

Independent Assurance Panel

First Progress Update on Cheshire East Council, June 2025

Further to the meeting of the Independent Assurance Panel (the Panel) on Thursday 5 June 2025, I set out below a formal update from the Panel which the Council established following the Local Government Association's (LGA) Corporate Peer Challenge (CPC) in March 2024. The Panel was stood up in August 2024 and this is the first formal bi-annual progress report, in line with their Terms of Reference.

This report reflects the views of the independent members of the Panel, which are consistent and aligned. In line with the requirements of the Best Value Notice, a copy of this report will be shared with the Ministry of Housing, Communities and Local Government (MHCLG).

Context and background

The Panel has now met on six occasions. At its meeting in October 2024, it was agreed that the first report to the Council should be aligned to the findings of the LGA's Corporate Peer Challenge Progress Review undertaken in February 2025. The LGA progress report was shared with the Panel on 2 May 2025, and a meeting was convened on 15 May to consider the report. The Best Value Notice issued to the Council on 8 May 2025 was also discussed at the meeting to support alignment and ensure that the Panel's findings and recommendations were shaped by the latest operating context of the Council.

The views of the Panel are echoed and amplified in both the CPC progress review report and the Best Value Notice. Consequently, I do not intend to reiterate those comments in this report and instead append both documents. I do however set out matters of emphasis and risk that the Panel feel it is important to highlight to the Council.

Matters of Emphasis

The Panel recognise and welcome the commitment of the Council to its improvement journey. We collectively acknowledge the scale of improvement required and the active collaboration between the political executive and senior officer leadership to drive through change. It is good that the Council now has a significant proportion of its permanent senior leadership team in place. This is a necessary platform to deliver improvement, including sustainable cultural change, and the Council will want to fill the ongoing vacancies, particularly the acting and interim arrangements regarding the Monitoring Officer, Director of Corporate Improvement roles, as well as the vacant Director of Public Health position.

The Good rating by CQC of your adult social care services is to be commended and provides independent assurance to your residents about those vital front-line services. The successful application for Exceptional Financial Support (EFS) also provides some resources and time to support the Council as it delivers the necessary changes to the organisation.

While recognising the good progress that has been made in some areas, it is accepted by all, including the Council, that improvement is not where the Council would have wished it to be at this juncture. This point is particularly underlined by the issue of the Best Value Notice by MHCLG. The Panel have consistently raised a number of themes of concern, which remain relevant. These matters of emphasis need to be given serious and urgent consideration by the Council. These are:

- Pace
- Plans
- Communications
- Leadership and Governance

Improvement is complex, consequently these matters of emphasis are symbiotic and need to be considered holistically to drive the level of change required.

Pace

Pace remains a significant issue for the Council. While the Council has shown that it can move quickly in some areas, such as appointing a transformation partner, other areas have been slow. For example, the Council could have sought to adapt and amend its processes to accelerate the appointment of its permanent senior management team, which is a fundamental element of the improvement process.

By better sequencing their interventions, the Council could unlock some of the barriers and constraints to their progress. Adapting and amending processes and structures to create pace is also an option that should be adopted, including incremental improvements than maintain momentum towards the Council's strategic aims and ambitions.

Plans

The Council still does not have a single, prioritised and resourced improvement plan setting out how it will address the challenges it faces. While there are individual plans in response to the CPC report, the transformation challenge, the budget and the Children's Services Ofsted inspection, these need to be considered collectively so that the Council can understand the corporate and cumulative impact of the proposed actions.

It is also the case that the savings referenced in the transformation plan, and which are fundamental to the Council's sustainability, remain unclear to the Panel. The Council have, as yet, been unable to articulate what these savings are or when they will be delivered, including any interdependencies with other workstreams.

These are key issues for assurance and the Panel has requested this information on a number of occasions. Had the Council considered its approach to improvement in a strategic and comprehensive way, the prevalence of optimism bias may have been prevented, and key decisions could have been taken particularly around the necessary trade-offs that will need to take place in order to drive improvement at its optimum level.

A single plan would facilitate the sequencing of actions, allocation of resources and unlock pace. It is also an essential element in helping members and staff understand what is required of them and when and how changes will occur. Ultimately the improvement plan should showcase the outcomes that the public can expect to see in terms of better services.

Communications

A single overarching narrative is essential to explain the challenges the Council faces, how they arose, and how they will be addressed. This can then be adapted to different audiences to set out clear expectations and reassure stakeholders.

Without this narrative and the absence of the single plan there will continue to be a lack coherence, and potentially congruence. It will also be an important tool in the Leadership of both elected members and staff throughout the organisation who need to be motivated to make the changes and vested in the Council's future success.

A strategic approach to communications is required to ensure key stakeholders (elected members, officers, partners and residents) are kept informed of updates and progress. This includes the Panel who often learn about developments through the media. It is anticipated that if the Panel are not routinely engaged, then other stakeholders will also be equally uninformed, with the resultant impact on confidence. Furthermore, the Council is ceding the opportunity to share their perspective in an open and transparent way and provide the rationale behind the decisions they are taking.

Leadership and Governance

The scale of the issues faced by the Council and the fragility of its position require strong and sophisticated leadership that is able to permeate through the organisation. Staff and residents need to have confidence in the Council, especially in view of the difficult decisions we all accept the Council will need to make.

The Panel acknowledges the verbal assurances received at our meetings, however the detail on activity and the strength of leadership has not yet been evidenced, with an ongoing optimism bias and continued focus on monitoring actions rather than managing the delivery of outcomes for the public.

The leadership model adopted by the Council needs to be clearly set out and explained to members and staff. It will need to be adapted over time, especially as the capability within the organisation grows and a new culture evolves.

Key Risks

The Panel are also mindful that the Council is carrying a number of risks to its improvement journey that need to be actively managed and mitigated as far as possible. These are set out below:

Financial

The Council's budget needs to be sustainable both now and in the longer term. This will require hard decisions and the sooner these can be taken the quicker sustainability will be achieved. The underpinning actions to deliver the agreed Medium Term Financial Strategy, including co-dependencies with the transformation plan, need to be well understood by the Leadership and must be included in the single improvement plan referenced above.

The Panel note that the financial resilience of the Council is almost entirely reliant on its Transformation Plan. It is not clear to the Panel that this plan has been fully costed and there has been no evidence of progress since EFS was awarded. The Council must ensure this issue is gripped and driven and that the expected returns are delivered within the expected timescales.

Children's Services improvement

Good progress has been made in delivering the response to the Ofsted Inadequate Children's Services inspection outcome. It is important to maintain the positive trajectory with continued strong leadership and stability as the new Director of Children's Services takes up her role.

Decision making

The Council has an opportunity in May next year to fundamentally change its governance structures. This should be undertaken with a clear intention to speed up decision making and reduce bureaucracy, enabling both pace and capacity to be focused on the improvement journey. The Panel are concerned that this is not a view embedded across the organisation as evidenced by the recent proposal to increase rather than streamline the process. There are many successful governance models within both the Committee and Cabinet structures that facilitate open and transparent decision making when underpinned by the right behaviours. Unless this is grasped there is serious risk that any improvements will be limited, and the Council will not be sustainable.

The Government has recently announced its intention to legislate to remove the Committee system as a governance model available to upper tier authorities. The Council will now need to reflect this in its future governance structures.

There remain many options for short term successes by, for example, rationalising some of the existing committees, developing report writing skills and improving the scheme of delegation. The Panel is disappointed that these opportunities have not been grasped and implemented quickly. In the absence of a new Monitoring Officer being appointed, there is an opportunity for the Council to secure interim support with the right skills to drive the changes which are fundamental to the improvement journey.

Leadership and Management

The frailty of the Council's position requires a confident and experienced leadership, both executive and officer, to achieve success. Failure to think strategically, set clear direction and hold people to account will not deliver at the pace required. There is a significant risk that management focuses on the detail and slows rather than drives delivery. The Panel accepts that there are weaknesses across the organisation and the leadership needs to determine which are the capabilities they will prioritise, recognising and promoting those areas that will have the biggest impact.

The Panel is concerned that the importance of leadership and management has not been fully grasped by the Council. Leadership is also responsible for ensuring that the systems underpinning the decision making and service delivery functions of the Council are robust, that there is strong management, and that compliance is monitored, secured and reported across the organisation. Failure to implement an effective system of governance will undermine the culture change the Council needs to ensure its sustainability.

Devolution

The Panel recognises the decision of the council to participate in the Devolution Priority Programme but are concerned that it will remove capacity from the improvement journey. The Council's leadership have assured the Panel that they have considered this and have sufficient capacity to deliver both. They have also provided assurance that MHCLG is supportive of their approach. However, the Panel have not seen any documentation or plans underpinning these views and in the absence of a single plan for the Council's improvement journey including the related capacity requirements, we remain concerned that this is a risk.

Loss of momentum

The Council is at a pivotal point with the new permanent management team starting to take up their posts. There is a significant risk that rather than consolidating and driving forward the current plans, the Council commissions further analysis. The Council has a range of

external and independent reports and at this juncture should know itself well. Any further delay in driving forward the agreed actions and delivering improvements will have serious consequences for the Council.

Conclusion

The Council has faced significant challenges for a number of years. It has acknowledged this and responded openly and positively to understand its issues and address them. It has made progress in some areas and pleasingly has been assessed as delivering a good Adult Social Care service by the Care Quality Commission. In other areas, the Council continues to be slow to respond and at times appears overwhelmed by the challenge.

Angie Ridgwell

Chair, Cheshire East Assurance Panel

27 June 2025

At the May meeting of the Panel, and following the Best Value Notice, the Council leadership agreed a reset, seeking to engage more positively with the Panel and use its depth of experience and knowledge to help drive the improvement forward. This aligns with many of the new permanent leadership team landing and having a long-term vested interest in the Council's success and serving its residents.

This is not an easy situation for the Council and the task ahead cannot be underestimated or compromised by the optimism bias that has been prevalent over the past year. However, with an openness to constructive feedback, doing things differently, taking difficult decisions and the correct structural framework success can be achieved.

All officers and members of the council have a duty to engage with this process. Everyone has a part to play, and it will only be through a collective effort that the Council can succeed.

Angie Ridgwell

Chair, Independent Assurance Panel

25 June 2025

Appendix 1 - LGA's Corporate Peer Challenge Progress Review (attached)

Appendix 2 – MHCLG Best Value Notice (attached)