

Proposed DRAFT Annual Governance Statement 2017/18

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Cheshire East Council – Proposed Draft Annual Governance Statement 2017/18

1. Executive Summary and Approval

- 1.1. Each year the Council produces an Annual Governance Statement that explains how it manages its corporate governance arrangements, makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.
- 1.2. The Annual Governance Statement reports on:
- how the Council complies with its own governance arrangements;
 - how the Council monitors the effectiveness of the governance arrangements;
 - improvements or changes in governance arrangements proposed for the forthcoming year.
- 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 2017/18

- 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 2017/18 has identified governance issues as described in Section 8.
- 1.6. The Council has previously recognised a number of significant governance issues in previous Statements, some of which have continued or further developed over the course of 2017/18. Progress updates on these items are described in Section 7. In 2015/16 the Council recognised Health and Social Care Integration and Council Funding, as "continuing governance" issues, and these are reported on again within Section 7 of this Statement.
- 1.7. 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.

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

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2. Introduction

2.1. The Accounts and Audit 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

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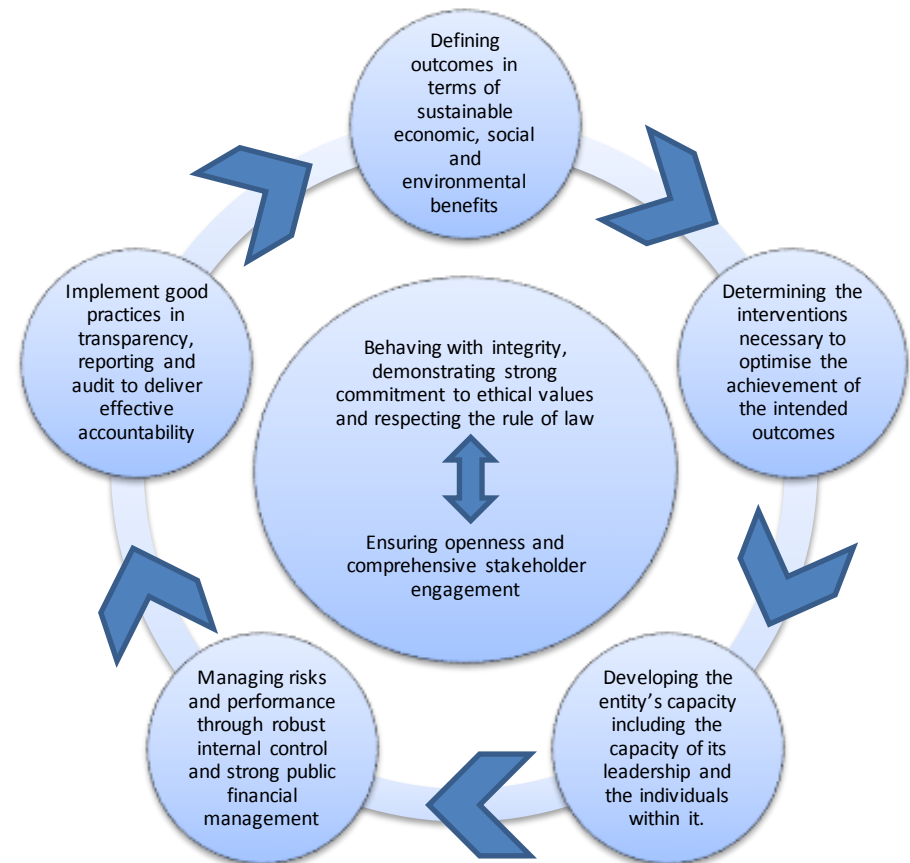
F. Managing risks and performance through robust internal control and strong public financial management

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. The draft AGS will be considered by the 31st May 2018 Audit and Governance Committee. It will be updated as necessary in response to suggestions from Members and Senior Officers, to ensure the Statement remains current for when the Audit and Governance Committee consider it as Final on 31st July 2018.

3.5. Once approved by the Audit and Governance Committee it will be 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



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3.6. The Annual Governance Statement provides assurance that:

- governance arrangements are adequate and operating effectively in practice; or
- where reviews of the governance arrangements have revealed improvements required, action is planned to ensure effective governance in future.

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 ongoing 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.

5. The Governance Framework

- 5.1. The Council's Code of Corporate Governance 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 2017/18 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 2018 and to the time of the AGS being approved by Audit and Governance Committee in September 2017 unless otherwise indicated.

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](#)

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[2017/20](#) 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 that the Council is a commissioning organisation, but that it 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 2018-21](#) was agreed at the February 2018 Council meeting. The report sets out the Council’s plan and required funding to 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. The 2017/18 Final Outturn of Performance will be reported to Cabinet and to the Corporate Overview and Scrutiny Committee in June 2018.

- 5.8. Delivery of the Corporate Plan is supported by service plans, team plans and individual performance development reviews. An updated business planning process was 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. The process continues to be reviewed, refined and developed.
- 5.9. [Council](#) approved the adoption of the Local Plan Strategy on 27th July 2017. The Local Plan sets planning policy and allocates sites for development. The adoption of the Local Plan represents greater certainty about growth and development within the plan area.
- 5.10. In [April 2017](#), Cabinet received a report on the Council’s plans to connect with the Voluntary, Charity and Faith (VCF) sector. The aim outlined in the report was to ensure the VCF sector had a voice, support the VCF sector to work with us to deliver services and activities to our most vulnerable communities and deprived neighbourhoods to prevent demand and intervene at an early stage and provide a clear understanding to the VCF sector on their relationship with the Council.
- 5.11. Following a competitive process, the Council awarded a contract for VCF infrastructure to Cheshire East Council

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for Voluntary Service (CVS), for a term of three years, beginning on 1st April 2017.

- 5.12. [“Connected to Decision Making”](#) was considered by Cabinet in November 2017. This report outlined opportunities for local people to influence policy and decision making, developing community working and the co-production of local services with residents.
- 5.13. The report set out a work plan for the Council to apply the principles of participatory budgeting in the mainstream commissioning cycle when appropriate, allowing communities to be better informed and part of the decision making process. The development of participatory budgeting will ensure residents and key stakeholders are better informed on the use of public money via the commissioning of services, and co-produce community based solutions.
- 5.14. During 2017/18 the Council has also approved a number of infrastructure improvements and developments across the Cheshire East area. Town centre regeneration schemes for Macclesfield, Crewe, and Congleton and have been considered and approved by Cabinet. These major regeneration schemes are critical elements in delivering the ambitious economic growth targets outlined in the emerging Constellation Growth Strategy for the sub-region.
- 5.15. Proposals, business cases, and progress reports on a variety of transport schemes were considered and endorsed during 2017/18. This includes the Middlewich Eastern Bypass, Sydney Road Replacement Bridge, Crewe Green Roundabout improvements, Poynton Relief Road, and the Supported Local Bus Service Review amongst others.
- 5.16. These schemes are all linked to the key outcomes in supporting economic, physical and social regeneration, improving the reliability of public transport and the delivery of key infrastructure developments to improve the efficiency and reliability of the highway network.
- 5.17. The sustained 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 been recognised by the Council in previous Annual Governance Statements, with the inclusion of “Health and Social Care Integration” as a continuing governance issue. An update on the actions undertaken during 2017/18 to manage this issue is provided later in this Statement.

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

- 5.18. 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.
- 5.19. During 2017, the Council's Constitution was subject to an extensive and systematic review. This process began at officer level, and as proposals developed, a sub committee of the Constitution Committee was convened, to consider changes to the Constitution and make recommendations to the Committee.
- 5.20. The review was undertaken to ensure that the Council's Constitution complied with all statutory requirements, and to examine how the current processes and procedures could be altered to improve organisational efficiency and achieve stronger governance. An external solicitor was appointed to support the review process. At its meeting in August 2017, the Constitution Committee endorsed seven principles for the review of, and production of a revised Constitution;
- Recognise the Council's Democratic leadership role

- Support, not hinder the efficient exercise of democratic decision making, good governance and the delivery of services
 - Be modern in its language, format and presentation
 - Be concise, covering only those essential issues which need to be in the formal Constitution and sign-posting to other documents and sources.
 - Recognise the varied ways in which the Council operates (for example, through ASDVs and shared services);
 - Delegate decision making to the most appropriate level with the right checks, balances and scrutiny; and
 - Be future proof, not requiring constant revisiting and updating.
- 5.21. Progress reports were provided to the Constitution Sub Committee and Committee throughout the process, which included a joint officer/member workshop and drop in sessions for Members to cover the review process and the key changes being proposed.
- 5.22. Council approved the recommendation from Constitution Committee to approve the revised Constitution at its meeting on 14th December 2017, and the revised Constitution came into operation on 1st January 2018.

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Since adoption, a number of “Living Document Changes” have been identified. The first of these were considered by the Constitution Committee in March 2018.

- 5.23. 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. During the review of the Constitution, consideration was given to the content and format of the document, with opportunities to make the Constitution easier to navigate and to understand being taken; for example, increasing the use of hyperlinks to direct the reader to content available elsewhere on the Council's websites, avoiding duplication in the Constitution document.
- 5.24. The Terms of Reference for the Health and Wellbeing Board were approved by Council in [May 2017](#), on the recommendation of the Constitution Committee. The Board's Terms of Reference require that they are reviewed annually to ensure they remain fit for purpose.
- 5.25. The Council facilitated extensive [pre-budget consultation](#), setting out proposals to change for the period 2018/21 in a consultation launched in November 2017, and open through to the Council meeting approving the budget in [February 2018](#).
- 5.26. The results of the consultation formed part of the consideration of the [Medium Term Financial Strategy](#)

[2018/21](#) by Council at its February 2018 meeting. 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.

- 5.27. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council's Reserves Strategy. As part of the MTFS, [High Level Business Cases](#) have been made available on the Council's website.

Developing the entity's capacity including the capacity of its leadership and the individuals within it.

- 5.28. 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 Governance Framework diagram in Appendix 1.
- 5.29. The Council's Constitution 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

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Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers.

5.30. In [March 2018](#) the Constitution Committee received and approved “A Member-led Council: Developing Effective Member and Officer Relations” as a supplement to the Member/Officer Protocol. The Corporate Overview and Scrutiny Committee, which considered the document in [April 2018](#) and supported the approach set out in the document, and endorsed its importance as a supplement to the Council’s Member/Officer Protocol.

5.31. In summary, the document;

- Makes clear the democratic mandate which elected Members have and their responsibility for setting the policy framework, upon which the officers provide professional advice and expertise in order to deliver it.
- Clarifies the role of officers as employees who put policies into effect and who deliver the Council’s services, utilising powers and performing responsibilities delegated to them by Members.
- Underlines the importance of officers acting with political impartiality, serving the whole Council rather than particular groups or Member providing unbiased professional advice to Members

5.32. 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.

5.33. 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 2017/18 was agreed by Council on [23rd February 2017](#).

5.34. The [2018/19 Pay Policy Statement](#) recommended to Council on 22nd February 2018 from Staffing Committee, included a number of changes from the 2017/18 Statement. These included updates on the development of a new national NJC pay structure and outlined the Mutually Agreed Resignation Scheme, agreed at Cabinet in February 2018.

5.35. In October 2017 the Council launched a programme of work, designed to improve staff wellbeing and resilience. “Wellbeing in Work” as reported to the [October 2017](#) Staffing Committee, is a framework based on five interconnected areas, which together support and strengthen employee wellbeing; Physical and Mental

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Health, Family and Finances, Personal Growth,, Work and Environment and Culture and Climate.

- 5.36. To further develop and shape the programme, a staff forum and contributor's group were established, bringing together staff and managers from across the council. Progress on the Wellbeing in Work programme has been reported to the Staffing Committee in [April 2018](#). The programme will be shaped as necessary to support the wider actions of the Cultural Review.
- 5.37. At the invitation of the Leader and Acting Chief Executive, the Local Government Association undertook an independent review into the organisational culture of the council, with particular focus on bullying and harassment. A full report on the review was received in January 2018 and is available on the Council's [website](#).
- 5.38. Following the receipt of the LGA report a Cultural Review programme has been implemented. This includes the use of an external change management company to support the delivery of the "Brighter Future Transformation Programme". A report to Staffing Committee on [21st March 2018](#) provided further details of the Programme, including the proposed governance arrangements, which will see the Staffing Committee providing scrutiny of the Programme and receive progress reports.

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

- 5.39. [Audit and Governance Committee](#) have received regular risk management update reports during 2017/18. The Committee received a focused briefing on Brexit and the opportunities this presents to the Council in June 2017.
- 5.40. As part of the development of the Council's business planning process, risk registers have been included in the department and team plans. These are reviewed by the team plan owners, and risks are considered for escalation to the Corporate Risk Register as necessary.
- 5.41. In October 2017 the Council received the [Overview and Scrutiny annual report for 2016/17](#). This summarised the activity of the four scrutiny committees during the municipal year. The annual report for 2017/18 is scheduled to be taken to Council later in 2018. All committees scrutinised areas of budget within their remits.
- 5.42. During 2017/18 the [Children and Families Overview and Scrutiny Committee](#) scrutinised issues including Child Sexual Exploitation, Transport Policies, and Annual Reports for Education, the Local Safeguarding Children's Board and the Local Authority Designated Officer. The Committee also undertook a Task and Finish review of Special Educational Needs Disability (SEND).

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- 5.43. The [Health and Adults Social Care and Communities Overview and Scrutiny Committee](#) scrutinised issues including Delayed Transfer of Care, the Integrated Carers Hub, Health and Social Care Performance Scorecard, the Annual Local Safeguarding Adults Board. The Committee also conducted a one day spotlight review on Mental Health Service provision across Cheshire East, amongst other items on the work programme.
- 5.44. The [Environment and Regeneration Overview and Scrutiny Committee](#) received presentations and reports on Flood Risk Management, Homelessness, the Supported Local Bus Service Review and Food Waste Recycling and Compositing Plant, amongst other items.
- 5.45. The [Corporate Overview and Scrutiny Committee](#) received updates and presentations on a variety of issues, including Digital Customer Services, the Best 4 Business Oracle replacement, Crewe Fire Station Second Pump, New Homes Bonus, as well as scrutiny of the quarterly performance reports,
- 5.46. A project was started in 2016/17 to identify the changes required to ensure compliance with the requirements of the General Data Protection Regulation, which replaces the Data Protection Act from 25th May 2018. A presentation was given to the Audit and Governance Committee in [March 2018](#) to provide assurance on the readiness of the Council to meet the requirements.
- 5.47. The Information Governance Group met regularly throughout 2017/18, 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. An update report on Information Governance will be provided to the Audit and Governance Committee at its May 2018 meeting.
- 5.48. 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.
- 5.49. Following a 'maturity assessment' of Procurement and Commissioning, carried out by external consultants (Ameo) which concluded in September 2017 a Commissioning & Procurement Delivery Group and also the Commissioning & Procurement Delivery Board have been established.
- 5.50. There is a Project Board which supports the Group, chaired by the Corporate Manager Finance and Performance and the Board is chaired by the Interim Executive Director of Corporate Services.

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- 5.51. The Group meets on a monthly basis and has done since the turn of the year, with the Board meeting a couple of weeks after the Group. Whilst initially looking at the Commissioning Cycle & Contracts/Procurement, the scope of the Programme has grown to encompass the Business Planning Process and the PMO Project Gateway process.
- 5.52. Changes to the Council's Contract Procedure Rules were considered by the Constitution Committee in March 2018. The changes considered were of an operational nature, designed to further improve efficiency and governance.
- 5.53. 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.
- 5.54. During 2017/18 the Audit and Governance Committee received or approved a broad 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 and Treasury Management
 - Annual reports on Customer Feedback (Complaints, Compliments and the Local Government Ombudsman), 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)
- 5.55. The Audit and Governance Committee's draft self-assessment against the CIPFA guidance will be discussed at the May 2018 meeting.
- 5.56. The 2016/17 Annual Report of the Audit and Governance Committee was received by Council on [19th October 2017](#). The Annual Report for 2017/18 will be presented to the July 2018 Audit and Governance Committee and then taken to Council.
- 5.57. The 2016/17 Annual Governance Statement was approved at the [September 2017](#) 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.
- 5.58. An update on progress made in managing issues raised in the 206/17 Statement was taken to the Audit and Governance Committee meeting in [December 2017](#). The

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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 noted 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

- 5.59. 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 2017/18, received by the Audit and Governance Committee on [June 1st 2017](#) and is as follows:

Internal Audit Opinion

The Council’s framework of risk management, control and governance is assessed as adequate for 2017/18

- 5.60. The Internal Audit Annual Report for 2017/18 has been prepared by the Council’s Principal Auditors who currently have management responsibility for Internal Audit and cover the role of the Head of Internal Audit. Support and sign off has been provided by the Interim Director of Corporate Services who has line management responsibility for Internal Audit and the approach has been validated with the Council’s External Auditors.

- 5.61. Updated Public Sector Internal Audit Standards (PSIAS) have been implemented from 1st April 2017. A requirement of the PSIAS is for an external assessment against the Standards to be undertaken at least once every five years. All local authorities should have had their first external assessment by 31st March 2018.

- 5.62. As reported to the Audit and Governance Committee in [September 2017](#), the Council’s internal audit function participated in a peer review process led by the North West Chief Audit Executive’s Group. The external assessment was undertaken at the end of January 2018 and a draft report has been received. The Audit and Governance Committee will receive the results of the external assessment at a future committee.

- 5.63. 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 2017/18;

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

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- 5.64. Reports on the performance and progress of the ASDVs have been scrutinised during the year by the Council's Overview and Scrutiny Committees.
- 5.65. 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 2016/17 was reported to Cabinet in [October 2017](#).
- 5.66. The operational overview of services has been delivered by the CERF Ltd group of companies through client commissioning arrangements, based upon operating agreements/contracts between the Council and the individual company. During 2017/18 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
- 5.67. A review of the Council's ASDVs was completed in November 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.
- 5.68. The review was reported to Cabinet in [March 2018](#), "Edge Public Solutions Limited (Edge), identified that improvements could be made to how the Council commissioned services from its ASDVs and how the ASDVs were governed. Cabinet endorsed the findings of the report, and approved the creation of a Cabinet Committee, to be called the "Shareholder Committee".
- 5.69. This Committee will give advice and direction to the Cabinet member(s) with legal responsibility for making ASDV shareholder decisions. The Shareholder Committee will design, implement and oversee the ASDV change programme.
- 5.70. The [Shared Services Joint Committee](#) oversees the management of the services provided pan-Cheshire on behalf of Cheshire East and Cheshire West and Chester Councils, to ensure effective deliver of services and strategic direction. Regular reports on performance and progress have been received during the year by the Committee from ICT Services, the Transactional Service Centre, and progress in replacing the Finance and HR System and the Archives project.
- 5.71. In preparing the AGS we have examined reports, feedback and action plans from other agencies and

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inspectorates, which review the services provided by the Council.

- 5.72. In March 2018, Ofsted and the Care Quality Commission carried out an inspection that looked at how well education, care and health services work together to identify, assess and meet the needs of children and young people with special educational needs and/or a disability. As a result of the inspection, the local area is required to produce and submit a Written Statement of Action to Ofsted that explains how we will tackle two areas identified for improvement.

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

- 5.73. 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.
- 5.74. 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.

- 5.75. During 2017/18 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.
- 5.76. In light of the continuing police investigation, "Operation Stones" into the awarding of contracts to Core Fit (recognised as a governance issue in the 2015/16 AGS), the suspension of the Chief Executive and the Director of Legal Services, the Council has interim senior management arrangements in place.
- 5.77. These include the appointment of the Executive Director for People and Deputy Chief Executive as Acting Chief Executive and the appointment of an interim Executive Director for Corporate Services (Section 151 Officer).
- 5.78. Section 151 responsibilities were covered by the Chief Operating Officer and thereafter the Interim Executive Director for Corporate Services. 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).

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- 5.79. 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. Following the suspension of the Director of Legal Services and Monitoring Officer in July 2017, interim arrangements were implemented, and an acting Director of Legal Services appointed. This arrangement has continued following the resignation of the Director of Legal Services in December 2017.
- 5.80. The Council's [Investigation and Disciplinary Committee](#) met regularly during the year to consider concerns about officer conduct raised in early 2017. The council's external auditors confirmed that the external audit certificate for 2016/17 will be held open until the completion of these investigations.
- 5.81. In [April 2018](#), the Chair of the Council's Investigation and Disciplinary Committee was asked to stand down from his committee duties because of concerns about actions taken whilst serving on the authority's Investigation and Disciplinary Committee.
- 5.82. This is a neutral act, intended to protect the Councillor and the council from concerns of a similar nature arising whilst the matter is considered further. The vice-chairman of the IDC will act as IDC chairman on an interim basis while these matters are resolved.
- 5.83. As reported to Audit and Governance Committee in [September 2017](#), the Council's whistleblowing arrangements have been independently reviewed by Public Concern at Work. The report, alongside information on the number of reports received in 2016/17, also provided details of additional support to staff in relation to Whistleblowing concerns; this includes access to an independent advice line by phone and email, providing safe and confidential advice to staff, should they ever find themselves in a dilemma about what to do if they witness wrongdoing in the workplace.
- 5.84. The outcome of the review was reported back to the Committee in [March 2018](#). In recognition of the comments and feedback from Public Concern at Work on the length of the existing policy, the potential for mixed messages and the benefits of a uniform definition of whistleblowing, a revised Whistleblowing Policy, based on the model policy provided by Public Concern at Work, was approved by the Committee.
- 5.85. The updated Whistleblowing Policy and details of the further advice and support available can be found on the Council's [website](#).

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Ensuring openness and comprehensive stakeholder engagement

- 5.86. 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 is now [publishing information](#) over and above mandatory requirements.
- 5.87. The Council's [open data portal](#) continues to facilitate the process of uploading data and make it available in meaningful, easily accessible and re-usable formats for the public.
- 5.88. In [March 2017](#) the Constitution Committee resolved that for the 2017/18 municipal year, an enhanced audio recording system would be introduced for all of the Council's formal decision making bodies and the webcasting of Cabinet meetings was discontinued. A review of the arrangements will be considered by the Constitution Committee in June 2018. Recordings can be found on the relevant Committee pages.
- 5.89. The Council publishes delegated officer decisions on its [website](#), demonstrating how the provisions of the Constitution have been exercised.
- 5.90. 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 are also available.
- 5.91. 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.
- 5.92. Staff can provide feedback 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.
- 5.93. Council services use various forms of [social media](#), to engage and inform communities and stakeholders. The main Council website has a [Media Hub](#) page, where a

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variety of information about the Council is published. The Communications team also provide related media releases, where appropriate. [Statutory public notices](#) are also shared online.

- 5.94. During 2017/18 the Council launched a new magazine for residents – The VoiCE. This was provided to households and is available [online](#). The magazine provides articles about services provided by the Council and information about what is happening around the borough.

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 described below and also referenced in the Governance Framework in Appendix 1.
- 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.
- **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.

- 6.3. The review has considered the effectiveness of the Council's governance arrangements against the principles set out in the revised Code of Corporate Governance
- 6.4. Whilst there have been significant governance issues recognised in previous years which have provided continuing challenge, overall, it is considered that the Council's governance arrangements are fit for purpose in accordance with the governance framework. The Council continues to progress actions and changes to resolve these issues.

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- 6.5. Section 7 sets out the progress made against the issues identified previous Annual Governance Statements, which have been monitored through 2017/18. This includes;
- Items included in the 2013/14 Annual Governance Statement, which were not identified as significant governance issues, but required further attention during 2014/15.
 - 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
 - Issues identified in the 2015/16 Annual Governance Statement, including the two issues recognised in this Statement as “Continuing Governance Issues”.
 - Significant governance Issues identified in the 2016/17 Annual Governance Statement.
- 6.6. Progress on managing and monitoring the discrete actions identified to manage and resolve these issues has previously been reported upon to the Audit and Governance Committee, through previous Annual Governance Statements, and most recently in an update provided in [December 2017](#). The Committee agreed that the issues of Project Management and Air Quality Data would be removed from the AGS and progress monitored under local arrangements.
- 6.7. The progress updates provided to the December committee are not repeated here. An update on progress since the December 2017 update is provided in Section 7
- 6.8. 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 2017/18 in the updates in Section 7. This is to recognise the continuing significance of these two specific areas, at national and local levels.

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7. Progress against issues identified in previous Annual Governance Statements

Business Continuity Planning <i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i>	
Description of Issue	Current and tested business continuity plans are not consistently in place across all service areas.
Responsibility	Director of Legal Services
Action proposed at the time of inclusion in the AGS	Develop Business Continuity Planning to ensure service delivery in the event of business disruption
Progress Update for Draft AGS 2017/18	<p>Terms of Reference for a Joint Business Continuity and Emergency Planning Liaison Group have been drafted and membership of the Group is being established. The purpose of this group is to ensure there is an overarching view of the two sets of arrangements and to provide guidance and support in the development and maintenance of the Council's resilience.</p> <p>A draft Business Continuity statement outlining the Council's commitment to Business Continuity Management and a framework identifying minimum standards has been drafted; this is on route for approval. This will be supported by a programme of testing to evaluate the quality and effectiveness of the Business Continuity Plans in place.</p> <p>An updated Business Continuity template has been drafted for Services and a joint Emergency Planning and Business Continuity Template for schools has also been drafted, both are presently being piloted and following feedback and any necessary amendments will be communicated and issued appropriately.</p> <p>The Group will be looking at planning Business Continuity exercises, the first of which is a Cyber Breach Exercise. Business Continuity planning work has been undertaken with the Council's Information Governance Group with work begun on drafting Communication Templates. This helps with preparedness in terms of pre-</p>

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	<p>planned communication which is pre-approved should an incident arise and will help provide clarity.</p> <p>Draft Business Critical Activities have been identified and will be reviewed by the Joint Business Continuity and Emergency Planning Group. Work is underway at providing a Business Continuity training module for promotion to staff through the Council's eLearning lounge.</p> <p>Included within the Civil Contingencies Act are two distinct Business Continuity Management related duties, the first is to develop and maintain plans that will ensure they can continue to deliver their functions in an emergency so far as is reasonably practicable. The second is to promote and provide general BCM advice to commercial and voluntary organisations in their area. This duty is directly linked to the Government's overall resilience agenda. To assist with this the Council's Business Continuity Officer has given a Business Continuity presentation to a number of local businesses, giving advice on resilience and tips on how to prepare for an incident.</p>
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Local Economic Partnerships	
<i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i>	
Description of Issue	Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Economic Partnership (LEP) are out of date
Responsibility	Executive Director of Place
Action proposed at the time of inclusion in the AGS	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.
Progress Update for Draft AGS 2017/18	Actions for C&W LEP included making certain Sub Committee meetings open to the public and establishing an Overview & Scrutiny Committee. An Overview and Scrutiny Committee has now been established and met for the first time on Thursday 1st March. This meeting was used to set out terms of reference and select a Chair. Cheshire East is represented by Cllr Harold Davenport.

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As part of our Finance and Accountable Body services provided to the LEP we assist in preparation of the financial information for inclusion in the final version of the Annual Report. This includes information not only in respect of the LEP Company's operating accounts, but also financial summaries relating to the Local Growth Fund, Growing Places Fund, and other reserves and balances in order to present a more comprehensive picture of the LEP's financial affairs.

The Mary Ney Review has made further recommendations for improving the governance and transparency of LEP's and this has resulted in further revisions to the National Assurance Framework for LEP's to adopt.

As part of our Accountable Body role, Cheshire East's Internal Audit Team assisted with the review of the LEP's Local Assurance Framework and prepared a report with recommendations. Internal Audit is developing a plan of work in discussion with the LEP.

The "Annual Conversation" (meeting of LEP with Government officials) took place in December 2017 and this process has been followed by a Performance Review undertaken by BEIS/MHCLG. The Annual Conversation was generally very positive reporting that governance and systems and processes are improved. There are some concerns around delivery and capacity.

As part of the pack submitted to Government in advance, the required statement from CEC S151 Officer was included stating that we are satisfied with LEP's governance and transparency arrangements and that there are no issues of concern. The statement also commented that going forward, as part of strengthening arrangements in this regard, CEC S151 Officer and the LEP Chief Executive will meet quarterly, to help ensure we are sighted on developments/ proposals before key decisions are made (including receiving Strategy Committee papers).

Following the Ney Review, CIPFA and MHCLG are developing fresh guidance on the role of the S151 Officer of the Accountable Body for LEPs. The CIPFA guidance is out for consultation with a response date of 30 May 2018. The subsequent guidance from CIPFA will be helpful in providing further clarity on any actions required by the Council or the LEP to ensure effective financial management.

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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>	
Description of Issue	<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 additional vehicles were launched in early 2015: Transport Service Solutions Ltd (1st January 2015) and Civicance (1st April 2015)</p>
Responsibility	<p>Interim Executive Director of Corporate Services and Executive Director of Place</p>
Action proposed at the time of inclusion in the AGS	<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>
Progress Update for Draft AGS 2017/18	<p>The findings of a review to assess the effectiveness and appropriateness of the existing governance arrangements for the ASDVs and CERF were reported upon to Cabinet in March 2018.</p> <p>The report found that improvements could be made to how the Council commissioned services from its ASDVs and how the ASDVs were governed.</p> <p>Cabinet endorsed the findings of the report, and approved the creation of a Cabinet Committee, the "Shareholder Committee".</p> <p>This Committee will give advice and direction to the Cabinet member(s) with legal responsibility for making ASDV shareholder decisions. The Shareholder Committee will design, implement and oversee the ASDV change programme.</p>

Review of Contract Awards re Core Fit

Recognised as a governance issue in 2015/16

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Description of Issue	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.
Responsibility	Interim Executive Director of Corporate Services
Action proposed at the time of inclusion in the AGS	<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"> • 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 CLT members to scrutinise. From this a sample of transactions are selected and managers asked to provide details of budgetary controls applied. • 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.
Progress	The Audit and Governance Committee received reports (thematic report and individual review) on WARNs

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Update for Draft AGS 2017/18	<p>throughout their meetings in 2017/18.</p> <p>Following a 'maturity assessment' of Procurement and Commissioning, carried out by external consultants (Ameo) which concluded in September 2017, a Commissioning & Procurement Delivery Group and Commissioning & Procurement Delivery Board were established. A Project Board supports the Group. The Group meets on a monthly basis, with the Board meeting a couple of weeks after Group.</p> <p>Whilst Initially looking at the Commissioning Cycle & Contracts/Procurement, the scope of the Programme has grown to encompass the Business Planning Process and the PMO Project Gateway process.</p> <p>Procurement have developed a Pipeline Dashboard, utilising the Contracts Register for existing contracts due to come to an end for the next rolling 36 months as well as new contracts/procurements to be identified. This permits the Group to identify forthcoming contracts/procurements to be highlighted and scrutinised as appropriate, with observations/assurance to Board prior to Reports being scrutinised at CLT. The Contracts Register will be built into the Business World system to provide greater transparency over spending against contracts. It will also allow for workflows and reminders to be built into the system.</p> <p>There is a quarterly highlight reporting process for 'Platinum' Contracts i.e. contracts in excess of £1m per annum. This is one element of a Toolkit under development designed to equip Contract Managers with the requisite tools and techniques to robustly contract manage and where practicable realise savings within the Contract. This will in time be extended to Gold contracts and potentially Silver & Bronze contracts (subject to approval at Group/Board). We have now identified an officer from within Finance to own the Savings Tracker which will capture and monitor savings and benefits including non-cashable benefits.</p>
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Council Funding	
<i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue	Ongoing 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,

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	<p>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>
Responsibility	Interim Executive Director of Corporate Services
Action proposed at the time of inclusion in the AGS	<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 and 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>
Progress Update for Draft AGS 2017/18	<p>The Council achieved a balanced outturn position for 2017/18.</p> <p>The pre budget consultation undertaken received the largest number of responses to date.</p>

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	<p>The Local Government settlement received in December 2017 provided no surprises, and a balanced budget for 2018/19 was approved by Council on 22nd February 2018. Adjustments were made in relation to the Highways Budget following consultation responses. The adjustments were affordable within contingency levels and the reserves strategy.</p> <p>In year budget monitoring will continue, with improvements anticipated when the B4B project goes live.</p> <p>Based on the level of consultation and engagement last year, we will look to extend the consultation period for the next pre-budget consultation to allow more analysis of the results.</p> <p>The Council will engage in consultation in relation to Fair Funding and Business Rates retention in line with National Government timescales.</p>
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Health and Social Care Integration <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue	<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-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>
Responsibility	Executive Director of People
Action proposed at the time of	The BCF Governance Group, overseen by Cheshire East's Health and Wellbeing board continues to meet on a

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inclusion in the AGS	<p>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 on Systems Resilience Group agendas (now called A&E Delivery Boards). <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 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 been shared by them and adopted accordingly to</p>
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	<p>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>
Progress Update for Draft AGS 2017/18	<p>There have been changes to both the Cheshire and Merseyside and the local South and Eastern Cheshire transformation programmes over the last six months.</p> <p>The Better Care Fund Governance Board in Cheshire East continues to provide oversight for the 16 schemes which provide the underpinning strategic approach towards health and social care integration. This takes place on a monthly basis through the BCF Governance Board via the highlight report, which covers: progress to date, an update on key areas of work, issues and risks. It is used to advise the Better Care Fund Governance board of any potential issues as they arise, so that timely action can be recommended.</p> <p>Following the approval of the Cheshire East Better Care Fund plan, focus from both the Local Government Association and NHS England has shifted to performance reporting. Quarterly performance reporting for the BCF and iBCF continues. The shift to performance reporting is also demonstrated through the submission of a new weekly Winter Data and Intelligence Collection survey administered by the Local Government Association (LGA) and ADASS (Directors of Adult Social Services).</p> <p>This weekly return is focused on the number of delayed days experienced in acute and non-acute settings and the causes of those delays. Further to this the collection aims to: highlight local challenges and achievements, ensure DToC data has been signed off, provide further understanding to support winter work and help to provide intelligence nationally. The collection commenced on 02/02/2018 and is due to end on 31/05/2018.</p> <p>As part of the iBCF conditions, quarterly reporting has commenced to track the progress and contribution of the schemes that were specified as part of the planning process for iBCF in July 2017. Since the last update reports have been submitted as required by NHS England. The report covers: key successes, challenges, how iBCF has been allocated against the three purposes of the fund expressed as a percentage, progress on the schemes in</p>

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terms of a narrative update and in terms of the project life cycle and performance against self-identified performance metrics.

In order to meet and demonstrate a robust and clear outcomes framework for reporting, a monthly process for reporting across all 16 schemes has been initiated, together with an integrated approach to data management across all three Better Care Fund partners in Cheshire East. Data leads from each organisation support the production of a performance dashboard which is produced on a monthly basis. This, along with the highlight report is supplied to the BCF Governance board. The dashboard identifies the latest position in respect of a number of national metrics.

The Department of Health has been closely reviewing DToC performance nationally, in order to benchmark those areas that are not making sufficient progress against their agreed trajectories. DToC performance in Cheshire East remains good and still sits outside of the 32 poorest performers nationally.

Highlights from the BCF schemes in 2017/18 include:

- The pilot of a care sourcing team, sourcing 995 packages of care.
- Implementation of Care Package retention of 7 days scheme, utilising this on 413 occasions.
- Rapid return home scheme went operational
- Care Home Support fully operational
- Funding in place to support discharge models which included having a locality manager and practice manager in post as well as having social workers available on weekends covering both Leighton and Macclesfield hospitals.
- A pilot scheme to test referrals to reablement from the acute setting over weekends was established.
- The establishment of a Rapid Return Home (Overnight) Service
- Clinical support to Care Home Support
- Increased support for community Matrons case-managing High Risk patients.
- Commenced Fair cost of care pricing review and consultation for Accommodation with Care.

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	<ul style="list-style-type: none"> • Completed market engagement on carers services and people with complex needs • Specification for Care at Home and Accommodation with care completed. • Live Well CE established; the site generated 16,000 page views per week and 5,700 individual user sessions. • Management of steady increase to telecare usage from 1,926 monthly users in January 2016 to 2,531 monthly users in December 2017. • Confirmed Carers wellbeing budgets for 872 people. • 318 disabled people enabled to live independently through Disabled Facilities Grants. • Service specifications in place for Support at Home Service – (British Red Cross to provide practical and emotional support at home over 7 days). Following this services were established. • Community Support Reablement - the total number of hours provided is 2,140 hours per week across the North and South Teams • 3175 safeguarding concerns were raised. <p>The annual review report for 2017/18 will be presented to the Health and Wellbeing Board on 29th May 2018 together with the Plan for the year ahead.</p>
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Berkeley Academy Car Park <i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
Description of Issue	<p>In April 2016, an undertaking was given to The Berkeley Academy by the Council, to make a contribution of £70,000 in support of a scheme for “off highway parking”, provided the Academy provided at least 50% in match funding.</p> <p>This undertaking was given ahead of the conclusion of the work of a Task and Finish Group on Safer Parking for Communities from the Corporate Overview and Scrutiny Committee. The findings and recommendations of this Group were to inform policy development and a future programme of work.</p>

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	Therefore, the commitment made to the Academy was not progressed in accordance with any approved policy or budget, and was given prior to the conclusion of an existing review.
Responsibility	Executive Director - Place
Action proposed at the time of inclusion in the AGS	<p>Cabinet considered a report at its meeting on 22nd August 2017, which sought authority for the award of grant funding for £70,000 to be given to the Berkeley Academy for the purposes of piloting a safer drop off facility at the school. The report also outlined an approach to the formation of a policy to enable similar proposals to be considered and address congestion at other primary schools.</p> <p>Cabinet authorised the Executive Director of Place to make the grant award in order to inform the development of Council policy in the area. In addition, Cabinet authorised the Executive Director of Place, in consultation with the Director of Legal Services and the Portfolio Holder for Corporate Policy and Legal Services to dispose of any requests received for reimbursement of additional expenses reasonably and properly incurred by the Academy which it is considered the Council may be liable to reimburse flowing from action taken in connection with the undertaking given.</p>
Progress Update for Draft AGS 2017/18	<p>The funding agreement between the Council and the school has now been finalised. An Officer Decision Record will be prepared, and the funding agreement will then be signed.</p> <p>The Acting Chief Executive receives regular updates on the progress of items referred to the Council. The Police are still considering whether a criminal offence has been committed and a decision is awaited.</p>

Sleep In Arrangements	
<i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
Description of Issue	<p>The case law development in relation to sleep in arrangements is a complex national issue, which we are seeking to clarify and resolve. We were originally alerted to a potential breach of the national minimum wage regulations following a national employment appeals tribunal case towards the end of 2013.</p> <p>However, the case law and regulations were contradictory at that time. Legal advice was that we should continue</p>

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	<p>to monitor case law developments but that there was no clear legal basis for action.</p> <p>It was not until April 2017, following the outcome of the national Mencap appeal that the employment appeals tribunal set out detailed tests to be applied on a 'case by case' basis, to determine compliance with the National Minimum Wage and Working Time Directive regulations. At this time the Local Government Association (LGA) advised councils to assess their current arrangements using the published employment appeals tribunal assessment rules.</p> <p>The Acting Chief Executive requested a review be undertaken in all affected services. To this end a pay specialist was employed to support this work, which has involved checking payments made to every worker in receipt of sleep-in arrangements over the past two years. This work is expected to be completed in September.</p> <p>We are in continuing dialogue with both the LGA and North West Employers to progress matters.</p>
Responsibility	Acting Executive Director People; Interim Executive Director of Corporate Services and Head of Strategic HR
Action proposed at the time of inclusion in the AGS	<p>That review is now well advanced and its findings and recommendations are due to be reported soon.</p> <p>The review has so far covered:</p> <ul style="list-style-type: none"> • A number of services that undertake sleep in arrangements have been identified and each is being assessed in line with Employment Appeal Tribunal guidelines. • External specialist support appointed to assist this process and report findings separately. • On-going dialogue with the Trade Unions is taking place to resolve staff grievances. <p>Compliance with the NMW investigation underway.</p>
Progress Update for Draft AGS 2017/18	<p>The Internal Audit review of sleep in payments and the national minimum wage is now complete and a Final Report has been issued to management.</p> <p>In October 2017 back pay of £167,863 was made to 108 current and former employees in respect of underpaid sleep-in payments for the period 1st September 2015 to 31st August 2017. The payments were made on a</p>

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	<p>calculation following advice from independent legal counsel, using a methodology agreed in advance with the relevant unions.</p> <p>The external auditors have considered a formal objection to the Council's accounts. Following their consideration of the matter, they have decided not to uphold the objection, but have made a number of recommendations which the Council has agreed to, including;</p> <ul style="list-style-type: none"> • Implementing the improvements arising from the Internal Review into the matter • Formally concluding on whether further back payments are required following the outcome of the Mencap appeal, and to ensure that current and forward arrangements comply with the Governments National Social Care Compliance scheme. • Officers continue with increased levels of disclosure regarding potential areas of non-compliance with law and regulation in future communications with the external auditor. <p>The external auditors will include their response to the objection as part of their update to the Audit and Governance Committee in May 2018.</p> <p>National developments will continue to be monitored to understand any further impact on the Council.</p>
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Designated Statutory Officers/Investigation and Disciplinary Committee <i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
Description of Issue	<p>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 those concerns were then considered by the Council's Investigation and Disciplinary Committee (IDC).</p> <p>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>

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Responsibility	Acting Chief Executive
Proposed Action	<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, and subsequently the Director of Legal Services and Monitoring Officer, whilst an investigation is undertaken.</p> <p>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>
Progress Update for Draft AGS 2017/18	<p>The IDC processes are ongoing, and have continued since the previous update to the Committee.</p> <p>The Chief Operating Officer was suspended in December 2017.</p> <p>The Director of Legal Services and Monitoring Officer resigned with immediate effect in December 2017.</p> <p>In April 2018, the Chair of the IDC was asked to stand down from his committee duties because of concerns about actions he took whilst serving on the authority's IDC. The vice-chairman of the IDC will act as IDC chairman on an interim basis whilst those concerns are investigated.</p>

Land Purchases	
<i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
Description of Issue	Early in 2017/18, the Acting Chief Executive and the Executive Director of Place and Acting Deputy Chief Executive requested that Internal Audit undertook a review of the Council's arrangements for asset disposals and purchases. This was started in July 2017, and concerns have been identified over a number of acquisitions.
Responsibility	Internal Audit, reporting to the Acting Chief Executive
Proposed Action	<p>Internal Audit work in this area is ongoing, and findings to date have been referred to TITAN for consideration and further investigation.</p> <p>The Council's external auditors have confirmed that their value for money conclusion for 2016/17 was qualified</p>

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	due to the findings identified and reported by Internal Audit.
Progress Update for Draft AGS 2017/18	<p>Internal Audit reviews of individual transactions have been undertaken and reports issued to management. Where appropriate, referrals have been made to the police.</p> <p>To ensure that control weaknesses identified as part of this work are addressed, a consolidated findings report has been prepared by Internal Audit.</p> <p>A review of the current control environment in relation to asset disposals and purchases is scheduled in the 2018/19 Internal Audit Plan.</p>

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8. Significant Governance Issues 2017/18

8.1. The significant governance issues the Council recognises as arising during 2017/18 are 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 implementing 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 2018/19, and reported on to Corporate Leadership Team and Audit and Governance Committee.

Description	Actions	Responsibility
<p><i>Holiday Pay</i></p> <p>During the course of investigating and managing the Council's responsibilities in relation to sleep in payments, and developing case law on changes to holiday pay calculations, the Council has also identified that there could be a challenge over holiday pay.</p> <p>HR colleagues have undertaken work to understand the scale of this issue, and ensured the risks are being managed effectively, with regular reports being taken to the Corporate Leadership Team and briefings to the Portfolio Holder.</p> <p>The following actions have so far been undertaken :-</p> <ul style="list-style-type: none"> On going reports to CLT and ELT to discuss the legal and financial implications, as well as timescales and options available for completing 	<p>In addition to the actions already undertaken, work will continue to be undertaken to establish the potential impact of this changing case law on all Council services where staff earnings fluctuate which could affect future holiday pay liabilities both going forward and retrospectively to meet employment law compliance</p>	<p>Head of Strategic HR</p>

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<p>this exercise.</p> <ul style="list-style-type: none"> • Discussions with the Trade Unions on this matter continue. • External and internal legal advice taken on this matter. • The risk has been included in the HR Risk register but until the matter is quantified across all Council service areas the risk cannot be identified and assessed before putting on the corporate risk register. 		
<p><i>Chief Inspector of Weights and Measures</i></p> <p>In January 2018, the Council reassured residents that there had been no adverse impacts on any weights and measures activity, following confirmation that for a period between 2014 to 2016, the officer appointed to the role of Chief Inspector Weights and Measures, whilst having management responsibility for the qualified inspectors, did not hold the appropriate professional qualification to undertake statutory role of Chief Inspector of Weights and Measures.</p> <p>Actions undertaken by duly qualified officers during this period remain valid and have full legal effect. A piece of work is being commissioned to verify that the Chief</p>	<p>The Council has recognised the legal requirement for its Chief Inspector Weights and Measures to hold the appropriate professional qualification and has appointed a suitably qualified person.</p> <p>Processes are in place to check that current staff and new applicants for statutory roles hold the required qualifications.</p> <p>A piece of work is being commissioned to verify that the Chief Inspector in place between 2014 and 2016 did not engage directly in work requiring a statutory qualification.</p>	<p>Executive Director Place and Acting Deputy Chief Executive</p>

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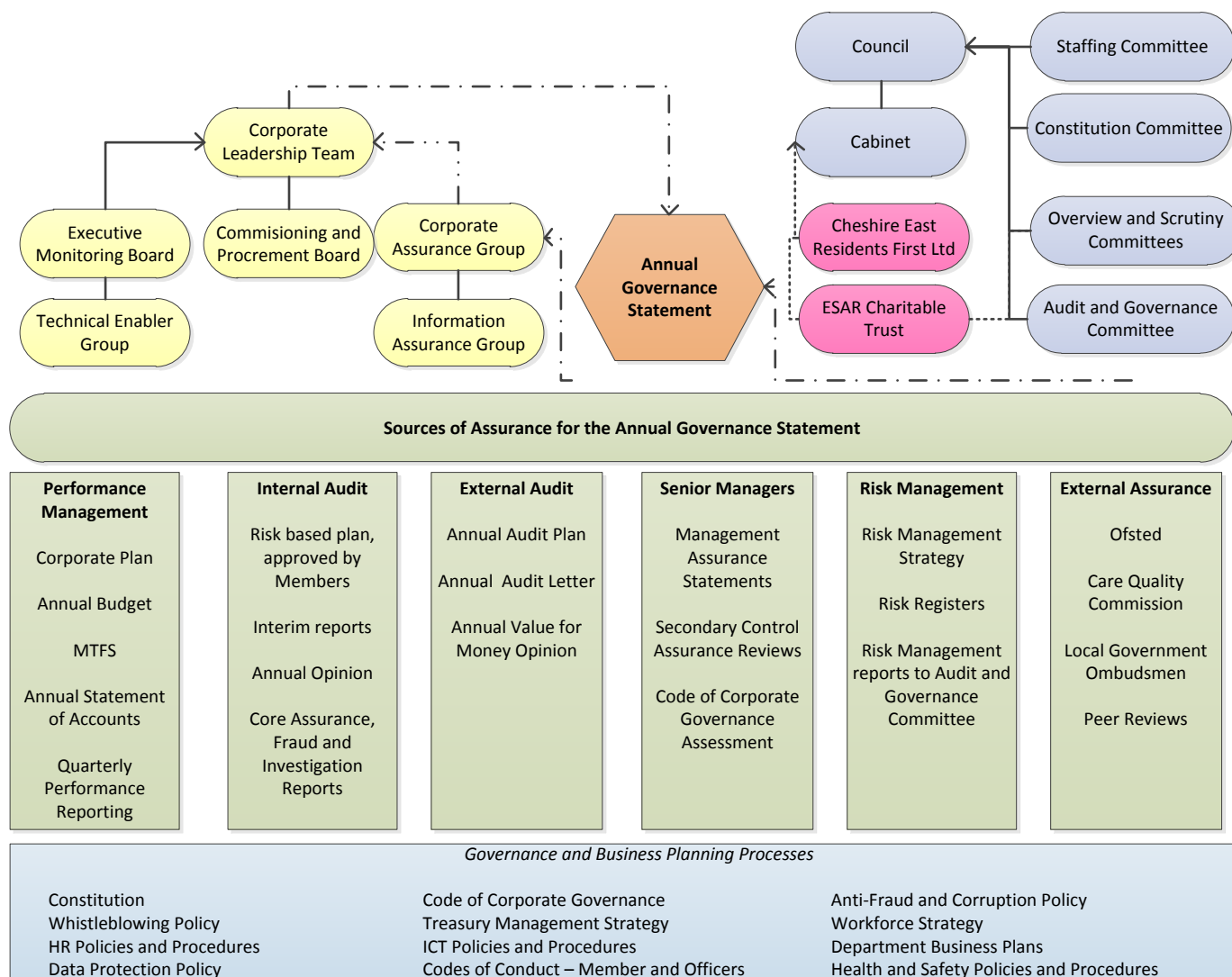
Inspector in place between 2014 and 2016 did not engage directly in work requiring a statutory qualification.		
<p><i>Bullying and Culture Review</i></p> <p>In response to concerns around a perception of significant issues of bullying and harassment in the Council, the Leader and Acting Chief Executive invited the Local Government Association to carry out a review into organisational culture. The review was independently commissioned in October 2017 and undertaken in November and December 2017.</p> <p>The findings and recommendations from the review were delivered in January 2018. The full report is available on the Council's website.</p>	<p>The LGA review made a series of recommendations which the Council has committed to addressing.</p> <p>This is being done through the implementation of a Cultural Review programme. This includes the use of an external change management company to support the delivery of the "Brighter Future Transformation Programme".</p> <p>A report to Staffing Committee on 21st March 2018 provided further details of the Programme, including the proposed governance arrangements, which will see the Staffing Committee providing scrutiny of the Programme and receive progress reports.</p>	Acting Chief Executive
<p><i>Data Protection Breach</i></p> <p>Data protection incidents are taken extremely seriously by the Council. The Council's information governance policies require suspected breaches to be reported and logged under the data breach management</p>	<p>The incident has been reported to the ICO and the Council is co-operating fully with the ICO.</p>	Acting Chief Executive

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<p>process.</p> <p>Reported incidents are considered by the Council's Information Governance Group, who advise on managing the incident, and also consider the need to self report incidents to the Information Commissioner's Office.</p> <p>In April 2018 the Information Governance Group considered an incident brought to its attention, and recommended that the Council should report the incident to the Information Commissioner's Office.</p> <p>The incident has now been reported. Further details will not be provided whilst the ICO is considering the report and undertaking any further investigation required. The Council is co-operating fully with the ICO.</p> <p>Breaching the Data Protection Act contravenes the Council's Code of Conduct for both Officers and Members. Further internal investigations are also underway to ensure any improvement actions are identified and undertaken, and that any disciplinary or Standards issues are also addressed.</p>		
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Appendix 1: The Governance Framework 2017/18



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