OPEN

Audit and Governance Committee

04 December 2025

Financial Leadership Improvement Plan (FLIP) Update

Report of: Ashley Hughes, Executive Director of Resources, Section 151 Officer

Report Reference No: AG/38/25-26

Ward(s) Affected: All Wards

Purpose of Report

1 This report provides the Committee with an opportunity to scrutinise the activities undertaken to improve financial leadership across Cheshire East Council.

2 The Finance Leadership Improvement Plan has been established to respond to a number of external reviews that were commissioned by both the Council and MHCLG to provide assurance on financial management. This work was ongoing during 2024/25 and led to a focused plan for 2025/26 being developed and considered by the Finance Sub-Committee in June 2025. This second review of the plan provides the progress as at the end of September 2025 and was originally considered by the Finance Sub-Committee 3 November 2025.

Executive Summary

3 This report and the associated appendices details the Council's progress against the Financial Leadership Improvement Plan, which outlines improvement activities aligned with external reviews, including the Corporate Peer Challenge, the CIPFA Assurance Review, and the recent External Audit.

RECOMMENDATIONS
That the Audit and Governance Committee 1. Note the content and progress made against the Finance Leadership Improvement Plan.

Background

4 The Council is under unprecedented external scrutiny and faces significant financial challenges, coupled with a need to transform and improve. Numerous reviews have made recommendations

5 While these recommendations are welcomed, many issues were already known to management and Members. Discussions had taken place, and issues were being addressed. Improvement plans were in place, as demonstrated by progress against the CIPFA review recommendations published in March 2025 (although commissioned by central government in July and August 2024 with the report and recommendations reflecting the position at that time) and the positive response to the Local Government Association Corporate Peer Challenge 2024.

6 To document ongoing activities and ensure a formal record of progress against CIPFA recommendations, an improvement plan for all finance-related matters was developed. This plan will guide holistic financial service improvements and enhance corporate financial leadership and governance within the Council.

7 Monitoring and reviewing progress against existing recommendations from external reviews and other activities is a priority. The Financial Leadership Improvement Plan, detailed in Appendix A, outlines progress as at the end of September 2025 against these recommendations, impacting the Council's financial stewardship.

8 The reviews covered include:

(a) Corporate Peer Challenge 2024 (relevant recommendations)
(b) CIPFA Assurance Review 2024(commissioned by MHCLG as part of the process of agreeing in principle Exceptional Financial Support)
(c) External Audit for 2023/24 Accounts undertaken in 2024/25(please note that these remain draft recommendations until the audit is finalised)

9 The recommendations and responses have been grouped thematically under the following headings:

(a) Financial Management & Sustainability
(b) Capital Programme, Debt, Assets & Investments
(c) Governance
(d) Service Delivery
(e) Leadership & Culture

10 The Council's financial management arrangements are the responsibility of the Section 151 Officer. This role includes supporting and advising officers and members, maintaining strong financial management arrangements, contributing to corporate leadership, and leading an effective and responsive financial service.

11 Good financial management and governance extend beyond the Section 151 Officer or the Council's Finance Service. Therefore, several activities detailed in the Financial Leadership Improvement Plan are the responsibility of other senior officers within the Council.

12 A summary of the progress made to date is provided below:

(a) The first table provides a summary of the progress which was reported to the June Finance Sub-Committee.

Thematic Heading - June Totals	Complete	Addressed and under further review	In progress	Totals
Financial Management & Sustainability	13	2	8	23
Capital Programme, Debt, Assets & Investments	2	2	12	16
Governance	2	3	8	13
Service Delivery	2		2	4
Leadership & Culture	2			2
Totals	**21**	**7**	**30**	**58**

In June it was encouraging to note that a significant number of activities had already been completed, and whilst there were some actions that were outstanding, they had all been started.

(b) The table below provides the progress as at the end of September 2025.

Thematic Heading - September Totals	Complete	Addressed and under further review	In progress	Totals
Financial Management & Sustainability	15	2	6	23
Capital Programme, Debt, Assets & Investments	4	6	6	16
Governance	6	4	3	13
Service Delivery	2		2	4
Leadership & Culture	2			2
Totals	**29**	**12**	**17**	**58**

As can be seen, a considerable number of activities have already been completed, and when compared to June, there has been a significant increase in the number of actions that have been completed or addressed and under further review.

(c) The table below shows the progress between the two reporting periods.

Thematic Heading - Progress between June-Sept.	Complete	Addressed and under further review	In progress	Totals
June Totals	21	7	30	58
September Totals	29	12	17	58
Difference	8	5	-13	
Percentage	**38.1%**	**71.4%**	**-43.3%**	

13 The Financial Leadership Improvement Plan – Action Plan, which is included as Appendix B, provides the list of activities which are under further review or in progress.

Consultation and Engagement

14 Senior Officers from across the Council have contributed to the updates and progress provided within the Financial Leadership Improvement Plan.

Reasons for Recommendations

15 The recommendation ensures that the Council's progress against the Financial Leadership Improvement Plan is acknowledged, strengthening financial management and ensuring continued development. This will position the Council optimally regarding overall financial leadership and stewardship.

Other Options Considered

16 This is not applicable.

Implications and Comments

Monitoring Officer/Legal/Governance

17 There are no direct legal implications.

Section 151 Officer/Finance

18 There are no direct financial implications, although it is incumbent upon both officers and members to ensure good progress continues against the Plan, as this could impact future funding and government intervention.

19 The importance of demonstrating value for money is also integral to all our work and therefore this provides an opportunity to illustrate the progress made against this

Human Resources

20 There are no direct implications for Human Resources.

Risk Management

21 The advancement within the Financial Leadership Improvement Plan ensures positive progress in improving the Council's overall financial standing and external assessment recommendations. It is high-risk for the Council not to progress against the recommendations, as this would compromise governance, best practice, and Central Government requirements, adversely impacting the Council.

Impact on other Committees

22 There are no recommendations within the report, however the progress against the plan was originally reported into the Council’s Finance Sub-Committee.

Policy

23 This does not make any changes to Corporate Policy but does contribute to:

Commitment 3: An effective and enabling council

Equality, Diversity and Inclusion

24 There are no direct implications for equality diversity or inclusion.

Other Implications

25 There are no direct implications for rural communities, climate change or public health.

Consultation

Name of Consultee	**Post held**	**Date sent**	**Date returned**
Statutory Officer (or deputy):			
Ashley Hughes	S151 Officer	26/11/25	26/11/25
Kevin O'Keefe	Interim Monitoring Officer	26/11/25	26/11/25
Legal and Finance			
Chris Benham	Director of Finance	26/11/25	26/11/25
Hilary Irving	Interim Head of Legal Services	26/11/25	To follow

Access to Information	
Contact Officer:	Ashley Hughes Executive Director of Resources (S151) ashley.hughes@cheshireeast.gov.uk
Appendices:	A – Financial Leadership Improvement Plan - ALL ACTIONS B – Financial Leadership Improvement Plan – Action Plan C – Copy of Report to FSC 2 November 2025
Background Papers:	Specific papers include: The Government publication of its review undertaken by CIPFA: Cheshire East Council - CIPFA external assurance review

	The Corporate Peer Challenge 2024: LGA Corporate Peer Challenge 2024 The External Auditors' Interim Findings Report 2023/24 Statement of Accounts: https://www.cheshireeast.gov.uk/council_and_democracy/your_council/lga-corporate-peer-challenge-2024.aspx EY Audit completion report