

# Annual Governance Statement 2021/22

Working for a *brighter future*  together



## 1. Executive Summary and Approval

- 1.1. Each year the Council produces an Annual Governance Statement that explains how it operates its corporate governance arrangements, makes decisions, manages its resources, and promotes values and high standards of conduct and behaviour.
- 1.2. The Annual Governance Statement reports on:
- How the Council complies with its own governance arrangements
  - How the Council monitors the effectiveness of the governance arrangements
  - Improvements or changes in governance arrangements proposed for the forthcoming year.
- 1.3. The Council's Section 151 Officer, has reviewed this statement together with the more detailed assessments that support its conclusions and endorses the Internal Auditor's opinion on the Council's control environment:

**The Council's framework of risk management, control and governance is assessed as adequate for 2021/22**

- 1.4. We, as Chief Executive and Leader of the Council, have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and that the arrangements, to the best of our knowledge, continue to be regarded as fit for purpose in accordance with the governance framework.
- 1.5. The Annual Governance Statement is required to reflect the arrangements in place for 2021/22 and up to the time of its approval.
- 1.6. Due to a delay in the external auditors completing their work on the 2020/21 financial statements, the 2020/21 AGS was not approved until January 2022. In accordance with the requirement for the statement to be current at the time of approval it reflected matters up to and including January 2022. As such, there is an element of duplication in the current statement.
- 1.7. In May 2021 the Council changed from an 'executive' form of governance to operate a 'committee system' for decision making. The Council operated under a cabinet system since it formed in 2009, meaning that decisions previously made by the Cabinet, are now made by service committees.
- 1.8. To date, our assessment of the effectiveness of our governance arrangements for 2021/22 has identified four arising significant issues relating to ASDV Governance, Planning, Cheshire East Safeguarding Children's Partnership Governance and the Public Interest Report, which can be found in Section 8.

1.9. The following three items included in the 2020/21 Statement have been removed as they are no longer considered to be significant governance issues:

- Proposed Change to the Committee System of Governance
- Replacement of the Council’s Core Financial and HR Systems
- Responding to the impact of Covid-19

1.10. The two remaining items from the 2020/21 Statement; Council Funding and Health and Social Care Integration have been restated to reflect the latest issues and proposed actions to address these challenges. Both items have been included in the Statements since 2015/16 and although the overarching issues remain, the detail has developed and required updating to ensure they present an accurate picture to the Council and its stakeholders.

1.11. We propose over the coming year to take all appropriate action to address the matters outlined in this Statement and any other issues to further enhance our overall governance and stewardship arrangements. We are satisfied that our plans will address the improvement areas identified in our review of effectiveness. We will monitor their implementation and operation as part of our next annual review.

Lorraine O’Donnell Chief Executive	Cllr Sam Corcoran Leader

***This section will be signed by the Leader of the Council and the Chief Executive after the final AGS is agreed.***

## **2. Introduction**

2.1. The Accounts and Audit Regulations 2015 require that:

- The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control
- Findings of this review should be considered by the Council
- The Council must approve an Annual Governance Statement; and
- The Annual Governance Statement must accompany the Statement of Accounts.

2.2. For Cheshire East Council, the Audit and Governance Committee has delegated authority to undertake these duties on behalf of Council.

## **3. Scope of Responsibility**

3.1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The Local Government Act 1999 also places a duty on all councils to secure continuous improvement and to demonstrate economy, efficiency, and effectiveness.

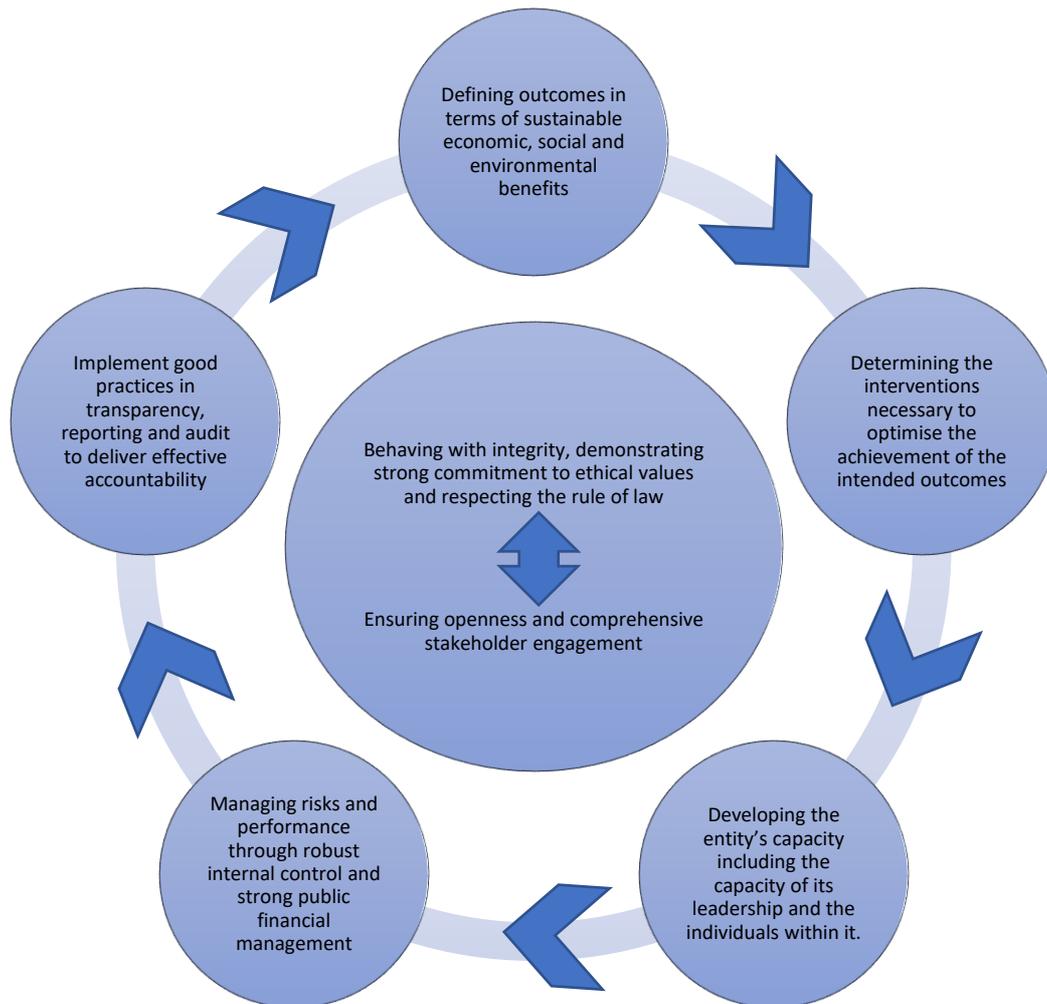
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

3.3. In January 2017, Cabinet approved and adopted a Code of Corporate Governance that is consistent with the principles and requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016). These are outlined below and summarised in Figure 1.

- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity including the capacity of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management

- Implement good practices in transparency, reporting and audit to deliver effective accountability
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement

Figure 1 Principles in the Council’s Code of Corporate Governance



- 3.4. The annual review of effectiveness has been carried out against the Code of Corporate Governance. The draft AGS was published in September 2022 and has been further reviewed and updated as necessary to ensure this Statement remains current for when the Audit and Governance Committee considers it as final in March 2023.
- 3.5. Once approved by the Audit and Governance Committee it will be signed by the Leader and the Chief Executive. It will then be published as Final alongside the Statement of Accounts.

- 3.6. The Annual Governance Statement provides assurance that:
- Governance arrangements are adequate and operating effectively in practice; or
  - Where reviews of the governance arrangements have revealed improvements are required, action is planned to ensure effective governance in future

#### **4. The Purpose of the Governance Framework**

- 4.1. The Governance Framework comprises the systems, processes, cultures, and values by which the Council is directed and controlled. It also includes the activities through which it is accountable to, engages with and leads the community. This covers services provided and managed directly by the Council, and arrangements delivered through external partners, including the Council's wholly owned companies.
- 4.2. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 4.3. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:
- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives
  - To evaluate the likelihood of those risks being realised and the impact should they be realised, and
  - To manage them efficiently, effectively, and economically

#### **5. The Governance Framework**

- 5.1. The Council's Code of Corporate Governance includes examples of how the Council demonstrates the principles in practice and operation. Therefore, to minimise duplication, it is only supplementary examples and features of the Council's governance framework, specific to 2021/22 which are set out below.
- 5.2. The Governance Framework described below and shown in Appendix 1 was in place from the 4 May 2021, when the new committee system model of governance took effect to the year ended 31 March 2022. A diagram explaining the committee system can be found at Appendix 2.
- 5.3. Prior to the 4 May 2021, the Council operated under a cabinet system which is explained at Appendix 3.

***Defining outcomes in terms of sustainable economic, social and environmental benefits***

- 5.4. Cheshire East Council's vision and priorities are outlined in the Council's Corporate Plan. The Corporate Plan and Medium Term Financial Strategy (MTFS) for 2021-2025 were agreed by full Council on 17 February 2021.
- 5.5. The Council's previous Corporate Plan coverage finished in 2020, which was supported by the proposals within the MTFS 2020 to 2024. The new 2021-2025 plan sets out the priorities of the administration, within the context of the needs of the borough, the views of residents and the resources available.
- 5.6. The MTFS 2022-26 was agreed at the 24 February 2022 meeting of Council. The report sets out the Council's plan and required funding to ensure Cheshire East remains one of the best places to live in the North West.
- 5.7. The Corporate Plan 2021-25 is reviewed by the Corporate Policy Committee. A mid-year review was considered at the meeting on 2 December 2021 as part of the Council's performance management accountability framework.
- 5.8. The 2020/21 provisional group financial outturn was reported to Finance Sub Committee on 22 September 2021 and Council on 20 October 2021, prior to publication of the statutory accounts. The 2021/22 provisional financial outturn was reported to the Finance Sub Committee on 6 July 2022.
- 5.9. The Council delivered and progressed several infrastructure improvements and developments across the Cheshire East area. These major schemes are critical elements in delivering the ambitions of the Council. These include Congleton Link Road which opened in April 2021 and Poynton Relief Road which is ongoing with completion expected in Spring 2023.
- 5.10. As recognised in previous Statements, the sustained and increasing financial pressures on health and social care services continue to present challenges to the Council. These are recognised as high scoring risks in the Council's Corporate Risk Register. An update on the actions undertaken during 2021/22 is provided later in this Statement. Members were however provided with regular separate updates on the financing of pandemic activity.

***Determining the interventions necessary to optimise the achievement of the intended outcomes***

- 5.11. The Council's Constitution sets out the rules for conducting business undertaken by the Council, including executive arrangements, committee structures, finance and contract procedure rules and schemes of delegation.

- 5.12. At the meeting of Council in May 2019, a Notice of Motion committing the Council to a change in its decision-making governance arrangements was referred to Constitution Committee.
- 5.13. In November 2019, the Constitution Committee determined not to make a recommendation to Council at that stage, requesting further work to be undertaken. The Constitution Committee received an update in October 2020.
- 5.14. In November 2020, Council agreed that the new governance arrangements would take effect from the Annual Council meeting on 12 May 2021 and at the meeting held 19 April 2021 a report on the Constitutional Update to implement the Committee System was considered and it was agreed to adopt the Constitution from the next Annual General Meeting. In April 2021, the Corporate Overview and Scrutiny Committee considered a report on the financial implications on the incoming committee system. On 4 November 2021, the Corporate Policy Committee received a report on the Interim Review of the Committee System. This report was also presented to Council at their 15 December 2021 meeting. Furthermore, on 14 April 2022, the Corporate Policy Committee received a report on the First Annual Review of the Committee System. This report was subsequently presented to Council at the 27 April 2022 meeting.
- 5.15. The Council undertook extensive pre-budget consultation, setting out change proposals for consideration over the period 2021/22 to 2024/25. Stakeholders were invited to comment on the Council's pre-budget report using an online survey launched in December 2020 and a summary of the responses formed part of the consideration of the MTFS 2021/25 by Council at the meeting held 17 February 2021.
- 5.16. The MTFS clearly identifies how resources will be matched against the delivery of priorities established in the Council's Corporate Plan. In October 2021, Council approved a report on aligning the MTFS to the Committee Structure.
- 5.17. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council's Capital, Investment and Reserves Strategies.
- 5.18. In January 2020, Cheshire East Council hosted its first Corporate Peer Challenge (CPC). Facilitated by the Local Government Association (LGA), a peer team consisting of councillors and senior officers from local authorities around the UK examined the Council's leadership, governance, financial planning, and capacity to deliver its priorities. In addition to the five core areas examined, the Council had asked the team to consider two specific areas: workforce and culture, and internal assurance and audit.
- 5.19. The final report of findings from the Peer Review was shared at both the Cabinet and Corporate Overview and Scrutiny meetings in June 2020. Key observations from the review team included:

- The Council has made good progress in a relatively short space of time
- It delivers several high-quality services to the residents of the borough which we should be proud of
- A profound difference has been made to the way the organisation functions and the experience of staff

- 5.20. A number of actions were proposed to address recommendations made by the Corporate Peer Challenge team and were included in the report to Cabinet in June 2020. Corporate Overview and Scrutiny considered a report in April 2021 outlining progress made against the recommendations one year on from when it was undertaken prior to it being considered by Cabinet at the meeting held on 13 April 2021.
- 5.21. The Council utilised the powers available under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the Regulations”) to enable meetings of the Council to take place using virtual means. The regulations came into force on 4 April 2020 and applied to meetings taking place before 7 May 2021. This allowed authorities to conduct meetings and take decisions in ways other than face to face so that decisions could still be made to maintain good governance, principles of openness and accountability.
- 5.22. Council met in October 2020 for the first time using the virtual technology, Cabinet met regularly, and meetings of various committees were held, demonstrating the Council’s commitment to democratic engagement in unprecedented times.
- 5.23. Legislation to allow remote meetings was not extended beyond 7 May 2021, as such the Council made a commitment to ensure meetings held face to face were COVID-19 secure and remained in line with government guidelines securing external venues wherever necessary.

***Developing the entity’s capacity including the capacity of its leadership and the individuals within it.***

- 5.24. The Chief Executive, Executive Directors and Statutory Officers met regularly during 2021/22 as the Corporate Leadership Team (CLT), receiving assurance reports and updates from across the Council. CLT is supported by service/departmental management team meetings, and several cross functional officer, and officer/member groups. The reporting lines between these and relevant Committees are shown in the Governance Framework diagram in Appendix 1.
- 5.25. The Council’s Constitution defines the standards of conduct and personal behaviour expected of, and between, members, staff, and the community, defined and communicated through Codes of Conduct and protocols. The Constitution

includes a Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers. Audit and Governance Committee considered the development of a working group to review and update the Member Code of Conduct in September 2021. The Committee received a verbal update at the meeting held 30 September where it was confirmed that the working group had met and held two sessions with Town and Parish Councils and agreed to extend the time for feedback until November. The draft Member Code of Conduct was received by Audit & Governance Committee on 28 July 2022. The Code of Conduct was put to and adopted by full Council on 19 October 2022.

- 5.26. The programme of training introduced following the implementation of the committee system continued during 2021/22 having commenced in September 2020. Sessions have focused on committee finance and the Constitution, paving the way for further training in 2022/23 on supporting better decision making. Most Members have attended at least one session in this programme.
- 5.27. Members continued to work towards completing the foundation skills of Corporate Parenting, Safeguarding Children and Adults, Equality, Diversity and Inclusion, General Data Protection Regulations (GDPR) and Members' Code of Conduct. During 2021/22, the majority of sessions were held virtually and whilst this has improved attendance, it remains low. In response, work is being undertaken in conjunction with Group Administrators to encourage increased participation and completion of these modules.
- 5.28. The statutory roles of the Head of Paid Service, Monitoring Officer and Chief Finance Officer are described in the Constitution, as are their responsibilities for providing robust assurance on governance, ensuring lawful expenditure in line with approved budgets and procurement processes.
- 5.29. In January 2021, the Staffing Committee received a briefing from the Chief Executive on the proposals for an interim management structure following the departure of the Executive Director People to enable the continued delivery of the Council's statutory requirements and to deliver the ambitions set out in the Corporate Plan and associated MTFs. In June 2021, Corporate Policy Committee recommended to full Council the adoption of the Senior Management Structure which included the deletion of the Executive Director of People and Strategic Director Adult Social Care and Health roles and the creation of two new posts, Executive Director of Children's Services and Executive Director of Adults, Health and Integration.
- 5.30. Following a recruitment process the new posts were successfully filled. The Executive Director of Adults, Health and Integration joined the Council in October 2021 and the Executive Director of Children's Services joined in November 2021.

- 5.31. The Council publishes a Pay Policy Statement by 31 March on an annual basis. This provides transparency about the Council's approach to setting the pay of its employees and is in accordance with Section 38 of the Localism Act 2011. The 2021/22 Pay Policy Statement recommended to Council on 17 February 2021 from Staffing Committee, included a small number of key updates including a review of the JNC Pay Structure for Chief Officers to be implemented 2021/22. Further changes to the NJC pay structures were proposed including the removal of grade overlaps subject to further consultation with Trade Unions and employees.
- 5.32. The 2022/23 Pay Policy Statement was recommended to Council from the Corporate Policy Committee. The Policy was approved on 24 February 2022 where it was also agreed that it would be reviewed in-year and any further changes be approved by the Monitoring Officer and published accordingly.
- 5.33. The Council's Staffing Committee continued to receive update reports on the Council's Brighter Future Together Programme in 2020/21. Following the move to the committee system, the Corporate Policy Committee received an update on the Organisational Culture Change Programme in July 2021. There has been an emphasis for the Brighter Future Together (Culture) Programme since March 2020 on supporting staff and promoting their wellbeing throughout the COVID-19 pandemic. Feedback from staff on the additional wellbeing initiatives, put into place as a response to the pandemic, was positive.
- 5.34. The Corporate Policy Committee received a report on an updated Workforce Strategy at its meeting on 4 November 2021. The Workforce Strategy 2021-25 sets out how the Council will develop the capacity and capability of its workforce to support the priorities identified within the Corporate Plan and deliver the MTFs.
- 5.35. All staff are required to undertake mandatory training on protecting and managing information, dignity at work and equality in the workplace. Completion and compliance is monitored and reported to Heads of Service and Directors. Managers are also supported with training on the Council's Dignity at Work and Grievance procedures.

***Managing risks and performance through robust internal control and strong public financial management***

- 5.36. An updated Risk Management Framework was taken to the Audit and Governance Committee on 12 March 2020 and approved by Cabinet in June 2020. The Council's approach to risk management was reviewed and refreshed during 2020/21. The Committee received the 2020/21 Annual Risk Management Report on 30 September 2021. The Committee also received regular updates during 2021/22 and the 2021/22 Annual Risk Management Report was received on 26 May 2022. The current Risk Management Framework 2020-2022 is being

updated to reflect the needs of risk management and risk reporting in the context of the committee system.

- 5.37. Operational risk registers are included in the department and service plans. These are reviewed by the team plan owners, and risks are considered for escalation to the Strategic Risk Register as necessary.
- 5.38. The management of risk and monitoring of risk exposure has been a key part of the Council's response to the COVID-19 pandemic. An emergency planning incident was invoked, and a command structure was established in March 2020. This was to ensure that the Council could respond effectively to the pandemic and to report to central government, the National Health Service, and engage with the regional structures of the Local Resilience Forum and Strategic Coordinating Group (SCG). The command structure remained in place throughout 2020/21 and into 2021/22.
- 5.39. The Corporate Leadership Team led the operational emergency response, which was co-ordinated by a bespoke Council Emergency and Response Team (CEMART), supported by officers from the Joint Emergency Planning Team. CEMART received weekly updates from Public Health, and the various bronze level command cells, who in turn have held localised meetings across smaller teams and services, focused on adapting service delivery to manage the risk of transmission wherever possible. Whilst Covid has not gone away, and the pandemic is still having impacts on life in the Borough and the way in which some council services are delivered, the Council is no longer in the emergency response phase. As such, CEMART stood down in April 2022. However, the emergency response can be stood back up again if the situation escalates.
- 5.40. Risk registers were developed and maintained for each of the emergency response cells, as well as the inclusion of the pandemic risk on the Strategic Risk Register. Business Continuity Plans were reviewed as a priority during early stages of the pandemic response and continue to be refreshed as recovery plans are implemented. Risk registers were also in place for each of the recovery workstreams established to focus on supporting the longer-term recovery from the pandemic.
- 5.41. In addition, the Council introduced a parallel command structure to oversee the recovery from the COVID-19 pandemic. This has overseen the stepping up of key services, support for businesses and town centres as the lock down restrictions have been eased by the Government. Scenario and risk planning are being used to support the longer-term planning for recovery.
- 5.42. Reports to all decision-making committees are produced in line with a reporting protocol which involves clearance of reports through the relevant directorate management team, legal and financial review and the identification and mitigation of risks associated with the report content.

- 5.43. Following the move to the committee system on 4 May 2021, the Overview and Scrutiny Committees were decommissioned. Scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Children and Families, Adults and Health, Environment and Communities and Corporate Policy Committee
- 5.44. Each of the service committees scrutinised quarterly performance scorecards and budget proposals for the 2021/22 period relevant to their area of focus.
- 5.45. During 2021/22, the Children and Families Committee has met on six occasions. It received an update on the SEND Revisit, the Children and Families Performance Report Quarter 4 2020-21 and Quarter 1 2021-22 and the Children and Families Budgets 2021-22. The Committee approved the All-Age Carers Hub and Strategy and School Organisation: Academisation of Schools: Middlewich High School and Forward Plan. The Committee received an update report on the 2021/22 Action Plan to address the Ofsted Inspection of Local Authority Children's Services, the Corporate Parenting Committee Annual Report 2021-21 and an update on Afghan Families Resettlement Scheme.
- 5.46. In November 2021, the Committee received reports on the Care at Home Recommission, Crewe Youth Zone, SEND Strategy, School Transport Update, All Age Sensory Impairment Strategy and the Cheshire East Joint Market Position Statement
- 5.47. At the meeting held in January 2022, the Committee received a verbal update on COVID-19 in Schools and an update report on the Ofsted Inspection. The Committee also received the Cheshire East Safeguarding Children's Partnership Annual Report 2020-21, the 2021/22 Financial Year Review, the MTFS 2022/23 – 2025/26, the Children and Families Performance Report Q2 2021-22 and the Self Evaluation of Children's Services.
- 5.48. In February 2022, the Committee approved the Schools Funding Formula and Early Years Funding Formula 2022/23 and received a progress update on the Children and Families Mental Health Spotlight Review. Furthermore, the Committee considered a report on a new primary school in Nantwich.
- 5.49. At the March 2022 meeting, the Committee received a verbal COVID-19 update for schools. It also approved the All-Age Carers Strategy 2021-2025 and the Children's Care at Home Recommission. The Self-Evaluation of Children's Services report was received along with the Children and Families Performance Report Quarter 3 2021-2022 and Councillor Frontline Visits Annual Report.
- 5.50. Since April 2022, the Committee considered the following updates and reports:
- Verbal updates on COVID-19 (schools) and the Ukrainian Refugee Position in Cheshire East

- The Ofsted Action Plan and Progress Update
- The Proposed Expansion of Springfield School
- The Academisation of Oakfield Lodge School (Pupil Referral Unit) and the Forward Plan: Academisation of Schools
- Participation in Department of Education, Delivering Better Value Programme
- Review of Travel Support for Children and Young People
- The Children and Families Budgets 2022/23
- Allocation of Additional High Needs Dedicated Schools Grant Funding
- ‘Opportunity for All: Strong schools with great teachers for your child’ The Education White Paper and Development of Local Authority-initiated Trusts
- Cared for Children and Care Leavers Strategy 2022-26
- Children and Young People’s Plan 2022-26
- School Catering Service: External Review
- School Organisation: Academisation of Schools: Forward Plan
- Dedicated Schools Grant Management Plan 2022/23 to 2026/27
- School Organisation: Update on the proposal for a primary school, Basford East, Shavington, following consultation
- Holiday Activity Fund Grant – Open Procurement 2022-2025
- Children and Families Q4 Scorecard 2021/22
- Corporate Parenting Committee Annual Report 2021-22
- School Organisation: Academisation of Schools: Forward Plan
- Minutes of Sub Committees – Local Authority School Governor Nomination Sub Committee and Corporate Parenting Committee
- All Age Carers Hub
- Children’s Travel Support Review
- Household Support Fund 3 Grant Delivery
- Financial Review 2022/23
- Children and Families Scorecard Q1
- School Organisation: Academisation of Schools: Forward Plan

- Committee Takeover for Children’s Rights Month
- Cheshire East Safeguarding Children Partnership Annual Report 2021-22
- Minutes of Sub Committees – Local Authority Governor Nomination Sub Committee and Corporate Parenting Committee
- Crewe Youth Zone Project Update
- Closure of Reach for the Stars Nurseries, Crewe
- Update on Progress Against the Joint Targeted Area Inspection Action Plan
- Medium-Term Financial Strategy 2023-27 Consultation
- School Organisation – Funding Review for Springfield School: Dean Row Site
- School Organisation – New DfE Special Educational Needs Free Schools Applications
- Schools Organisation – Proposed Reduction in SEN Resource Provisions at Middlewich Primary School, Middlewich and Lindow Community Primary School, Wilmslow
- School Organisation – The Dingle Primary School, Haslington: Authority to enter into a construction contract inclusive of pre-construction services
- Proposed change in age range at Pebble Brook Primary School and Underwood West Academy
- Children and Families Q2 Scorecard 2022-23
- School Organisation – Academisation of Schools: Forward Plan
- Update report on the 2021/22 Action Plan to address the ILACS recommendations
- Corporate Parenting Committee Name Change
- Schools Funding Formula and Early Years Funding Formula 2023/24
- Schools Organisation – Academisation of Schools: Forward Plan
- Schools Organisation – Selection of a Sponsor for Kingsley Fields Primary School, Nantwich
- Crewe Youth Zone

5.51. The Adults and Health Committee met on 5 occasions during 2021/22. In July 2021, it received a report on the Adults and Health Budgets 2021/22, the Annual

Flu Report, an update on the Health and Social Care Integration, approved the Market Position Statement and considered the Performance Scorecard – Quarter4 2020/21.

- 5.52. At the meeting in September 2021, the Committee considered the Performance Scorecard – Quarter 1 (2021/22) and received a presentation on Adult Social Care Improvement Plan – Learning from COVID-19. It also approved the Advocacy Service Recommission, Assistive Technology Recommission, NHS Health Checks Recommission and All Age Carers Hub and Strategy and considered the Assistive Technology Charging Policy and the Notice of Motion on Right to Food.
- 5.53. In November 2021, the Committee received an update on the Adult Social Care Winter Plan 2021-22, the All-Age Sensory Impairment Strategy, Cheshire East Day Opportunities Strategy and the Cheshire East Place Dementia Strategy. The Committee also received reports on the Cheshire East joint Market Position Statement, the Recommissioning of the Assistive Technology Service and the Cheshire East Local Account for Adult Social Care 2020-21.
- 5.54. In January 2022, the Committee received the Local Safeguarding Adults Board Annual Report 2020/21 and the Adult Social Care Performance Scorecard Q2 (2021/22). The Committee approved the Director of Public Health Annual Report 2020/21 and the Recommissioning of the Statutory Advocacy Service. Furthermore, the 2021/22 Financial Year Review was received, and the Committee responded to the MTFs 2022/23 – 2025/26 budget consultation.
- 5.55. At the March 2022 meeting, the Committee approved the Day Opportunities Flexible Purchasing System, All-Age Carers Strategy and Recommission, the Cheshire East Live Well for Longer Plan 2022-25, Care at Home Recommission (Domiciliary Care) and the Better Care Fund Section 75 Agreement. The Committee also considered the Q3 Adult Social Care Performance Scorecard 2021-22, a report on Audit Social Care Short Term Funding Streams and a verbal update on staffing/recruitment in Adult Social Care.
- 5.56. Since April 2022, the Committee has received the following updates and reports:
- Progress updates on the Place Partnership Board, the Providing Financial Incentives to Support Smoking Cessation and the Learning Disabilities Conference
  - Adults and Health Budgets 2022/23
  - The Cheshire East Day Opportunities Strategy 2022-2027 Delivery Plan
  - The Brocklehurst Centre – Future Options
  - Financial incentives to support smoking cessation
  - Terms of Reference for the Place Partnership Committee

- Trailblazer Programme Update
- Update on Public Health Grant
- Minutes of the Sub-Committee - Cheshire East Health and Wellbeing Board
- Adult Social Care Performance Scorecard – Quarter 1 2022/23
- Cheshire East Live Well for Longer Plan 2022-2027
- Adult Social Care Winter Plan
- Adult Social Care Reform Update
- Cheshire East Learning Disability Conference – Actions to be taken forward in 2022/23
- All Age Carers Hub
- Financial Review of 2022/23
- Right to Food Report
- Living Well in Crewe – Report of the Cheshire East Increasing Equalities Commission
- Local Account for Adult Social Care
- Adult Social Care Winter Plan 2022/23
- Care at Home Recommissioning
- Medium-Term Financial Strategy 2023-27 Consultation
- Local Cost of Care
- Cheshire East Place Dementia Plan 2023-27
- Adult Social Care Performance Scorecard – Quarter 2 2022/23
- Notion of Motion: Cost of Living

5.57. The Environment and Communities Committee met on 5 occasions during 2021/22. At the July 2021 meeting it considered the Waste and Recycling Services – Implications of the Environment Act, the Contaminated Land Strategy, approved the Sustainable Drainage Strategic Planning Document and the Anti-Social Behaviour and Waste Management Policies.

5.58. At the meeting in September 2021, the Committee approved the GEN4 (Recovery of forward funded infrastructure costs) SPD, the Environmental Protection SPD, Houses of Multiple Occupation SPD and the Taxi Licensing Policy for public consultation.

- 5.59. In November 2021, the Committee received the Mid-Year Performance Review, the Food Law Enforcement Plan, Communities Team Update, a review of the Cheshire East cemeteries Strategy, Withdrawal of the Crewe Hub Area Action Plan, Housing SPD and Jodrell Bank Supplementary Planning Document. The committee also considered a request for a review of the systems currently in use for determination of Planning applications by Cheshire East Council submitted by Councillor Tony Dean.
- 5.60. At the January 2022 meeting, the Environment and Communities Committee considered the Carbon Neutral Programme Progress Report, Draft Conservation Area Appraisal and Management Plans, Quarter 3 Finance Review and the MTFS budget consultation. The Committee also considered a report in response to Referrals of Notice of Motion: Protect the Right of Communities to Object to Individual Planning Applications and approved the annual Brownfield Land Register Update. Verbal updates were also received from the Chair of the Member Advisory Working Sub-Group Committee in relation to the Cheshire East Cemeteries Strategy Review and the Cheshire East Planning Process Review.
- 5.61. In March 2022, the Committee considered a Referral of Notice of Motion in relation to Low Carbon Advertising, the Replacement Recycling Site at Congleton and Single Use Plastics. The Committee also received oral updates from the Chair of the Member Advisory Panel regarding the Cheshire East Cemeteries Review and the Cheshire East Planning Process Review.
- 5.62. Since April 2022, the Committee received the following updates and reports:
- 2021-22 Annual Performance Review
  - Implementation of Public Spaces Protection Order (PSPO) for Macclesfield
  - Housing Supplementary Planning Document (SPD)
  - The Minerals and Waste Development Plan
  - Local Strategy Review
  - Alignment of 2022/23 Budgets
  - Member Advisory Panel: Cheshire East Planning Process Review and Cheshire East Cemeteries Strategy Review
  - Single Use Plastics Update
  - Household Waste Recycling Centre User Guide/Policy
  - Developer Contributions SPD
  - Hackney Carriage and Private Hire Licensing Policy
  - Conservation Area Appraisals and Management Plans

- Household Waste Recycling Centre Contract
- Maintenance of Green Space
- Member Advisory Panel: Cheshire East Planning Process Review
- Member Advisory Panel: Cheshire East Cemeteries Strategy Review
- Local Planning Authority Review and Service
- Local Development Scheme 2022
- Revised Statement of Gambling Principles
- Cheshire East Enforcement Policy Review
- Regulatory Services Enforcement Policy Review
- Mid-Year Review Financial Report
- Working Group: Household Waste and Recycling Centres
- Medium-Term Financial Strategy 2023-27 Consultation
- Mid-year Performance Review – Environment and Neighbourhood Services
- Animal Welfare Licensing Policy
- Carbon Neutral Progress Update
- Notice of Motion: Safe night-time travel for workers
- Notice of Motion: Hydraulic Fracturing (Fracking)

5.63. The Corporate Policy Committee met on 8 occasions during 2021/22. The Committee considered the Member Allowances Report, the Senior Management Restructure and approved the Media Relations Protocol. The Committee also considered reports on the MTFs Corporate Services Budget 2021/22, the Apprenticeship Levy Procurement Framework, Organisational Culture Change Programme and Consultation on Council Tax Support Scheme 2022/23. It also received the Customer Experience Progress Report, Shared Services Update Report and 2023 Review of Parliamentary Constituencies.

5.64. Further reports were received on the response to COVID-19, the Consultation on the Emergency Assistance Scheme, Developing a Digital Strategy – Progress Report, Workforce Efficiencies and Terms and Conditions. They also considered a report on the Interim Review of the Committee System, an HS2 Update, agreed the Integrated Care System Governance: The Cheshire Clinical Commissioning Group Cheshire East Place Committee Interim Arrangements – Proposals and Membership and Joint Scrutiny Committee Protocol, approved the Workforce Strategy and considered reports on Modern Slavery Act Transparency Statement, Review of Test and Trace Support Payments Discretionary Scheme.

- 5.65. In December 2021, the Committee received the 2021/22 Financial Year Review, Mid-Year Review of the Corporate Plan and Performance Reporting Update, Council Tax Support Scheme 2022/23, Domestic Tax base 2022/23, an Apprenticeship Programme Update and a report on Insurance Contracts Procurement.
- 5.66. At the January 2022 meeting, the Committee responded to the MTFs 2022/23 – 2025/26 budget consultation. It also considered a report on the Communications Plan for Residents and Health and Safety Update Quarter 2 along with receiving minutes from the Finance and General Appeals Sub-Committees.
- 5.67. The February 2022 meeting included updates on COVID-19 and the Shared Services Joint Committee. The Committee also considered the MTFs 2022-26, the High-Speed Rail (Crewe – Manchester) Bill Petition and the Pay Policy Statement 2022/23. The Committee also received the Finance Sub-Committee minutes.
- 5.68. In March 2022, the Committee received updates on the Afghan Relocations and Assistance Policy (ARAP) and Afghan Citizens Resettlement Scheme (ACRS), Cyber Security, the Equality, Diversity and Inclusion Strategy and Workforce Terms and Conditions Review. The Committee also considered reports on the proposed changes to the Emergency Assistance Scheme for 2022/23 and the Health and Safety Update for Quarter 3. The Committee also approved the Cheshire East Digital Strategy.
- 5.69. Since April 2022, the Committee has considered the following reports:
- Community Governance Review of Town and Parish Council Governance
  - Progress on Governance for the Integrated Care System
  - Workforce Strategy 2021-2025 – Progress Review
  - Wilmslow Town Centre Business Improvement District
  - Open Data – Annual report
  - First Annual Review of the Committee System
  - Corporate Services Budgets 2022/23
  - Appointments to Sub-Committees, Working Group, Joint Committees and Boards
  - Covid-19 Update
  - Corporate Services Budgets 2022/23
  - Appointments to Sub-Committees, Working Groups, Joint Committees and Boards

- Workforce Strategy 2021-2025 Progress Review
- Health and Safety Update – 2021/22
- Minutes of General Appeals Sub-Committee
- Performance Outturn 2021/22
- Strategic Risk Register Assurance Report
- Approach to Consultation and Engagement
- Communications Strategy for Residents 2022-25
- UK Shared Prosperity Fund – Cheshire East Allocation
- Update on Shared Services Joint Committee and Best for Business
- Review of Appointments to Outside Organisations
- Petition: Fight for Middlewich
- UK Shared Prosperity Fund – Investment Plan Update
- Approval of Corporate Grants Policy 2022-2025
- Registration Service – Ceremony Fees
- Integrated Care System – Appointment to Health and Care Partnership
- Parental Leave Policy for Councillors
- ICT Strategy Principles
- Shared Services Review Update
- Best4Business – Lessons Learned Review
- First Financial Review 2022/23
- Performance Report – Quarter 1 2022/23
- Strategic Risk Register Assurance Report 2022/23 Quarter 1
- Minutes of Finance Sub Committee and General Appeals Sub Committee
- High Speed Rail 2 Phase 2b – Qualifying Authority and Schedule 17 Decision-Making
- Communications Strategy for Residents 2022-25
- Consultation and Engagement
- Workforce Strategy 2021-2025 Progress Update
- Equality, Diversity and Inclusion – Annual Review

- Financial Review Update 2022/23
- Performance Report – Quarter 2 2022/23
- Strategic Risk Register Assurance Report Quarter 2 2022/23
- Health and Safety Update 2022/23
- Domestic Taxbase 2023/24
- Medium-Term Financial Strategy 2023-27 Consultation on the Responsibilities Covered by the Corporate Policy Committee
- Notice of Motion: LGA Campaign: ‘Save Local Services’
- Media Relations Protocol
- Pay Policy Statement 2023/24
- Appointment of New Member to the Independent School Admission Appeals Panel
- Medium-Term Financial Strategy 2023-27
- The Future Model for ICT: Shared Service Review

5.70. The Information Governance Group (IGG) met regularly throughout 2021/22, managing a programme of proactive improvement and ongoing compliance with the requirements of the Data Protection Act 2018. The Group also managed responses to reported data related incidents, providing updates to the SIRO (Senior Information Risk Owner), and the Corporate Leadership Team.

5.71. A Virtual Task and Finish Group, with representatives from across the Council, was set up during 2020 specifically to respond to the challenges of COVID-19. The group provide advice and guidance in relation to information governance arrangements for home working, information sharing, use of video conferencing facilities and the test and trace programme. This has now been incorporated into the IGG working group and continues to meet fortnightly. The Annual Information Governance Update 2020/21 was presented at the September 2021 meeting of the Audit and Governance Committee.

5.72. The Brighter Futures Commercial Board continued to meet during 2021 and up until April 2022 when it was agreed that the Board had achieved its objectives.

5.73. The Contract Management System is being rolled out to services on a phased basis and went live in September 2021 for Procurement, ICT and the People’s Directorate. Procurement reports are regularly provided to the Finance Sub-Committee which include pipeline, contracts, waivers and relevant procurement updates.

- 5.74. Commissioning, procurement, and contract management training is currently being refreshed to include the basic contract management, roles and responsibilities of contract managers and contract management system training.
- 5.75. The Audit and Governance Committee plays a key role in the Council's review of the effectiveness of its governance framework. It seeks assurance on the adequacy of the Council's risk management, control and governance arrangements and it monitors the implementation of the AGS action plan.
- 5.76. During 2021/22, the Audit and Governance Committee received or approved a broad range of reports and assurances, including:
- Approval of the Internal Audit Plan and subsequent progress reports, the Committee's Annual Report and the External Audit Plan and progress reports
  - Updates on Risk Management
  - Regular updates and the Annual Report of the Council's COVID-19 Response and Recovery
  - Maladministration Decision Notices from Local Government and Social Care Ombudsman which are reported to the Committee, alongside the details of the learning from the issue and actions undertaken by each service in response
  - Assurance around procurement controls including overseeing governance arrangements and reviewing all approved Waivers and Records of Non-Adherences. The WARN process forms part of the Contract Procedure Rules (CPR's) which are intended to promote good Procurement and Commissioning practice, transparency, and clear public accountability. Since June 2016 onwards, summary information on the number and reasons for WARN's has been provided to the Committee as a standard part one agenda item, with the details being considered in part two of the meeting
  - Member Code of Conduct Sub-Committee Report summarising the recent Member Code of Conduct complaints and associated investigations involving elected members of a Parish Council
  - A summary of the key findings identified during the External Auditors certification process – Certification of Claims and Returns 2020/21
  - The Monitoring Officer Report 2021/22
- 5.77. The Audit and Governance Committee's self-assessment against the CIPFA guidance was considered at the March 2020 meeting. A number of actions were identified to be developed into an Action Plan. The Action Plan will be revisited as part of the 2022/23 self-assessment process.

- 5.78. The Committee's Annual Report for 2020/21 was presented to the November 2021 Audit and Governance Committee. The Annual Report for 2021/22 was presented to the 29 September 2022 meeting of the Committee.
- 5.79. The 2020/21 Annual Governance Statement was approved at the January 2022 meeting of the Audit and Governance Committee. The Statement was signed by the Leader of the Council and the Chief Executive.

***Implement good practices in transparency, reporting and audit to deliver effective accountability***

- 5.80. The Council's internal and external auditors are key sources of assurance. The Internal Audit opinion on the Council's control environment is set out in the Internal Audit Annual Report for 2021/22 which was received by the Audit and Governance Committee on 28 July 2022 and is as follows:

**Internal Audit Opinion**

The Council's framework of risk management, control and governance is assessed as adequate for 2021/22

- 5.81. In forming its opinion, Internal Audit considered issues arising from the implementation of the Unit 4 ERP System, the impact on the framework of risk management, control and governance and the actions taken to mitigate these matters. Internal Audit will continue to undertake detailed reviews jointly with Cheshire West and Chester Council to obtain assurance that appropriate controls are in place across the key financial systems.
- 5.82. As referenced elsewhere within the statement, there was an ongoing national issue in relation to the valuation of infrastructure assets that prevented the external auditors from completing their 2020/21 and 2021/22 audits. This resulted in a pause in the sign off on the audit report and opinion. Assurance was provided by the external auditors to the Audit & Governance Committee that this was a national matter and that the risk to Cheshire East Council was minimal and not expected to have a material impact upon service delivery. The solution to the issue was issued to the Council on 25 December 2022 and the external auditors are reviewing the Council's response prior to completing their audit.
- 5.83. Following completion of all police investigations into the Council and consideration by the Crown Prosecution Service, the former external auditors, Grant Thornton, completed their work in relation to the outstanding audit certificates under the Local Audit and Accountability Act 2014. This work commenced during 2021/22 and was supported by Internal Audit and the Council as a whole.
- 5.84. Having concluded their work, Grant Thornton published a report in the public interest on 17 January 2023 which was considered by Council on 1 February 2023.

The external auditor's report made three recommendations to Council which were all accepted. These are set out below.

**R1** *The Council should carefully consider this report to ensure all members now understand the events and conditions that led to the issues set out in this report. This consideration could usefully reflect upon: what happened; the governance and cultural arrangements that allowed it to happen; the critical success factors that led to the successful resolution of matters; and the key elements of the Council's current arrangements that can reassure members of the Council's ability to protect itself from such threats to its future governance.*

**R2** *The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report.*

**R3** *The Council should discuss with its current external auditors whether there are any matters arising from this report that should be addressed by the current auditors' statutory external audit.*

- 5.85. Council agreed that Audit and Governance Committee would receive a further Internal Audit report to conclude the recommendation at R2.

*The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report.*

- 5.86. The specific matters referred to above relate to further assurance work being carried out by Internal Audit in relation to land transactions (acquisitions and disposals). This follows from the initial work carried out in the 2017/18 plan, which resulted in referrals to Cheshire Police being made in March 2018 and the qualification of the 2017/18 Value for Money opinion. The final assurance report will be brought to a future meeting of the Audit and Governance Committee.
- 5.87. The Public Interest Report and the action required by the Council in respect of the three recommendations has been included as a Significant Governance Issue in Section 8.
- 5.88. Counter Fraud activity is reported to the Audit and Governance Committee through the Internal Audit progress reports. The latest update was provided to the November 2022 meeting.
- 5.89. The Council has a number of wholly owned companies. Several changes were made following an independent review of these Alternative Service Delivery Vehicles (ASDVs).

- 5.90. The following ASDVs were in operation during 2021/22:
- Orbitas Bereavement Services Limited
  - ANSA
  - Transport Service Solutions Limited. (TSS Ltd)
  - Tatton Park Enterprises Limited
- 5.91. In February 2021, Cabinet approved that the contract between the Council and Orbitas Bereavement Services be modified by extending it by a period of one year, to March 2022.
- 5.92. In May 2022, the Finance Sub-Committee approved the recommendation of the Shareholder Working Group for “the inclusion of the Bereavement Services Contract on the Procurement Pipeline Report for a period of 5 years, with an extension for a further 3 years, at a value determined by the Commissioner for Bereavement Services in line with the current MTFS”. The Council entered into a new contract for the provision of bereavement services with Orbitas Bereavement Services on 31 March 2022 for a period of 5 years with the option to extend for a further 3 years.
- 5.93. In May 2021, Cabinet approved the recommendations that the strategic, planning, commissioning, and procurement functions of TSS Ltd were to be transferred and delivered directly by the Council, with the operational delivery functions of the company to be delivered by ANSA. The new arrangements came into force on 1 April 2022.
- 5.94. Following the move to the Committee System in May 2021, the responsibilities of the ASDV Shareholder Committee were transferred to the Finance Sub-Committee. In September 2021, a Shareholder Working Group was appointed to review and provide advice on the strategic business cases and current governance arrangements for each wholly owned company (WOC). The Sub-Committee received and considered the report of the Working Group at the 5 January 2022 meeting. The Sub-Committee also considered the Wholly Owned Companies Matters report at the meeting held on 1 June 2022 and received a verbal update on 6 July 2022. At the 7 September 2022 meeting, the Sub-Committee considered the Commencement ASDV Governance Review report.
- 5.95. Everybody Health and Leisure (Everybody) is an independent charitable trust which delivers recreation and leisure facilities. The Council retains ownership of significant assets such as buildings. Everybody deliver services for the Council as set out in the operating contract, which is monitored through client commissioning arrangements, including contract management meetings and monitoring visits. The current operating agreement between the Council and Everybody runs to 30

April 2029. Prior to 1 May 2022, Everybody was known as Everybody Sports and Recreation (ESAR).

- 5.96. Everybody's annual performance report for 2021/22 was reported to the commissioning manager and was shared with members of the Environment and Communities Committee in January 2022.
- 5.97. The Shared Services Joint Committee oversees the management of the services provided on behalf of Cheshire East and Cheshire West and Chester Councils, to ensure effective delivery of services and strategic direction. Regular reports on performance and progress have been received during the year by the Committee on all 8 shared services including ICT Services, the Transactional Service Centre. They have also overseen the review of the shared services.
- 5.98. The Shared Services Joint Committee has also received regular progress reports on the shared programme with Cheshire West and Chester Council to replace the existing Finance and HR Systems throughout 2021/22. The Finance element of the Unit4 ERP solution was successfully launched to users on 8 February 2021, the HR and Payroll element of Unit 4 ERP launched in November 2021 with the December 2021 payroll being successfully run in the new system.
- 5.99. The progress reports to the Shared Services Joint Committee included the following:
- Update on developments following go live of the HR and payroll elements
  - Update on a post go-live transition plan and technical close of the programme
  - Proposals for a Member-led Lessons Learned review of the programme
- 5.100. In June 2022, the Shared Services Joint Committee received a further update on the implementation of the Unit 4 ERP System. This report provided an update on each of the three elements detailed above, including that the terms of reference for the lessons learned review were expected to be agreed by August 2022 and an externally facilitated task group was being established to undertake the review. The Best4Business Future Lessons – Outcome Report was presented to the Shared Services Joint Committee on 23 September 2022.
- 5.101. In preparing the AGS we have examined reports, feedback and action plans from other agencies and inspectorates, which review the services provided by the Council.
- 5.102. In April 2018, the Council received a Written Statement of Action following an Ofsted and Care Quality Commission (CQC) SEND Review. In May 2021, Ofsted and the CQC carried out a SEND revisit and determined that sufficient progress has been made to improve the areas of significant weakness. The Children and

Families Committee received a presentation with the findings from the revisit at the meeting held on 12 July 2021.

- 5.103. The Accounts and Audit Regulations (2015) legislation prescribes the format and timescale of the production of the Annual Governance Statement and the Statement of Accounts for local authorities.
- 5.104. In recognition of the ongoing impact of Covid-19, the Accounts and Audit (Amendment) Regulations 2021 amended the timescales of the publication of the draft statement from the 31 August to not later than the 30 September 2022, the publication of the final statements remains the 30 November. Following discussion and agreement with the external auditors and taking into account the impact of the pandemic and implementation of the new financial system, it was determined that the Council would operate to these extended deadlines.
- 5.105. However, due to a national issue regarding accounting for infrastructure assets, it was not possible for the external auditors to complete and conclude the audit to allow for publication of the final statements by the 30 November 2022. The solution to the issue was issued to the Council on 25 December 2022 and the external auditors are reviewing the Council's response prior to completing their audit.
- 5.106. The Audit and Governance Committee therefore considered the draft statement at the 29 September 2022 meeting and will review the final statement at the meeting to be held on 9 March 2023.

***Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law***

- 5.107. The Audit and Governance Committee promotes high standards of ethical behaviour by developing, maintaining, and monitoring a Code of Conduct for Members of the Council. Complaints are considered by the Monitoring Officer and an Independent Person. Complaints can be received about Cheshire East Councillors, co-opted members and Town and Parish Councillors.
- 5.108. The promotion of high standards of conduct, and of strong ethical governance among elected members, co-opted Members, and Town and Parish Council Members within the Borough, is critical to the corporate governance of the authority and to the Council's decision-making process across the organisation.
- 5.109. In September 2021, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2020/21, which provided background and an overview on the Monitoring Officer's statutory duties. The report also advised on the number of complaints received under the Code against each category, the paragraph(s) of the Code alleged to have been breached, and the outcome of each complaint, once completed. The Committee also received the 2021/22 Monitoring Officer Report in September 2022.

- 5.110. The Audit and Governance Committee agreed that a review of the Member Code of Conduct would be added to the Committee's Work Plan for 2020/21 and that it should be linked to the Local Government Association publication of a revised Model Code of Conduct which was published for consultation in July 2020. The Local Government Association published its Model Councillor Code of Conduct in May 2021, and the supporting guidance was published in July 2021. A Councillor Code of Conduct Working Group was established to consider the Model Code and propose a revised Code of Conduct for Cheshire East Council. The review remained on the Committee's work plan for 2021/22, and the draft Code was received by the Committee on 28 July 2022, which was subsequently recommended to and adopted to Council on 19 October 2022.
- 5.111. At the meeting of the Audit & Governance Committee held on 10 March 2022, the Committee received a report summarising recent Member Code of Conduct complaints and associated investigations involving elected members of Handforth Parish Council. Consequential amendments to the Code of Conduct resulting from this report were considered by the Councillor Code of Conduct Working Group.
- 5.112. In November 2021, the Crown Prosecution Service took the decision to take no further action with regard to investigations into historical land transactions in Middlewich and Crewe. This concludes all police investigations into the matters referred by the Council, following Internal Audit work.
- 5.113. Section 151 responsibilities for 2021/22 were covered by the Director of Finance and Customer Services. These arrangements complied with the arrangements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 5.114. The Monitoring Officer responsibilities were covered by the Director of Governance and Compliance Services.
- 5.115. Prior to the adoption of the committee system in May 2021, the Staffing Committee received updates on the Brighter Future Together (Culture) Programme. This is the transformation programme established to deliver changes in the organisational culture of the Council following the review undertaken by the Local Government Association (LGA). The LGA's report was received in January 2018 and is available on the Council's website. Following the move to the committee system the Corporate Policy Committee assumed the responsibilities of the Staffing Committee and received an update on the Organisational Culture Change Programme in July 2021. The Committee also approved the Workforce Strategy in November 2021 and received updates on progress in June and December 2022.

***Ensuring openness and comprehensive stakeholder engagement***

- 5.116. The Council's open data portal 'Insight Cheshire East' holds the majority of our transparency information and open data together in one place. The site is designed to make inspecting, accessing, and downloading our data easier for everyone, including developers, who may wish to use our data in their own applications or websites. Work is continuing to expand the content on the site, with emphasis on areas that residents most frequently request information about.
- 5.117. As required by the Transparency Code 2015, the Council published the current number of Council employees with basic salaries of £50,000 or over on the Open Data Cheshire East Portal.
- 5.118. Committee meetings continued to be audio cast throughout 2021/22. Recordings can be found on the relevant Committee pages. Meetings are held in public, and agendas, reports, and minutes are published via the Council's website.
- 5.119. The Council utilised the powers available under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ("the Regulations") to enable meetings of the Council to take place using virtual means during 2021. Legislative provisions permitting remote meetings were not extended beyond 7 May 2021. COVID-19 secure face to face meetings were reintroduced after this date.
- 5.120. Updates on the organisation's response to COVID-19 were provided to the monthly Cabinet meetings held in 2020/21. Following Cabinet being decommissioned, updates have been provided to both the Corporate Policy Committee and Audit and Governance Committee.
- 5.121. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.122. Engaging with our communities is essential to ensure that we are a resident led Council. Consultation exercises are carried out as appropriate, including statutory consultation processes for areas such as Planning and Licensing. Information is available on the Council's website in relation to current consultations and the feedback received on previous consultations and the subsequent decisions are also available.
- 5.123. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings. In response to the lockdown restrictions relating to the COVID-19 pandemic, steps were taken to ensure that

staff and managers were supported during what was a time of significant change in working arrangements.

- 5.124. Weekly Manager Share and Support sessions were provided throughout 2020/21 and have continued through 2021/22. These sessions cover a wide variety of topics and provide an opportunity for managers to interact, raise any issues and concerns that they may have, and receive briefings and training on new developments such as the effective use of Teams.
- 5.125. In addition to the sessions detailed above, weekly TLC – Time to Listen and Chat sessions have also been provided. The purpose of these sessions is to keep people connected and support wellbeing in work. These 30 minute calls offer an opportunity to take a break from the pressures of work to meet with colleagues from across the organisation for an informal chat.
- 5.126. Members and Officers continued to receive frequent briefings on COVID-19 related matters during 2021/22 with dedicated areas of content on CEntranet directing colleagues to advice and guidance.
- 5.127. Wider Leadership Team and Wider Leadership Community sessions were held during the year which facilitated briefing, networking, and development opportunities across the senior officer leadership cohort. Key messages from these sessions are cascaded through department and team management sessions. There has been a move towards face to face sessions since the lifting of COVID-19 restrictions.
- 5.128. Since 2020, the Chief Executive has provided regular video updates to staff via a Vlog. The videos and transcripts are available on the CEntranet.
- 5.129. Members of staff are encouraged to participate in the “Making a Difference” recognition scheme, nominating colleagues for an instant recognition “Made my Day” message, or for nomination in the annual awards which was held in January 2023 after the disruption of the last couple of years. The recognition panel itself includes volunteers from across the organisation.
- 5.130. The Council’s Corporate Leadership Team has continued to meet virtually with staff groups from across the organisation and offer an opportunity for staff to raise any questions or issues they have directly with their Senior Managers.
- 5.131. Council services use various forms of social media, to engage and inform communities and stakeholders. The main Council website has a Media Hub page, where a variety of information about the Council is published. The Communications team also provide related media releases, where appropriate. Statutory public notices are also shared online.

## **6. Review of Effectiveness**

- 6.1. The Council undertakes an annual review of its governance arrangements. This process is informed by a range of sources. The various sources of assurance which inform the annual review are described below and referenced in the Governance Framework in Appendix 1.
- 6.2. Examples of the sources of assurance considered in preparing the Annual Governance Statement include:
- **Line Management** - Assurance on individual line managers' areas of responsibility are provided by Disclosure Statements and informed by the acceptance and implementation of recommendations from internal and external audit.
  - **Management Review** - Assurance on the effective management of core function activities is provided by reviewing compliance with policies, including how this information is used to drive improvement, and how relevant risk management information is escalated up or cascaded down through the Council.
  - **Internal Review** - The performance of Internal Audit and the Audit and Governance Committee, along with their assessments of the performance of individual service areas, and cross function service areas informs the preparation of the Statement.
  - **External Review** - The findings and feedback from external inspectorates and peer reviews of the Council also provide assurance which is considered in preparing the Statement.
  - **Reference and review of existing reports and assessments**
- 6.3. For the purposes of the Annual Governance Statement "significant" is defined as an issue which has had or has the potential to have a noticeable impact on the Service's and/or Council's ability to achieve its objectives.
- 6.4. Examples might include:
- Legal action against the Council for failing to fulfil a statutory duty (resulting in a substantial financial penalty and/or loss of reputation)
  - An instance of fraud or corruption involving financial loss, a noticeable impact on service delivery and/or loss of reputation
  - An unexpected occurrence resulting in substantial financial loss, disruption to service delivery and/or loss of reputation (including significant media coverage/interest)
  - Failure of a major project to meet stated objectives; or

- A serious breach of the Code of Conduct having a noticeable effect on service delivery and/or reputation
- 6.5. Section 7 sets out the progress made against the issues identified in previous Annual Governance Statements, which have been monitored through 2021/22.
- 6.6. Progress on managing and monitoring the discrete actions identified to manage and resolve these issues has previously been reported upon to the Audit and Governance Committee, through previous Annual Governance Statements, and through regular update reports.
- 6.7. The following previously included issues are no longer considered to be significant and have therefore been removed as agreed at Audit and Governance Committee on 29 September 2022:
- Proposed Change to the Committee System of Governance
  - Replacement of the Council's Core Financial and HR Systems
  - Responding to the impact of COVID-19
- 6.8. The issues of "Council Funding" and "Health and Social Care Integration" are included again as continuing areas of concern issues for 2021/22 in the updates in Section 7. This recognises the continuing significance of these two specific areas, at national and local levels.
- 6.9. However, as both issues have been included since 2015/16, the descriptions and proposed actions have been updated to reflect the latest position and better articulate the challenges that they currently present to the Council.
- 6.10. The Council's assessment of its governance arrangements has also identified three significant issues arising during 2021/22 relating to ASDV Governance, Planning, Cheshire East Safeguarding Children's Partnership Governance and the Public Interest Report.
- 6.11. The review has considered the effectiveness of the Council's governance arrangements against the principles set out in the Code of Corporate Governance.
- 6.12. **Overall, we can confirm that the Council has appropriate systems and processes in place to ensure good governance is maintained. Whilst we are satisfied that these generally work well, our Annual Governance review has identified areas where further improvements are underway (Section 7).**

**7. Progress against ongoing issues identified in previous Annual Governance Statements**

**Council Funding**

***Recognised as a Continuing Governance Issue in the 2015/16 AGS but revised and restated for 2021/22***

**Description of Issue at the time of inclusion in AGS**

The uncertainty of demand for services, particularly during the pandemic, makes forecasting the adequacy of funding requirements more challenging. This was exaggerated through uncertainty of the potential yield from many of the Council's largest funding sources. For example, Council Tax and Business Rate collections and taxbase calculations were impacted by the pandemic and by government intervention. DSG is impacted by academisation and shortfalls in High Needs funding. Grants are subject to ongoing review and therefore often presented as single year allocations.

Without certainty the Council can sometimes be required to make short term decisions which could prove inefficient as well as disruptive.

Council received and approved a balanced 4-year MTFS 2022 to 2026 in February 2022. This followed consideration at each service Committee and was recommended to Council by the Corporate Policy Committee. This includes the Budget and Council Tax levels for the 2022/23 financial year.

Council further received a balanced 4-year MTFS 2023 to 2027 in February 2023. The consultation process to support this budget received more responses than any previous consultation which was an indication of the process and content of the proposals. Decisions were required to alter several services and introduce new charges to support material growth, particularly in Adult Social Care.

The Local Government Finance Settlement published in 2021 was presented as a Three Year Settlement, but the local allocation of total funding was only certain for 2022/23. The MTFS aimed to minimise the medium term risk of reduced funding by assuming lower allocations in later years in line with statements from Ministers. Due to material growth and in-year over-spending the final settlement in 2022 introduced new grants, increased Council Tax referendum levels and delayed Adult Social Care reform. The impact of this caused delays to the MTFS process.

Whilst funding from Council Tax and Business Rates has stabilised to a degree there is still uncertainty over any structural changes to these income sources. Material funding issues remain within the High Needs funding block in the DSG, and Cheshire East Council

	<p>took part in the Delivering Better Value Scheme, although it is clear this will not resolve the material deficits in this area.</p> <p>The legacy impact of the pandemic and other global events continues to cause forecasting issues with the demand for services and the levels of inflation and interest rates.</p>
<b>Responsibility</b>	Executive Director of Corporate Services
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>Finance staff and senior leaders are engaging with government officials and professional bodies (such as CCN, CIPFA, LGA, SCT, RSN and UTS), in the review of local government finance. Responses have been provided to consultations and regular seminars and meetings have been attended to ensure that issues relevant to Cheshire East Council are being considered.</p> <p>Funding estimates are transparent and reported to the Finance Sub-Committee. Working Groups from the Sub-Committee have also reviewed estimates in detail. This includes estimates within all financial strategies that make up the over-arching Medium Term Financial Strategy.</p> <p>The Council's increasing level of collaboration and integration with public sector partners, such as health services and neighbouring local authorities, is also subject to significant review.</p>

<p><b><u>Health and Social Care Integration</u></b>  <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS but revised and restated for 2021/22</i></p>	
<b>Description of Issue revised for inclusion in 2021/22 AGS</b>	<p>Since the 1 July 2022 integrated care systems have been formalised as statutory bodies following changes brought about by the 2022 Health and Care Act and has meant the abolishment of the Clinical Commissioning groups.</p> <p>Cheshire East Council sits within the Cheshire &amp; Merseyside ICS footprint, which comprises of 9 Local Authority Areas.</p> <p>The central aim of ICS's is to integrate care across different organisations and settings, joining up hospital and community-based services, physical and mental health, and health and care.</p> <p>The key challenges and risks that this presents are as follows:</p> <ul style="list-style-type: none"> <li>• That the ICS is not a partnership of equals across the broader health, wellbeing and social care system.</li> <li>• Risk that central control remains at central level and decision making and delegations are not devolved to place.</li> <li>• National versus local tensions.</li> </ul>

	<ul style="list-style-type: none"> <li>Budget deficits.</li> </ul>
<b>Responsibility</b>	Executive Director of Adults, Health and Integration
<b>Action proposed at the time of inclusion in the AGS</b>	<p>Ensuring representation at a Cheshire and Merseyside level</p> <p>All Integrated Care Systems (ICS) are made up of two constituent elements, the Integrated Care Partnership (ICP) and the Integrated Care Board (ICB). For Cheshire and Mersey Integrated Care System (C&amp;MICS):</p> <ul style="list-style-type: none"> <li>The Leader of the Council represents Cheshire East Council on the Integrated Care Partnership, which in Cheshire and Mersey is called the Health and Care Partnership;</li> <li>The C&amp;M ICB constitution makes provision for two local authority chief executives to be members of the Board, one from Cheshire and Warrington and one from the Mersey City Region, to represent the views of local authorities. The role will rotate between local authorities on a 3 year cycle. There is also a Director of Public Health on the board.</li> </ul> <p>Collaboration with the ICB local representative – Mark Wilkinson-place director.</p> <p>In Cheshire East the Place Director has dotted line accountability to the Chief Executive and routinely attends the Corporate Leadership Team. In addition joint management arrangements across the local ICB team and the Adults Health and Integration Department are progressing.</p> <p>The Place Director is a permanent and full member of the Cheshire East Health and Wellbeing Board.</p> <p>Ensuring local priorities are understood and communicated.</p> <p>Partners are currently refreshing the Cheshire East Health and Wellbeing Strategy to ensure that aims and ambitions are relevant post-pandemic, and joint outcomes, a joint implementation plan and a shared performance management framework are in development.</p> <p>A shared approach to communicating with residents has yet to be developed.</p>

**8. Significant Governance Issues 2021/22**

8.1. The significant governance issues the Council recognises as arising during 2021/22 are detailed below. A description of the issue, along with details of the actions undertaken to date, and any further actions required to manage the issue is also

given. These issues will need implementing and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Leadership Team and reported to the Audit and Governance Committee.

<b>Description</b>	<b>Actions</b>	<b>Responsibility</b>
<p><b><u>ASDV Governance</u></b></p> <p>The governance of wholly owned companies across the local government sector has come under the spotlight following failures which have resulted in the publication of Public Interest Reports.</p> <p>Those reports highlighted that failings in the governance of those companies resulted in “institutional blindness” and a failure to recognise, understand, and so address commercial pressures and conflicts of interest. These governance failings resulted in high profile financial losses and reputational damage to those Councils and in some cases external intervention.</p> <p>In the light of these high-profile company failures, CIPFA have recently published guidance aimed at mitigating the risk to local authorities of company ownership. Whilst framed as guidance, its status is such that it will affect reporting and external assessment of the Council. There is therefore merit in being pro-active and taking action in response to these highlighted risks.</p> <p>A comparison of the Council’s current governance arrangements against the CIPFA guidance has highlighted risks in the current company structures, and with the levels of transparency and assurance. Improvement in the reporting and assurance can be achieved</p>	<p>Work has been undertaken to identify proposed changes to the current ASDV governance and reporting arrangements to ensure that they broadly align with the good practice as described in the CIPFA guidance.</p> <p>This has also proposed that a full review of the overall company structures and governance arrangements is undertaken and that a reporting structure is implemented to strengthen insight into the operation of the Council’s ASDVs.</p> <p>The review is proposed to include a review of directors, the process for their appointment, and the training and support provided to them.</p> <p>A working group has been established and stage 1 of the review was completed in December 2022.</p>	<p>Director of Governance and Compliance</p>

Description	Actions	Responsibility
which will mitigate these risks and bring Cheshire East's arrangements in line with best practice.		

Description	Actions	Responsibility
<p><b><u>Planning</u></b>                      In November 21, the Chief Executive and Environment and Communities Committee requested an objective review of the planning application backlog in Planning Services be undertaken. The backlog had accumulated over some time as a result of increasing workloads, vacant posts and impacts on delivering the service from the Covid 19 pandemic. The backlog was significant in number and was attracting complaints about the service from both within and beyond the Council, with potential for reputational damage to both the Local Planning Authority and the Council. An objective Deep Dive review was undertaken, led by the Executive Director of Place.</p> <p>The findings, recommendations and next steps for the service were received and noted by the Environment and Communities Committee on 31 October 22. It was also noted that a range of measures had already been implemented, particularly in relation to reducing the backlog of planning applications.</p>	<p>The review has produced a detailed Modernisation Plan for the service including a significant number of actions and improvements that have been identified through the review.</p> <p>Workstream leads have been identified and many actions are underway, implemented or partially implemented from the review.</p> <p>Work to remove the applications backlog had advanced in recent months although workloads remain significant in the service.</p> <p>Performance scorecards have been developed to report to the new Modernisation Board - when established this introduces a new level of reporting and governance for the Modernisation Plan. Terms of Reference for the Board are now agreed.</p> <p>Performance reports from the service will continue to be reported to the Environment and Communities Committee with additional regular oversight by CLT also being introduced to monitor progress within the service.</p>	Executive Director Place

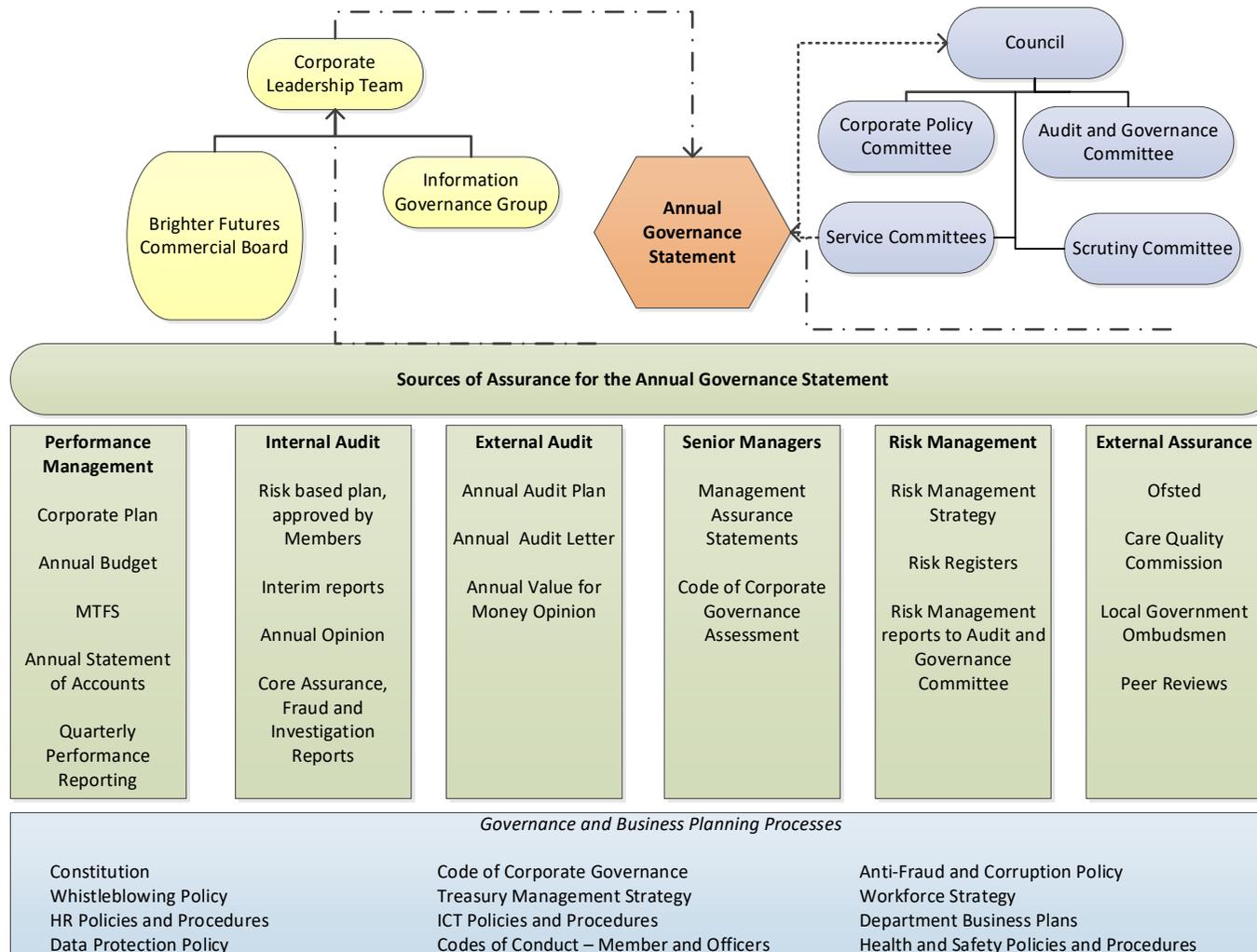
Description	Actions	Responsibility
<p><b><u>Cheshire East Safeguarding Children's Partnership (CESCP) Governance</u></b></p>	Cheshire East Council as the principal authority for the partnership were required to provide a multi-agency	Executive Director of Children's Services

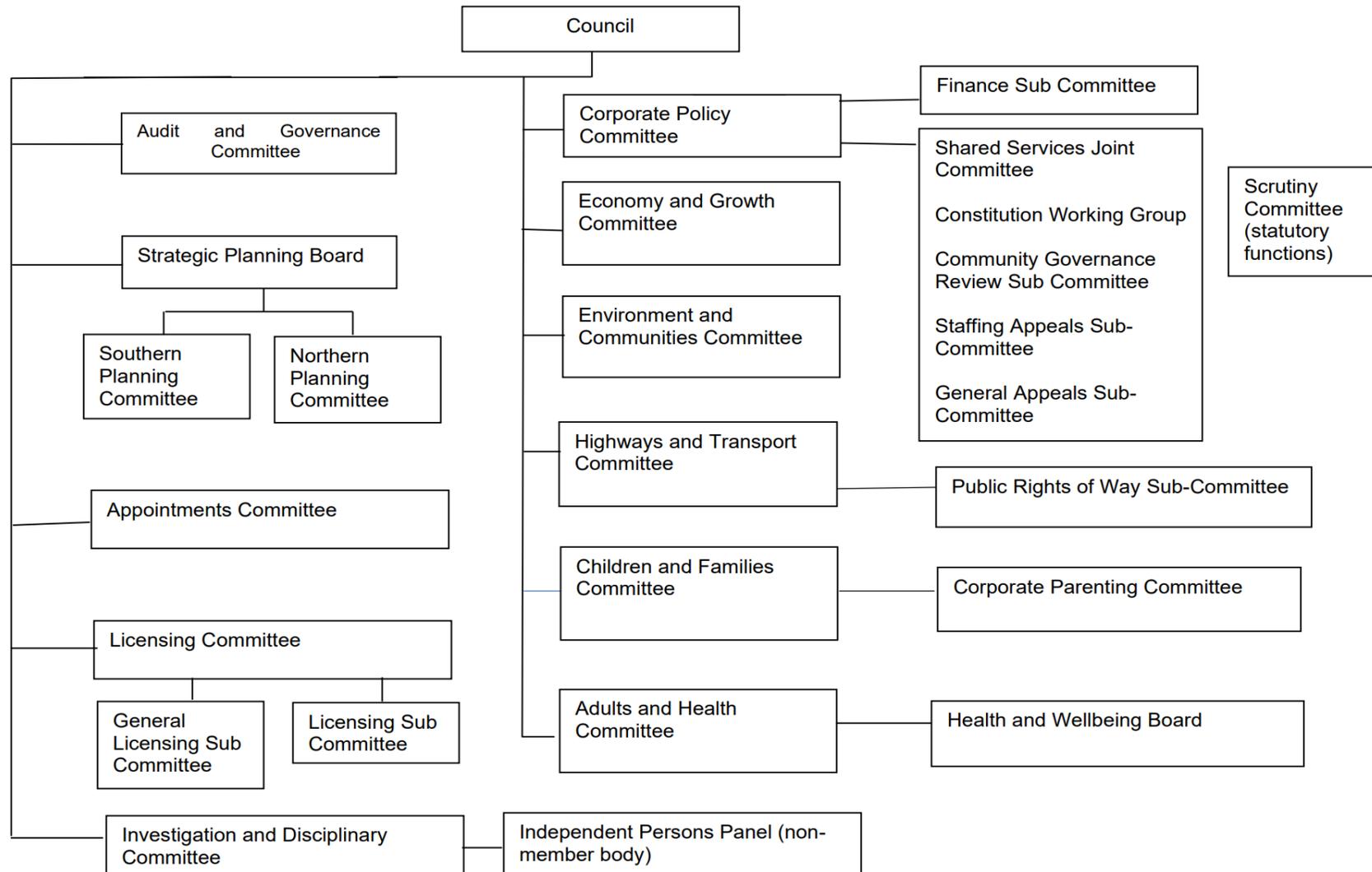
Description	Actions	Responsibility
<p>In July 2022, a joint targeted area inspection (JTAI) of the CESCOP was undertaken. The inspection identified strategic weaknesses in the leadership, function, purpose and impact of the work of the local safeguarding children's partnership and its sub-groups and recommended that across the partnership, leaders should ensure that operational practice reduces risk of exploitation of children.</p> <p>An Internal Audit review that was underway at the time of the unannounced inspection also identified weaknesses in the governance arrangements for the Partnership.</p>	<p>written statement of proposed action by 5 January 2023. This improvement action plan has been submitted.</p> <p>In addition, an Improvement Advisor has been appointed by the Department for Education to support the partnership in meeting its improvement goals.</p> <p>An Improvement Board has been formed to oversee the progress against the action plan. This will be chaired by the independent Improvement Advisor.</p> <p>Progress will be further scrutinised by the Cheshire East Council Chief Executive, Chief Constable and a senior NHS representative. The Board will meet monthly until all the identified improvements have been successfully implemented.</p> <p>Regular reports on progress will be provided to Children and Families Committee.</p>	

Description	Actions	Responsibility
<p><b><u>Public Interest Report</u></b> Following completion of all police investigations into the Council and consideration by the Crown Prosecution Service, the former external auditors, Grant Thornton, completed their work in relation to the outstanding audit certificates under the Local Audit and Accountability Act 2014. This</p>	<p>The terms of reference for the Internal Audit review will be shared with the Audit and Governance Committee for the 9 March 2023 meeting, with the final report coming to a future meeting of the Committee.</p> <p>The Chief Financial Officer, Monitoring Officer and Head of</p>	<p>Chief Executive</p>

Description	Actions	Responsibility
<p>work commenced during 2021/22 and was supported by Internal Audit and the Council as a whole.</p> <p>Having concluded their work, Grant Thornton published a report in the public interest on 17 January 2023.</p> <p>The external auditor's report made three recommendations to Council which were all accepted.</p> <p>The first recommendation set out that the Council should carefully consider this report to ensure all members now understand the events and conditions that led to the issues set out in this report. This consideration could usefully reflect upon what happened; the governance and cultural arrangements that allowed it to happen; the critical success factors that led to the successful resolution of matters; and the key elements of the Council's current arrangements that can reassure members of the Council's ability to protect itself from such threats to its future governance. The Public Interest Report was considered by Council on 1 February.</p> <p>Council agreed that Audit and Governance Committee would receive a further Internal Audit report to conclude Recommendation 2.</p> <p>Recommendation 3 required the Council to discuss with its current external auditors whether there are any matters</p>	<p>Internal Audit discussed the third recommendation with Mazars ahead of the full Council meeting on 1 February.</p> <p>At that meeting, Mazars had not, as part of their current and prior year audits, highlighted any risks of, or actual significant weakness in respect of the Council's arrangements in relation to its use of resources or value for money which should be brought to the attention of the Audit and Governance Committee.</p>	

Description	Actions	Responsibility
arising from the Public Interest report that should be addressed by the current auditors' statutory external audit.		





Appendix 3: The Governance Framework prior to 4<sup>th</sup> May 2021

