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# Cheshire East Council

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Annual Governance Statement  
2013/14

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# Cheshire East Council –Annual Governance Statement 2013/14

## 1. Introduction

- 1.1. Each year, Cheshire East Council produces an Annual Governance Statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.
- 1.2. The Council is committed to embedding and achieving a robust set of corporate governance arrangements. The Council is managed within a framework as set out in its Constitution, which clearly outlines how the Council operates, how decisions are made and what procedures need to be followed to ensure the Council is efficient, transparent and accountable to its residents and stakeholders.
- 1.3. 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
  - What improvements or changes in governance arrangements are proposed during the forthcoming year

## 2. Background

- 2.1. In [February 2013](#) the Council set out its three year plan to becoming a strategic commissioning council. An ambitious but measured approach has been taken to achieving the Council's aims whilst effectively dealing with the challenges of austerity. This approach has provided a platform to redefine and reinvent the Council in a systematic way. The focus has been to deliver sustainable quality cost effective services that are needed by Cheshire East residents and businesses.
- 2.2. This philosophy is about more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. New approaches to service delivery are being developed to get the best

from in-house services. These include joint ventures between the Council and other providers, and new delivery vehicles including Council owned and controlled companies, social enterprises and Trusts.

- 2.3. During 2013/14 the Council has accelerated this programme of significant change and innovation. The Council's review of its management structure, roles and responsibilities, completed in early 2014 is a significant step forward. The Council can reflect on many financial and operational successes throughout 2013/14 and it is now in a much stronger position than when it started the year:
  - The senior leadership team is now in place with permanent appointments to all senior executive posts.
  - Strong financial performance has ensured that reserves are now in line with the Council's assessment of its financial risks and also to provide opportunities for future investment in its identified priorities.
  - Strong service performance in key areas including:
    - successful completion of a £35m capital programme;
    - success in attracting new businesses places it as only one of three hot spots outside London for new business creation;
    - now the best performing council in the North West, (and one of the best overall), in decreasing the number of young people classed as not in education, employment or training (NEET);
    - highest ever number of good and outstanding schools - 87.3%;
    - adoption timeliness and outcomes have improved;
    - Adult Social Care (ASC) project launched to redesign assessment and care management responsibilities;
    - developed a compelling business case for Crewe as a HS2 Hub station , providing high-speed connectivity to London but, more critically, the potential to drive major growth and regeneration benefits for Crewe and the wider region; and

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- rolling out superfast broadband across the sub-region through the £28.5 million ‘Connecting Cheshire’ project.
- 2.4. Like all local authorities, this Council continues to be affected by Central Government’s austerity measures. While the Council has discretion, to increase local taxes it has not done so now for four consecutive years as it continues to strive to ‘put residents first’ and support the local economy.
- 2.5. Compared to most other English councils, Cheshire East is less reliant on government revenue grant as local businesses and residents provide a higher proportion of the Council’s overall funding. In this context it is also important to note that total spending per head of population is below average compared to nearest neighbours. This is an important indicator in demonstrating the effective targeted use of resources and value for money (VFM) provided by Cheshire East.
- 2.6. Cheshire East’s strong tax base and greater independence provides financial stability and offers some ‘local protection’ from the impact of national economic fluctuations. The importance of the local economy both to the Council and UK cannot be underestimated with more than 17,000 businesses located in the Borough – greater than any neighbouring council.
- 2.7. The published medium term financial strategy illustrates the scale of the challenge the Council faces over the next few years. But its strong financial performance in 2013/14 provides a good platform for the future. Alongside its ambitious major change programme the Council expects to continue to balance its budget despite increased demands and high public expectations. This will be achieved by innovation, creativity and a hard commercial focus on costs, productivity and income generation. It remains clear that the overall cost base of the Authority will have to continue to reduce.

- 2.8. Through the reviews done to produce this Annual Governance Statement we have again been able to demonstrate that work within the Council is generally carried out to the high standards local people expect and need.
- 2.9. While there may be isolated exceptions, we can be increasingly confident that our culture, values, and ways of working will continue to reduce the opportunity for poor or inappropriate practice to occur, and increase the likelihood of detection and rectification if they do.

## 3. Governance Framework

### Scope of Responsibility

- 3.1. Cheshire East 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, Cheshire East 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. The Council has approved and adopted a [Code of Corporate Governance](#) that is consistent with the six 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](#). A summary of those six principles is shown in **Figure 1**.

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- 3.4. This Annual Governance Statement (AGS) explains how the Council:
- has complied with the Code; and
  - meets the requirements of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 (which requires all relevant bodies to prepare an Annual Governance Statement).

**Figure 1: Summary of the CIPFA/SOLACE Framework Principles**



- 3.5. This AGS is reported to the Council’s Audit & Governance Committee and is also published alongside its Statement of Accounts. It provides assurance that:
- governance arrangements are adequate and operating effectively in practice; or

- where reviews of the governance arrangements have revealed gaps, action is planned to ensure effective governance in future.

## The Purpose of the Governance Framework

3.6. The Governance Framework comprises the systems, processes, cultures and values by which the Authority is directed and controlled. It also includes the activities through which it is accountable to, engages with and leads the community. 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.

- 3.7. 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 on-going 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; the impact should they be realised;
  - and to manage them efficiently, effectively and economically.

## The 2013/14 Governance Framework and future developments

- 3.8. The Governance Framework shown in **Appendix 1** (Page 10) operated for the majority of 2013/14 and was in place at 31<sup>st</sup> March 2014. Changes to the 2013/14 Framework are described below.
- 3.9. The Council had six **Policy Development Groups** (PDGs) covering: Finance, Communities, Environment & Prosperity, Health & Adult Social Care, Corporate & Performance, and Children & Family Services. An independent review of the PDGs was commissioned towards the

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end of the financial year. As a result the Council has now replaced these PDGs with five new 'Overview and Scrutiny Committees' linked to its five strategic priorities. This provides better alignment and clarity of purpose.

- 3.10. As part of the Council's move to be a strategic commissioner, the way services are delivered has been reviewed and a number of 'Alternative Service Delivery Vehicles' (ASDVs) have been created. Considerable work was done during 2013/14 to identify and develop the most appropriate models for each service area. ASDV steering groups were introduced to support and challenge as necessary.
- 3.11. Four of the Council's new ASDVs went 'live' in April and May 2014 – with more planned during this year. The governance and stewardship arrangements for these ASDVs were reported to [Corporate Scrutiny Committee on 31<sup>st</sup> March 2014](#).

## 4. Review of Effectiveness

- 4.1. The Council undertakes an annual review of its governance arrangements co-ordinated by the Corporate Governance Group. This process is informed by a range of sources. It includes senior managers:
- **assurance statements** by individual service areas.
  - **partnership governance reviews** of significant arrangements.
  - **core support function reviews** focussed on monitoring compliance with policies and procedures including how this information is used to drive improvement, and how it is escalated or cascaded through the organisation.
- 4.2. The Council's internal and external auditors are also important sources of assurance:
- The **Internal Audit** opinion on the Council's control environment is set out in the [Annual Report 2013/14](#):

The Council's framework of risk management, control and governance is assessed as adequate for 2013/14.

The report goes on to acknowledge that the framework is continuing to develop as the Council goes through a period of rapid and unprecedented change. Evidence throughout 2013/14 shows that appropriate strategies and policies are in place and have been communicated. Understanding, application and compliance is not yet consistent across the organisation. Given the scale and pace of change, this is not unreasonable or unexpected. Action has already been taken, or is planned, to address all of the issues raised by Internal Audit.

- **Internal Audit's self-assessment** against the Public Sector Internal Audit Standards (PSIAS) shows that the service is being delivered to the required standard. Some areas for improvement are being addressed. These include the need to have an external assessment against the Standards carried out; due once every 5 years. The self-assessment and resulting action plan will be shared with the Audit and Governance Committee in September 2014 as part of the AGS review process.
  - **External Reviews** – The Council received a qualified VFM conclusion for 2012/13 from its External Auditors. In preparing the AGS we have examined reports, feedback and action plans from the Council's other review agencies and inspectorates, which demonstrate the ongoing improvement in the Council's governance arrangements. No matters arising from these reviews have resulted in the inclusion of significant governance issues in the AGS.
- 4.3. The Council's arrangements for the protection of children were inspected by Ofsted during March 2013. Although the inspectors

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acknowledged that there were examples of good practice throughout services, there were a number of areas for improvement identified and therefore the effectiveness of arrangements was judged to be “inadequate” overall. A Children’s Improvement Plan to address the required actions was developed and is monitored and scrutinised by an Improvement Board with an independent Chair and representation from the Department for Education.

- 4.4. Improvements made in safeguarding children have been subject to a number of external and internal scrutiny and review arrangements. During 2013/14 Internal Audit reviewed the effectiveness of the governance arrangements in place within Children’s Services with regard to implementing recommendations from external inspectorates and was able to deliver a “good assurance” opinion. There has also been a significant independent audit programme, a Local Government Association (LGA) Safeguarding Peer Review and a number of peer challenges. In addition, the local authority accepted an invitation to become a pilot of Ofsted’s new improvement framework. Monthly visits from Ofsted have confirmed that there have been positive improvements in the quality of practice around safeguarding children and the focus for 2014-15 is to ensure that this is consistent and sustained across frontline workers.
- 4.5. 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.
- 4.6. The Audit & Governance Committee’s positive self- assessment against recently updated CIPFA guidance was reported in March 2014. The Committee assessed as compliant or partially compliant against all areas. Actions to ensure the Committee becomes fully compliant are

in place, with some already implemented e.g. the revised terms of reference were approved by Council in May 2014.

- 4.7. The outcome of the Council’s assessment of its governance arrangements in 2013/14 is summarised below. A more detailed assessment against the six CIPFA/SOLACE principles is set out in Appendix 2.

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4.8. The table below sets out the progress made against the governance issues identified in the 2012/13 Annual Governance Statement.

Issue	Proposed Action	Owner	Progress update
<p>Weaknesses in the Council’s Organisational culture, which were a product of separate professional “silos” in the Council’s management structure. These have sometimes caused confusion, poor decision making, and inefficiency, because it was not always clear who had authority to act and who was accountable ultimately for the success or failure of particular initiatives.</p>	<p>Move to new strategic commissioning operating model.</p> <p>Implement new management structure.</p>	<p>Chief Executive/ Chief Operating Officer</p>	<p>All three phases of the Management Review are now complete and the Council’s organisational structure has been realigned. The new Head of Corporate Resources and Stewardship post gives a clear focus and leadership to the important stewardship and governance requirements of the organisation as it goes through major transition.</p> <p>The Council will continue to review and update its internal client arrangements, ensuring these provide robust governance and assurance as the Council’s commissioning structure develops.</p>
<p>The Council has a significant number of corporate policies and procedures which have been mapped by the Corporate Governance Group.</p> <p>There is insufficient evidence from the various assurance sources that all council policies and procedures are currently embedded amongst Officers. With minimal resources, monitoring to ensure compliance with policies and procedures is currently limited.</p>	<p>Map Council’s Assurance framework and review to ensure adequate coverage in ensuring compliance.</p>	<p>Chief Executive/ Chief Operating Officer</p>	<p>The Council’s Assurance Framework has been mapped and continues to develop in line with the Council’s transition to a commissioning structure e.g. the introduction of ‘Core Support Function’ reviews as part of the AGS process. The framework will be subject to continual monitoring and revision to ensure it remains appropriate.</p>

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- 4.9. The Council’s assessment of its governance arrangements for 2013/14 has not identified any significant issues. Significant governance issues are those issues that may prevent the Council achieving its vision. The following areas are not considered significant but do require further attention during 2014/15.

Issue	Actions required	Responsibility	Target Date
<b>Information Asset Registers</b> - the organisation does not have current and complete Information Asset Registers.	To establish information asset registers and agree arrangements for their ongoing maintenance.	Chief Operating Officer	31 March 2015
<b>Business Continuity Plans</b> - current and tested business continuity plans are not in place across all service areas.	Internal Audit will review Business Continuity plans and identify specific areas for improvement.	Head of Corporate Resources and Stewardship	30 September 2014
<b>Local Economic Partnership (LEP) governance arrangements</b> - governance arrangements outlining the relationship between the Council and the LEP are out of date.	Governance arrangements need to be developed that are sufficiently 'future proofed' to accommodate further anticipated changes to the role of the LEP and its sub groups, and the Council's relationship with it.	Director of Economic Growth and Prosperity	31 December 2014
<b>Compliance with corporate policies and procedures</b> – further work is needed across the Council to ensure policies and procedures are properly embedded. The Constitution Working Group, led by the Monitoring Officer has reviewed and updated the Constitution – as the Council’s formal decision making framework. The updated Constitution and Officer Scheme of Delegation were considered and agreed at Council in May 2014.	The Corporate Governance Group, now chaired by the Head of Corporate Resources and Stewardship will revise its terms of reference to provide a specific focus of ensuring that the operational arrangements for governance, stewardship and decision making are appropriate and meet the Council’s needs.	Head of Corporate Resources and Stewardship	31 July 2014 <b>Completed</b>



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4.10. There are also a limited number of emerging issues which are highlighted below that will be effectively managed to ensure they do not become significant governance issues. They will all be monitored by the Corporate Governance Group during 2014/15. They will be escalated to the Corporate Leadership Board, Audit and Governance Committee and Cabinet where necessary.

Issue	Proposed management action to reduce risk
<p>On-going and future changes to the financial framework - including several changes to national funding regimes - will increase the Council's reliance on self-financing. Many of these changes arise from changes to benefit administration, reductions in government grant and more schools becoming academies. While the Council is in a strong position it needs to accelerate its transition to a full commissioning model to ensure that the quality and cost base of services are appropriate and meet the needs of local residents and businesses within the future level of available resources.</p>	<p>The Chief Operating Officer considers the risk as part of the closure of accounts including his assessment of the need to make appropriate provisions in both the Collection Fund and General Fund. In addition, significant work has been undertaken with the Cabinet on ideas for the future. Proposals for a balanced budget for 2015/16 were presented to <a href="#">Corporate Overview and Scrutiny Committee on 21st July 2014</a> – significantly earlier than ever before. This will provide residents and businesses with greater certainty and allow the Council more time to focus on the even greater financial challenges of 2016/17 and beyond.</p>
<p>The Council has a significant number of key projects currently in implementation and planned for the future. These include ambitious economic regeneration plans as well as the Council's ongoing commissioning reviews leading to new improved service delivery arrangements. Should one of these high profile projects not be delivered as planned it could result in aspects of service failure, reputational damage to the Council or increase the financial pressure on the Council for the future.</p>	<p>The Chief Operating Officer considers the risks as part of the closure of accounts including the need to make appropriate provision to mitigate the financial impact.</p> <p>The Council's revised robust project and programme management approach is now an established part of its governance framework. Through its member led Executive Monitoring Board all major change programmes and projects are subject to scrutiny and challenge at both development and delivery stage. The Council's new scrutiny committees will also have an overview and will help to highlight any issues and mitigate this risk.</p>
<p>The Council successfully launched four new service delivery vehicles in April and May 2014. Service areas transferred to these new companies were done from a governance perspective on essentially a 'lift' and 'shift' basis. Further work is now being done to ensure that the Council maximises the benefit of these new arrangements.</p>	<p>Senior officers continue to work with the directors of the new companies and the Leisure Trust to clarify roles and responsibilities and to ensure that the requirements of the new contracts - and the benefit to residents - are fully achieved. The next step will be for Cabinet to approve the shareholder agreements and directors mandates with Cheshire East Residents First and all of</p>

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Issue	Proposed management action to reduce risk
	its subsidiaries.
<p>The Council is a key partner in the delivery of integrated health and social care and is a signatory of the Better Care Fund (BCF) submission to NHS England. This is a high profile programme of change which the Council is working with the two Clinical Commissioning Groups, (CCGs), and the three acute providers in the Borough. BCF is part of a staged process to focus and increase joint working with the NHS seeking to improve the health and wellbeing outcomes for Cheshire East residents, with one of the initial aims of the work programme being to reduce non elective-admissions to hospitals locally.</p> <p>The initial Plans submitted in April 2014 did not include details of specific schemes, financial plans, risk assessment or fully developed key performance indicators.</p>	<p>The Council is continuing to develop the BCF arrangements with its CCG and acute provider partners, to ensure that a deliverable programme of work is in place by April 2015. The Council, along with its partners is continuing to develop, discuss and assess progress in line with Department of Health Guidance throughout 2014/15, which help to support further assessments of progress being undertaken by the Department of Health. More detailed plans will be submitted to the Department in September 2014.</p> <p>Specific actions being developed as part of the September submission, and continuing through the remainder of 2014/15 include:</p> <ul style="list-style-type: none"> <li>- developing the risk log and assessment process with partners.</li> <li>- establishing appropriate governance arrangements for the BCF – with an overall budget of £23.8m - determined by Government, that are outlined in the submission alongside arrangements for risk sharing and contingency planning with partner commissioners and providers.</li> <li>- assessing the financial risk between the partners, whilst understanding that significant risk falls to the CCG’s as commissioners, in that if a reduction in emergency admissions is not achieved, they would bear the cost of these admissions as well as the cost of investment in BCF initiatives.</li> <li>- ensuring that the performance framework provides sufficient intelligence and information to allow the overall performance of the BCF scheme to be monitored including the performance payment mechanisms being implemented by the Department of Health.</li> </ul>

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## 5. Conclusion

- 5.1. The Chief Operating Officer, as the Council's Section 151 Officer, has reviewed this statement together with the more detailed assessments that support its conclusions. He 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 2013/14.

- 5.2. The Chief Operating Officer also recognises that further work is needed to ensure that the Council's framework of risk management, control and governance is fully, and consistently, embedded across the organisation. He will continue to work with the Council's Corporate Leadership Board (CLB) and Corporate Governance Group to ensure that this framework is regularly reviewed and refreshed so that it is fit for purpose for an ambitious commissioning council that puts residents and businesses first.

## 6. Approval

- 6.1. We 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 continue to be regarded as fit for purpose in accordance with the governance framework.
- 6.2. We propose over the coming year to take all appropriate action to address the above matters 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.

**Councillor Michael Jones, Leader of the Council**

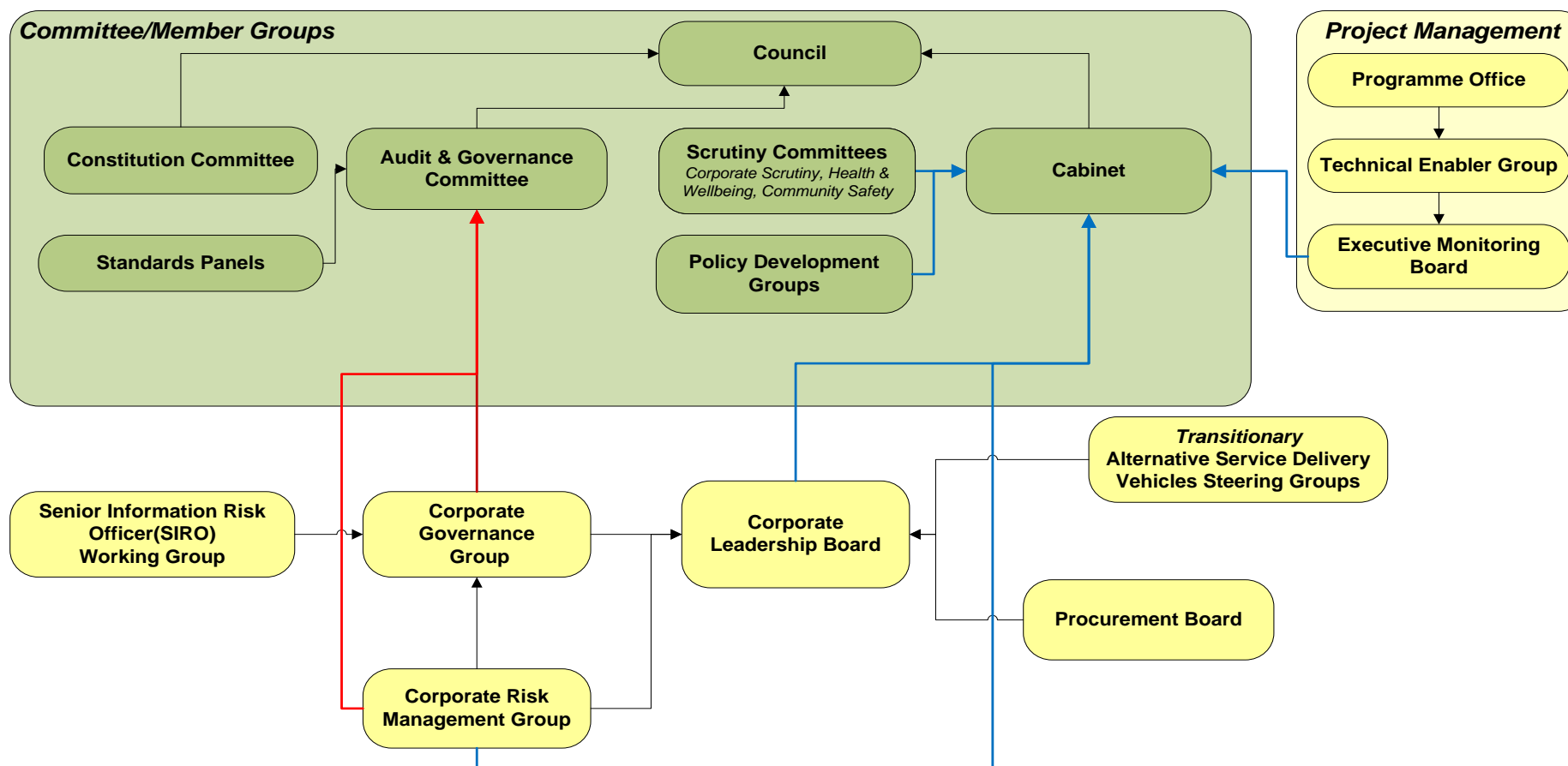
**Date:**

**Mike Suarez, Chief Executive**

**Date:**

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## Appendix 1: The Governance Framework in operation during 2013/14



NB: Blue lines denote reporting to Cabinet/Red lines denote reporting to Audit and Governance Committee

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## Appendix 2 – The Council’s more detailed assessment against the six CIPFA/SOLACE principles of good governance

Principle 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
Continuing to develop and promote the Council’s purpose and long term vision, set out in the Sustainable Communities Strategy “Ambition for All” 2012/25 through the updated Medium Term Financial Strategy (MTFS) and the Leader’s Report in February 2014.	<a href="#">Medium Term Financial Strategy, Leader’s Report and Budget 2014/17</a> (Council, 27 <sup>th</sup> February 2014)
We have reviewed and restated the authority’s priorities for the local area and have reviewed, and continue to develop, the authority’s governance arrangements as we make the transition to operating as a strategic commissioning Council and delivering services in different ways.	<a href="#">Approval of Cheshire East Residents First Ltd</a> (Cabinet, 24 <sup>th</sup> March 2014) <a href="#">Alternative Service Delivery Vehicle Governance and Stewardship</a> (Audit and Governance Committee, 27 <sup>th</sup> March 2014)
<a href="#">Rural Proofing</a> was adopted by the Council during 2013/14 to ensure the rural areas of Cheshire East get the best and fairest deal from the Council’s policies and decisions .This supports the “Rural Communities are thriving” element of the Council’s vision. A Rural Statement is under development which will provide direction on Cheshire East’s rural priorities and a Rural Proofing Checklist has been approved, for use in “rural proofing” key decisions.	Approval of the recommendations in the <a href="#">Rural Proofing and Creating Resilient Rural Communities</a> (Cabinet, 12 <sup>th</sup> November 2013).
In transforming commissioning arrangements, the Authority is continuing to deliver services through working with a range of external organisations. The importance of clear contractual arrangements to deliver a common vision through strong governance arrangements is fully recognised.	<a href="#">CoSocius</a> , jointly owned with Cheshire West and Chester Council began trading (1 <sup>st</sup> May 2014).
The authority communicates primarily through its <a href="#">website</a> regarding the Council’s <a href="#">vision</a> , <a href="#">achievements</a> , <a href="#">financial position</a> and <a href="#">performance</a> . Cheshire East Direct is sent to around 100,000 email recipients, of whom around 45,000 regularly choose to read the newsletter. This has been used in a variety of ways over 2013/14, from providing weekly bulletins to thematic “specials”.  Various parts of the organisation also use other forms of social media, including <a href="#">Twitter</a> , <a href="#">Facebook</a> , <a href="#">YouTube</a> and <a href="#">Flickr</a> to engage and inform communities and stakeholders. The Communications team also provide related media releases, where appropriate.	<a href="#">Cheshire East Direct</a>  The Council’s main Twitter account, @CheshireEast has approx. 7,500 followers.  <a href="#">“Auditors give Cheshire East Council the seal of approval over its financial management”</a> October 2013
Performance reports are discussed on a monthly basis at Corporate Leadership Board (CLB) and taken to Cabinet each quarter. The content of the reports demonstrate the Council’s progress in achieving against each of the five outcomes from the Council’s Three Year Plan and are used to highlight examples of	<a href="#">First Quarter</a> August 2013 <a href="#">Mid-Year Review of Performance</a> November 2013

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Principle 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
excellence in service delivery, as well as monitoring areas requiring improvement.	<a href="#">Third Quarter Review of Performance 2013/14</a> February 2014 <a href="#">Final Outturn Review of Performance 2013/14</a> July 14
The authority has strengthened its arrangements to identify and deal with failures in service delivery by bringing together the teams dealing with corporate and social care complaints. This has realised improvements in business processes and management of complaints. Quarterly reports are taken to CLB, raising any specific areas of concern. An annual report, including Council's cases considered by the Local Government Ombudsman, is presented to Audit and Governance Committee. There are no matters arising from the annual report which have led to the inclusion of a significant governance issue in the 2013/14 AGS.	<a href="#">Audit and Governance Committee - Complaints Annual Report</a> November 2013
In October 2013, the Council published its first "Value for Money Overview", demonstrating the financial resilience of the Council. The key aim of the Overview is to support Member decision making for the medium to long term in order to maintain a sustainable financial environment for the Council.	<a href="#">Value for Money, Guidance and Data on the Financial Resilience of the Council</a> October 2013
<p>The authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary. Quarterly financial updates ensure that budget variances are identified, reported and addressed through remedial action in order to minimise any unplanned call on balances. Delivery of significant budget changes is risk assessed and tracked on a monthly basis.</p> <p>The level of balances is reviewed annually and a detailed risk assessment is undertaken to ensure the adequacy of reserves relative to potential commitments. The 2012/13 outturn substantially improved upon previous years, and the pre-audited accounts for 2013/14 show an underspend of £0.897m. Various balance sheet strengthening measures are considered as part of the account closure process to improve financial resilience.</p>	<p>Quarterly Performance reporting to Cabinet.</p> <p> <a href="#">2012/13 Final Outturn Review of Performance</a>            Cabinet, June 2013  <a href="#">2013/14 Final Outturn Review of Performance</a>            Cabinet, July 2014         </p>
CIPFA's <a href="#">Prudential Code for Capital Finance in Local Authorities</a> and their <a href="#">Treasury Management Code of Practice</a> have been adopted in full. The Council receives specialist support from <a href="#">Arlingclose</a> on all aspects of borrowing, lending and investments. Member awareness and engagement on Treasury Management	<p>Treasury Management Strategy and MRP 2014/15:  <a href="#">Audit &amp; Governance Committee</a> January 2014</p>

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Principle 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>issues is progressed through development events and weekly updates.</p> <p>An annual report on the Treasury Management Strategy for 2014/15, incorporating the Minimum Revenue Provision Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2014/17, required under Part 1 of the Local Government Act 2003 was approved by Council in February 2014.</p>	<p><a href="#">Cabinet</a> February 2014</p> <p><a href="#">Council</a> February 2014</p>

Principle 2 – Members and Officers working together to achieve a common purpose with clearly defined functions and roles.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>The Leader outlined his intention to restructure the Cabinet and introduce Deputy Cabinet Members to reflect the demands of operating as a commissioning authority to the Council on <a href="#">27th February 2014</a>.</p>	<p>Council approved appointments to, and the functions delegated, to Cabinet on <a href="#">May 2014</a>.</p>
<p>Following the completion of the senior level management restructure required to support the transition to commissioning Council status, a revised officer delegation scheme has been developed and the expectations of Members with regard to ASDV accountability have been outlined. Further work continues in updating Local Schemes of Delegation (financial and non-financial).</p>	<p>Revised <a href="#">Scheme of Delegation to Officers</a> (Council, 14<sup>th</sup> May 2014). ASDV Scrutiny, Governance and Stewardship arrangements were reported to <a href="#">Corporate Scrutiny Committee on 31<sup>st</sup> March 2014</a>.</p>
<p>The Chief Executive is responsible and accountable to the authority for all aspects of operational management. Mike Suarez was appointed as Chief Executive by Council on 7<sup>th</sup> May 2013, and took the post with effect from 12<sup>th</sup> August 2013.</p>	<p><a href="#">Scheme of Delegation to Officers</a></p>
<p>The Chief Operating Officer (COO) (Section 151 Officer), reports directly to the Chief Executive and is a member of the Corporate Leadership Board. The COO is responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records, and for maintaining an effective system of internal financial control.</p> <p>The COO's core responsibilities include those set out in CIPFA's <a href="#">Statement on the Role of the Chief Financial Officer in Local Government (2010)</a> . The introduction of the Head of Corporate Resources and Stewardship role further enables the promotion and delivery of good financial management throughout the organisation, so that public money is safeguarded at all times and used appropriately,</p>	<p><a href="#">Corporate Leadership Board</a></p> <p><a href="#">Scheme of Delegation to Officers</a></p>

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<b>Principle 2 – Members and Officers working together to achieve a common purpose with clearly defined functions and roles.</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
economically, efficiently and effectively.	
The Head of Legal Services and Monitoring Officer is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	<a href="#">Scheme of Delegation to Officers</a>
The Business Planning Process is summarised in the 2014/17 Budget report, which clearly sets out how resources will be matched against the delivery of priorities established in the Council’s Three Year Plan and major change programmes. Section 2 sets out the approach to delivering financial stability and a balanced budget over the medium term. Annex 7 includes a comprehensive guide to the Council’s Reserve Strategy.	<a href="#">Budget Report 2014/17</a>
The Constitution includes a Member /Officer Relations Protocol, which was established to encourage effective communication between members and officers. This will be reviewed during 2014/15.	Member/Officer Relations Protocol in <a href="#">Cheshire East Constitution</a>
The Council publishes a Pay Policy Statement by 31 <sup>st</sup> March on an annual basis. This provides transparency with regard to the Council’s approach to setting the pay of its employees and is in accordance with Section 38 of the Localism Act 2011. The Pay Policy in effect for 2013/14 was agreed by Council on 28 <sup>th</sup> February 2013 and the Policy for 2014/15 agreed by Council on 27 <sup>th</sup> February 2014.	Pay Policy Statement for 2014/15 approved by <a href="#">Council 27<sup>th</sup> February 2014</a> .
Cheshire East Council has established a medium term business planning process to support the delivery of its strategic objectives. This includes a medium term financial strategy, a robust and balanced annual budget and a monitoring process enabling scrutiny of delivery and challenge to the continuing relevance of assumptions used. Quarterly performance reports to Cabinet during 2013/14 covering financial and non-financial performance indicators, supporting the achievement of corporate priorities and objectives.	<a href="#">Medium Term Financial Strategy, Leader’s Report and Budget 2014/17</a>  <a href="#">Third Quarter Review of Performance 2013/14</a>
During 2013/14, Cheshire East Council has worked closely with other delivery partners such as the Cheshire and Warrington Enterprise Partnership, delivering the Growing Places Fund.	Partnership Governance Reviews <a href="#">Cheshire and Warrington Enterprise Partnership</a>

<b>Principle 3 – Promoting the values of the authority and demonstrating the values of good governance, through upholding high standards of conduct and behaviour.</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
The standards of conduct and personal behaviour expected of and between members, staff, associated partners and the community are defined and communicated through codes of conduct	Members Code of Conduct and Staff Code of Conduct are included in the Council’s <a href="#">Constitution</a> .



# Cheshire East Council –Annual Governance Statement 2013/14

Principle 3 – Promoting the values of the authority and demonstrating the values of good governance, through upholding high standards of conduct and behaviour.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
and protocols.	
The Council uses the Code of Conduct, the Anti-Fraud and Corruption Policy and Whistleblowing Policy to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. Audit and Governance Committee received an update report, “Anti-Fraud and Corruption Arrangements” outlining progress in implementing key anti-fraud actions to protect the Council’s interests.	<a href="#">Anti-Fraud and Corruption Arrangements</a> November 2013
Internal Audit completed a review of ‘Core Support Functions’ to support this AGS. This review is an important element in ensuring the Council’s organisational values are put into practice. It includes a high level assessment of the extent to which agreed policies are implemented. It will also help share best practice, ensure compliance and provide assurance and oversight to the Corporate Leadership Board.  A key challenge for the Council is to ensure it has clearly defined oversight structures with roles, responsibilities and accountability. Formal and informal quality assurance processes across the organisation enable proposed policies to be reviewed and revised prior to approval by the appropriate Officer or Member group, as illustrated on the Governance Framework in Appendix 1 before being communicated out to the wider organisation.	The Internal Audit review has identified that there is variety in practice across the organisation.  A summary of the findings will be presented to the Corporate Governance Group and Corporate Leadership Board as part of the further development of the Assurance Framework.
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. The Committee received the Standards Panels and Sub Committee Annual Report on 27 <sup>th</sup> March 2014. This covered all complaints received under the Code from April 2013 to March 2014.	<a href="#">Members' Code of Conduct: Standards Panel and Sub-Committee Annual Report</a> March 2014  Of the complaints which had completed the initial assessment stage, the Initial Assessment Panel did not refer any of the complaints to formal investigation, regulatory agency or the Police.
Reviews of Council services have been carried out throughout the year by external inspectorates such as Ofsted and the Care Quality Commission. Whilst some improvement measures have been identified, the majority of service provision was reported as being delivered to the required standards, and in some instances, delivering over and above. Action plans have been agreed to	<a href="#">Care Quality Commission</a> <a href="#">Ofsted</a>

# Cheshire East Council –Annual Governance Statement 2013/14

## Principle 3 – Promoting the values of the authority and demonstrating the values of good governance, through upholding high standards of conduct and behaviour.

How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
monitor the implementation of actions where required. There are no matters arising from these reviews which have led to the inclusion of a significant governance issue in the 2013/14 AGS.	

## Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risks

How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>The Council’s revised project and programme management approach was officially launched this year and is now an established part of the Governance Framework and incorporated within the Constitution. This process allows all major change project objectives to be subject to scrutiny and challenge at both development and delivery stage. The next phase of review will focus on ways of more effectively sharing the learning outcomes from individual projects or programmes with the wider Programme Management Office (PMO).</p>	<p>A comprehensive PMO Action Plan was endorsed by the Executive Monitoring Board in July 2014. Progress is already underway and is being regularly reviewed by the Portfolio Holder for Performance.</p>
<p>The agendas, papers and minutes of Committee meetings form the main mechanism for documenting evidence for decisions and recording the criteria, rationale and considerations on which key decisions are based. These are published on the Council’s website. Declarations of interests made by Officers and Members are routinely recorded in the minutes of Committee meetings.</p> <p>Decision makers are provided with information which is fit for purpose – clear, timely, relevant, accurate and complete, and gives clear explanations of issues and implications on both a financial and non-financial basis. Financial implications of all key decisions are signed off by Senior Finance Staff.</p>	<p>Cheshire East Council – <a href="#">Agendas, Minutes and Reports</a></p>
<p>The Council assessed the effectiveness of its Internal Audit function by self-assessing compliance with the Public Sector Internal Audit Standards (PSIAS). The review completed by Audit Managers has concluded that, although there are areas for improvement, which will be included in a separate action plan, the internal audit service is being delivered to the required standard.</p>	<p>Internal Audit Annual Report <a href="#">Audit and Governance Committee</a>, June 2014</p>
<p>The organisation has processes in place to enable Officers and Members to record and register pecuniary and non-pecuniary interests. Following a recent Internal Audit review of this area, some improvements have been identified, which if implemented, should further improve and enhance the robustness of the declarations process.</p>	<p>Individual Member Register of Interests are published on the Council’s <a href="#">website</a></p>

# Cheshire East Council –Annual Governance Statement 2013/14

Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
A self-assessment of the Audit and Governance Committee was carried out by the Chair and Vice Chair in conjunction with the Audit Managers and reported to the Committee in March 2014. As the assessment was made against recently updated CIPFA guidance, there were a number of areas which were assessed as partially complaint. Actions to ensure full compliance have been identified, and in some cases already actioned i.e. Terms of Reference for the Committee have been revised and approved.	<a href="#">Audit &amp; Governance Committee Self Assessment</a> March 2014  Audit and Governance Committee Terms of Reference - <a href="#">Council</a> May 2014
The COO attends all CLB, Cabinet and Council meetings, clears all Committee decision papers with material financial implications and has direct access to the Audit and Governance Committee and External Audit. The COO meets regularly with the Resources Portfolio holder.	Cheshire East Council – <a href="#">Agendas, Minutes and Reports</a>
Information on the financial performance of the organisation provided to budget managers and senior officers is well presented, timely, complete and accurate. The Financial Reporting Centre provides self-serve access for managers to a consistent set of reports. Month-end processing timetable has been reviewed and accelerated to allow for published reports by the first Monday following calendar month end. Further enhancement work is planned to include interactive forecasting capability.	Financial Reporting Centre
Reserves strategy and forecasts are clearly set out in the budget report and are monitored through the quarterly Finance updates. Opportunities for strengthening the reserves position are routinely considered as part of the account closure exercise.	<a href="#">Budget Report 2014/17</a>
The Corporate Risk Management Group continues to meet and be chaired by the Deputy Leader. Regular updates from the Group are provided to Corporate Governance Group, Corporate Leadership Board and the Audit and Governance Committee. This includes progress in managing key risks from the Corporate Risk Register. The Council’s Risk Management Policy was reviewed during 2013/14, and found to be broadly fit for purpose, with a number of minor amendments to further enhance the Policy.	Cabinet approved the revised Risk Management Policy on <a href="#">22<sup>nd</sup> July 2013</a> .
The Council’s Whistleblowing Policy has been in place during 2013/14. The Policy is available on the Council’s website and intranet site and an email address is made available. A review against best practice has been carried out and reported to the June 2014 Audit and Governance Committee.	<a href="#">Audit and Governance Committee</a> June 2014
We annually report on our compliance with the Regulation of Investigatory Powers (RIPA) Act 2000 to the Audit & Governance Committee. The report explains the use of the legislation and the arrangements in place to ensure the Council is compliant. An external inspection report on the Council’s use of RIPA in May 2013 was very positive and all recommendations have been implemented.	Report to Audit and Governance Committee, <a href="#">March 2014</a>
The organisation does not have current and complete Information Asset Registers. These are required to	A Transparency Project has been established

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Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>update and subsequently maintain a Publication Scheme, in order to ensure the organisation is compliant with the additional requirements of the Freedom of Information Act 2000 added under the Protection of Freedoms Act 2012, and in support of the organisation’s commitment to transparency and openness.</p> <p>Other Open Data sources are available from the Council’s websites, including expenditure over £500, Member’s Register of Interests, Member attendance and Senior staff salaries.</p>	<p>which will co-ordinate the completion and collection of Information Asset Registers and arrangements for their ongoing maintenance.</p> <p><a href="#">Council spend over £500 in 2014</a>  <a href="#">Member attendance</a>  <a href="#">Member’s Register of Interests</a>  <a href="#">Senior Staff Salaries</a></p>

Principle 5 – Developing the capacity and capability of Members and Officers to be effective	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>In 2013/14, the Council completed a three phase management restructure to achieve a redesigned structure to support strategic commissioning. As part of this restructure a number of senior appointments were made to ensure the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood.</p>	<p>New management structure.</p>
<p>The last year has seen an unprecedented number of staff joining the organisation at the senior management level. Whilst the authority has induction processes in place, these could have been tailored to provide more targeted support, which would have addressed the operational/staff management aspects of their roles, and supported a smoother transition for both the individuals joining the organisation, and the staff reporting to them.</p> <p>As the organisation wide management restructure phases have completed, it is unlikely (and undesirable) that there will be such significant change at that level, but the opportunity to learn from these experiences can be benefitted from.</p>	<p>HR have reviewed the induction support provided corporately and learning points have been fed back, acknowledging that such support will not necessarily be provided by HR, but by other Corporate Support Services.</p>
<p>The COO is a qualified CCAB accountant, with extensive local government experience. The COO is supported by a Finance team which includes a high number of qualified/part qualified accountants and qualified/part qualified accounting technicians. Cheshire East is accredited as training employer by CIPFA, AAT and ACCA.</p>	
<p>All staff with access used the Oracle Performance Development module to carry out the performance</p>	<p>Performance Development Plans</p>

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<b>Principle 5 – Developing the capacity and capability of Members and Officers to be effective</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
<p>review process. This provides an assessment against the achievement of objectives, corporate behaviours, and an overall performance rating for the year. It also informs skill development requirements. The ‘Towards Excellence’ Training Programme is a collection of training courses and development programmes offered to all staff in the organisation.</p> <p>Members have Personal Development Plans which can be established and reviewed with the support of the Council’s Democratic Services team, or their political parties.</p>	
<p>The roles and responsibilities of Councillors in monitoring financial performance are outlined in the Constitution, the Scheme of Delegation and in Committee Terms of Reference. Members have access to appropriate financial training on an ongoing basis to help them discharge their responsibilities, for example from Arlingclose for Treasury Management. Members of the Audit and Governance Committee, and the Finance Portfolio Holder have experience, skills and qualifications in the Finance area.</p>	<p><a href="#">Constitution</a>  <a href="#">Schemes of Delegation</a>  <a href="#">Committee Terms of Reference.</a></p>
<p>Members have completed a “Skills Audit” process which provides information to the Party Whips on the skills and qualifications of their Members. This can then be used in considering appointments to Committees.</p>	
<b>Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability.</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
<p>A series of staff road shows have been held with both the Leader and Chief Executive using the opportunity to outline the Council’s vision and strategy to staff across all areas of the organisation. These have promoted the “<a href="#">Cheshire East – Best in the North West</a>” and “Resident Led” aspects of the Council’s vision.</p> <p>The “<a href="#">Media Hub</a>” part of the Council’s website draws together communications about the Council and there is a dedicated webpage for “<a href="#">Public Consultations</a>”.</p>	<p>Staff Survey results (May 2014):            89% understood how their work supports the residents and businesses of Cheshire East.            82% understood the aims and objectives of their service.</p>
<p>Three scrutiny functions have been in operation during the year, following revision in 2013/14; Corporate Scrutiny, Community Safety and the Health and Wellbeing Scrutiny Committee. An annual scrutiny report will be re-introduced at the end of 2014/15.</p>	<p><a href="#">Corporate Scrutiny Committee</a></p>
<p>The Council is committed to openness and transparency. Meeting items are only “Part 2” if they absolutely cannot be discussed in any other way. This year Cabinet Meetings began to be broadcast live on the internet, and are available online to be watched after the event.</p>	<p><a href="#">Webcast Cabinet Meetings.</a></p>

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Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability.	
How we can demonstrate that Cheshire East Council meets this principle	Assurance Received and Issues Identified
<p>Engaging with our communities is essential to ensure that we are a resident led authority. Consultation exercises are carried out as required; for example, consultation on the Local Plan has continued into 2013/14.</p> <p>The <a href="#">Influence Cheshire East</a> (ICE) citizen’s panel carried out a survey amongst participants in Summer 2013, and has since carried out the annual refresh of panel participants. A survey amongst these participants will be commissioned in due course. The surveys provide valuable and constructive feedback which informs future service delivery.</p>	<p><a href="#">Local Plan Consultations</a></p> <p><a href="#">April 2014 ICE Newsletter</a></p>
<p>Staff receive a weekly ‘Team Talk’ corporate newsletter in addition to service specific communication and briefings. Information is cascaded from CLB through Department Management Team meetings to Team/Unit meetings as necessary. ‘Team Talkback’ and an online ‘Staff Suggestion’ forum have been introduced during 2013/14 to encourage greater feedback and discussion amongst staff, and between staff and CLB.</p>	<p>CEntranet – ‘Team Talk’</p>