

**Annual Governance Statement 2013/14 – Progress against Action Plan and Emerging Issues**

Issues requiring further attention

The Council's assessment of its governance arrangements for 2013/14 did not identify any significant issues. Significant governance issues are those which may prevent the Council achieving its vision. However there were a small number of governance issues which although not considered as significant, required further attention during 2014/15. Progress on managing these issues is provided in the table below.

Issue Requiring Attention	Actions Agreed	Responsible Officer/Target Date	Progress Report for November Audit and Governance Committee
<p><b>Information Asset Registers</b> - the organisation does not have current and complete Information Asset Registers.</p>	<p>To establish information asset registers and agree arrangements for their ongoing maintenance.</p>	<p>Chief Operating Officer  31 March 2015</p>	<p>The National Archives "Information Assurance and Cyber Security Engagement Programme" trainers presented to Senior Officers and Members in June 2014 on the importance and significance of Information Assurance and building an Information Asset Register (IAR). Further guidance and examples of best practice were shown at an "iNetworks"<sup>1</sup> event.</p> <p>A first draft of the Council's IAR has now been developed, informed by the The National Archives and iNetworks training. The format of the IAR is modelled upon the Cheshire East corporate records retention scheme which in turn is based upon the Local Government Retention Guidelines.</p> <p>To support Services in the completion of the Registers, two Business Analysts have been appointed to assist in the data collection and maintenance of the register, identifying both information owners and users. A complete register is on schedule to be produced by March 2015</p>

<sup>1</sup> iNetworks is a public sector partnership focused upon delivering improvements and innovations through collaboration. <http://i-network.org.uk/>

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<p><b>Business Continuity Plans</b> - current and tested business continuity plans are not in place across all service areas.</p>	<p>Internal Audit will review Business Continuity plans and identify specific areas for improvement.</p>	<p>Head of Corporate Resources and Stewardship</p> <p>30 September 2014</p>	<p>A draft report for discussion has been issued by Internal Audit, and is referenced in the Internal Audit Interim update.</p> <p>The discussion draft is now being considered by management to confirm accuracy, obtain feedback and to confirm and agree management actions, including responsibilities and implementation timescales.</p>
<p><b>Local Economic Partnership (LEP) governance arrangements</b> - governance arrangements outlining the relationship between the Council and the LEP are out of date.</p>	<p>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.</p>	<p>Director of Economic Growth and Prosperity</p> <p>31 December 2014</p>	<p>The Council has been working closely with the LEP core team to develop and 'bed-in' governance and stewardship arrangements appropriate to the LEP and CEC as the accountable body for Local Growth Funds.</p> <p>Governance and stewardship will be delivered on behalf of LEP Board through three committees; Finance &amp; Audit, Performance and Investment, and Strategy, which CEC has representation on. European Structural Investment Funds will be managed by the European Strategy Board, which the council also sits on.</p> <p>As the accountable body on behalf of the LEP for Local Growth Funds, the council is holding workshops in November and December to critically review stewardship and governance arrangements, and ensure it can exercise its responsibilities appropriately in line with government policy.</p>

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<p><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.</p>	<p>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.</p>	<p>Head of Corporate Resources and Stewardship</p> <p>31 July 2014</p>	<p>The terms of reference for the Corporate Governance Group were updated as required and by the agreed target date.</p> <p>However, further changes to the Corporate Governance and Corporate Risk Management groups are being considered to identify opportunities to improve governance, stewardship and decision making. These will specifically address;</p> <ul style="list-style-type: none"> <li>• Clarity on what assurance is required</li> <li>• Clear allocation of responsibility for providing assurance</li> <li>• Avoiding duplication</li> <li>• Improving the efficiency and cost effectiveness of obtaining assurance</li> <li>• Securing assurance with appropriate rigour and independence across a range of assurance providers.</li> </ul> <p>The necessary changes should updated and operational by the end of Q3 /start of Q4 2014/15.</p>

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Emerging Issues 2014/15

Looking forward to 2014/15, a small number of emerging governance issues were identified that, if not managed appropriately, had the potential to become significant during the course of the year. These were reported upon in the 2013/14 Annual Governance Statement, approved in September 2014, together with proposed management actions.

These have been reviewed during the third quarter of 2014/15, and additional management actions, where necessary, have been identified. These are included in the table below.

Issue	Management action to address – As reported in September 2014	Update: November 2014
<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.</p> <p>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>Issues which challenge the Council's financial position are considered as part of the budget setting report to Council which includes the standard calculation of a risk assessed minimum level of reserves. This calculation will be reviewed and challenged during January 2015 and be informed by the third quarter review of performance.</p> <p>Budget setting will be supported by further enhancements to the in year performance monitoring processes. These enhancements include:</p> <ul style="list-style-type: none"> <li>• Quarterly review meetings between the Executive Director of Strategic Commissioning or Chief Operating Officer and their direct reports to consider performance in terms of forecast outturn, progress in relation to one off expenditure, capital programme delivery and budget proposal delivery.</li> <li>• The development of a corporate performance indicator to monitor any</li> </ul>

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		<p>forecast variance to budget, given the improved base budget position.</p> <ul style="list-style-type: none"> <li>• Further improvements to the quarterly report.</li> <li>• Continuation of the monthly reports to CLB to consider Finance, HR and performance to enable prompt action to be taken.</li> <li>• Research into a new reporting tool to improve reporting across the Council.</li> </ul> <p>In terms of Medium Term Financial Strategy and financial planning, the Council’s “Central Finance Group” has continued to meet on a monthly basis to review each of the assumptions in relation to funding levels including Council Tax, Business Rates etc. The focus of this meeting is the local position given the growing reliance on these funding sources.</p> <p>The Council will be releasing the second major update of its “Value for Money, Guidance and Data on the Financial Resilience of the Council”, document in November 2014. This highlights the funding and dependency issues in addition to commentary on many other issues surrounding the Council’s Financial Stability.</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</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</p>	<p>Continuous improvement in programme and project management has been embedded in the form of a comprehensive Programme Management Office (PMO) Action Plan, endorsed by EMB in July 2014 and monitored on</p>

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<p>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>management approach is now an established part of its governance framework.</p> <p>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 overview and scrutiny committees also have oversight of this issue.</p>	<p>an ongoing basis. This brings together a number of ongoing work streams, including recommendations from the audit project health check.</p> <p>A number of Finance and Project Management staff have received formal training on "Better Business Cases" and will use this to inform the production of Business Cases in future.</p> <p>A number of CEC staff with project involvement have undertaken a Foundation Course in the Management of 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 its subsidiaries.</p>	<p>The shareholder agreement is now in place and work is ongoing to support the Cheshire East Residents First (CERF) Board in monitoring performance and reviewing business plans. The Council is also reviewing the management fee requirements for 2015/16 as part of its wider budget discussions.</p> <p>Cabinet is due to receive updates in relation to proposals for its energy and planning/building control companies. TSS Ltd is expected to go live on 1 January 2015.</p>
<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</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</p>	<p>The revised Better Care Fund plan was submitted to the Department of Health on 19<sup>th</sup> September 2014 and has been through a National Consistent Assurance Review process (NCAR). Following the NCAR process the plan has been given approval to proceed with a category of 'Approved with support'.</p>

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<p>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 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>	<p>As a priority the action plan included in the NCAR process will be actioned and submitted to NHS England by 28<sup>th</sup> November 2014 to progress the plan to the 'Approved' category.</p> <p>The below are further key actions identified to date:</p> <ul style="list-style-type: none"> <li>- Establishing a working group to develop the overarching s75 agreement for BCF and ensuring that it approved by the respective organisations governance arrangements.</li> <li>- Identifying accountable lead officers to take responsibility for the delivery and performance of the BCF schemes.</li> <li>- Involving the Health and Wellbeing board with the development and implementation of the BCF plan</li> </ul>