

Annual Governance Statement 2015/16  
Progress Updates for December 16 Audit & Governance Committee

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<b>Description:</b>
<b>Business Continuity Planning</b>
Current and tested business continuity plans are not consistently in place across all service areas.
<b>Background:</b>
Included in the 2013/14 AGS, not as a significant governance issue, but required further attention during 2014/15.
<b>Responsibility:</b>
Corporate Manager Governance and Audit
<b>Proposed Action</b>
<i>This is the action initially proposed when the issue was first reported</i>
Develop Business Continuity Planning to ensure service delivery in the event of business disruption.
<b>Progress update for AGS 2015-16</b>
Heads of Service were asked to identify their business critical activities. The responses have been reviewed to ensure that there are no significant gaps. Due to continuing austerity as the Council services are reorganised over 2016, all services remain under review. Guidance documents have been developed and are being cross checked against national best practice prior to implementation across services.
<b>Progress update November 2016</b>
Further progress on BCP was planned following the appointment of a temporary Risk and Business Continuity Officer. Whilst there has been an interim appointment, the post has recently become vacant. In the absence of the Corporate Manager Governance and Audit, the Director of Legal Services and the Principal Auditors will review resource requirements for Risk and Business Continuity to progress the issue.
<b>Recommendation from CAG to A&amp;G</b>
Corporate Assurance Group has considered the update provided and recommends that this issue remains on the AGS progress update.

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<b>Description:</b>
<p><b>Local Economic Partnerships</b> Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Economic Partnership (LEP) are out of date.</p>
<b>Background:</b>
Included in the 2013/14 AGS, not as a significant governance issue, but required further attention during 2014/15.
<b>Responsibility:</b>
Director of Economic Growth and Prosperity in consultation with Chief Operating Officer
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
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.
<b>Progress update for AGS 2015-16</b>
<p><b>Accountable Body Operational Management:</b> Council Officers from Economic Growth and Prosperity, Finance, 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 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>
<b>Progress update November 2016</b>
<p><b>Governance Arrangements</b> The Council is represented on the appropriate LEP boards and committees associated with the</p>

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business and functional delivery of the 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.

An Action Plan is being developed and will be under constant review to ensure that the Governance Arrangements are sufficiently “future proofed” to accommodate future changes and the Council’s relationship with the LEP. A designated officer has now been appointed to ensure that all actions are carried out and ongoing actions are followed up.

Some of the actions have already been completed or are underway. These include actions such as :

- The Executive Director of Place should undertake an annual review of membership of the LEP Sub-groups and regular updates are provided to CLT on workstreams.
- Executive Director to provide regular thematic updates on key areas of work including devolution and Local Growth Fund bids
- More regular reporting across the full breadth of LEP work including LEP funding secured
- CLT receives an update paper communicating governance arrangements of the LEP, which the Council participates in.
- Better communication between CEC and the LEP and also with CEC Members and Officers

**Accountable Body**

The Council’s COO sits on the LEP’s Performance and Investment Committee where relevant matters associated with the Accountable Role are discussed

An Action Plan is being developed and will be under constant review to ensure that the Council’s management and operational aspect of its Accountable Body Function are carried out responsibly. A designated officer has now been appointed to ensure that all actions are carried out and ongoing actions are followed up.

Some of the actions have already been completed or are underway. These include actions such as:

- Officers from the Place Directorate, Finance, 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.
- Internal meetings continue to be held on a regular basis to share knowledge and learning.
- Protocols are put in place to differentiate between the Council as Accountable Body and the Council as the recipient of LEP funds
- The Council establishes regular service review meetings with the LEP team - these meetings have been held periodically but membership needs to be reviewed on a regular basis and attendance from the LEP needs to be agreed.

**Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that this issue remains on the AGS progress update.

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<b>Description:</b>
<p><b>Project Management</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>
<b>Background:</b>
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
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
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.
<b>Progress update for AGS 2015-16</b>
<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>
<b>Progress update November 2016</b>
<p>The Council has continued to strengthen its governance arrangements in relation to project and programme management in 2016. Amendments to the Council's Finance Procedure Rules came into effect on 1st August 2016 which formally aligned the Constitution with the Executive Monitoring Board's revised Terms of Reference and extended remit. The membership of EMB has also been expanded from two Cabinet Members to three, and enhanced by the active involvement of the Executive Directors of People and Place.</p> <p>The strategic review of Corporate Services has seen the Project &amp; Programme Management and Business Improvement teams come together under the overall banner of Professional Services and this new team will continue to drive forward effective project and change management in both the Council and its partner organizations.</p> <p>Continuous improvement is embedded through the Programme Management Office (PMO) Action Plan which has been audited, reviewed and refreshed in October 2016. Progress has continued on</p>

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implementing the actions contained within it, including the collation and reporting of quarterly performance indicators for projects and programmes in 2016/17 for the first time, continued training provision and updated guidance on Centrale and the further development of a robust performance management framework for linking projects to other Council activities through the Business Intelligence Programme.

**Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that this issue remains on the AGS progress update.

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<b>Description:</b>
<p><b>New Service Delivery Models</b></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 Civicance (1st April 2015)</p>
<b>Background:</b>
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
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
<p>This is the action initially proposed when the issue was first reported</p> <p>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>
<b>Progress update for AGS 2015-16</b>
<p>With the exception of CoSocius, all of the ASDV companies returned positive outturns in their pre-audited financial statements. 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>
<b>Progress update November 2016</b>
<p>The Council has entered into a formal contract with all of its ASDVs. While the detail of each contract is specific to the service being commissioned, in general the contract sets out what, and how, services will be delivered. The contract is the primary document through which the Council commissions services and holds the service provider to account.</p> <p>Roles and responsibilities are clearer with Commissioning Managers in place in the relevant Directorates to manage these contracts.</p> <p>The CERF Board meets on a regular basis and as the holding company its primary purpose is to hold shares in the subsidiaries that it controls. The regular CERF Board meetings focus on receiving and considering performance and business planning updates from each company.</p> <p>CERF Ltd's vision is to contribute to the Council's Resident's 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.</p>
<b>Recommendation to CAG:</b>
Corporate Assurance Group has considered the update provided and recommends that this issue remains on the AGS progress update.

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<b>Description:</b>
<p><b>Information Governance</b></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 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 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>
<b>Background:</b>
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
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
<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 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>
<b>Progress update for AGS 2015-16</b>
<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>



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The Information Asset Register will continue to be updated and has a direct connection to the Electronic Document and Records Management System (EDRMS) project adopting SharePoint as the Council's corporate electronic document records management system.

This includes scanning all archived Children's, Adults and Highways paper records, and meeting compliance standards by adopting records retention schedules and classification metadata.

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.

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.

#### **Progress update November 2016**

The Information Asset Register will continue to be updated and has a direct connection to the Electronic Document and Records Management System (EDRMS) project adopting SharePoint as the Council's corporate Electronic Document Records Management System. This includes scanning all archived Children's, Adults and Highways paper records, and meeting compliance standards by adopting records retention schedules and classification metadata.

The Data Protection Act 1998 will be replaced by the 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. An action plan has been developed and the detailed planning and implementation will be run as a project in a formal structured approach. The approach and methodology has been approved by MGB and the project will be delivered under the IADM programme.

The Information Governance Group has met regularly throughout the year, 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. The NHS approach for scoring is being followed to increase consistency.

The SEEDS training has been rolled out across Cheshire East. Data Protection and Freedom of Information training has been given to all senior managers.

Whilst awareness of good information practices has increased and the authority has good working practices to record and manage, the likelihood of an incident will always exist but will be reduced as the maturity of Information Assurance increases.

#### **Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that as substantial and significant progress has been made in implementing actions to manage this issue have been completed, the issue will now be removed from the AGS update and monitored locally.

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<b>Description:</b>
<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>
<b>Background:</b>
Governance issue arising in 2015/16
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
<p>This is the action initially proposed when the issue was first reported</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 procurement activity ahead of each meeting and reports back on any non-compliance issues; there have been none found to date.</li> <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>
<b>Progress update for AGS 2015-16</b>
n/a
<b>Progress update November 2016</b>
<ul style="list-style-type: none"> <li>• Audit and Governance Committee have received reports (thematic report and individual review) on WARNs at last three sessions and will do so again at the December 2016 meeting.</li> <li>• Procurement Board has continued to meet and progress improvement in procurement practices across the Council</li> <li>• Audit and Governance Committee will receive an update report on the findings of the Cardiff Checks which have been carried out to date by the Anti-Fraud Member/Officer Sub Group at the December 2016 meeting</li> <li>• Contracts Register update has enabled earlier engagement on re-procurement exercises</li> <li>• Over £500 expenditure reports continue to be published, now available with other data sets as part of the Council's "Open Data" site; <a href="https://opendata.cheshireeast.gov.uk/">https://opendata.cheshireeast.gov.uk/</a></li> <li>• Police investigation is ongoing</li> </ul>

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- Discussion on what internal work can be recommended, and who should carry it out is in progress between the Police and the Council.

**Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that this issue remains on the AGS progress update.

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**Description:**

**Closure of CoSocius Ltd**

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.

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.

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.

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.

An exercise was undertaken amongst stakeholders in the two Councils and the former company to identify the lessons learned from CoSocius. The key learning points as reported to Shared Services Joint Committee on 20th May 2016 are repeated below:

In taking the decision to terminate CoSocius Members were keen to ensure that lessons from its creation, existence and demise were captured to enable both Councils to learn from this experience. Consequently research was undertaken with key stakeholders involved with predecessor ICT and Transactional shared services, CoSocius Limited and / or the new sharing arrangements to ascertain: what had worked well, what could have been improved and the skills and training needed to support any alternative service delivery models going forward.

The findings are summarised below but it should be recognised that these relate to CoSocius alone and must not be considered in any way as a reflection of any other companies operated by either Council.

Key Learning Points from CoSocius were:

- The business case for change to a commercial entity needs to be robust and demonstrate a fundamental understanding of the market place. It needs to be based on credible data and take full account of investment requirements to make the operation truly commercial
- People developing and delivering a separate legal entity need to fully understand the workings of a commercial operation and design-in specific **requirements** tailored to the market (e.g. suitably qualified staff, resources training plan etc.)
- The company needs to have the right people in the right roles to take it **forward** and make it a success – they need to balance core business with developing new business
- Expectations need to be realistic – developing and embedding an appropriate culture is paramount to a successful commercial operation. This can take time to achieve (months not days) depending on the **type** of service.
- Company governance needs to be robust with clear lines on roles, responsibilities and independence
- Client / Supplier relationships need to be truly commercial but not adversarial and not unduly influenced by previous working relationships - the **focus** should be on managing / meeting business needs and securing workable solutions
- Contract performance issues need to be addressed but at an appropriate level to avoid undue negative impact on company employees

The company needs to ensure that it employees are adequately trained in the skills needed to operate in a commercial environment and should not be reliant on public sector experience

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alone. Training should focus on commercial awareness and skills development including customer care, business relationship and contract management, governance and influencing skills.
<b>Background:</b>
Governance issue arising in 2015/16
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
<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 Cheshire East Council. This includes Core ICT, Application Support and ICT Projects.</li> </ul> <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>
<b>Progress update for AGS 2015-16</b>
n/a
<b>Progress update November 2016</b>
<p>Progress reports on the development of the Transactional Service Centre and the ICT Service were made to the September 2016 meeting of the Shared Services Joint Committee. The Committee were asked to agree to the extension of the initial 6 month transition period, ending October 2016 by a further 6 months to allow both services to facilitate the continuation of the design of each service and ensure each Council is able to deliver Business Cases, ensure ICT strategies are reviewed, develop business plans and target operating models; all critical in ensuring requirements are understood and can be delivered.</p> <p>Service delivery in both areas has continued, with no major loss of availability or performance in either area.</p>
<b>Recommendation from CAG to A&amp;G</b>
Corporate Assurance Group has considered the update provided and recommends that as substantial and significant progress has been made in implementing actions to manage this issue have been completed, the issue will now be removed from the AGS update and monitored locally.

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<b>Description:</b>
<p><b>Council Funding</b> 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>
<b>Background:</b>
Recognised as a "Continuing Governance Issue" in the 2015/16 AGS, which had been included in previous Statements.
<b>Responsibility:</b>
Chief Operating Officer
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
n/a
<b>Progress update for AGS 2015-16</b>
<p>The Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>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 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>
<b>Progress update November 2016</b>
<p>The Council recently launched its pre-budget consultation for 2017/20. This outlines a set of proposals designed to support residents and balance the finances of the Council for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020.</p> <p>The proposals include the option to increase Council Tax by up to 3.99% each year. Overall this deals with less than half of the potential funding shortfall. Importantly 2% of the potential Council Tax increase will be dedicated to meet the rising costs in Adult Social Care. This is a change from previous policies that have frozen Council Tax, but the reductions in government grant and ongoing care cost pressures make this an appropriate proposal at this stage.</p> <p>To provide greater support and certainty around funding levels the Council has accepted an offer from government to fix general grant levels over the next three years. The 'offer' will see our grant funding reduce to nil by 2020 and accelerates our ambition to be self sufficient. This approach provides some certainty which helps with medium term planning, but we are still waiting for clarification about other funding sources such as New Homes Bonus, Non-Domestic Rates and School's funding. The options presented in the consultation document still therefore rely on</p>

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significant levels of estimates.

Promoting economic growth and development is significant in these proposals. Business growth can result in additional income being retained for local investment, subject to certain thresholds. This supports the Council's approach to invest in economic growth through unlocking development land and supporting inward investment. The Council is maximising the benefit of the business rates retention scheme by continuing to pool with Greater Manchester councils and taking part in a growth pilot, one of only two in the country. Both of these initiatives aim to retain as much local Business Rates as possible.

**Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that this issue, recognised in the last AGS as a "continuing governance issue" remains on the AGS progress update.

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<b>Description:</b>
<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>
<b>Background:</b>
Recognised as a "Continuing Governance Issue" in the 2015/16 AGS, which had been included in previous Statements.
<b>Responsibility:</b>
Strategic Director of Adult Social Care and Health
<b>Proposed Action</b>
This is the action initially proposed when the issue was first reported
n/a
<b>Progress update for AGS 2015-16</b>
<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>Feedback was expected from NHS England and the Association of Directors of Social Services (ADASS) in June 2016 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 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>These areas had to be addressed by the end of June 2016 to avoid escalation to national level of assurance; these areas have now all been addressed within timescale. The BCF plan for Cheshire East has been approved.</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 were included on the BCF risk register. The risk register and the risk assessment process have been reviewed and improved, to ensure that mitigating actions are Specific, Measurable, Assignable, Realistic and Time-related (SMART). Red rated risks are reviewed and updated on a monthly basis to ensure action is taking place to address.</p> <p>A piece of work took place to look at Programme Management Office approaches across CCGs and LAs. This had already been done by PMO leads and good practice has been shared by them and adopted accordingly to ensure more consistent approaches. We also agreed a number of actions between us to streamline reporting processes.</p> <p>Work on Information Governance is still ongoing but is the priority item on the agenda for the BCF Governance Group in to establish any gaps and allocate necessary actions.</p>
<b>Progress update November 2016</b>
Previously the description and actions regarding this issue have focussed on the Better Care Fund



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(BCF), as a nationally required programme designed to encourage integration between health and social care at Health & Wellbeing Board level. Whilst this requirement remains, and is likely to do so until at least 2019, there have been other significant developments regarding health and social care integration that the council may wish to consider and monitor as part of its governance.

These include, most prominently, the development of the Cheshire and Merseyside Sustainability and Transformation Plan, which was submitted to NHS England in October 2016. If assured, this plan is likely to be the main strategic driver regarding health and social care integration. The plan contains details regarding the future model of the two transformation programmes in Cheshire East: Caring Together in Eastern Cheshire CCG and Connecting Care in South Cheshire CCG.

In order to provide readers with an update on the previously highlighted issues and to provide a clear audit trail, the remainder of this section will update on the previously highlighted issues regarding BCF.

The BCF Governance Group continues to meet on a monthly basis to oversee the governance of the Cheshire East BCF. This group is overseen by, and reports to, Cheshire East's Health and Wellbeing Board.

Cheshire East's BCF plan for 2016/17 was fully assured by NHS England and ADASS and the previously reported areas requiring work were met within the required timescales to achieve this. Implementation of the 2016/17 plan is well underway. And a programme of evaluation of all BCF schemes is underway with completion expected by the end of December 2016. The findings of this will inform the content of the Cheshire East BCF for 2017/19 – this will be a two-year plan in line with Clinical Commissioning Groups' two-year planning requirements for this period.

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;

- Failure to identify and effectively manage BCF risks
- CEC and CCG's Programme Management Office approaches to the BCF are not co-ordinated.
- Poor Information Governance

These were included on the BCF risk register and mitigating actions undertaken accordingly:

- The risk register and the risk assessment process have been reviewed and improved, to ensure that mitigating actions are Specific, Measurable, Assignable, Realistic and Time-related (SMART). Red rated risks are reviewed and updated on a monthly basis to ensure action is taking place to address.
- A piece of work took place to look at Programme Management Office approaches across CCGs and LAs. This had already been done by PMO leads and good practice has been shared by them and adopted accordingly to ensure more consistent approaches. We also agreed a number of actions between us to streamline reporting processes.
- Work on Information Governance is still ongoing but is the priority item on the agenda for the BCF Governance Group in to establish any gaps and allocate necessary actions.

In October 2016, MIAA confirmed that it will be conducting a follow-up review of the Cheshire East BCF through South Cheshire CCG. This commenced 7<sup>th</sup> November 2016. Findings will be reported back to the CCG and then to the BCF Governance Group.

**Recommendation from CAG to A&G**

Corporate Assurance Group has considered the update provided and recommends that this issue, recognised in the last AGS as a "continuing governance issue" remains on the AGS progress update.