak pace and poor returns of asset disposals and inadequate savings proposals and delivery. The most severe risk within these themes was unsustainable borrowing, with CIPFA advising that the council bring their key prudential indicator ratio (of the cost of borrowing relative to revenue expenditure) down to 10%. A fall in the performance of services delivered by Eastbourne Housing Limited during and after its transfer back to the council was a significant medium-rated risk.

Continued need for high levels of financial assistance

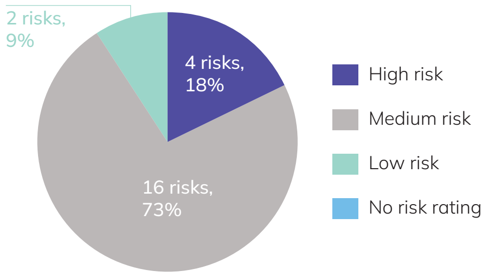
This category includes the councils CIPFA reviewed that are still in receipt of EFS as of the current financial year (2025/26). These councils occupied a relatively large portion of the total EFS support allocated by central government and tended have to a high number of risks.

Bradford

Bradford is a city and metropolitan authority located in West Yorkshire. It is England's ninth biggest council and fifth most income deprived local authority. Although it was not in receipt of EFS in 2023/24, part of its 2024/25 EFS support was agreed in principle to cover 2023/24.

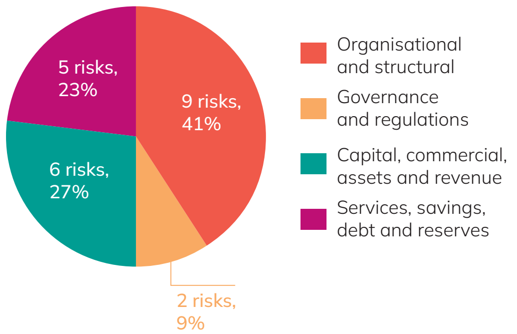
The ONS has classified Bradford as a global cluster B authority as a high proportion of residents lack qualifications, there is a significant number of children in relative poverty and the median house price is below average (among other factors). Statistically similar local authorities also on EFS support include Birmingham and Stoke-on-Trent. Bradford collects lower than average council tax and at the time of its review had an interim CFO. CIPFA identified **22 risks** and **22 recommendations**.

Bradford, risks per rating



Sixteen risks (73%) were rated medium, four (18%) rated high and two (9%) rated low.

Bradford, risks per theme



Nine risks (41%) were organisational and structural, six (27%) were capital, commercial, assets and revenue, five (23%) were services, savings, debt and revenue and two (9%) were governance and regulations.

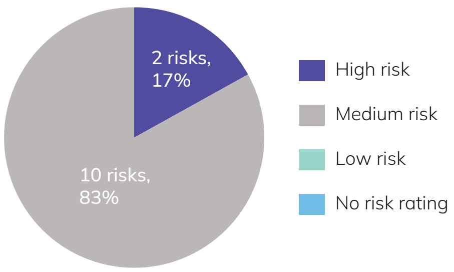
The council's highest-rated risks were centred around the themes of capital, commercial, assets and revenue; services, savings, debt and reserves; and governance, rules and regulations. This included the poor record of savings delivery in the context of increasing demand pressures in social care, SEND and homelessness, uncertainty surrounding asset valuations and the inability of the internal audit plan to convey risk exposure. The relevant recommendations were to hold individuals to account for savings generation and implement robust progress monitoring: monitor market conditions/valuation factors and consider contingencies, and conduct a quarterly internal audit review alongside investment into additional internal audit staff.

Most medium-rated risks were organisational and structural. These primarily focused on weak key plans/programmes and staff culture. The most pertinent challenges within this theme were that strict council controls threatened the council's creativity and accountability, and the culture and organisational design's programme over-emphasised the current operating environment. CIPFA recommended aligned, timetabled and resourced transformation activity (as part of the council plan) and greater emphasis on the transitional activity required for the future operating environment. Risks of a similar importance were all from the capital, commercial, assets and revenue theme. This included the negative effects of regional venue competition to Bradford Live's commercial success and political opposition to the sale of certain assets.

Havering

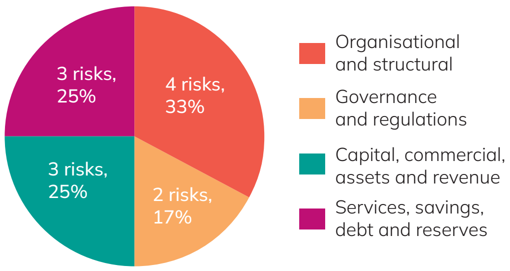
Havering is an Outer London borough with the second-lowest population density of London's local authorities. It has experienced high population growth in recent years and has a significant youth population. The borough is classed as a global cluster C authority, due to a high employment rate, healthy life expectancy and population growth, low proportion of residents with no qualifications and low numbers of children in relative poverty. Solihull, Medway and West Northamptonshire are among its most statistically similar areas that are also in receipt of EFS. Although it was not in receipt of EFS in 2023/24, part of its 2024/25 EFS was agreed in principle to cover 2023/24. CIPFA identified **12 risks** and **12 recommendations.** At the time of its review, Havering had a permanent CFO.

Havering, risks per rating



Two risks (17%) were rated high and ten (83%) rated medium.

Havering, risks per theme



Four risks (33%) were organisational and structural, three (25%) services, savings, debt and reserves, three (25%) capital, commercial, assets and revenue and two (17%) governance and regulations.

All high-rated risks belonged to the services, savings, debt and reserves theme – this included the difficulty of resourcing preventative early help approaches in children's social care amid a growing young population and fears of unbalanced budgets in the upcoming financial years. CIPFA advised the council to increase investment in preventive services and discuss future funding measures with central government. As of the time this report was written, CIPFA and Havering are having an ongoing dialogue about funding support.

The most important medium-rated risks were centred around plans, programmes and reports: the Starting Well Improvement Plan for children's services had not yet been delivered and did not address self-evaluation and Ofsted improvement requirements; the capital programme added pressure to the revenue budget and some of the council's reports lacked full financial information (inhibiting member decision making).

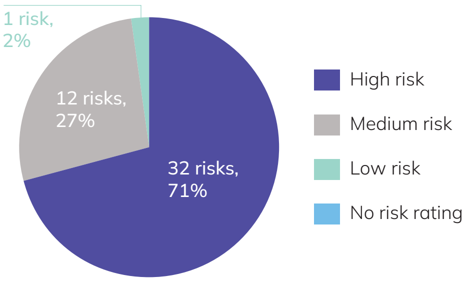
Other notable risks included concerns related to the Mercury Land Holdings venture, co-ordination, rules and guidance. Mercury Land Holding only had one appointed director, introducing the risk of conflicts of interest, and its business plan did not reflect the council's priorities and environment and lacked regular reviews. There was no co-ordinating board covering the capital programme, and IT and programme management were not provided with adequate resources necessary for transformation. Lastly, financial management arrangements were not reviewed against the CIPFA Financial Management Code and the council failed to apply procurement rules consistently.

Somerset

Somerset is a mostly rural county in Southwest England. It is classed as a global cluster C authority, due to a high employment rate, healthy life expectancy and population growth, low proportion of residents with no qualifications and low numbers of children in relative poverty. Unlike its most statistically similar local authorities, it is in receipt of EFS. Due to local government reorganisation (LGR), the council was formed in 2023 out of Mendip, Sedgemoor, Somerset West and Taunton, and South Somerset local authorities.

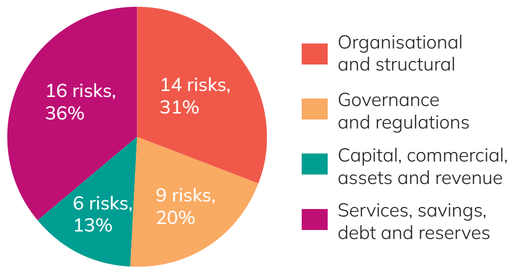
At the time of its review it had an interim CFO. CIPFA identified **45 risks** and **45 recommendations**.

Somerset, risks per rating



Thirty-two risks (71%) were rated high, 12 (27%) rated medium and one (2%) rated low.

Somerset, risks per theme



Sixteen risks (36%) were services, savings, debt and reserves, 14 (31%) were organisational and structural, nine (20%) were governance and regulations and six (13%) were capital, commercial, assets and revenue.

Somerset has the largest number of risks and recommendations of all councils that CIPFA reviewed. The authority has a very low council tax base due to historic decisions to made by previous administrations. At the time of its review, Somerset had an incoming interim CFO.

The highest urgency risks were dispersed across all four themes. However, most belonged to the theme of services, savings, debt and reserves. Risks of unmet annual financial targets, critical depletion of reserves, poor debt management and lack of transformation within children's services marked some of the most severe threats to Somerset's financial sustainability. CIPFA recommendations included monthly reporting of savings progress to the leadership and executive, developing plans to rebuild reserves and producing forecasting to manage their current position and take urgent advice if transformational approaches are not immediately developed within children's services.

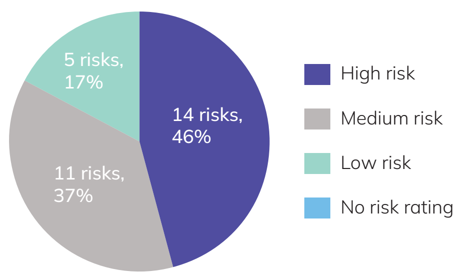
The second largest theme was organisational and structural. The theme's risks were primarily associated with LGR, co-ordination and planning, the transformation programme and staff morale. There were concerns key management insight may have been lost in merging the portfolios of the five previous councils. Somerset had failed to exploit its enterprise resource planning system (ERP) to improve customer services at a lower cost, the delayed transformation programme demonstrated lack of priority and visibility within its leadership and there were concerns with the decision to downgrade the section 151 and monitoring officer roles. CIPFA advised developing sufficient understanding of corporate governance, rules and regulations to ensure the council's portfolio of debt can be collected and undertaking an urgent specialist informed review. Further recommendations included creating a new project to exploit the ERP system, pulling all savings and transformation projects under the transformation programme, appointing a director of transformation and considering steps to support staff.

Serious governance, rules and regulations risks centred around monitoring, specifically unclear budget monitoring and irregular performance monitoring, alongside differing terms of employment for staff (due to LGR). Capital, commercial, assets and revenue risks of similar importance were focused on investments and assets. Key concerns included the insufficient capacity to manage the full capital programme, unessential investment taking up too many resources, holding on to commercial assets with limited benefits and failing to direct asset sale income towards reducing long-term debt.

Southampton

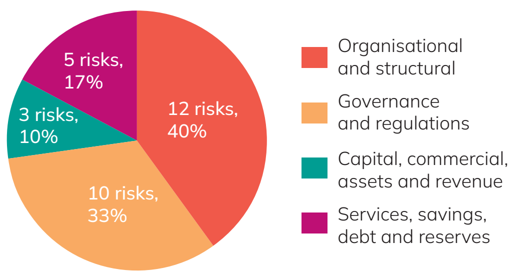
Southampton is a port city and unitary authority in Southeast England. It is classed as a global cluster D authority due to high weekly pay, digital connectivity and population density (among other factors). The Wirral is one of its most statistically similar authorities and is also in receipt of EFS.

Southampton, risks per rating



Thirty-two risks (71%) were rated high, 12 (27%) rated medium and one (2%) rated low.

Southampton, risks per theme



Sixteen risks (36%) were services, savings, debt and reserves, 14 (31%) were organisational and structural, nine (20%) were governance and regulations and six (13%) were capital, commercial, assets and revenue.

Out of all the councils reviewed, Southampton had the second-largest number of total risks (along with Cheshire East) and fourth-largest number of high-rated risks. At the time of its review, Southampton had a permanent CFO.

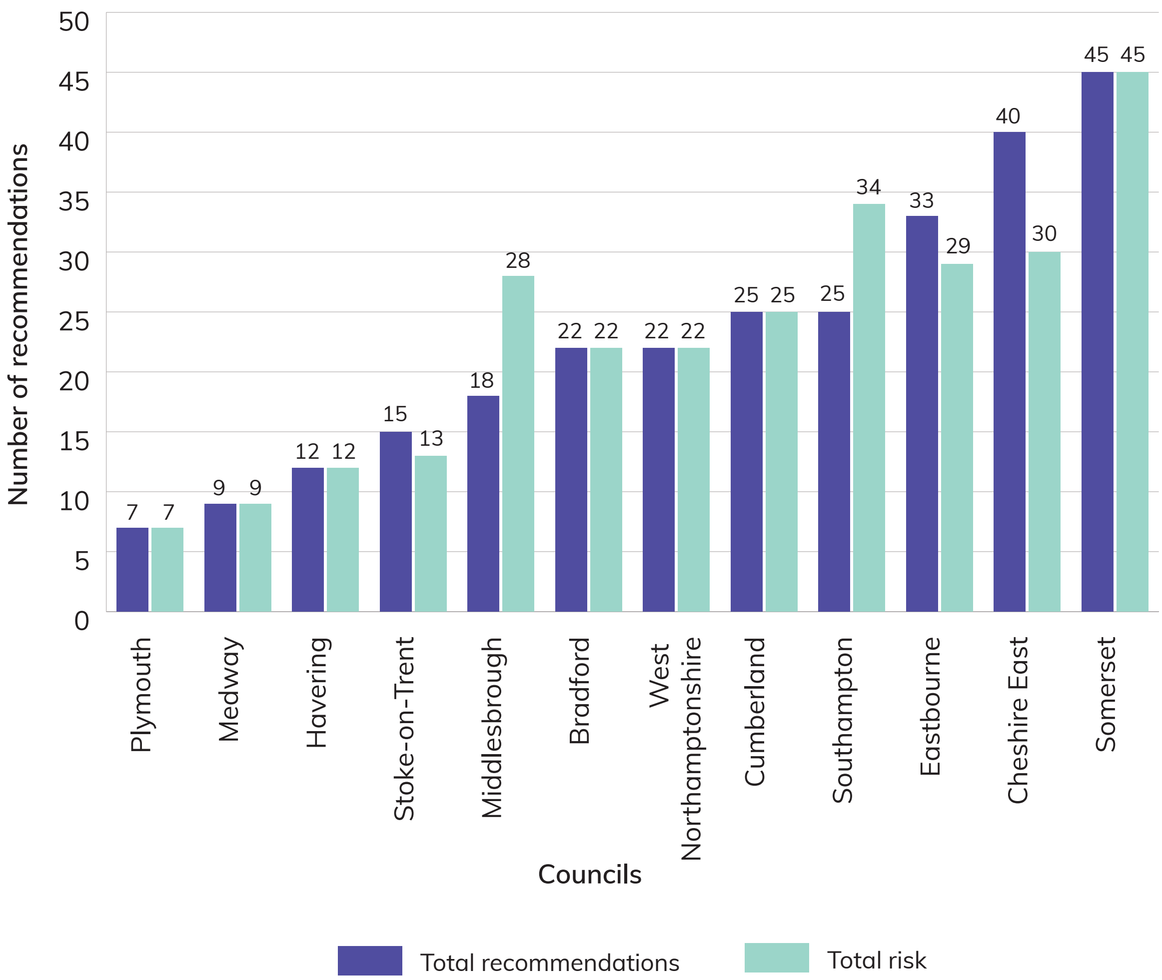
High-rated risks were dispersed across all themes. Most belonged to the organisational and structural themes and several to services, savings, debt and reserves. Many risks conveyed fears that the council would be unable to deliver business as usual activities, savings, transformation and service improvement at the required pace and scale. Waste service standards were noted as a particular area of concern, due to dated working practices and fleet, low productivity, low digital and IT literacy and poor data systems, among other issues. Culturally, financial accountability was not yet fully embedded, and members did not understand the full extent of the financial challenge. The workforce also suffered from high turnover and senior posts lacked permanent staff. Some of CIPFA's key recommendations included revisiting the assumptions of the medium-term financial strategy, embedding financial management skills into service areas, mandatory briefings on the scale of the financial challenge and considering HR expertise and succession planning for senior posts covered by interim staff. There was no recommendation proposed for waste service standards risks as CIPFA were satisfied with the council's plan to outline a business case to tackle this issue.

Capital, commercial, assets and revenue risks revealed further flaws in programme delivery and service standards. Constant revisions to the capital programme suggested a lack of strategic clarity and there were concerns regarding the affordability of improving housing stock quality. CIPFA advised reviewing the delivery and monitoring arrangements of the capital programme and considering how improvements to housing stock should be delivered. Although reserve levels were low, this risk was mitigated as the council had an existing policy in place for maintaining and rebuilding reserves.

The council's sole high-rated governance and regulations risk was its inconsistent approach to risk management across the organisation. The relevant recommendation was to ensure risk management practices are clear and regularly monitored, including a review of the newly introduced directorate risk register and the corporate risk register (for the audit committee). The audit committee's lack of independent members marked a significant medium-rated risk.

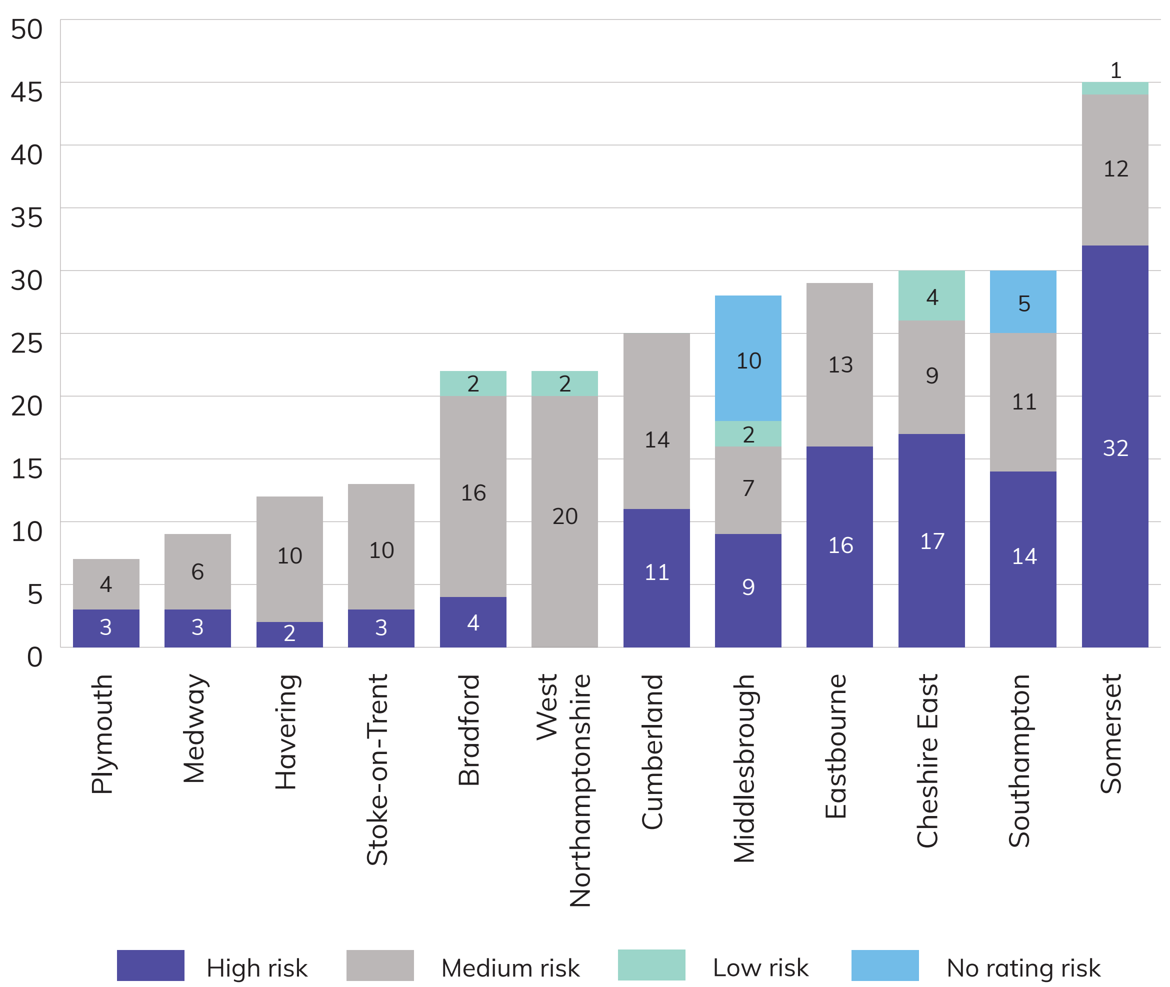
Summary

Total recommendations compared to total risks (per council)



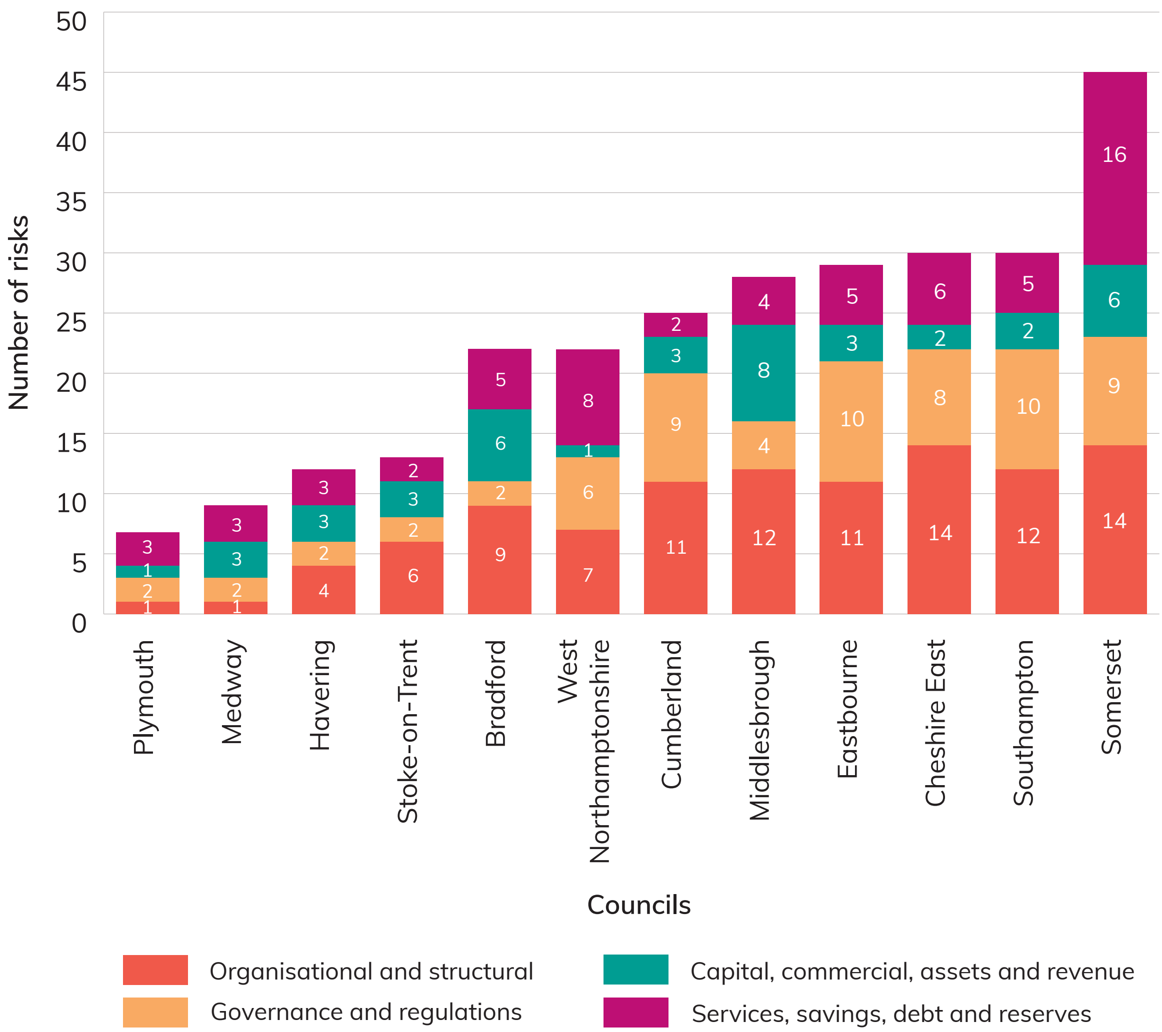
For 58% (7 out of 12) of all the councils reviewed, the total number of recommendations matched the total number of risks. The remaining councils were Cheshire East, Eastbourne, Southampton, Middlesbrough and Stoke-on-Trent. Cheshire East, Eastbourne and Stoke-on-Trent had more recommendations than risks (ten, four and two more recommendations than risks, respectively). Middlesbrough and Southampton had fewer recommendations than risks (ten and nine fewer recommendations than risks, respectively). This meant CIPFA was satisfied that these councils had put appropriate mitigations in place for a select number of risks, at the time of the assurance reviews.

Councils by risk rating



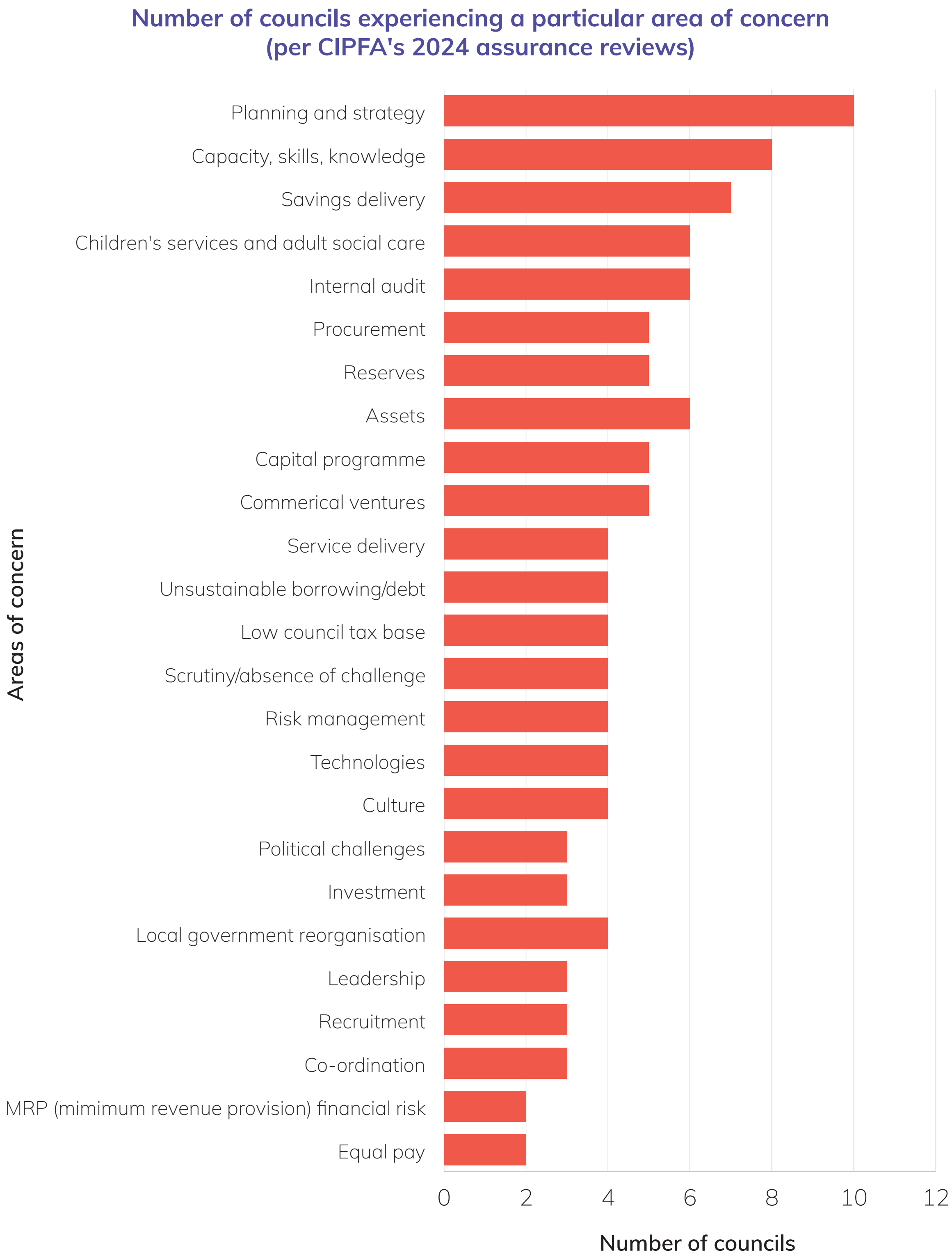
All councils had high and medium risks. Somerset had the most high-rated risks (32) and Plymouth, Medway and Stoke-on-Trent all had the fewest high-rated risks (three each). Middlesbrough and Southampton were the only councils that had risks without a risk rating (ten and five, respectively) and West Northamptonshire was the only council without any high-rated risks. Notably, West Northamptonshire is also one of the three councils CIPFA reviewed that do not require EFS for the current financial year.

Councils by number of risks, per theme



For 67% (8 out of 12) of all the councils reviewed, most risks were organisational and structural. The remaining councils were Plymouth, Medway, West Northamptonshire and Somerset. In these cases, apart from Medway, most risks were related to services, savings, debt and reserves. In Medway's case, most risks were either related to services, savings, debt and reserves or capital, commercial, assets and revenue.

Key trends


Number of councils experiencing a particular area of concern
(per CIPFA's 2024 assurance reviews)
Areas of concern
Planning and strategy
Capacity, skills, knowledge
Savings delivery
Children's services and adult social care
Internal audit
Procurement
Reserves
Assets
Capital programme
Commerical ventures
Service delivery
Unsustainable borrowing/debt
Low council tax base
Scrutiny/absence of challenge
Risk management
Technologies
Culture
Political challenges
Investment
Local government reorganisation
Leadership
Recruitment
Co-ordination
MRP (mimimum revenue provision) financial risk
Equal pay
0
2
4
6
8
10
12
Number of councils

Over the last 15 years, councils have experienced vast increases in demand for statutory services, most significantly within children's services. This has resulted in rising service costs, all while English local authority funding has reduced (in real terms). Since district councils are not responsible for social services, Eastbourne was the only council CIPFA reviewed that was unaffected by demand pressures in children's services and adult social care (although it has experienced issues with housing costs and the service delivery of housing commercial ventures).

Outside of this near-universal demand pressure, areas of major concern across the councils reviewed included planning and strategy, culture, capacity, skills and knowledge, internal audit, commercial ventures, assets, savings delivery and reserves:

- **83% had major planning and strategy issues.** On a more granular level, these issues were often the result of inadequate transformation programmes.
- **67% suffered from a lack of capacity, skills and knowledge from employees and or members**. Across half of all councils reviewed, CIPFA recommended either audit, procurement or financial training. Since most of these councils lacked financial capacity, skills and knowledge, CIPFA most frequently recommended finance training.
- **59% of councils struggled to deliver an appropriate level of savings.**
- **Among half of the councils, internal audit was a substantial area of concern.** CIPFA recommended increasing independent audit committee membership or the appointment of an independent chair for three of these councils. CIPFA's position is that all councils should have at least two independent committee members, unless the council is under legalisation that dictates the arrangement of audit committees (see CIPFA's stance from the 2022 Audit Committee Position Statement (PDF) and CIPFA response to MHCLG consultation on local audit reform 29.01.2025).
- **42% had critically low reserves.** Only two of these councils had this issue noted as a risk. The other three councils had implemented quality policies (eg regular monitoring of reserves), which successfully limited the severity of the situation. The same percentage of councils with critically low reserves also had issues with their commercial ventures.
- **33% experienced issues with staff culture**, due to fatigue, reduced creativity and lack of accountability. The same percentage of councils reviewed had issues with assets (low asset values, slow pace of asset disposals, political opposition and expired assets disposal policies), struggles with service delivery and received low levels of council tax, due to low yearly increases or a low tax council base.
- **25% of councils reviewed had undergone local government reorganisation in the last five years**. This includes Cumberland, Somerset and West Northamptonshire. (Cheshire East experienced reorganisation in 2009.)

Demographically, 42% of councils reviewed were from ONS Cluster B areas (indicated by a high proportion of residents without qualifications, significant numbers of children in relative poverty and below average median house prices).

Looking ahead

With continuing political and economic volatility both in the UK and globally the public sector is increasingly going to put under pressure to deliver more for less. Much hinges on the success of reforms in areas such as local government funding, social care and digital transformation.

While reorganisation may bring longer-term benefits, the process of reorganisation is costly and logistically intensive and it will also involve some councils already receiving EFS (eg Woking, Thurrock and Medway), further straining the budgets of those under severe financial pressure.

While CIPFA will continue to call for changes to funding and reforms that put sustainability of public services front and centre, there is much that councils can learn from the lessons that others have been through.

CIPFA resources

Exceptional Financial Support for local authorities for 2024/25 (including CIPFA's assurance reviews)

Reforming SEND finance

Financial Resilience index

Financial Competency Model

Financial Recruitment toolkit

Local government reorganisation webinar

External resources

Exceptional Financial Support for local authorities for 2025/26

Explore local statistics – ONS

Local government reorganisation: letter to two-tier areas (MHCLG)

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09/2025