



DRAFT

Annual Governance Statement

2016/17

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; (Section 5)
 - how the Council monitors the effectiveness of the governance arrangements; (Section 6)
 - what improvements or changes in governance arrangements are proposed during the forthcoming year. (Section 7)
- 1.3. The Council's Section 151 Officer, has reviewed this statement together with the more detailed assessments that support its conclusions and endorses the Internal Auditor's opinion on the Council's control environment:

The Council's framework of risk management, control and governance is assessed as adequate for 2016/17

- 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 2016/17 identified governance issues as outlined at the end of section 7. 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.

NB THIS SECTION WILL BE SIGNED BY THE LEADER AND CHIEF EXECUTIVE AFTER THE FINAL AGS IS AGREED

2. Introduction

2.1. The Accounts and Audit (England) Regulations 2015 require that

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

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

3. Scope of Responsibility

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

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

3.3. In [January 2017](#), Cabinet approved and adopted an [updated Code of Corporate Governance](#) that is consistent with the principles and requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives

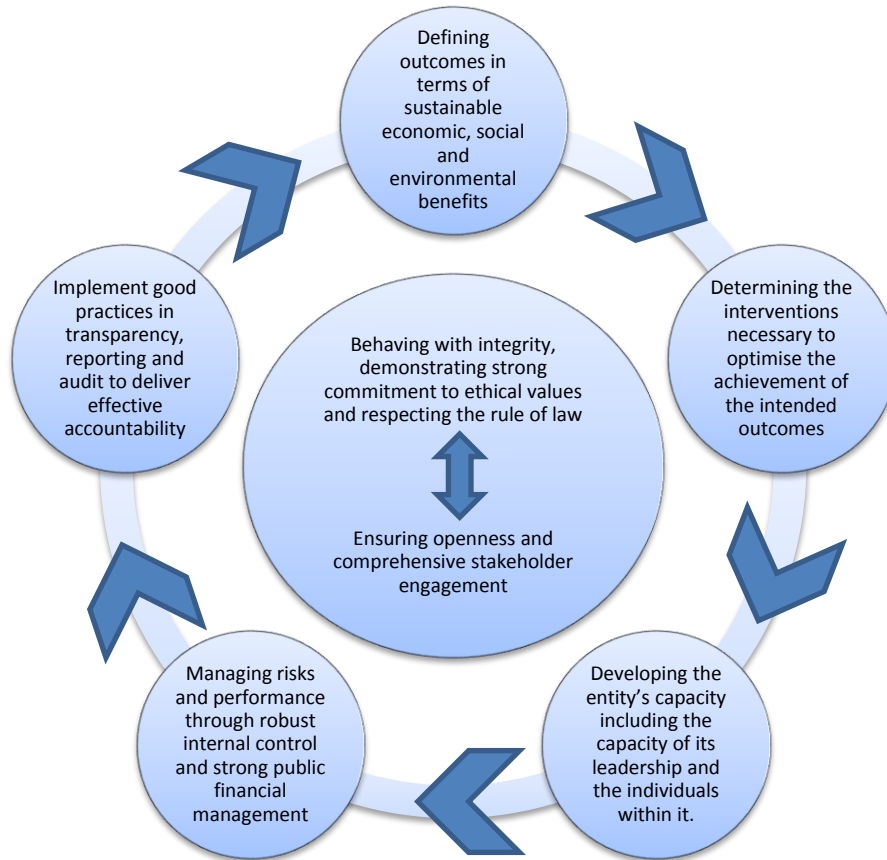
(SOLACE) Framework [Delivering Good Governance in Local Government](#) (2016). These are outlined below and summarised in Figure 1.

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity including the capacity of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implement good practices in transparency, reporting and audit to deliver effective accountability

3.4. The annual review of effectiveness has been carried out against the updated Code of Corporate Governance. This draft AGS will be reported to the June 1st Audit & Governance Committee.

3.5. The draft will be updated, for example in response to suggestions from Members, and the final document will be considered and approved by the Audit and Governance Committee by the end of September 2017, prior to being signed by the Leader and Chief Executive. It will then be published alongside the Statement of Accounts.

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



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

4. The Purpose of the Governance Framework

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

- 3.6. The Annual Governance Statement provides assurance that:
 - governance arrangements are adequate and operating effectively in practice; or

5. The Governance Framework

- 5.1. The Council’s Code of Corporate Governance now includes examples of how the Council demonstrates the principles in practice and

operation. Therefore, to minimise duplication, it is only supplementary examples and features of the Council's governance framework, specific to 2016/17 which are set out below.

- 5.2. The Governance Framework described below and also shown in **Appendix 1** has been in place for the year ended 31st March 2017.

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

- 5.3. Cheshire East Council's priorities are outlined in the Council's Corporate Plan. The updated [Corporate Plan for 2017/18](#) was agreed by full Council on 23rd February 2017. The updated Corporate Plan forms the basis for developing proposals within the Medium Term Financial Strategy (MTFS).
- 5.4. The Corporate Plan recognises again that the Council is a commissioning organisation, and does not have a fixed ideology on how best to deliver services, and will instead adopt a "best fit" approach for the most appropriate delivery mechanism for our services to enable us to achieve our corporate outcomes.
- 5.5. The [MTFS for 2017/20](#) was also agreed at the February 2017 Council meeting. The report sets out the Council's plan and required funding to put residents first and ensure Cheshire East remains one of the best places to live in the North West.
- 5.6. Progress against the Corporate Plan is reported to [Cabinet](#) on a quarterly basis. The reports demonstrate performance of the Council aligned to the outcomes defined in the Corporate Plan, and how priorities are being managed to achieve the best results for local residents. Performance reports are also considered by the Overview and Scrutiny Committee who provide comments to Cabinet.

- 5.7. An annual report on performance and the financial outturn will also be received by Cabinet and the Overview and Scrutiny Committee. The 2015/16 Final Outturn of Performance was received by Cabinet on 12th July 2016.
- 5.8. Delivery of the Corporate Plan is supported by service plans, team plans and individual performance development reviews. The business planning process has been reviewed during 2016/17 and an updated process has been introduced to support planning for 2017/18, with a view to allowing greater alignment between delivery objectives, performance targets, risk management and the expectations around values and standards set by the organisation.
- 5.9. Cheshire East Council is committed to partnership working. The [Sustainable Community Strategy](#), "Ambition for All", sets out the collective vision for the area and priority actions which need to be addressed over the period to 2025 to achieve that vision. Consultation on refreshing the Strategy, with a view to implementing a revised partnership structure was agreed to by Cabinet during 2016/17.
- 5.10. During 2016/17, an officer task and finish group has been using CIPFA's "Aligning Public Services" guidance to map and assess working relationships with external organisations, against criteria designed to evaluate the effectiveness of the arrangements and their alignment with delivering the Council's corporate objectives, as well as assessing the governance arrangements of the partnerships.
- 5.11. Once complete, the output from this work will be integrated into individual service plans to review and strengthen specific arrangements as necessary. The map will form the basis of reviewing the effectiveness of partnership working and the quality of governance arrangements in future.

- 5.12. Continued and increasing financial pressures on health and social care services continue to present governance challenges to the council. These are captured as high scoring risks in the Council's Corporate Risk Register, and have previously been recognised by the Council in the 2015/16 Annual Governance Statement, with the inclusion of "Health and Social Care Integration" as a continuing governance issue. An update on the actions undertaken during 2016/17 to manage this issue is provided later in this Statement.
- 5.13. At March 2015 there were 357 children in care. The numbers increased by 30 (8.5%) to 387 in March 2016 and have reached 412 at November 2016. Increasing gatekeeping has resulted in the cases which are coming through being more complex and therefore cost more. Although children in care numbers have continued to rise they are still below the average level for similar authority areas.
- 5.14. The 2015/16 outturn for placements reflected an overspend of £2.2m. This pressure was partially addressed through the 2016/17 budget process (in the context of funding limitations) where an extra £1m was allocated to placements (plus £0.3m to fostering allowances). The end result is that the overspend has been reduced but the increase in client numbers and complexity has limited the impact.
- 5.15. The service continues to seek better value for money placements that provide the necessary support for vulnerable children and reduce cost on an individual basis. The service is also considering other ways of reducing pressures through local projects to improve outcomes and linking up with bids for Department for Education innovation funding.
- 5.16. In 17/18 the service received £2.1 million to address the pressures in 16/17. Cabinet has also agreed to collaborate with CWaC, Warrington and Halton to recruit more in house foster careers. We have also commissioned five new childrens homes to increase local placements and to reduce costs.

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

- 5.17. The Council's [Constitution](#) sets out comprehensively the rules conducting business undertaken by the Council, including executive arrangements, committee structures, finance and contract procedure rules and schemes of delegation. In July 2016, the [Constitution Committee](#) received reports on, and approved changes to the Finance Procedure Rules within the Constitution. The revisions were recommended to ensure the Rules were up to date and clarified to ensure consistent interpretation.
- 5.18. As changes are made to the [Constitution](#) it is updated on the Council's website. Previous versions of the Constitution are also available for reference.
- 5.19. During 2016/17 the Constitution Committee has also reviewed, commented and agreed to changes in the Terms of Reference for Committees, including the Audit and Governance Committee and the [Health and Wellbeing Board](#). A working group of members from the Constitution Committee was agreed at the [March 2017](#) meeting, to consider proposed changes to the Constitution to follow from an officer led review of the Constitution.
- 5.20. 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.
- 5.21. Decision makers are provided with information which is fit for purpose – clear, timely, relevant, accurate and complete. This is prompted by the report format used, which also prompts clear explanations of issues and implications on both a financial and non-financial basis. Financial and legal implications of all key decisions are signed off by relevant senior officers.

- 5.22. A Special Meeting of Council was convened in [February 2017](#), to consider issues raised in relation to the decision taken by Cabinet in October 2016 on Available Walking Routes to Schools. After extensive discussion and consideration of various Motions proposed, the Council resolved to request that Cabinet defer implementation of the decisions made in October 2016 pending the installation of specified improvements and the receipt of assessments from Network Rail.
- 5.23. The Council facilitated extensive [pre-budget consultation](#), setting out proposals to change for the period 2017/18 to 2019/20. The results of the consultation formed part of the consideration of the [Corporate Plan and Medium Term Financial Strategy 2017/20](#) by Council at its February 2017 meeting.
- 5.24. 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.
- Developing the entity's capacity including the capacity of its leadership and the individuals within it***
- 5.25. The Constitution also defines the standards of conduct and personal behaviour expected of, and between, members, staff, associated partners and the community, defined and communicated through Codes of Conduct and protocols. The Constitution includes a Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers.
- 5.26. The statutory roles of the Head of Paid Service, Monitoring Officer and Section 151 Officer are described in the Constitution, as are their responsibilities for providing robust assurance on governance, ensuring lawful expenditure in line with approved budgets and procurement processes.
- 5.27. The Chief Executive, Executive Directors and Statutory Officers meet weekly as the Corporate Leadership Team (CLT), receiving assurance reports and updates from across the Council. CLT is supported by service/departmental management team meetings, and a number of cross functional officer, and officer/member groups. The reporting lines between these and relevant Committees are shown in the diagram in Appendix 1.
- 5.28. The Council publishes a [Pay Policy Statement](#) by 31st 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 2016/17 was agreed by Council on Council 26th February 2016.
- 5.29. The [2017/18 Pay Policy Statement](#), recommended to Council on 23rd February 2017 from Staffing Committee includes a number of changes from the previous statement, reflecting a small change in the remuneration ranges for Chief Officers due to a 1% pay increase in April 2016, and an update on the Government's consultation on a range of wider reforms to exit payments across the public sector.
- 5.30. All staff engage with 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 professional development requirements.
- 5.31. During 2016/17, the Council's Staffing Committee received updates on progress against the Council's "[People Plan](#)". The People Plan updates reported on key HR performance data information, including headcount, turnover, voluntary redundancy and sickness absence data. Progress updates are provided on actions identified to drive

performance and improvement across specific, functional areas of the HR Service.

5.32. The Staffing Committee also set up a [cross party working group](#) in May 2016, to provide assurance that the wellbeing of staff was aligned to best practice and organisational values. The review carried out by the Working Group included;

- a desk based exercise to review the Council’s policies and procedures, conducted independently by North West Employers
- independent research by North West Employers to ensure best practice was being followed
- consideration of the Staff Survey results
- quick wins being identified and implemented
- interviews and focus group with staff and views sought of Elected Members through the Working Group

5.33. The Working Group concluded that the wellbeing of staff was aligned to best practice and values and that appropriate HR processes are in place for staff to speak out on matters of concern. It suggested that further training should be made available to all staff to reduce negative behaviours in the workplace. This update was reported back to Staffing Committee in [January 2017](#), and to Cabinet in [March 2017](#).

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

5.34. An updated Risk Management policy and strategy were adopted by Cabinet in February 2016 and work has been ongoing during 2016/17 to consolidate the implementation of the revised policy throughout the organisation.

5.35. [Audit and Governance Committee](#) have received regular risk management update reports, and at the [March 2017](#) meeting, received presentations explaining the highest rated Corporate Risks (CR1, Increased Demand for People Services and CR2, NHS Funding and the Sustainability and Transformation Plan) in further detail.

5.36. The Council’s Overview and Scrutiny committees were reviewed during 2016/17. Constitution Committee considered proposals at its [November 2016](#) meeting to better align the committee to the Corporate and Cabinet structures.

5.37. At the [December 2016](#) meeting Council approved the recommendation from the Constitution Committee to reduce the number of committees from six to four; [Corporate Overview and Scrutiny](#), [Environment and Regeneration](#), [Children and Families](#) and [Health and Adult Social Care and Communities](#). The changes were implemented from 1st January 2017 and will be reviewed in due course. An annual report from Scrutiny is scheduled to be considered by Council in July 2017.

5.38. The council continues to recognise its responsibilities in relation to information governance, ensuring that data held is accurate and available to inform decision making, but stored securely and accessed appropriately. Training on information governance responsibilities has been taken forward using the “Seeds – Owning and Caring for Information” e-learning module. This was recognised in the [IESE 2017 Awards](#) – the Improvement and Efficiency Social Enterprise.

5.39. Preparation for the forthcoming changes to Data Protection legislation is also underway; the [EU General Data Protection Regulation](#) will replace the Data Protection Act in May 2018. A project has begun in 2016/17, identifying the key changes in legislation and to identify the necessary work programme to ensure the Council will be compliant with the new requirements.

- 5.40. The Information Governance Group met regularly throughout 2016/17, managing a programme of proactive improvement and responding to reported data related incidents, providing updates to the SIRO (Senior Information Risk Owner), Corporate Assurance Group, and the Corporate Leadership Team.
- 5.41. Project activity is monitored 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.
- 5.42. The [Audit and Governance Committee](#) plays a key role in the Council's review of the effectiveness of its governance framework. It seeks assurance on the adequacy of the Council's risk management, control and governance arrangements and it monitors the implementation of the AGS action plan.
- 5.43. The Committee met on four occasions during 2016/17, 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 and the External Audit Plan and progress reports,
 - Updates on Risk Management, Treasury Management, Corporate Governance, Information Governance, ASDV Governance and Whistleblowing arrangements
 - Annual reports on Customer Feedback (Complaints, Compliments and the Local Government Ombudsmen), Compliance with the Regulation of Investigatory Powers Act (RIPA), Compliance with Data Protection Act (1998), Freedom of Information Act (2000) and Environment Information Regulations (2004)
- 5.44. A new Chair, an existing Committee member, Cllr Gordon Baxendale was appointed with effect for the December 2016 meeting. The Audit & Governance Committee's draft self-assessment against the CIPFA guidance will be discussed and finalised at the June 2017 meeting.
- 5.45. During 2016/17 the Audit and Governance Committee agreed to, and appointed an [Independent Co-Opted Member](#) to the Committee. The co-option of an independent member to the Committee, in March 2017 is designed to reinforce political neutrality, as well as supplementing the skills and knowledge in the Committee.
- 5.46. In [June 2016](#), Audit and Governance Committee members agreed to recommend to the Constitution Committee, changes to the Whistleblowing Policy and the consequential amendment to the Constitution. These were approved at the Constitution Committee in [July 2016](#).
- 5.47. The 2015/16 Annual Report of the Audit and Governance Committee was received by Council on [20th October 2016](#). The Annual Report for 2016/17 is also scheduled to be taken to Council.
- 5.48. The 2015/16 Annual Governance Statement was approved at the [September 2016](#) 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.
- 5.49. An update on progress made in managing issues raised in the 2015/16 Statement was taken to the Audit and Governance Committee meeting in [December 2016](#). The Committee agreed that a number of the issues previously reported on in the Statement would be removed, and monitored through local management arrangements. Progress made in managing issues raised as "requiring further attention" in previous Statements, is covered later in the Statement.

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

5.50. 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 2016/17

5.51. The Internal Audit Annual Report for 2016/17 has been prepared by the Council's Principal Auditors who currently have management responsibility for Internal Audit as the Corporate Manager Governance and Audit has recently left the Council following an extended period of absence. Support and sign off has been provided by the Interim Director of Finance and Procurement who has line management responsibility for Internal Audit and the approach has been validated with the Council's External Auditors.

5.52. There has been an improvement in the percentage of agreed actions from audit reports implemented between 2015/16 to 2016/17. Whilst there has been significant focus by the Internal Audit team on follow ups during the year, this also reflects senior managers' support of the timely implementation of actions.

5.53. Updated Public Sector Internal Audit Standards (PSIAS) have been implemented from 1st April 2017. A self assessment will be undertaken against the updated Standards and to ensure continuing compliance with the standards, any required changes, for example, any updates to the Audit Charter, will be highlighted in a future report to the Audit and Governance Committee.

5.54. The Council has a number of wholly owned companies, which operate under the holding company of Cheshire East Residents First Limited (CERF Ltd). The following have been in operation during 2016/17;

- Orbitas
- Ansa
- Transport Service Solutions Ltd. (TSS Ltd)
- Civicance
- Engine of the North (EoTN)
- Tatton Enterprises Limited
- The Skills and Growth Company (SAGC)

5.55. Everybody Sports and Leisure (ESAR) is a charitable trust which delivers recreation and leisure facilities. The Council retains ownership of significant assets such as buildings. ESAR deliver services for the Council as set out in the operating contract, which is monitored through client commissioning arrangements, including contract management meetings and monitoring visits. The annual performance report for ESAR 2015/16 was reported to Cabinet in [October 2016](#).

5.56. Operational oversight of services delivered by the CERF Ltd group of companies is affected through client commissioning arrangements, based upon operating agreements/contracts between the Council and the individual company. Governance mechanisms have broadly operated as expected and include regular meetings with the commissioners, performance reporting and financial challenge meetings. Each company produces a year end set of accounts which are independently audited.

5.57. The CERF board met 4 times in 2016/17. 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 and collaboration between companies.

- 5.58. A review of CERF was commissioned in January 2017 to assess the effectiveness and appropriateness of the existing governance arrangements for the wholly owned companies and to clarify the expectations of CERF as a company in its own right.
- 5.59. The CERF review, undertaken by an independent strategy/business growth consultant, concluded that there are clear opportunities to improve the way the ASDV companies are governed and that this should be addressed in order to ensure that “the whole is greater than the sum of the parts”.
- 5.60. An action plan has been developed to implement the recommendations of the review and address a number of recurring issues and themes that were identified during the review. This includes a fundamental review of the effectiveness and commercial prospects of all of the Council’s ASDV companies and whether the current arrangements provide value for Cheshire East residents and the Council as stakeholder. The Portfolio Holder for Finance will be responsible for the implementation of the action plan.
- 5.61. Following the closure of CoSocius Ltd, ICT services and transactional services have returned to a shared services arrangement, with Cheshire East Council hosting ICT services, and Cheshire West Council hosting Transactional Services. 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 has been reported to the Joint Officer Board and the [Shared Services Joint Committee](#).
- 5.62. Agendas, Minutes and Reports for Cheshire East Council meetings are published on the Council’s website. The website also hosts a schedule of [Officer Decisions and key decisions](#), updated on a monthly basis.
- 5.63. In [March 2017](#), the Constitution Committee considered a report outlining the Council’s experience to date in relation to the recording, webcasting and provision of social media commentary in respect of decision making meetings. It was agreed that the current arrangements for recording and webcasting will cease at the end of the 2016/17 municipal year, and an enhanced audio recording system will be introduced for use in all the Council’s formal decision making bodies.
- 5.64. 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. During 2016/17, inspections and reviews have been carried out by Ofsted, Care Quality Commission, the DVLA, and the General Register Office.
- 5.65. Peer reviews have also been undertaken in the year. The Local Government Association undertook a comprehensive review of the Council’s Communications function. The LGA team included experienced Communications managers from different local authorities, and the Leader of Breckland Council as a Member peer.
- 5.66. The outcome of the review was a number of recommendations that are now being implemented. These will ensure that the Council has internal and external communications functions that are fully aligned with the Council’s strategy and priorities moving forwards and that will deliver effective communications in the most cost-efficient and timely manner possible.
- 5.67. An Adult Safeguarding peer review was carried out at the start of May 2017, by colleagues from Sefton Council. The onsite review has been completed, and the findings will be shared in due course.

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

- 5.68. The Audit and Governance Committee promotes high standards of ethical behaviour by developing, maintaining and monitoring a Code of Conduct for Members of the Council. Complaints are considered by the Monitoring Officer and an Independent Person. Complaints can be received about Cheshire East Councillors, co-opted members and town and parish councillors.
- 5.69. The promotion of high standards of conduct, and of strong ethical governance among elected members, co-opted Members, and Town and Parish Council Members within the Borough, is critical to the corporate governance of the authority and to the Council's decision making process across the organisation.
- 5.70. During 2016/17 the Audit and Governance Committee received two update reports from the Monitoring Officer, advising on the number of complaints received under the Code against each category, the paragraph(s) of the Code alleged to have been breached, and the outcome of each complaint, once completed.
- 5.71. The Council has processes in place to enable Officers and Members to record and register pecuniary and non-pecuniary interests. Declarations of interests are also a standing item on committee agendas. A register of interests for each [Member](#) is available online.
- 5.72. In February 2017, Constitution Committee considered a report on various changes required to be compliant with the new JNC handbook for Chief Executives which reflected changes made to the statutory employment protections for the Head of Paid Service, Chief Finance Officer (the Section 151 Officer) and Monitoring Officer who, together, were referred to as the "Protected Officers".
- 5.73. The report also recommended changes to the Constitution to comply with the new requirements. The changes were required to comply with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 and followed the issuing of the revised JNC handbook in October 2016. The report and its recommendations were agreed by Council in [February 2017](#).
- 5.74. Under the direction of Members, Officers will be undertaking a full review of the Constitution, beginning in May 2017, to ensure the Constitution fully supports the ambition of being an effective, efficient and responsible organisation, and to ensure that the Council has robust governance arrangements.
- 5.75. During 2016/17, the Chief Operating Officer had Section 151 responsibilities and was 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. The governance arrangements for the Council's Chief Operating Officer complied with the arrangements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 5.76. The Director 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.
- 5.77. In light of an on-going police investigation into the award of contracts to Core Fit (recognised as a governance issue in the 2015/16 AGS), the suspension of the Chief Executive and the absence of the Director of Legal Services the Council has recently put temporary senior management arrangements in place. These include the appointment of the Executive Director for People and Deputy Chief Executive as Acting Chief Executive and the appointment of an interim Director of Finance and Procurement (Section 151 Officer) and interim Director of Legal Services (Monitoring Officer).

- 5.78. The Council uses the Codes 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.
- 5.79. The Council's [Whistleblowing Policy](#) is available on its website and intranet site together with an email address, and details how a referral can be made. A report on the effectiveness of the Council's whistleblowing arrangements and a breakdown of the number of reports received in 2016/17 will be reported to a future Audit and Governance Committee.

Ensuring openness and comprehensive stakeholder engagement

- 5.80. The Council has stated its commitment to being open, honest and accountable regarding all decisions, actions and outcomes. The 'Transparency Project' has continued to make significant progress to achieve this aim and the Council has achieved compliance with all mandatory requirements of the [Local Government Transparency Code 2015](#) and the Freedom of Information Act 2000, which provides an outline Publication Scheme.
- 5.81. The Council is now [publishing information](#) over and above mandatory requirements. Work is continuing to identify frequently requested datasets with the aim of proactively publishing this data. Some service areas such as Business Rates, Council Tax and Waste Services are already doing this.
- 5.82. The Council's [open data portal](#) will continue to facilitate the process of uploading data and make it available in meaningful, easily accessible and re-usable formats for the public. It will also be of use internally and should make access to data easier and faster for employees and Members. A communications plan has been established to promote

the online portal both internally and externally over the forthcoming year.

- 5.83. The majority of Council meetings allow for members of the public to speak, and are held in public. "Part 2" Meeting items are rare, and only if they absolutely cannot be discussed in any other way. During 2016/17 Cabinet Meetings continued to be broadcast live on the internet, and were [available online](#) to be watched after the event.
- 5.84. 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](#). Information is available on the Council's website in relation to [current consultations](#) and the feedback received on [previous consultations](#) and the subsequent decisions made is also available.
- 5.85. 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.
- 5.86. 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.
- 5.87. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings. Information is cascaded from the Corporate Leadership Team meeting through Department Management Team meetings to Team/Unit meetings as necessary.

- 5.88. Opportunities for staff to provide feedback exist through line management supervision, team meetings, and an online “Staff Suggestion Box”. Members of staff are encouraged to participate in the “Making a Difference” recognition scheme, nominating colleagues for an instant recognition “Made my day” message, or for nomination in the monthly and annual awards. The recognition panel itself includes volunteers from across the organisation.
- 5.89. Council services use various forms of [social media](#), including Twitter, Facebook, YouTube and Flickr to engage and inform communities and stakeholders. The main Council website has a [Media Hub](#) page, where various information about the Council is published. The Communications team also provide related media releases, where appropriate. [Statutory public notices](#) are also shared online.

6. Review of Effectiveness

- 6.1. The Council undertakes an annual review of its governance arrangements 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.
- 6.2. Examples of the sources of assurance considered in preparing the Annual Governance Statement include:
- **Line Management** - Assurance on individual line managers’ areas of responsibility are provided by Disclosure Statements, 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.
- 6.3. The review has considered the effectiveness of the Council’s governance arrangements against the principles set out in the revised Code of Corporate Governance. Overall, it is considered that the Council’s governance arrangements continue to be fit for purpose in accordance with the governance framework. Significant governance issues arising in 2016/17 have been identified in Section 7.
- 6.4. Table 1 below sets out the progress made against the issues identified previous Annual Governance Statements, which have been monitored through 2016/17. This includes:
- **Internal Review** - The performance of Internal Audit and the Audit and Governance Committee, along with their assessments of the performance of individual service areas, and cross function service areas informs the preparation of the Statement.
 - **External Review** - The findings and feedback from external inspectorates and peer reviews of the Council also provide assurance which is considered in preparing the Statement.
- 6.5. 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 2016](#) and are not repeated here. An update on progress since the December 16 update is provided.

- 6.6. Although they have been identified in previous Statements, the issues of “Council Funding” and “Health and Social Care Integration” have been included again as continuing areas of concern issues for 2016/17 in Table 1. This is to recognise the continuing and increasing significance of these two specific areas, at national and local levels.

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

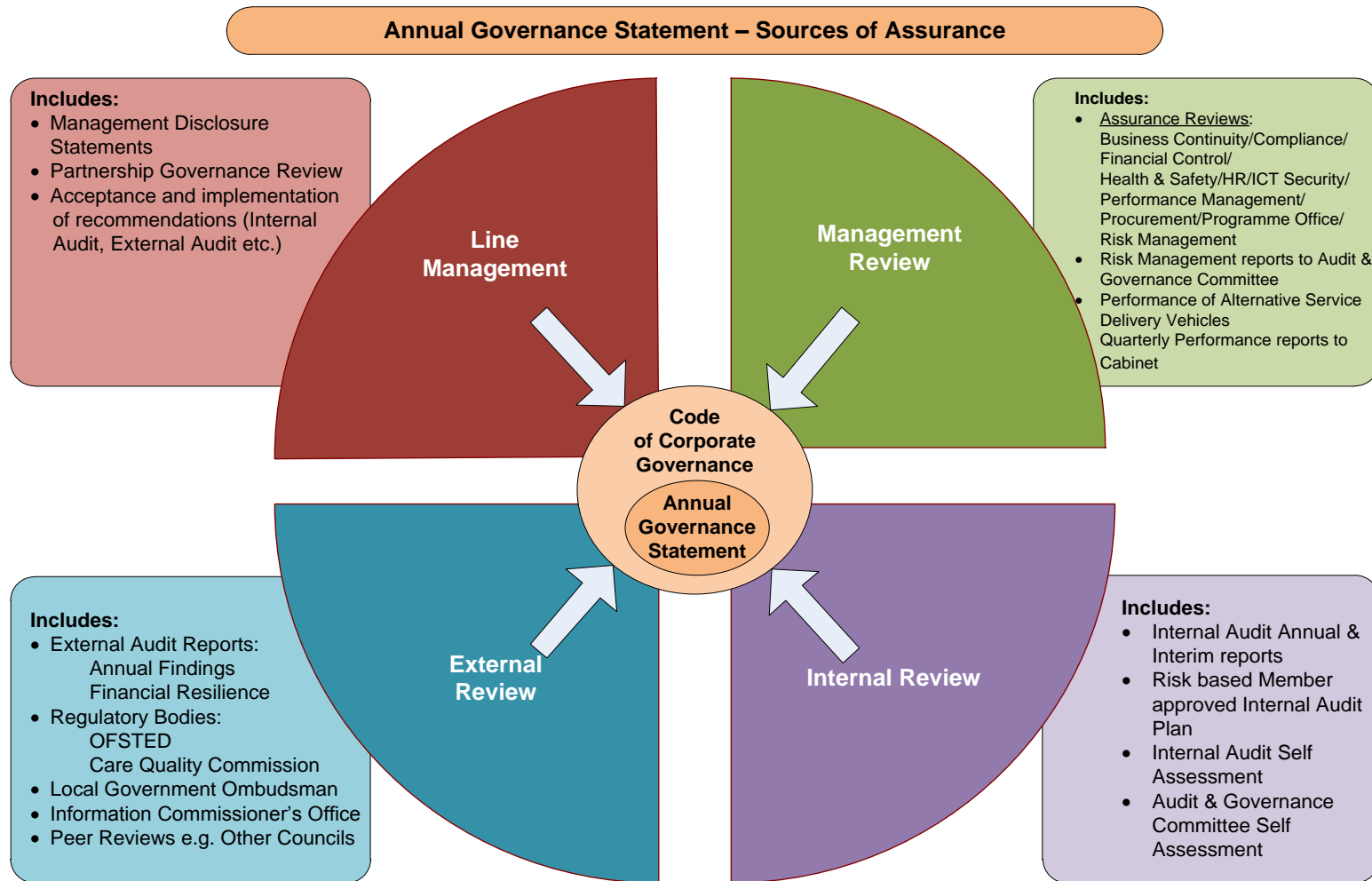


Table 1 – Progress against issues identified in previous Annual Governance Statements

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 2016/17
<p>Business Continuity Planning <i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i></p> <p>Current and tested business continuity plans are not consistently in place across all service areas.</p>	<p>Director of Legal Services.</p>	<p>Develop Business Continuity Planning to ensure service delivery in the event of business disruption.</p>	<p>A Business Continuity Action Plan is in place and aims to provide the following outcomes:-</p> <ul style="list-style-type: none"> • to identify the impact of losing key business processes, the likelihood of occurrence and recovery requirements • to identify suitable strategies to offset the risk to critical business processes • to ensure the organisation has fit-for-purpose plans and procedures in place to enable it to respond to any incident • to ensure staff are made aware of the business continuity management process and are able to perform their roles in an emergency • to ensure business continuity strategies remain up to date and fit for purpose and that guidance is available to ensure the consistency of approach • to ensure the business continuity management system is continually improved
<p>Local Economic Partnerships <i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i></p> <p>Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Economic Partnership (LEP) are out of date.</p>	<p>Executive Director of Place</p>	<p>Governance arrangements need to be developed that are sufficiently “future proofed” to accommodate further anticipated changes to the role of the LEP and its sub groups and the Council’s relationship with it.</p>	<p>The role of the Accountable Body is set out in the LEP’s Local Assurance Framework (which itself is compliant with the Government guidance on Assurance Frameworks) and is further detailed in a formal letter between the LEP and the S151 Officer. The LEP’s Local Assurance Framework has recently been reviewed and updated accordingly.</p> <p>The Council’s S151 Officer sits on the LEP’s Performance & Investment Committee and Finance & Audit Committee in which matters relevant to the Accountable Body role are discussed, including approval of projects to be supported by</p>

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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 2016/17
			<p>Local Growth Fund grant (i.e. proper use of capital resources), and use of Core Funding grant to support the operational running costs of the LEP (i.e. use of revenue funding and assurance of local match funding in the LEP’s budget).</p> <p>Officers from Finance, Audit, Legal and Place meet periodically as a Group to discuss the touch points with the LEP, to help manage the operational aspects of our Accountable Body role and to share knowledge and learning. These meetings also include the LEP’s Programme Manager, as required, as part of maintaining awareness of LEP activities and to help with forward planning (e.g. in respect of updating the LEP’s Local Assurance Framework; and with regard to making arrangements for audit certification, as required in grant terms and conditions).</p> <p>Protocols are in place to differentiate between the Council as Accountable Body (receiving and accountable for Government grant funds on behalf of the LEP) and the Council as the beneficiary of LEP grant funds (as a project deliverer).</p> <p>It is proposed that the Executive Director of Place should undertake an annual review of membership of the LEP Sub Groups and that regular updates will be provided to CLT. CEC continue to liaise with the LEP to provide improved communication and a system will be in place later this year for CEC Officers who sit on these Groups to provide summary feedback on work streams relating to matters that affect CEC – to be reported to CLT. Better communication is also being developed between CEC and the LEP and also with CEC Members and Officers.</p>
Project Management <i>Emerging issue identified in the 2013/14</i>	Chief Operating Officer	The Council’s revised project and programme management approach is now	The Council has continued to strengthen its governance arrangements in relation to project and programme

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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 2016/17
<p><i>Annual Governance Statement which required further attention and monitoring to ensure it did not become significant governance issues</i></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"> • ambitious economic regeneration plans; and • ongoing commissioning reviews leading to new improved service delivery arrangements. <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>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>management in 2016.</p> <p>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.</p> <p>The membership of EMB has also been expanded from two Cabinet Members to three, and enhanced by the involvement of the Executive Directors of People and Place. The strategic review of Corporate Services has seen the Project & 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.</p> <p>Progress has continued on 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 the Council's Centranet and the further development of a robust performance management framework for linking projects to other Council activities through the Business Intelligence Programme.</p> <p>In January 2017 a new Professional Services Management team was put in place. A priority has been to undertake a review of the current arrangements.</p>

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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 2016/17
			This review will incorporate the current operation of all stages of projects and programme, including EMB. In addition it is important to note that the budget setting process and associated team planning has required a more disciplined approach to the initiation of projects, which will support the delivery during the year.
<p>New Service Delivery Models <i>Emerging issue identified in the 2013/14 Annual Governance Statement which required further attention and monitoring to ensure it did not become significant governance issues</i></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>	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>A review of CERF was commissioned in January 2017 to assess the effectiveness and appropriateness of the existing governance arrangements for the wholly owned companies and to clarify the expectations of CERF as a company in its own right.</p> <p>The CERF review, undertaken by an independent strategy/business growth consultant, concluded that there are clear opportunities to improve the way the ASDV companies are governed and that this should be addressed in order to ensure that “the whole is greater than the sum of the parts”.</p> <p>An action plan has been developed to implement the recommendations of the review and address a number of recurring issues and themes that were identified during the review. This includes a fundamental review of the effectiveness and commercial prospects of all of the Council’s ASDV companies and whether the current arrangements provide value for Cheshire East residents and the Council as stakeholder. The Portfolio Holder for Finance will be responsible for the implementation of the action plan</p>
<p>Review of Contract Awards re Core Fit <i>Recognised as a governance issue in 2015/16</i></p>	Director of Finance and Procurement	A number of improvements increasing the transparency of the Council’s procurement arrangements have already been made. For example;	Audit and Governance Committee received reports (thematic report and individual review) on WARNS at the March, June, September and December 2016 and the March 2017 meetings.

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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 2016/17
<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>		<ul style="list-style-type: none"> • Waivers and Records of Non Adherence (WARN) forms are reported individually and in full to the Audit and Governance Committee. • The Audit and Governance Committee receive reports on the quantity and reasons for Waiver's and Non Adherences (WARNs) approved. • 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. • 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. • The Council has developed its Contracts Register to allow an earlier assessment of those services/functions that need to be re-commissioned. • 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. • A £5,000 expenditure report is run monthly and sent to MGB members to scrutinise. From this a sample of 	<p>Procurement Board has continued to meet and progress improvement in procurement practices across the Council.</p> <p>Audit and Governance Committee received 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 and agreed that the assurance received from this work provided them with assurance around procurement. It was agreed that the checks would continue.</p> <p>The Contracts Register update has enabled earlier engagement on re-procurement exercises</p> <p>Over £500 expenditure reports continue to be published, now available with other data sets as part of the Council's "Open Data" site; https://opendata.cheshireeast.gov.uk/</p> <p>The Police investigation from December 2015 in relation to procurement activity is ongoing. It was agreed at the December 2016 meeting of the Audit and Governance Committee that a new piece of work should be completed to provide assurance to both the Chief Operating Officer and Members that the arrangements currently in place to manage procurement activity are appropriate and effective.</p> <p>Having received confirmation from the Senior Investigating Officer with TITAN, who is leading the investigation that the proposed audit would not impact upon the ongoing police work the audit commenced during March 2017 and has continued into the new financial year. The outcomes of this audit will be reported to a future meeting of Audit and</p>

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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 2016/17
		<p>transactions are selected and managers asked to provide details of budgetary controls applied.</p> <ul style="list-style-type: none"> 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. 	Governance Committee.
<p>Council Funding</p> <p><i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i></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>	Director of Finance and Procurement	<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 & 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</p>	<p>Cheshire East Council met on 23 February 2017 and agreed the Medium Term Financial Strategy Report for 2017/18 to 2019/20.</p> <p>The report set out the strategic overview for each outcome and more details of the actions each service area will be taking over the next three years to deliver the refreshed Corporate Plan Outcomes. This took account where possible of the feedback received from all stakeholders during the consultation period following the publication of the Pre Budget Consultation document. A separate document detailing all the feedback received was taken to the same Council meeting in February.</p> <p>All proposals to vary the revenue or capital budgets were detailed in the Pre-Budget Consultation document and the MTFS. Supporting business cases, with equality assessments, were also produced for each proposal</p> <p>The report set out forecasts on how the Council's expenditure will be balanced with funding from Government grants, Business Rates and Council Tax over the three years 2017/18 to 2019/20.</p> <p>The proposals in the Pre-Budget consultation document</p>

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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 2016/17
		<p>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>included the option to increase Council Tax by up to 3.99% each year, but the government settlement in December 2016 recognised that social care costs were in fact a national issue, that required greater focus. The consultation feedback and rising in-year costs led to the decision to increase Council Tax by 4.99% overall in 2017/18 with 3% of this increase directly funding Adult Social Care.</p> <p>Overall it is notable that net funding from Council Tax and Business Rates has increased to 88% in 2017/18 from 76% in 2014/15.</p>
<p>Health and Social Care Integration</p> <p><i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i></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 two acute providers and one Community and mental Health provider 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 the initial aims of the work programme being to reduce non-</p>	<p>Executive Director of People</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>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 are were areas requiring further work and attention including:</p> <ul style="list-style-type: none"> • Final agreement for expenditure plans • Lack of a Delayed Transfers of Care (DToC) plan for South Cheshire Clinical Commissioning Group • Assurance that DToC is a standing item 	<p>The newly published policy framework for future BCF now incorporates integration as a key ambition. Whilst this BCF 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</p> <p>These include, most prominently, the development of the Cheshire and Merseyside Sustainability and Transformation Plan (Five Year Forward View Delivery Plan), which was submitted to NHS England in October 2016. This plan is the main strategic driver regarding health and social care integration. However, this is a NHS driven initiative not Local Government.</p> <p>The implementation of the plan has the potential to have significant implications for Cheshire East resident's health care and on the way that the Council works with NHS partners locally and within the rest of Cheshire, Wirral and Warrington. It also reiterates the importance of progressing the future model of the two transformation programmes in</p>

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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 2016/17
<p>elective admissions to hospitals and Delayed Transfer of care (DTOC) 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>on Systems Resilience Group agendas (now called A&E Delivery Boards). 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 by the Health and Wellbeing Board.</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"> • 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 <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</p>	<p>Cheshire East: Caring Together in Eastern Cheshire CCG and Connecting Care in South Cheshire CCG.</p> <p>To ensure ongoing awareness of the proposals and progress with implementation, the Council attends the STP Senior Responsible Officer’s Working Group and at the Cheshire and Wirral Local Delivery System meetings but has no formal mandate for the Council either politically or from Chief officers.</p> <p>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 now complete. A programme of evaluation of all BCF schemes was undertaken and will inform the 2017 – 2019 Plan. The Guidance for BCF Plans for the new financial year has at the time of writing not yet been published. This will be a two-year plan in line with Clinical Commissioning Groups’ two-year planning requirements for this period.</p>

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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 2016/17
		<p>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>	

7. Significant Governance Issues

7.1. **Table 2** below sets out the significant governance issues the Council recognises as arising during 2016/17. 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 2017/18, and reported on to Corporate Leadership Team and Audit and Governance Committee.

Table 2 - Significant Governance Issues arising in 2016/17

Description	Actions	Responsibility
<p><u>Air Quality Data</u> During the preparation of the 2015 Air Quality Annual Status Report, anomalies were discovered within the data submission. Initial investigation identified further anomalies, which also appeared to have affected the previous year's submission.</p> <p>The Chief Executive requested a review of the data returns and the processes in place for monitoring, recording and disseminating air quality data to be undertaken by Internal Audit. This was completed and reported during October 2016, and confirmed that the figures submitted were incorrect and identified improvements to the monitoring process.</p>	<p>One of the recommendations of the Internal Audit report was for further investigation to be carried out with a view to understanding the cause of the errors, to assess the full impact and implications of the errors made, and identify any actions required to ensure that the Council is fulfilling its statutory responsibilities with regards to air quality.</p> <p>The investigation into the Council's monitoring and reporting of Air Quality is ongoing and is expected to reach conclusion by during Quarter 2 2017/18. The findings from the investigation will determine the next steps which need to be taken.</p>	<p>Executive Director - Place</p>
<p><u>Designated Statutory Officers/Investigation and Disciplinary Committee</u> During Q4 concerns relating to officer conduct were received by the Deputy Monitoring Officer. In accordance with the processes put in place by Council in February 2017 to deal with such matters (see paragraphs 5.77 and 5.78 above) those concerns were then considered by the Council's Investigation and Disciplinary Committee (IDC). Those processes are still ongoing but a decision has been taken by the IDC to suspend the Chief Executive whilst an investigation is undertaken. The decision to suspend is a neutral act and will be kept under review.</p>	<p>The Investigation and Disciplinary Committee (IDC) processes are still ongoing but a decision has been taken by the IDC to suspend the Chief Executive whilst an investigation is undertaken. The decision to suspend is a neutral act and will be kept under review. The Council will continue to act appropriately to deal with any matters arising from those processes to ensure continuity of service provision and organisational governance.</p>	<p>Acting Chief Executive</p>

Appendix 1: The Governance Framework in operation during 2016/17

