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**Annual Governance Statement**

2015/16

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**TO BE COMPLETED AS PART OF FINAL STATEMENT ONLY**

**1. Executive Summary and Approval**

- 1.1. Each year the Council produces an Annual Governance Statement that explains how it manages 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;
  - what improvements or changes in governance arrangements are proposed during the forthcoming year.
- 1.3. 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 2015/16.**

- 1.4. 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.
- 1.5. Our assessment of the effectiveness of our governance arrangements for 2015/16 identified significant governance issues as outlined at the end of section 4. 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.

***Cllr Rachel Bailey***  
***Leader, Cheshire East Council***

***Mike Suarez***  
***Chief Executive, Cheshire East Council***

### 2. Introduction and Background

- 2.1. Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account. Cheshire East Council is committed to embedding and achieving a robust set of corporate governance arrangements. The Council is managed within arrangements set out in its Constitution. The Constitution outlines how the Council operates, how decisions are made and what procedures need to be followed to ensure it is efficient, transparent and accountable to its residents and stakeholders.
- 2.2. Like much of the public sector the Council continues to face on-going and unprecedented financial and service delivery challenges. Difficult choices have been, and will continue to be made to remodel and redesign services that meet the needs of the Cheshire East residents.
- 2.3. However, this process is not without risks to the Council and all changes will need to be managed in a structured and co-ordinated manner. Having a focus on governance issues, including processes for review and challenge within the Council will help it to manage risk and make better decisions.
- 2.4. The Council maintains its commitment to a strategic commissioning approach. An ambitious but measured approach has been taken to achieving the Council's aims whilst effectively dealing with the challenges of public sector budget reductions. At the Council meeting in February 2016, the new Leader launched a new Corporate Plan, 2016-20 which strengthened the desire to continue to Put Residents First
- 2.5. Against this background the Council has continued to improve its financial and operational performance for its residents and businesses during 2015/16. The resilience and financial health of the Council remains strong, notwithstanding the governance issues the Council recognises as arising in relation to CoSocius and the awarding of Contracts re CoreFit.
- 2.6. Like all local authorities, this Council continues to be affected by reductions in Central Government funding. Whilst the Council has discretion to increase local taxes, it has not done so now for five consecutive years as it strives to play a key part in public sector reform and developing the economy in Cheshire and the wider area with our partners.
- 2.7. Increased demand for services in key areas such as Adult Social Care, and more Children in Care, together with a change in government policy to reduce grant levels further than expected, with the assumption that Council Tax would increase to compensate, led to the Council agreeing to a 3.75% increase in Council Tax for 2016/17.
- 2.8. 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 important to note that total spending per head of population is below average compared to the nearest neighbours. This is an important indicator in demonstrating the effective targeted use of resources and value for money (VFM) provided by Cheshire East Council.
- 2.9. 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, for the delivery of good quality and value for money services. While there may be isolated exceptions, we can be 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

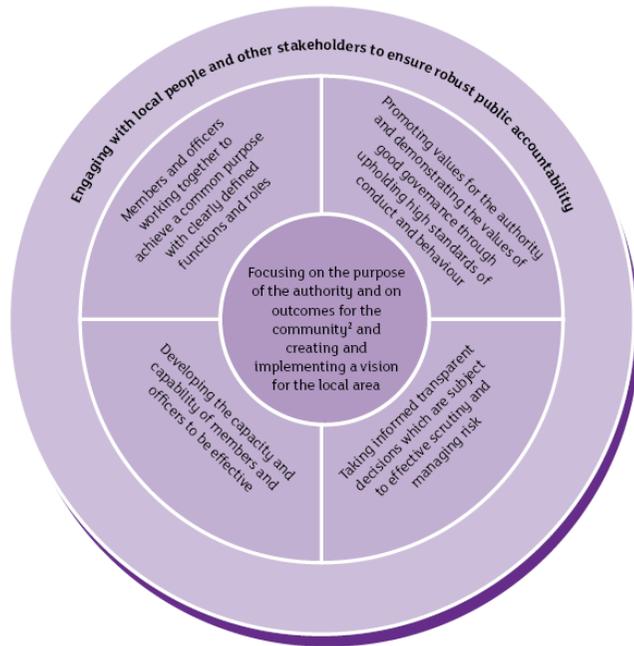
#### Scope of Responsibility

- 3.1. 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. 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** outlined below and summarised in Figure 1.
1. *Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas.*
  2. *Members and officers working together to achieve a common purpose with clearly defined functions and roles.*
  3. *Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.*

4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.*
5. *Developing the capacity and capability of members and officers to be effective.*
6. *Engaging with local people and other stakeholders to ensure robust public accountability.*

- 3.4. This statement explains how the Council:
- has complied with the Code; and
  - meets the requirements of regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.
- 3.5. The draft AGS will be reported to the Council's Audit & Governance Committee on 30<sup>th</sup> June 2016. The final document will be considered and approved by the Audit and Governance Committee on 29<sup>th</sup> September 2016, prior to being signed by the Leader and Chief Executive. It will then be published alongside the 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 improvements required, action is planned to ensure effective governance in future.
- 3.6. In April 2016, CIPFA published a new Governance Framework for Local Government, defining the principles which should underpin the governance of local government organisations. Within 2016/17 it will be necessary for the Council to review its existing governance arrangements, updating its local Code of Corporate Governance as necessary. The 2016/17 AGS will be prepared with regard to the updated Framework.

Figure 1: Summary of the CIPFA/SOLACE Framework Principles



**The Purpose of the Governance Framework**

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

**The 2015/16 Governance Framework**

- 3.9. The Governance Framework shown in **Appendix 1**, and described in this section has been in place for the year ended 31<sup>st</sup> March 2016 and is anticipated to be in place up to the date of the approval of the AGS and Statement of Accounts on 29<sup>th</sup> September 2016.
- 3.10. Six Overview and Scrutiny Committees were introduced during the 2014/15 financial year. The Committees met in this format, aligned with strategic outcomes during 2015/16.
- 3.11. The statutory requirements for Scrutiny Committees were fulfilled as follows; the Communities Overview and Scrutiny Committee was designated for Community Safety. Health Scrutiny issues have been addressed through the Health and Adults Social Care Committee, and Flood Risk Management has been considered by the New Service Delivery Vehicles and Environment Committee. Corporate Scrutiny has an additional role in co-ordinating the overarching scrutiny work programme.
- 3.12. An annual report on the overall Scrutiny and Overview Committee work programme 2015/16 is due to be considered by Council in July 2016. To ensure that scrutiny arrangements continue to be fit for purpose, a review has been proposed for 2016/17.

- 3.13. The Council has a number of wholly owned companies, which operate under the holding company of Cheshire East Residents First Limited (CERF Ltd) this came into being on 1 April 2015, following operation in shadow form during 2014/15. The following have been in operation during 2015/16;
- Orbitas
  - Ansa
  - Transport Service Solutions Ltd.
  - Civicance
  - Engine of the North
  - Tatton Enterprises Limited
- 3.14. The Skills and Growth Company was launched as the most recent company on 1<sup>st</sup> April 2016.
- 3.15. The companies focus on putting the residents of Cheshire East first, in providing high quality “best fit” services, whilst moving towards a more commercially focused approach that maximises value for money.
- 3.16. The Council has continued to develop and embed structures, systems, processes and supporting arrangements to ensure that these key relationships are well governed.
- 3.17. The Council’s formal arrangements for the management of performance, finance, programmes and contracts contribute to the upholding of key elements of governance arrangements within these providers. For example, the Council receives quarterly performance monitoring reports from its alternative service delivery vehicles (ASDVs), which are subject to the same scrutiny as in house services.
- 3.18. Relationships are supported by Client Managers and service specific support, such as Finance. Some support services are provided to the ASDVs by the Council at agreed rates; an arrangement which maintains financial robustness and meets statutory reporting requirements.
- 3.19. The CERF board met 4 times in 2015/16. Meetings are attended by the Chairs and Directors of the Board, along with Chairs and Directors of the subsidiary companies. Presentations on the financial and operational performance of each company are received. CERF Ltd also provides the opportunity for the consideration of mutual learning points, collaboration between companies, and the further development of CERF Ltd as “critical friend”.
- 3.20. CERF Ltd has identified a vision to guide future developments; “To contribute to the Council’s Residents First values through encouraging and supporting the ASDVs in maintaining, improving and growing their businesses in a sustainable manner, and to deliver robust and transparent governance to ensure accountability and compliance with the established governance framework.”
- 3.21. From 1<sup>st</sup> May 2014 CoSocius Ltd delivered ICT and Transactional Services as a limited company jointly owned by Cheshire East Council and Cheshire West and Chester Council. In October 2015, the Shared Services Joint Committee made the recommendation to disaggregate the activities delivered by the company, a decision endorsed by the Executive arrangements of both Councils.
- 3.22. From 1<sup>st</sup> April 2016, the functions reverted to being delivered as in house Council Shared Services. Full business continuity was maintained during the period of transition, despite the challenging timescale.
- 3.23. Following the May 2015 elections, there was no overall change in the Administration of Cheshire East Council, and no changes to the Committee structure.

3.24. Following the resignation of Cllr Michael Jones Cllr Rachel Bailey was elected as Leader of the Council at the 25<sup>th</sup> February Council meeting.

#### 4. Review of Effectiveness

4.1. The Council undertakes an annual review of its governance arrangements co-ordinated by the Corporate Assurance Group. This process is informed by a range of sources. The various sources of assurance which inform the annual review are shown in Figure 2.

4.2. 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, Partnership Governance Reviews 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 of the Council also provide assurance which is considered in preparing the Statement.

4.3. The Chief Executive, Executive Directors and Statutory Officers meet weekly as the Management Group Board (MGB), receiving assurance

reports and updates from across the Council. MGB is supported by service/departmental management team meetings, and a number of cross functional officer, and officer/member groups; the Corporate Assurance Group, Procurement Board, Executive Monitoring Board, Technical Enabler Group, Information Governance Group and Risk Management Sub Group. The reporting lines between these and relevant Committees are shown in the diagram in Appendix 1.

4.4. Service delivery priorities are monitored through a performance management framework, discussed on a monthly basis at Management Group Board and taken to Cabinet each quarter. The content of the reports demonstrates 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 excellence in service delivery, as well as monitoring areas requiring improvement.

4.5. Project activity is governed through the Executive Monitoring Board. The Council's Finance Procedure Rules will always apply should changes in spending requirements be identified.

4.6. During 2015/16 the Council's Transparency Project made significant progress in ensuring compliance with the Government's Transparency Agenda. A cross-party Working Group on Transparency was established, which oversees the Council's efforts to be open, honest and accountable to residents.

4.7. The Transparency Agenda is a collection of initiatives from central government, the Information Commissioner and various other groups. It is based on the premise that good open data informs good decision making – saving money and effort, connecting with residents, improving services, policy and operations, enabling better cross-service collaboration, developing local businesses and driving economic growth. The Council aims to be 'open by default' and is an Open Data 'Champion'.

- 4.8. The Protection of Freedoms Act 2013 and the Information Commissioner’s Publication Scheme require public authorities to publish certain datasets in certain formats. The Local Government Transparency Code 2015, issued by the Department for Communities and Local Government (DCLG), includes additional requirements for information to be published by Local Authorities.
- 4.9. The Council is already publishing over and above all mandatory requirements and has invested in a new data portal “Socrata” to facilitate the publication of information and ensure easy accessibility for the public. Further areas for publication are being sought, and a Freedom of Information (FoI) Disclosure Log will go live in September 2016, containing all FoI requests received and responses issued by the Council.
- 4.10. 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 2015/16 and is as follows:

**Internal Audit Opinion**

*The Council’s framework of risk management, control and governance is assessed as adequate for 2015/16*

- 4.11. The Internal Audit Annual Report for 2015/16 has been prepared by the Council’s Principal Auditors. This is due to the absence of the Corporate Manager Governance and Audit who undertakes the role of the Head of Internal Audit, since early April 2016 and the death of the Audit Manager in January 2016. Final sign off for the report and the opinion has been provided by the Director of Legal Services who has line management responsibility for Internal Audit.
- 4.12. Advice and guidance on how to proceed in these unusual circumstances has been sought from the Council’s independent

External Auditors, and from CIPFA’s Better Governance Forum advisor, who have supported this approach.

- 4.13. The Chief Operating Officer as the Council’s Section 151 Officer is responsible for ensuring the Council has a sound system of internal control, and has reviewed this statement together with the more detailed assessments that support its conclusions. He endorses the Internal Auditor’s annual opinion on the Council’s control environment.
- 4.14. A review of the Council’s risk management arrangements was undertaken in 2014-15. The outcome of the review, with improvement actions, was reported to the Audit and Governance Committee in January 2015. A new draft risk management policy and strategy were endorsed by the Audit and Governance Committee in December 2015, and then approved by Cabinet 9 February 2016.
- 4.15. A summary of the progress of the risk management work undertaken against actions agreed in the strategy is being reported to the Audit and Governance Committee in June 2016. Progress reported includes
- Creation and meeting of a risk sub group of the Corporate Assurance Group
  - Sub group has begun to complete/review service risk registers, highlighting risks for inclusion on the corporate risk register
  - Inclusion of risk as a standing item on the Directors challenge sessions, which now include finance, risk and performance
  - Work has started on aligning corporate risks with corporate plan outcomes; an updated corporate risk register to be brought to September 2016 Audit and Governance Committee.
  - Implementation of the new policy and strategy will continue into 2016/17.

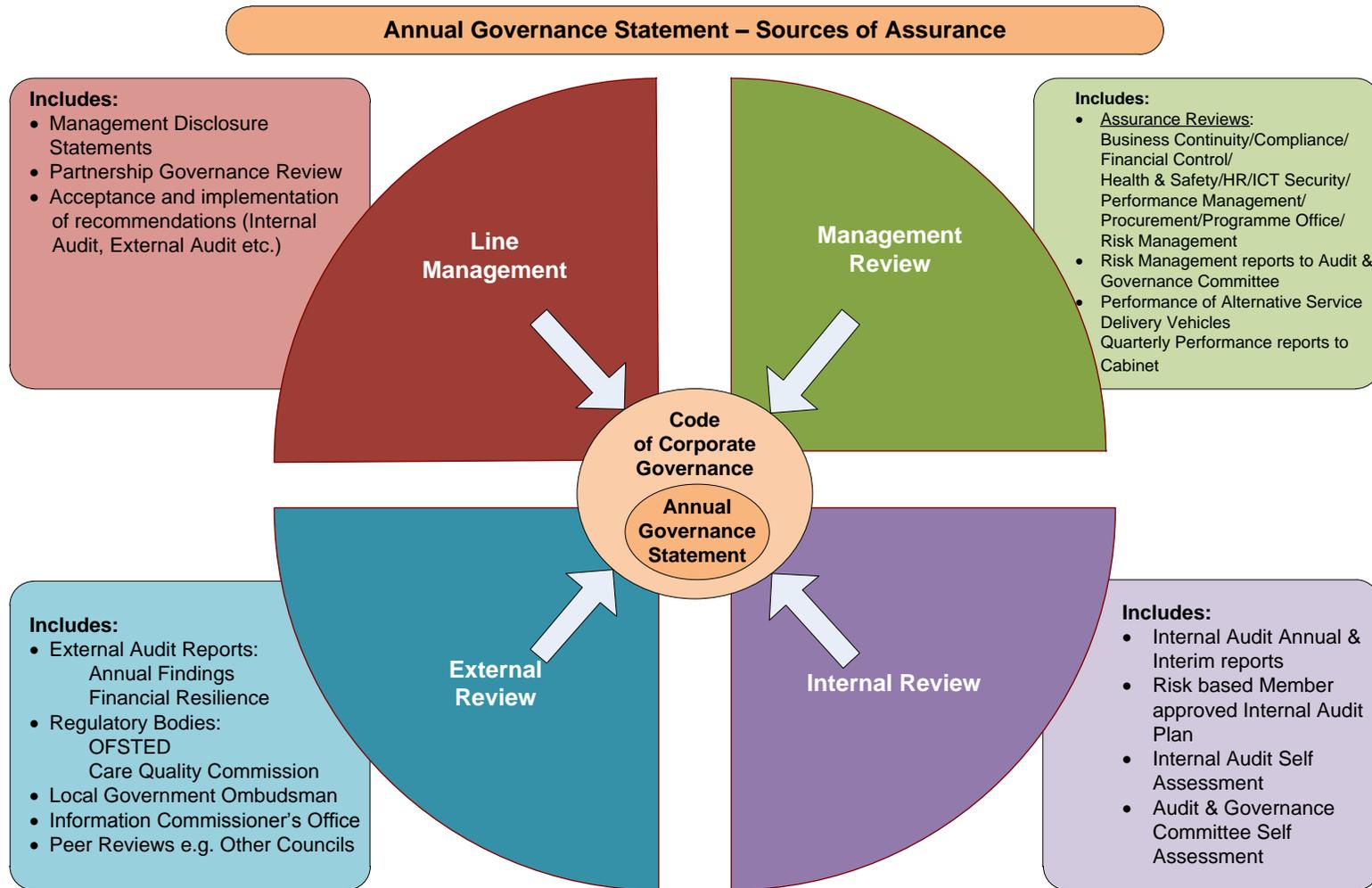
- 4.16. Monitoring of the Annual Governance Statement is undertaken by the Corporate Assurance Group, with update reports being taken to the Management Group Board and the Audit and Governance Committee.
- 4.17. A review of the Council's Constitution has been undertaken by the Constitution Member Working Group. The Council's Constitution has been in place since the Council's inception in 2009, and the proposals of the working group were designed to improve the process of decision making across a number of areas. Their proposals and amendments were considered by the Constitution Committee on 15<sup>th</sup> September 2015, before being approved at Council on 22<sup>nd</sup> October 2015.
- 4.18. Recommendations were also proposed by the Constitution Member Working Group with regard to increasing the Council's efforts to being more open. These were received and approved at the Constitution Committee on 18<sup>th</sup> February 2016, with endorsement of the creation of job descriptions for Committee Chairs by Council on 26<sup>th</sup> February. Other proposals, which will be implemented over the 2016/17 year include;
- Audio recording of Committee Meetings in order to assist with and improve the accuracy of minute taking.
  - Retrospective review by the Audit and Governance Committee agenda of all notices of waiver from Contract Procedure Rules and notice of non-adherence from March 2016
  - Reporting of all Local Government Ombudsman decisions to the Audit and Governance Committee, subject to the possible legislative requirements for some decisions to be considered at Cabinet or full Council, and with due regard to the LGO's protocols in the timing of decisions being published.
- 4.19. Internal Audit's self-assessment against the Public Sector Internal Audit Standards (PSIAS) shows that although there areas for improvement, the service is being delivered to the required standard. Areas for further improvement are documented in an action plan, which will be shared with the Audit and Governance Committee in September 2016 as part of the review process for agreeing the Final AGS.
- 4.20. The External Audit Findings Report for 2014/15 was presented to the Audit and Governance Committee on 24<sup>th</sup> September 2015, reflecting the prepared accounts represented a true and fair view, that the accounts had been well prepared; no adjustments had impacted upon Council reserves, there were no unadjusted misstatements for Members to consider and an unqualified opinion was given in respect of both the statement of accounts and the value for money opinion.
- 4.21. The action plan set out two recommendations in respect of personal declaration forms and the on the IT control environment; this was an unprecedented low number of recommendations for the Council.
- 4.22. The Council is due to receive the opinion from its External Auditors on the Statement of Accounts and Value for Money for 2015/16, in September 2016.
- 4.23. 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.
- 4.24. In July 2015 Ofsted inspected Cheshire East Council in relation to the provision of services for children in need of help and protection, looked after children and care leavers in Cheshire East and the review of the effectiveness of the Local Safeguarding Children Board. The overall judgement from the inspection was that Cheshire East [required improvement](#) to ensure that it was providing good services in the

areas in question. However, the significant improvements and progress made since the previous inspection, in April 2013, where arrangements had been judged as inadequate, had been recognised and noted by the inspectorate.

- 4.25. The scale of improvement is considerable, and it should be noted that Ofsted published a new single inspection framework between the two inspections, in September 2013, which was designed to “raise the bar”; with the former “good” outcome becoming the new expected standard. Former “adequate” ratings are now judged as “requires improvement”.
- 4.26. In March 2016, Ofsted inspected the Pupil Referral Unit which was rated as “Requires Improvement”. An action plan is in place to progress the actions identified in the report, and this is subject to monitoring by the Council and the School’s Governing Body. The Unit is in the process of transferring to an Academy.
- 4.27. During 2015/16 the Care Quality Commission reviewed services provided at a Supported Living Network, a Community Support Centre and Cheshire East Short Breaks provision, all of which received “Good” assessments.
- 4.28. Where customers are unhappy with the way in which the Council has handled their complaint, they can refer the issue to the Local Government Ombudsman (LGO). The Audit and Governance Committee received a report on 2014/15 activity and trends to their September 2015 meeting. An annual letter and annual review of 2015/16 activity is due to be received from the LGO in July 2016, which will inform the preparation of the next report to Committee. As referred to in paragraph 4.8, consideration is being given as to how best to share details of individual cases with the Committee.
- 4.29. Decision notices published in 2015/16 have been reviewed as part of drawing together the Statement. In instances where the Council is found to be at fault, a plan of actions is agreed. Progress against the implementation is monitored internally by the Customer Relations Compliance Senior Officer, with issues being escalated to Senior Management and Management Group Board as necessary. The LGO will also follow up on implementation actions agreed.
- 4.30. Whilst final figures for 2015/16 from the LGO have not yet been received, internal calculations based on best available information suggest a reduction in the number of decision notices received from the previous year; 90 in 2014/15, 73 in 2015/16, and a significant reduction in the number upheld and fault found; 21 in 2014/15 and 9 in 2015/16.
- 4.31. Against the total number of complaints recorded by the Council in 2015/16 (1,565), this indicates about 5% of complaints received as being progressed to the LGO, and a decision notice being issued, and 0.5% as being progressed to the LGO and fault being found.
- 4.32. These figures will be updated on receipt of the LGO review, the Final AGS adjusted accordingly, and an update report will be taken to Audit and Governance Committee.
- 4.33. 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.
- 4.34. The Committee met on five occasions during 2015/16, and received or approved a diverse range of reports and assurances, including;
- approval of the Internal Audit Plan and subsequent progress reports,

- the Committee’s Annual report,
  - the External Audit Plan and progress reports,
  - updates on Risk Management, Treasury Management, Corporate Governance, Counter Fraud and Whistleblowing arrangements.
  - annual reports on Customer Feedback (Complaints, Compliments and the Local Government Ombudsmen),
  - a review of Standards arrangements for dealing with Code of Conduct Complaints and an annual update on complaints received under the Code.
- 4.35. A new Chair (Cllr Lesley Smetham) and Vice Chair (Cllr David Marren) were appointed following the May 2015 elections. The Audit & Governance Committee’s draft self-assessment against the CIPFA guidance will be discussed and finalised at the June 2016 meeting.
- 4.36. In the 2015/16 draft self-assessment, the Committee has assessed itself as partially compliant against more areas than the previous assessment. Actions required to ensure the Committee increases compliance have been identified. The Committee has assessed and evaluated itself as being more effective overall than in the previous assessment.
- 4.37. The 2014/15 Annual Governance Statement was approved at the September 2015 meeting of the Audit and Governance Committee, following independent assessment by the External Auditors. The Statement was signed by the Leader of the Council and the Chief Executive and published on the Council’s website.
- 4.38. Monitoring of issues raised through the Annual Governance Statement is an ongoing process. Actions are updated on a regular basis, subject to discussion at Corporate Assurance Group meetings, and reported upon to the Audit and Governance Committee.
- 4.39. An update on progress made in managing issues raised in the 2014/15 Statement was taken to the Audit and Governance Committee meeting in December 2015. The Committee agreed that a number of the issues previously reported on in the Statement would be removed, and monitored through local management arrangements.
- 4.40. **Table 1** below sets out the progress made in managing issues raised as “requiring further attention” in previous Statements, that the Council has been proactively monitoring. **Tables 2** and **3** address issues arising in 2015/16 and issues which will continue to challenge the Council’s governance arrangements.
- 4.41. A more detailed assessment against the individual principles set out in the Council’s Code of Corporate Governance is reported on in Appendix 2.

Figure 2: Where our assurance for the effectiveness of our governance arrangements comes from



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4.42. The table below sets out the progress made against the issues identified previous Annual Governance Statements. This includes;

- Items included in the 2013/14 Annual Governance Statement, which were not identified as significant governance issues, but required further attention during 2014/15. (Shown with ◆)
- Emerging issues identified in the 2013/14 Annual Governance Statement which required further attention and monitoring to ensure they did not become significant governance issues (Shown with □)
- Specific issues arising identified in the 2014/15 Annual Governance Statement as needing action and monitoring by the Council to ensure that they do not become significant governance issues (Shown with ○)

4.43. Progress on managing and monitoring the discrete actions identified to manage and resolve these issues has previously been reported upon in updates to Audit and Governance Committee, most recently in December 2015 and are not repeated here. An update on progress since the December update is provided.

4.44. Although they have been identified in previous Statements, the issues of “Council Funding” and “Health and Social Care Integration” have been included as continuing areas of concern issues for 2015/16 in **Table 3**. This is to recognise the continuing and increasing significance of these two specific areas, at national and local levels.

**Table 1 – Progress against issues identified in previous Annual Governance Statements**

	Description of Issue	Responsibility	Proposed Action <i>This is the action initially proposed when the issue was first reported</i>	Progress update for Draft AGS 2015-16
◆	<p><b>Business Continuity Planning</b> <i>(Principle 1)</i></p> <p>Current and tested business continuity plans are not consistently in place across all service areas.</p>	Corporate Manager Governance and Audit	Develop Business Continuity Planning to ensure service delivery in the event of business disruption.	<p>Heads of Service were asked to identify their business critical activities. The responses have been reviewed to ensure that there are no significant gaps.</p> <p>Due to continuing austerity as the Council services are reorganised over 2016, all services remain under review.</p> <p>Guidance documents have been developed and are being cross checked against national best practice prior to implementation across services.</p>
◆	<p><b>Local Economic Partnerships</b> <i>(Principle 1)</i></p>	Director of Economic Growth	Governance arrangements need to be developed that are sufficiently “future	<b>Accountable Body Operational Management:</b> Council Officers from Economic Growth and Prosperity, Finance,

## DRAFT Cheshire East Council – Annual Governance Statement 2015/16

Description of Issue	Responsibility	Proposed Action <i>This is the action initially proposed when the issue was first reported</i>	Progress update for Draft AGS 2015-16
Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Economic Partnership (LEP) are out of date.	and Prosperity and Chief Operating Officer	proofed” to accommodate further anticipated changes to the role of the LEP and its sub groups and the Council’s relationship with it.	<p>Legal and Audit have held several working group meetings to discuss the touch points with the LEP to manage the operational aspects of its Accountable Body Function, and working relationships amongst council functions. The relationship between the Council’s Accountable Body duties and the additional duties imposed on Council when the Council is in receipt of LEP funds, particularly finance, have also been considered.</p> <p>Further Actions :</p> <ul style="list-style-type: none"> <li>• Internal working group meetings continue to be held on a regular basis to share knowledge and learning</li> <li>• The Council establishes regular service review meetings with the LEP team</li> <li>• Protocols are put in place to differentiate between the Council as Accountable Body and the Council as the recipient of LEP funds</li> </ul> <p><b>Accountable Body Strategic Governance:</b> The Council’s COO sits on the LEP’s Performance and Investment Committee where relevant matters associated with the Accountable Role are discussed.</p> <p>Further Actions :</p> <ul style="list-style-type: none"> <li>• The COO continues to sit on the Performance and Investment committee offering critical challenge as the Accountable Body.</li> <li>• Relational governance is established the AC operational group and the COO</li> </ul> <p><b>Other Governance Relationships:</b> The Council sits on various boards and committees associated with the business and functional delivery of the</p>

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	<b>Description of Issue</b>	<b>Responsibility</b>	<b>Proposed Action</b> <i>This is the action initially proposed when the issue was first reported</i>	<b>Progress update for Draft AGS 2015-16</b>
				<p>LEP. Typically, officers with the most relevant experience and knowledge sit on technical boards and there is further political representation on the LEP board by the Leader.</p> <p>Further Actions:</p> <ul style="list-style-type: none"> <li>• MGB receives an update paper communicating governance arrangements of the LEP, which the Council participates in.</li> </ul>
<input type="checkbox"/>	<p><b>Project Management (Principle 4)</b></p> <p>The Council has a significant number of key projects currently in implementation and planned for the future. These include</p> <ul style="list-style-type: none"> <li>• ambitious economic regeneration plans; and</li> <li>• ongoing commissioning reviews leading to new improved service delivery arrangements.</li> </ul> <p>The Council is aware that if any of these are not delivered as planned it could result in aspects of service failure for residents, reputational issues or increased financial pressure.</p>	<p>Chief Operating Officer</p>	<p>The Council’s revised project and programme management approach is now an established part of the governance framework. Through its member led Executive Monitoring Board (EMB), all major change programmes and projects are subject to scrutiny and challenge at both development and delivery stage. The Council’s new scrutiny committees also have an overview and help to highlight any issues and mitigate this risk.</p>	<p>The Executive Monitoring Board (EMB) revised and updated its Terms of Reference and membership in January 2016, putting scrutiny and oversight of ongoing project progress at the very centre of its working programme.</p> <p>An improved monthly highlight reporting process for projects was implemented in February 2016. Co-produced with the Cheshire &amp; Warrington Local Enterprise Partnership, this gives greater visibility and control on all projects from inception through to realisation of benefits.</p> <p>The Commissioning Timeline also enables these projects to be monitored alongside other related activities (e.g. contracts, consultations, budget changes etc.) and this has been approved in principle by the Chief Executive, Deputy Chief Executive and Chief Operating Officer. This is now a central part of the monthly EMB agenda, and to support this a new ‘Project Health Check’ process was introduced by EMB in May 2016.</p> <p>All lessons learnt from 21 previous project closure reports have been summarised and reported to Management Group Board and informal Cabinet and this report is published on the internal intranet.</p>

## DRAFT Cheshire East Council – Annual Governance Statement 2015/16

	Description of Issue	Responsibility	Proposed Action <i>This is the action initially proposed when the issue was first reported</i>	Progress update for Draft AGS 2015-16
□	<p><b>New Service Delivery Models</b> (Principle 3)</p> <p>The Council launched four new service delivery vehicles in April and May 2014. Service areas transferred to these new companies were initially completed on a 'lift' and 'shift' basis to maintain existing arrangements. Further work is now being done to ensure that the Council maximises the benefit of these new arrangements.</p> <p>Two new vehicles were launched in early 2015: Transport Service Solutions Ltd (1st January 2015) and Civacance (1st April 2015)</p>	Chief Operating Officer	Senior Officers to 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 commissioning plans and new contracts – and the benefit to residents – are fully achieved.	<p>With the exception of CoSocius, all of the ASDV companies returned positive outturns in their pre-audited financial statements.</p> <p>All the individual companies have Management Boards meeting regularly to discuss objectives and the performance of the companies.</p> <p>The Chairs and Managing Directors of companies regularly attend the holding company, CERF Ltd, to discuss and challenge performance, share and resolve issues, and seek ways to maximise benefit for the residents of Cheshire East.</p>
○	<p><b>Information Governance</b> (Principle 3)</p> <p>Effective information governance practices are critical in an organisation like the Council which deals with significant amounts of personal and sensitive information every day. They ensure that data is handled in accordance with the relevant legislation, as well as</p>	Chief Operating Officer	<p>Continue to raise awareness about good information management practices across Service Management Teams, and general awareness amongst all Council staff and Members. Staff Induction, team meetings and personal development reviews will also be used to promote awareness and engagement.</p> <p>The adoption and validation of the Council's Information Asset Register with individual services will improve understanding of data held, as well as clarifying ownership of data</p>	<p>The SEEDS training has been launched in Children's Services and will be rolled out across the organisation on a phased basis.</p> <p>Data Protection and Freedom of Information training has been added to the corporate training agenda for this year; Six half day sessions, 3 on Data Protection and 3 on Freedom of Information are being delivered by an external training provider to officers across the Council.</p> <p>The Information Asset Register will continue to be updated and has a direct connection to the Electronic Document and</p>

## DRAFT Cheshire East Council – Annual Governance Statement 2015/16

Description of Issue	Responsibility	Proposed Action <i>This is the action initially proposed when the issue was first reported</i>	Progress update for Draft AGS 2015-16
<p>providing accurate and available information for decision making purposes.</p> <p>Within Cheshire East Council, the Chief Operating Officer is the Senior Information Risk Owner (SIRO), and the Corporate Manager ICT is the Deputy SIRO. The Deputy SIRO chairs the Information Governance group (formerly called the SIRO working group) which reports into the Corporate Assurance Group.</p> <p>The Information Governance Group has a programme of work which includes improving information management practices in the Council.</p> <p>Breaches of the Data Protection Act have been reported to the Information Commissioners Office (ICO) in year. The ICO findings have not resulted in fines; they have required additional actions to be undertaken, including training. These have been completed as required.</p> <p>The Council has formalised and</p>		<p>and associated roles and responsibilities.</p> <p>A training programme targeting information governance is in development and will be released across the Council in a phased manner during 2015. This aims to improve understanding of personal and corporate responsibilities in relation to data handling.</p>	<p>Records Management System (EDRMS) project adopting SharePoint as the Council's corporate electronic document records management system.</p> <p>This includes scanning all archived Children's, Adults and Highways paper records, and meeting compliance standards by adopting records retention schedules and classification metadata.</p> <p>The Data Protection Act 1998 will be replaced by the EU General Data Protection Regulation in May 2018. Work is underway to identify the key changes in the legislation and to determine what needs to be done to ensure CEC compliance with the new regulation.</p> <p>The Information Governance Group met regularly throughout 2015/16, managing a programme of proactive improvement and responding to reported data related incidents, providing updates to the SIRO, Corporate Assurance Group, and Management Group Board.</p>

**DRAFT Cheshire East Council – Annual Governance Statement 2015/16**

	<b>Description of Issue</b>	<b>Responsibility</b>	<b>Proposed Action</b> <i>This is the action initially proposed when the issue was first reported</i>	<b>Progress update for Draft AGS 2015-16</b>
	<p>communicated an incident breach reporting process, and recognises that there is a need to improve compliance with information governance best practices.</p> <p>There have been regular Council wide communications reminding staff of the importance of good information management practices, and these have been supported by improved internal guidance on the Council's intranet pages.</p>			

**5. Governance Issues 2015/16**

- 5.1. **Table 2** below sets out governance issues the Council recognises as arising during 2015/16. 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 action and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Assurance Group during 2016/17, and reported on to Management Group Board and Audit and Governance Committee.
- 5.2. The Council is recognising these issues in the Statement for clarity and transparency. Whilst there has been considerable additional resource required to manage the resolution and management of both issues, neither has resulted in the Council diverting from, or failing in the delivery of its strategic priorities.
- 5.3. **Table 3** recognises two issues which will continue to test the Council, reflecting the continued pace of change and significant fiscal challenge. This will challenge everyone in the way services are delivered across the whole Council and will demand innovative and increasingly agile responses with less and less money.

**Table 2 - Governance Issues arising in 2015/16**

Description	Actions	Responsibility
<p><b>Review of Contract Awards re Core Fit</b></p> <p>Following concerns raised about the awarding of contracts by the Council, the Council’s Internal Audit team were asked by the Chief Executive to consider the issues raised as part of an ongoing audit of the Council’s procurement arrangements. This work was underway in the third quarter of 2015/16. However, in late December 2015, following the launch of a police investigation by Cheshire Constabulary regarding alleged misconduct in public office, the internal audit work was suspended, pending the outcome of the police investigations which is ongoing at this time. The internal audit work will continue once the police investigation concludes.</p>	<p>A number of improvements increasing the transparency of the Council’s procurement arrangements have already been made. For example;</p> <ul style="list-style-type: none"> <li>• Waivers and Records of Non Adherence (WARN) forms are reported individually and in full to the Audit and Governance Committee.</li> <li>• The Audit and Governance Committee receive reports on the quantity and reasons for Waiver’s and Non Adherences (WARNs) approved.</li> <li>• The Council has both introduced and strengthened the operation of the Procurement Board, with membership of the Council’s Portfolio Holder for Corporate Policy and Legal Services.</li> <li>• The Audit and Governance Committee Anti-fraud Member/Officer Sub Group carries out sample checking on</li> </ul>	<p>Chief Operating Officer</p>

	<p>procurement activity ahead of each meeting and reports back on any non-compliance issues; there have been none found to date.</p> <ul style="list-style-type: none"> <li>• The Council has developed its Contracts Register to allow an earlier assessment of those services/functions that need to be re-commissioned.</li> <li>• The Procurement Team have reduced the threshold to £5,000 for requisitions that have to be approved, in order to prevent procurement activity being undertaken without appropriate approvals.</li> <li>• A £5,000 expenditure report is run monthly and sent to MGB members to scrutinise. From this a sample of transactions are selected and managers asked to provide details of budgetary controls applied.</li> <li>• National reporting requirements include £500 spend report which is completed monthly. Contracts awarded over £5,000 to be reported quarterly. Invitation to tenders and quotes above £5,000 to be reported quarterly.</li> </ul>	
<p><b>Closure of CoSocius Ltd and return to delivery via shared arrangements</b></p> <p>From 1<sup>st</sup> May 2014 to 1<sup>st</sup> April 2016, CoSocius Ltd delivered ICT and Transactional Services as a limited company jointly owned by Cheshire East Council and Cheshire West and Chester Council. During that period, the Councils took the decision to disaggregate the company and from 1<sup>st</sup> April 2016, the functions reverted to being delivered as in house Council Shared Services.</p> <p>At a meeting of the Shared Services Joint Committee, held 2<sup>nd</sup> October 2015, the current operating position of CoSocius and the future delivery model for the services it provided was discussed.</p> <p>The Committee concluded that the original objectives for creating CoSocius were no longer sufficiently relevant given the current financial and technical environments, with the added background of sustained pressure on local government finances. It would therefore be timely to reconsider the most appropriate way to continue with service deliver.</p>	<p>At the October 2015 meeting, the Shared Service Joint Committee agreed to</p> <ul style="list-style-type: none"> <li>• CoSocius operation as a standalone and commercially focused company ceasing on 1<sup>st</sup> April 2016, with the termination of each Council's operating agreement with CoSocius with effect from 31st March 2016.</li> <li>• ICT and Transactional Services (HR and Finance) reverting to in-house delivered shared services, with the transfer of staff and contracts effective 1 April 2016.</li> <li>• Transactional Services to be delivered in a shared service hosted by Cheshire West and Chester Council. This includes HR/Payroll, Income, Payments and Finance and Reporting.</li> <li>• ICT Services to be delivered in a shared service hosted by</li> </ul>	<p>Chief Operating Officer</p>

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<p>The Shared Services Joint Committee approved a decision to begin a program of work to be undertaken to establish an alternative delivery model for the services being provided by CoSocius. This resulted in the return of those services to in-house provision through shared service arrangements.</p>	<p style="text-align: center;">Cheshire East Council. This includes Core ICT, Application Support and ICT Projects.</p> <p>The Committee agreed an initial 6 month transition period, during which time both shared services will progress actions identified to address financial pressures and restructure in order to achieve the agreed Target Operating Models for service delivery.</p> <p>Agreement was also given to a subsequent period for the delivery model, of up to 18 months, during which time consideration needs to be given to agreeing the most appropriate arrangements for service delivery.</p> <p>The reversion of services from CoSocius back to the two Councils occurred on time and with no significant disruption to service delivery. Progress on the transfer and operation of services will be reported to the Joint Officers Board and the Shared Services Joint Committee during 2016-17.</p>
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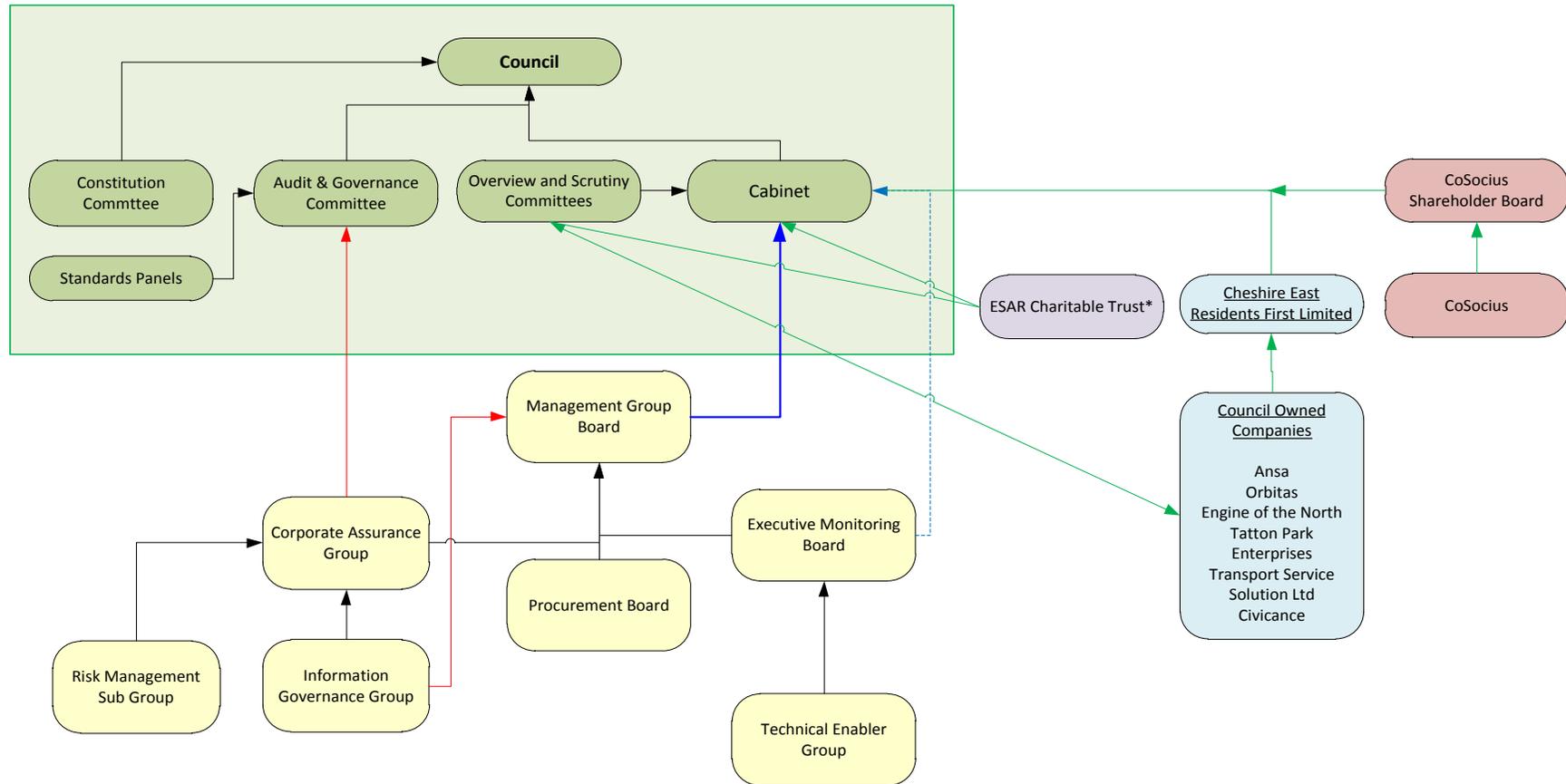
**Table 3 - Continuing Governance Issues**

Description	Actions	Responsibility
<p><b>Council Funding</b></p> <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 arise from changes to benefit administration, reductions in government grant and more schools becoming academies.</p> <p>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 Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>Senior accountants are fully engaging, with government and professional bodies (such as CIPFA, SCT, RSN &amp; 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</p>	<p>Chief Operating Officer</p>

	<p>discussed.</p> <p>Estimates have been developed with the Portfolio Holder, and Cabinet members, around the main funding sources. This includes Council Tax levels, tax base growth, potential Business Rates growth and the diminishing grant position. The revised Corporate Plan also introduces the Council’s commitment to developing a self-financing approach to achieving outcomes.</p> <p>The Council’s increasing level of collaboration with public sector partners, such as health services and neighbouring local authorities, is also subject to significant review and work is ongoing in line with CIPFA’s Aligned Public Services model.</p> <p>The best fit of service providers, also described in the Corporate Plan, remains a key element of the Council’s approach. Contract management, with its strong links to achieving outcomes, is also developing as a key feature of the Council’s control framework.</p>	
<p><b>Health and Social Care Integration</b></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 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 BCF Governance Group, overseen by Cheshire East’s Health and Wellbeing board continues to meet on a monthly basis to oversee the governance of the Cheshire East BCF.</p> <p>As at early June 16, feedback is expected from NHS England and the Association of Directors of Social Services (ADASS) regarding Cheshire East’s plans for BCF in 2016/17. The expected status is “approved with support”.</p> <p>At the time of submission, there are were areas requiring further work and attention including:</p> <ul style="list-style-type: none"> <li>• Final agreement for expenditure plans</li> <li>• Lack of a Delayed Transfers of Care (DToC ) plan for South Cheshire Clinical Commissioning Group</li> <li>• Assurance that DToC is a standing item on Systems Resilience Group agendas.</li> </ul>	<p>Director of Adult’s Social Care and Independent Living</p>

	<p>These areas will have to be addressed by the end of June 2016 to avoid escalation to national level of assurance.</p> <p>In April 2016 Mersey Internal Audit Agency published a report on the BCF arrangements in operation over 2015/16 which contained three key “medium” ranked recommendations;</p> <ul style="list-style-type: none"><li>• Failure to identify and effectively manage BCF risks</li><li>• CEC and CCG’s Programme Management Office approaches to the BCF are not co-ordinated.</li><li>• Poor Information Governance</li></ul> <p>These are being addressed and are on the BCF risk register.</p>	
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**Appendix 1: The Governance Framework in operation during 2015/16**



**Key:**

- Black lines denote normal Committee reporting lines
- Blue lines denote groups reporting to Cabinet
- Red lines denote groups reporting to Audit and Governance Committee
- Green lines denote the reporting for ASDV arrangements
- Dashed blue line denotes individual scheme reports to Cabinet via the PMO process
- \* Relationship between ESAR and the Council managed via the Contract.

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**Appendix 2** – The Council’s more detailed assessment against the six principles of good governance from the Council’s Code of Corporate Governance. Hyperlinks are provided for convenience, however web content can change without notice.

<b>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.</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
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, the Corporate Plan, 2016/2020, the updated Medium Term Financial Strategy 2016/19 (MTFS), the Business Planning Process 2016/19 and the Leader’s Announcements to Council during 2015/16.	Corporate Plan 2016/20, Medium Term Financial Strategy 2016/19 and Budget 2016/17 <a href="#">(Cabinet, 9<sup>th</sup> February 2016, Council, 25<sup>th</sup> February 2016)</a> Business Planning Process 2016/19 <a href="#">(Corporate Overview and Scrutiny Committee 9 July 2015)</a> Leader’s Announcements at Council (Council, <a href="#">27 May 2015</a> , <a href="#">23 July 2015</a> , <a href="#">22 October 2015</a> , <a href="#">17 December 2015</a> , <a href="#">25 February 2016</a> )
We have reviewed and restated the Council’s priorities for the local area and have reviewed, and continue to develop, the Council’s governance arrangements as we make the transition to operating as a strategic commissioning Council and delivering services in different ways.	Corporate Plan 2016/20 MTFS 2016/19 <a href="#">(Council, 25<sup>th</sup> February 2016)</a> Skills and Growth Company – ASDV <a href="#">(Cabinet, 21 July 2015)</a>
Service delivery priorities are monitored through a performance management framework, and are discussed on a monthly basis at Management Group Board and taken to Cabinet each quarter. The content of the reports demonstrates 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 excellence in service delivery, as well as monitoring areas requiring improvement.  Project activity is governed through the Executive Monitoring Board. The Council’s Finance Procedure Rules will always apply should changes in spending requirements be identified.	First Quarter <a href="#">(Cabinet, 29 September 2015)</a> Mid-Year Review of Performance <a href="#">(Cabinet, 10 November 2015)</a> Third Quarter Review of Performance <a href="#">(Cabinet, 9 February 2016)</a> Final Outturn Review of Performance (Due at Cabinet, July 2016)
The Council provided an updated “Value for Money” document for 2015. This was shared at all Members Finance briefings in December 2015 and February 2016 and are available on the Council’s website. The purpose of this document is to provide evidence and analysis for interested stakeholders, increasing transparency around the Council’s financial position.	<a href="#">Value for Money 2015</a>

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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>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.</p> <p>An annual report on the Treasury Management Strategy for 2016/17, incorporating the Minimum Revenue Provision Policy Statement, Investment Strategy and Prudential and Treasury Indicators 2016/19, required under Part 1 of the Local Government Act 2003 was approved by Audit and Governance Committee in December 2016.</p>	<p><a href="#">Treasury Management Strategy and MRP Statement 2016/17</a></p>
<p>Various parts of the Council 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.</p>	<p>The Council has 40 Twitter accounts, the most followed of which is @CheshireEast with around 11,100 followers. Other popular accounts are @CECRangers, @FISCheshireEast and @CECLibraries.</p>
<p>The "My Cheshire East" phone application launched in March 2015. This provides residents access to localised information, news, an interactive map and the ability to "Report it".</p> <p>The app has been downloaded 2,257 times so far.</p>	<p>My Cheshire East app</p>
<p>In January 2016, Cheshire East's Health and Wellbeing Board supported a recommendation to merge the Health and Wellbeing Strategy with the Sustainable Community Strategy. Both required refreshing, and merging offers the opportunity to have one key strategic focus for the future. A combined strategy offers the means of establishing a more effective "golden thread" through the Authority and signed up partners.</p>	<p><a href="#">Sustainable Community Strategy and Health and Wellbeing Strategy Refresh</a> (Cheshire East Health and Wellbeing Board 26 January 2016)</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>Whilst there was no change in overall administration of the Council following the May 2015 elections, there were a number of changes in Members elected to the Council. Members have been supported with induction by the Member Development Officers and a Member Training Programme is in development to reflect the needs of the current elected members.</p>	<p><a href="#">Cheshire East Councillors</a> <a href="#">Cheshire East Council – Political Representation</a> <a href="#">Cheshire East Council Election May 2015 - Results</a></p>

<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>
<p>A new Leader was appointed at the February 2016 Council meeting, along with the election of a Mayor and Deputy Mayor for the 2016/17 Civic Year. As with previous years, the political representation of Committees, and the individual Members appointed to them were agreed at the Annual Meeting of the Council.</p>	<p>Appointment of Leader, Mayor and Deputy Mayor (Council, 25 February 2016)  <a href="#">Political Representation on Committees</a>  <a href="#">Appointment of Members to Committees</a>                      (Annual Council, 11 May 2016)</p>
<p>The Chief Executive is responsible and accountable to the Council for all aspects of operational management.</p> <p>The Chief Executive, Executive Directors and Statutory Officers meet weekly as the Management Group Board (MGB), receiving assurance reports and updates from across the Council. MGB is supported by service/departmental management team meetings, and a number of cross functional officer, and officer/member groups; the Corporate Assurance Group, Procurement Board, Executive Monitoring Board, Technical Enabler Group, Information Governance Group and Risk Management Sub Group.</p>	<p><a href="#">Scheme of Delegation to Senior Officers - Constitution</a>  <a href="#">Corporate Leadership Structure</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 Council 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 governance arrangements for the Council’s Chief Operating Officer comply with the arrangements set out in CIPFA’s <a href="#">Statement on the Role of the Chief Financial Officer in Local Government (2010)</a> .</p>	<p><a href="#">Corporate Leadership Structure</a>                      Officers of the Council – Constitution  <a href="#">Scheme of Delegation to Senior Officers - Constitution</a>                      Statutory and Proper Officer Provisions - Constitution</p>
<p>The Head of Legal Services and Monitoring Officer is responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p> <p>Constitution Committee (Sept 2015) recommended to Council that the Head of Legal Services and Monitoring Officer be give delegated authority, in consultation with the Chair and Vice Chair of the Constitution Committee to make such changes to the Constitution as deemed necessary and which are in the Council’s interests and not major in nature; routine revisions, providing appropriate clarity, typographical and other drafting errors, reflecting new legislation and changes to structures and titles for example. This recommendation was approved by Council in October2015.</p>	<p><a href="#">Changes to the Council’s Constitution</a>                      (Constitution Committee, 17 September 2015, Council, 22 October 2015 )</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>
The Business Planning Process has been undertaken from May 2015 to February 2016. This has included consultation with statutory groups, including the Schools Forum and businesses, as well as other stakeholders. This included consultation with Trade Unions, Town and Parish Councils, and local Chambers of Commerce. The process culminated in the Medium Term Financial Strategy 2016/19 report, presented to Cabinet in February 2016.	<a href="#">Business Planning Process 2016/19</a> (Corporate Overview and Scrutiny Committee 9 July 2015) Medium Term Financial Strategy 2016/19 and Budget 2016/17 (Cabinet 9 February 2016, <a href="#">Council, 25<sup>th</sup> February 2016</a> )
The Medium Term Financial Strategy clearly identifies how resources will be matched against the delivery of priorities established in the Council’s Three Year Plan. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council’s Reserves Strategy.	Medium Term Financial Strategy 2016/19 (Cabinet, 9 February 2016) ( <a href="#">Council, 25 February 2016</a> )
Quarterly performance reports to Cabinet during 2015/16 covered a range of financial and non-financial performance indicators and activity updates, supporting the achievement of the Council’s five Residents First Outcomes, agreed in the current Three Year plan agreed February 2013.	First Quarter ( <a href="#">Cabinet, 29 September 2015</a> ) Mid-Year Review of Performance ( <a href="#">Cabinet, 10 November 2015</a> ) Third Quarter Review of Performance ( <a href="#">Cabinet, 9 February 2016</a> ) Final Outturn Review of Performance (Due at Cabinet, July 2016)
The Constitution includes a Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers.	Member/Officer Relations Protocol in Cheshire East Constitution
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 2015/16 agreed by Council on Council 26 <sup>th</sup> February 2015. The 2016/17 Statement, recommended to Council from Staffing Committee includes a number of changes from the previous statement; the introduction of a “Living Wage” ,inclusive salaries for a small number of the most senior managers and Chief Officer Remuneration.	<a href="#">Pay Policy Statement for 2015/16</a> (Council 26 <sup>th</sup> February 2015) <a href="#">Pay Policy Statement 2016/17</a> (Staffing Committee Council 25 February 2016)
During 2015/16, Cheshire East Council has worked closely with a variety of other delivery partners and stakeholders such as the Cheshire and Warrington Local Enterprise Partnership (LEP), Council controlled companies, and Health partners.	Partnership Governance Reviews <a href="#">Cheshire and Warrington Local Enterprise Partnership</a> <a href="#">Everybody Leisure Trust</a> CoSocius

<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>
Arrangements for collaborative working are addressed in the Council’s Constitution within the Finance Procedure Rules. The creation or participation in a separate legal entity, or acting as Accountable Body requires the prior agreement of the Chief Operating Officer and the Director of Legal Services.	<a href="#">Constitution – Finance Procedure Rules</a>
Shared Service Arrangements are monitored and managed by the Shared Service Joint Committee and Joint Officer Board Cheshire East Residents First oversees the performance of the alternative service delivery vehicles.	<a href="#">Committees</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 and protocols.  Minor amendments to the Code of Conduct for Employees were agreed at Constitution Committee in February 2016, to clarify requirements for staff in relation to the declaration of interests.	Members Code of Conduct and Officer Code of Conduct are included in the <a href="#">Council’s Constitution</a> .  Code of Conduct for Employees ( <a href="#">Constitution Committee, 18 February 2016</a> )
The Council uses the Code of Conduct, the Anti-Fraud and Corruption Policy and Whistleblowing Policy to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.  Audit and Governance Committee received an update on anti-fraud and corruption activity at the Council and approved a revised Anti-Fraud and Corruption Policy, which had been updated to reflect the requirements of CIPFA’s Code of Practice on Managing the Risk of Fraud and Corruption.	Code of Conduct Whistleblowing Policy  Anti-Fraud and Corruption Policy ( <a href="#">Audit and Governance Committee, 17 March 2016</a> )
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	There are no significant governance issues arising from this review.

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

<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
<p>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 Management Group Board.</p>	<p>The continuation of work to consolidate guidance for Business Continuity Planning has been recognised earlier in the Statement.</p>
<p>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 Update Report on 17th March 2016. This covered all complaints received under the Code from 1 September 2015 to end of February 2016.</p> <p>The report noted that under the revised procedure for dealing with standards complaints, adopted in July 2014, there had been an increase in the speed with which complaints were dealt with.</p>	<p>Members Code of Conduct: Standards Report  <a href="#">(Audit and Governance Committee, March 2016)</a></p>
<p>The Council’s performance in its obligations under the Data Protection Act (1988), and the freedom of Information Act (2000) including the Environmental Information Regulations, during 2015/16 was reported upon to the March 2016 Audit and Governance Committee.</p>	<p>Compliance with Data Protection Act 188, Freedom of Information Act (2000) and Environmental Information Regulations (2004)  <a href="#">(Audit and Governance Committee, March 2016)</a></p>

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

<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
<p>Project activity is governed through the Executive Monitoring Board and incorporated within the Constitution; Finance Procedure Rules. The Council’s Finance Procedure Rules will always apply should changes in spending requirements be identified.</p>	<p><a href="#">Finance Procedure Rules - Constitution</a></p>

<b>Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risks</b>	
<b>How we can demonstrate that Cheshire East Council meets this principle</b>	<b>Assurance Received and Issues Identified</b>
<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.</p> <p>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.</p> <p>Financial and legal implications of all key decisions are signed off by relevant senior officers.</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 the Principal Auditors concluded that, although there are areas for improvement, (included in a separate action plan); the internal audit service is being delivered to the required standard.</p>	<p>Internal Audit Annual Report 2015/16 (Audit and Governance Committee, 30 June 2016)</p>
<p>The Council has processes in place to enable Officers and Members to record and register pecuniary and non-pecuniary interests.</p> <p>Minor amendments to the Code of Conduct for Employees were agreed at Constitution Committee in February 2016, to clarify requirements for staff in relation to the declaration of interests.</p>	<p>Individual Member Register of Interests are published on the Council’s <a href="#">website</a></p> <p>Code of Conduct for Employees (<a href="#">Constitution Committee, 18 February 2016</a>)</p>
<p>The draft Audit &amp; Governance Committee’s self-assessment against the CIPFA guidance will be reported back to the Committee in June 2016.</p> <p>The Committee assessed as compliant or partially compliant against all area apart from one, which relates to an outstanding action from the 2014/15 assessment. In comparison to the previous assessment, there Committee has assessed itself as being more effective overall. Actions required to ensure the Committee becomes fully compliant are identified in the June 2016 Report</p>	<p>Audit &amp; Governance Committee Self-Assessment (Audit and Governance Committee, 30 June 2016)</p>
<p>The COO attends all MGB, 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 relevant Portfolio holders.</p>	<p>Cheshire East Council – <a href="#">Agendas, Minutes and Reports</a></p>
<p>Reserves strategy and forecasts are clearly set out in the Medium Term Financial Strategy (Annex 13) and are monitored through the quarterly Finance updates. Opportunities for strengthening the reserves position are routinely considered as part of the account closure</p>	<p>Medium Term Financial Strategy 2016/19 (<a href="#">Council, 25 February 2016</a>)</p>

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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
exercise.	
<p>The Council’s Whistleblowing Policy is available on its website and intranet site together with an email address. An article in the Council’s internal newsletter was placed to raise awareness during 2015/16.</p> <p>A report on the effectiveness of the Council’s whistleblowing arrangements and a breakdown of the number of reports received in 2015/16 will be reported to the June 2016 Audit and Governance Committee. The Policy remains compliant with best practice. There was a significant increase in the number of referrals received during 2015/16, due to several referrals relating to high profile procurement issues. The number of other referrals is consistent with those received in previous years.</p>	<p><a href="#">Whistleblowing – Council Website</a></p> <p>Whistleblowing Arrangements (Audit and Governance Committee, 30 June 2016)</p>
<p>We annually report on our compliance with the Regulation of Investigatory Powers (RIPA) Act 2000 to the Audit &amp; Governance Committee. The report explains the use of the legislation and the arrangements in place to ensure the Council is compliant.</p> <p>The Council has been re-inspected during May 2016; the outcome of the inspection is due shortly. The Statement will be updated to reflect the outcome and any actions required.</p>	<p>Compliance with the Regulation of Investigatory Powers Act (2000) (RIPA) (Audit and Governance Committee, <a href="#">19 March 2016</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>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 (Platinum Status) as well as the AAT and ACCA.</p>	
<p>The Constitution recognises the Council’s duty to provide the Monitoring Officer and Section 151 Office with such officers, accommodation and other resources as are in their opinion sufficient to allow their duties to be performed in their statutory roles.</p>	<p><a href="#">Chapter 11 - Constitution</a></p>
<p>All staff with access use the Oracle Performance Development module to carry out the performance 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.</p> <p>The ‘Towards Excellence’ Training Programme is a collection of training courses and</p>	<p>Performance Development Plans</p>

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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
development programmes offered to all staff in the Council. Opportunities are also available to participate in training and development courses for qualifications from “The Management Institute of Excellence”	
<p>29 new Members were elected to Cheshire East Council in May 2015. An induction programme was delivered for all new members which included a welcome address by the Chief Executive and covered the Member Code of Conduct, an introduction to Local Government finance, decision making processes and governance roles.</p> <p>In addition all new and returning Members were offered a programme of events which covered the role and responsibilities of the Council’s Committees; this training being mandatory for Members appointed to the Licensing, Planning, Audit and Governance Committees and the Appeals Panel.</p> <p>Throughout the rest of the year, the Member Development team applied a fluid and responsive approach to other Member training requirements, as a full review of the Member Training offer was being undertaken. The outcome of this review should be agreed by September 2016, and is expected to be implemented via a blended learning approach of e-learning material and direct Member briefing.</p>	<a href="#">Cheshire East Councillors</a>
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.	<a href="#">Constitution</a> <a href="#">Committee Terms of Reference.</a>
<p>The Council has an established apprenticeship scheme allowing young people to obtain varied work experience whilst training for qualifications. The Council employs apprentices working across the Council and it’s arms-length operating companies.</p> <p>Graduate internship opportunities are also offered by the Council, supported by the Council’s Workforce Development Team.</p>	<a href="#">CEC Apprenticeships</a> <a href="#">Working for Cheshire East</a>

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
The “Media Hub” part of the Council’s website draws together the latest news and information about the Council, and also provides information on ways of communicating with the Council. It includes links to press releases and the Council’s social media channels.	<a href="#">CEC – Media Hub</a>
Six Overview and Scrutiny Committees operated during 2015/16, with the Corporate	<a href="#">Corporate Overview and Scrutiny Committee</a>

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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>Overview and Scrutiny Committee, made up of the Chair and Vice Chair of the 5 Committee, leading on coordinating the overarching work programme. The statutory responsibilities of the Scrutiny Committees have all been fulfilled during 2015/16.</p> <p>An annual scrutiny report for 2015/16 is in production and due to be reported to Council in July 2016. The Leader announced a review of Overview and Scrutiny at the 25 February 2016 Council</p>	<p><a href="#">Jobs, Regeneration and Assets Overview and Scrutiny Committee</a></p> <p><a href="#">New Delivery Vehicles and Environment Overview and Scrutiny Committee</a></p> <p><a href="#">Health and Adults Social Care Overview and Scrutiny Committee</a></p> <p><a href="#">Children and Families Overview and Scrutiny Committee;</a></p> <p>and</p> <p><a href="#">Communities Overview and Scrutiny Committee</a></p>
<p>The Council is committed to openness and transparency. “Part 2” Meeting items are rare, and only if they absolutely cannot be discussed in any other way. Cabinet Meetings continue 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>
<p>Engaging with our communities is essential to ensure that we are a resident led Council. Consultation exercises are carried out as required, including statutory consultation processes for areas such as Planning and Licensing.</p> <p>The Council also has a citizen’s consultation panel; “Influence Cheshire East”. The panel is comprised of invited participants who are asked to complete surveys which provide valuable and constructive feedback. By working on an “invitation” basis, the membership is designed to reflect the profile of the borough.</p> <p>In addition, the Council has a “Digital Influence Panel” which is based entirely online and open to any resident of Cheshire East. Members of this panel area also asked to complete consultations and surveys, in many cases these will be the same as those sent to the Influence Cheshire East panel members.</p>	<p><a href="#">Consultations in Cheshire</a></p> <p><a href="#">Licensing</a></p> <p><a href="#">Planning</a></p> <p><a href="#">Influence Cheshire East</a></p> <p><a href="#">Digital Influence Panel</a></p>
<p>Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings.</p> <p>Information is cascaded from the Management Group Board through Department Management Team meetings to Team/Unit meetings as necessary.</p> <p>Opportunities for staff to provide feedback exist through line management supervision, team meetings, and an online “Staff Suggestion Box”</p>	<p>CEtranet – “Team Voice”</p>