

Open

Finance Sub-Committee

2 June 2025

Finance Leadership Improvement Plan including progress of actions following the CIPFA Assurance Review (commissioned by MHCLG)

Report of: Executive Director of Resources and Section 151 Officer

Report Reference No: FSC/28/25-26

Ward(s) Affected: All Wards

For Scrutiny

Purpose of Report

- 1 This report provides the Committee with an opportunity to scrutinize the activities undertaken to improve financial leadership across Cheshire East Council.
- 2 A thematic plan has been established to respond to several external reviews commissioned by both the Council and MHCLG to provide assurance on financial management. Due to the timing of these reviews, this work has been ongoing during 2024/25 and has led to a focused plan for 2025/26 to be developed, allowing for monitoring and managing progress alongside other performance management processes.

Executive Summary

- 3 This report 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.

RECOMMENDATION

That the Finance Sub-Committee

1. Scrutinises the contents of the Finance Leadership Improvement Plan.
2. Agrees to receive progress reports on the Plan.

Background

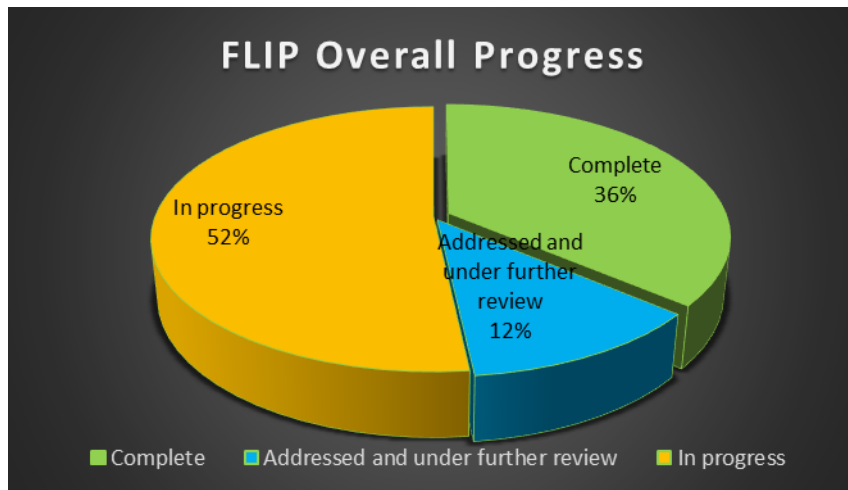
- 4 The Council is under unprecedented external scrutiny and faces significant financial challenges, coupled with a need to transform and improve. Numerous reviews have made recommendations.
- 5 While these recommendations are welcomed, many issues were already known to management and Members. Discussions 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 of May 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(commisioned 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:

Thematic Heading	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

As can be seen a significant number of activities have already been completed, and whilst there are some activities outstanding, they have been started. The Action Plan provides the latest updates to those activities as well as the anticipated completion date.

- 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. It is intended to be updated and reviewed at least quarterly at the relevant meeting of the Finance Sub-Committee, commencing in June 2025. It will also form the basis of discussions with the finance lead on the Assurance Panel and the Section 151 Officer.
- 14 An overall view of the performance against the Financial Leadership Improvement Plan is provided in the chart below.



- 15 Elsewhere on the agenda is the Financial Management (FM) Code Action Plan which provides an update on progress made towards compliance with the CIPFA Code. The Financial Leadership Improvement Plan complements the activities undertaken through the FM Code compliance and therefore provide a thorough set of actions to improve financial management activities across the Council.
- 16 All of this activity has been underway for some time. On 8 May 2025, a non-statutory Best Value notice was published for Cheshire East. This highlights the importance of addressing the recommendations of the CIPFA assurance report and the LGA peer review. This report provides evidence of what has already been done to address concerns and issues and what is remaining. This improvement plan will therefore provide sound evidence of our progress and so it is important that this remains a priority to deliver against the proposed actions.

Consultation and Engagement

- 17 Senior Officers from across the Council have contributed to the updates and progress provided within the Financial Leadership Improvement Programme.

Reasons for Recommendations

- 18 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

- 19 This is not applicable.

Implications and Comments

Monitoring Officer/Legal

- 20 There are no direct legal implications.

Section 151 Officer/Finance

- 21 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.
- 22 The importance of demonstrating value for money is also integral to all of our work and therefore this provides an opportunity to demonstrate this too.

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.

Human Resources

- 25 There are no direct implications for human resources.

Risk Management

- 26 The advancement within the 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.

Rural Communities

- 27 There are no direct implications for rural communities.

Public Health

28 There are no direct implications for public health.

Climate Change

29 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Adele Taylor Interim Executive Director of Resources (S151) adele.taylor@cheshireeast.gov.uk
Appendices:	A – Financial Leadership Improvement Plan - ALL ACTIONS B – Financial Leadership Improvement Plan – Action Plan
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