

# Annual Governance Statement 2017/18

## Progress Update December 2018

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## Cheshire East Council – Annual Governance Statement 2017/18

### 1. Progress against issues identified in previous Annual Governance Statements

<b>Business Continuity Planning</b> <i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i>	
<b>Description of Issue</b>	Current and tested business continuity plans are not consistently in place across all service areas.
<b>Responsibility</b>	Director of Legal Services
<b>Action proposed at the time of inclusion in the AGS</b>	Develop Business Continuity Planning to ensure service delivery in the event of business disruption
<b>Progress Update for AGS 2017/18</b>	<p>The Business Continuity Institute (BCI) has recently updated its Good Practice Guidelines (GPG) to the 2018 Edition (previously 2013). The GPG is recognised as industry best practice for professionals, by professionals in organisations all over the world. It is important to note that developing the Council's business continuity programme is an ongoing process, which adapts in response to the changing nature of the Council's internal and external operating environment.</p> <p>In light of the updated GPGs, the Council is treating the implementation of this programme as if approaching it for the first time. This will mean undertaking all activities detailed in the business continuity management lifecycle. We are currently in the first stage of the lifecycle; the Audit and Governance Committee recently approved the Business Continuity Policy Statement and Strategy for ratification by Cabinet on 10 July 2018. The Policy provides strategic direction from which the business continuity programme will be delivered and defines the way in which the Council will approach business continuity.</p> <p>An important part of the business continuity lifecycle is about understanding and influencing organisational culture to ensure successful embedding of business continuity. As part of this we undertook an awareness raising campaign by undertaking a Cyber Attack Awareness Exercise with colleagues from across various areas of the Council. The exercise was a discussion based using a relevant scenario of the Council's ICT systems and network being attacked and switched off. The awareness exercise was set in a table-top environment and</p>

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	<p>included various time-jumps to allow different phases of the scenario to be exercised and discussed. The session helped to ensure that:-</p> <ul style="list-style-type: none"> <li>• colleagues from across the Council are engaged in business continuity,</li> <li>• awareness of previous and possible future impacts were raised,</li> <li>• existing measures and future measures to manage an incident were considered</li> <li>• best practice, ideas and resources for Business Continuity planning were shared</li> <li>• further development of resilient Business Continuity Plans could be considered</li> <li>• areas of support and potential service requirements both corporately and by the IT Shared Service were highlighted</li> </ul> <p>The next step is to refine the scope of the business continuity programme before proceeding with the Analysis, Design, Implementation and Validation stages of the business continuity management lifecycle. This will ensure that the business continuity programme and associated activities focus on the Council's priorities and ensure the programme makes best use of available resources. The main technique used for the analysis of the Council for business continuity purposes is the business impact analysis (BIA); this provides information to determine the most appropriate business continuity solutions and an initial BIA can be used to clarify the scope of the business continuity programme.</p> <p>Further reports are scheduled on Business Continuity as part of the Risk Management updates to the Audit and Governance Committee.</p>
<p><b>Progress update October 2018</b></p>	<p>Work continues with teams on the high level business impact assessments which will help to clarify the scope of the business continuity programme. This phase is scheduled to be completed by the end of 2018/19, and will be used to inform the next stage of work, scoping individual business continuity plans which will be undertaken on a priority basis across the Council's three directorates over 2019/21. Business Continuity will then be delivered as a rolling programme, designed to be flexible and adapt to the changing requirements of the organisation</p>
<p><b>Recommendation to A&amp;G</b></p>	<p><i>To note progress, but that this issue remains on the AGS progress update.</i></p>

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<b>Local Enterprise Partnerships</b>	
<i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i>	
<b>Description of Issue</b>	Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Enterprise Partnership (LEP) are out of date
<b>Responsibility</b>	Executive Director of Place
<b>Action proposed at the time of inclusion in the AGS</b>	Governance arrangements need to be developed that are sufficiently “future proofed” to accommodate further anticipated changes to the role of the LEP and its sub groups and the Council’s relationship with it.
<b>Progress Update for AGS 2017/18</b>	<p>Actions for Cheshire and Warrington LEP included making certain Sub Committee meetings open to the public and establishing an Overview &amp; 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.</p> <p>As part of the Finance and Accountable Body services provided to the LEP by the Council, we assist in preparation of the financial information for inclusion in the final version of their 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.</p> <p>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 an opinion (Satisfactory) and recommendations for improvements. This report was used to support the “Annual Conversation” (meeting of LEP with Government officials) which took place in December 2017.</p> <p>Also included in the evidence pack submitted to Government in advance of the “Annual Conversation” was the required statement from the Council’s Section 151 Officer, that there is satisfaction with the LEP’s governance and transparency arrangements and that there are no issues of concern. The statement also commented that</p>

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	<p>going forward, as part of strengthening arrangements in this regard, the Council’s Section 151 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).</p> <p>This has been followed by a Performance Review undertaken by the Department for Business, Energy and Industrial Strategy and the Ministry for Housing, Communities and Local Government. The Annual Conversation was generally very positive, reporting that governance and systems and processes are improved. There are however some challenges around delivery and capacity.</p> <p>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.</p> <p>Following the Ney Review, CIPFA and MHCLG are developing fresh guidance on the role of the Section 151 Officer of the Accountable Body for LEPs.</p> <p>The CIPFA guidance was out for consultation until the end of May 2018 and 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.</p> <p>Internal Audit is developing a plan of future work in discussion with the LEP. This will ensure statutory requirements are undertaken, as well as embedding a programme of risk based audit work to provide assurance to the LEP Board and to the Council in its role as accountable body.</p>
<p><b>Progress update October 2018</b></p>	<p>The LEP’s Finance &amp; Audit Committee Board continues to receive, review and challenge the financial management of the LEP including adherence to the assurance framework, EZ income and internal audit. This group is chaired by Tim Wheeler (LEP Board member and Vice Chancellor, University of Chester). CEC is represented on this board.</p> <p><u>LEP Annual Report</u></p> <p>As part of our Finance and Accountable Body services provided to the LEP we assist in preparation of the</p>

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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.

#### LEP Review

The Government has developed a new 'Industrial Strategy' to set out its thinking on how to drive sustainable economic growth and productivity growth within the context of a more globally focussed post Brexit economy. It wants to see industrial strategies produced and delivered locally, led by LEP's, and has carried out a policy review of LEP's to ensure that they are equipped to support Government in this role. The report "Strengthened Local Enterprise Partnerships" was published by MHCLG on 24th July 2018 and makes recommendations for reforms to the leadership, governance and accountability of the 38 LEPs charged with kick-starting economic growth and creating jobs in their regions.

<https://www.gov.uk/government/news/government-proposes-shake-up-of-local-enterprise-partnerships>

The Government was advised by an external panel which met 4 times between December 2017 and May 2018 (Christine Gaskell, Chair of the C&W LEP was part of this panel along with Mary Ney and 11 other panel members from a range of associated organisations).

The review proposes a number of changes to boost the performance of LEPs, increase their diversity and ensure they're operating in an open and transparent way.

LEP's will be required to:

- develop an Implementation Plan showing how the changes will be adopted and how the Local Industrial Strategy (LIS) will be developed (this will be used as a basis for any proposal or bid for additional capacity funding)
- develop and deliver a strong evidence based LIS as their main priority or 'single mission'
- publish an annual delivery plan and end of year report including key performance indicators, both

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qualitative and quantitative

- consult widely and transparently on appointing new Chairs and introduce defined term limits for Chairs and Deputy Chairs
- establish more representative board membership with regard to gender and protected characteristics with a requirement for women to make up at least one third of LEP boards by 2020 with the expectation of equal representation by 2023
- remain independent private sector led institutions with at least two thirds of the Board being private sector and robust governance and external scrutiny in place
- have a 'legal personality', such as incorporation as companies where LEP's are not in Mayoral/Combined Authority areas in place by 2019 prior to any further release of Local Growth Funding
- submit proposals for revised geographies including removing situations in which 2 LEP geographies overlap

Government has stated that it will:

- retain accountability and oversight over the system as a whole
- facilitate regular dialogue with Government including the Prime Minister chaired LEP Council (first met 16th June 2018) and a senior government official sponsor for every LEP
- allocate up to £20 million of additional capacity funding between 2018 to 2019 and 2019 to 2020 to support the implementation of the review and strategic capability to embed evidence in Local Industrial Strategies (individual awards will be according to an independent assessment of capacity and capability and allocated based upon the LEP's Implementation Plan)
- publish a further statement to guide the production of LIS's setting out how to identify priorities across the five 'foundations of productivity' (see below)
- measure and publish economic performance across all LEP's and benchmark individual performance
- publish a statement regarding its approach to intervention in cases of underperformance in a revised National Assurance Framework

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	<ul style="list-style-type: none"> <li>• work with the LGA to develop an induction and training programme for LEP Board Members and officers</li> </ul> <p>LEP's are to provide a formal response to Government on how they will meet all these requirements and this is being discussed at LEP Board level.</p> <p><u>NP11</u> LEP chairman Christine Gaskell is to become vice-chair of NP11, a Government-funded board comprising the North's 11 Local Enterprise Partnership figureheads, brought together to promote the Northern Powerhouse. NP11 is entirely separate from former Chancellor George Osborne's Northern Powerhouse Partnership, launched in September 2016, which mostly comprises large businesses and civic bodies, featuring the likes of Liverpool Mayor Joe Anderson and Manchester leader Sir Richard Leese on its board. The organisation was announced at the Northern Powerhouse Summit in Newcastle-Gateshead by Northern Powerhouse Minister Jake Berry and is to "act as one voice representing each of their regions as a modern day Council for the North". NP11 will report quarterly to the Ministry for Housing, Communities &amp; Local Government. Its aim is to work with and advise the Government on issues such as how to increase productivity, overcome regional disparities in economic growth and tackle the north-south divide.</p>
<b>Recommendation to A&amp;G</b>	<i>Although appropriate governance arrangements have been put in place the LEP manage significant funds and allocate funding to third parties, this council acts as accountable body and therefore it is appropriate to keep these assurance arrangements under review.</i>

<p><b>Alternative Service Delivery Models</b> <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>	
<b>Description of Issue</b>	<p>The Council launched four 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</p>

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	Civiance (1st April 2015)
<b>Responsibility</b>	Executive Director of Place
<b>Action proposed at the time of inclusion in the AGS</b>	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.
<b>Progress Update for AGS 2017/18</b>	<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. 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. The ASDV Shareholder Committee will meet on 6<sup>th</sup> August 2018.</p>
<b>Progress update October 2018</b>	The Shareholder Committee has been setup and held its first meeting. Meetings are now scheduled in for the next 12 months, a programme board that is chaired by the Executive Director of Place is established and a full programme team has been setup in order to refine and implement the recommendations out of the ASDV review and oversee the change programme.
<b>Recommendation to A&amp;G</b>	<i>Sufficient control and assurance is now in place and as such it is recommended that this can be removed from the AGS.</i>

<b>Review of Contract Awards re Core Fit</b>	
<i>Recognised as a governance issue in 2015/16</i>	
<b>Description of Issue</b>	Following concerns raised about the awarding of contracts by the Council, the Council’s Internal Audit team were asked by the then 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

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	investigations which is ongoing at this time. The internal audit work will continue once the police investigation concludes.
<b>Responsibility</b>	Interim Executive Director of Corporate Services
<b>Action proposed at the time of inclusion in the AGS</b>	<p>A number of improvements increasing the transparency of the Council's procurement arrangements have already been made. For example;</p> <ul style="list-style-type: none"> <li>• Waivers and Records of Non Adherence (WARN) forms are reported individually and in full to the Audit and Governance Committee.</li> <li>• The Audit and Governance Committee receive reports on the quantity and reasons for Waiver's and Non Adherences (WARNs) approved.</li> <li>• The Council has both introduced and strengthened the operation of the Procurement Board, with membership of the Council's Portfolio Holder for Corporate Policy and Legal Services.</li> <li>• The Audit and Governance Committee Anti-fraud Member/Officer Sub Group carries out sample checking on procurement activity ahead of each meeting and reports back on any non-compliance issues; there have been none found to date.</li> <li>• The Council has developed its Contracts Register to allow an earlier assessment of those services/functions that need to be re-commissioned.</li> <li>• The Procurement Team have reduced the threshold to £5,000 for requisitions that have to be approved, in order to prevent procurement activity being undertaken without appropriate approvals.</li> <li>• A £5,000 expenditure report is run monthly and sent to CLT members to scrutinise. From this a sample of transactions are selected and managers asked to provide details of budgetary controls applied.</li> <li>• National reporting requirements include £500 spend report which is completed monthly. Contracts awarded over £5,000 to be reported quarterly. Invitation to tenders and quotes above £5,000 to be reported quarterly.</li> </ul>
<b>Progress Update for AGS 2017/18</b>	<p>The Audit and Governance Committee received reports (thematic report and individual review) on WARNs 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 &amp; Procurement Delivery Group and</p>

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	<p>Commissioning &amp; 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 &amp; 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 &amp; 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> <p>In June 2018, Internal Audit reported to Management on the findings of a review to provide assurance that arrangements in place to manage procurement activity are appropriate and effective. Internal Audit gave a “Satisfactory” opinion. The Audit and Governance Committee will receive details of the review at their meeting on July 31<sup>st</sup>.</p>
<p><b>Progress update October 2018</b></p>	<p>Audit and Governance Committee has continued to receive assurance in relation to the Council’s procurement arrangements via the following reports:</p> <ul style="list-style-type: none"> <li>• WARN’s are reported to every meeting of the Committee</li> </ul>

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	<ul style="list-style-type: none"> <li>• A report providing an overview of the Internal Audit review of procurement referred to above.</li> <li>• A presentation on the Contract Management Toolkit at the September 2018 meeting.</li> </ul>
<b>Recommendation to A&amp;G</b>	<p><i>As detailed in the progress updates, a variety of actions have been implemented to ensure improvements in the Procurement control environment, including greater transparency and reporting. Given the progress made, and the assessment of the arrangements by Internal Audit, this issue should now be removed from the AGS and arrangements will be monitored locally.</i></p> <p><i>Issues relating to the ongoing police investigation are addressed elsewhere on the update.</i></p>

<b>Council Funding</b>	
<i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
<b>Description of Issue</b>	<p>Ongoing and future changes to the financial framework - including several changes to national funding regimes - will increase the Council's reliance on self-financing. Issues arise from changes to business rates, and government grants (particularly grants linked to health and schools).</p> <p>The Council is in a relatively strong position due to ongoing growth in the local tax bases and low levels of demand for local welfare payments. However, any risks from economic downturn or additional unfunded responsibilities are more difficult to manage whilst most income sources are still subject to significant government control.</p>
<b>Responsibility</b>	REVISED Section 151 Officer
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>Senior accountants are fully engaging with government and professional bodies (such as CIPFA, SCT, RSN 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</p>

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	<p>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. Commissioning and Contract management, with its strong links to achieving outcomes, is also developing as a key feature of the Council's control framework.</p>
<p><b>Progress Update for AGS 2017/18</b></p>	<p>The Council achieved a balanced outturn position for 2017/18. The pre budget consultation undertaken received the largest number of responses to date.</p> <p>The Local Government settlement received in December 2017 provided no surprises, and a balanced budget for 2018/19 was approved by Council on 22<sup>nd</sup> 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. Based on the positive 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>
<p><b>Progress update October 2018</b></p>	<p>In year budget monitoring shows potential overspends, but at levels much lower than experienced in previous years. The Mid-Year Review of Finance and Performance has been reported to COSC and Cabinet.</p>

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	<p>Work is ongoing to analyse the impact of current spending and government announcements in relation to the 2019/20 MTFS. Based on the positive level of consultation and engagement last year, the consultation period for the next pre-budget consultation is being brought forward to allow more analysis of the results.</p> <p>The Council continues to engage with partners and other authorities in relation to Fair Funding and Business Rates retention in line with National Government timescales.</p>
<b>Recommendation to A&amp;G</b>	<i>That this issue, recognised in the AGS as a “continuing governance issue” remains on the AGS progress update</i>

<b>Health and Social Care Integration</b> <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
<b>Description of Issue</b>	<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>
<b>Responsibility</b>	Executive Director of People
<b>Action proposed at the time of inclusion in the AGS</b>	<p>The BCF Governance Group, overseen by Cheshire East’s Health and Wellbeing Board (HWB) 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>

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At the time of submission, there were areas requiring further work and attention including:

- 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).

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.

In April 2016 Mersey Internal Audit Agency published a report on the BCF arrangements in operation over 2015/16 which contained three key “medium” ranked recommendations;

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

These were included on the BCF risk register. The risk register and the risk assessment process have been reviewed and improved, to ensure that mitigating actions are Specific, Measurable, Assignable, Realistic and Time-related (SMART). Red rated risks are reviewed and updated on a monthly basis to ensure action is taking place to address.

A piece of work took place to look at Programme Management Office approaches across CCGs and LAs. This had already been done by PMO leads and good practice has been shared by them and adopted accordingly to ensure more consistent approaches. We also agreed a number of actions between us to streamline reporting processes.

Work on Information Governance is still ongoing but is the priority item on the agenda for the BCF Governance Group is to establish any gaps and allocate necessary actions.

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### Progress Update for AGS 2017/18

There have been changes to both the Cheshire and Merseyside and the local South and Eastern Cheshire transformation programmes over the last six months.

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.

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).

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.

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. The 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 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

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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.

Highlights from the BCF schemes in 2017/18 include:

- The piloting of a care sourcing team, sourcing 995 packages of care.
- Implementation of Care Package 7 day's retention scheme utilised on 413 occasions.
- Rapid return home scheme operationalised
- Care Home Support scheme operationalised including clinical support
- 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
- Increased support for community Matrons case-managing High Risk patients.
- Commenced Fair cost of care pricing review and consultation for Accommodation with Care.
- 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.

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	<ul style="list-style-type: none"> <li>• Confirmed Carers wellbeing budgets for 872 people.</li> <li>• 318 disabled people enabled to live independently through Disabled Facilities Grants.</li> <li>• 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.</li> <li>• Community Support Reablement - the total number of hours provided is 2,140 hours per week across the North and South Teams</li> <li>• 3175 safeguarding concerns were raised.</li> </ul> <p>The annual review report for 2017/18 was presented to the Health and Wellbeing Board on 24th May 2018 together with the Plan for the year ahead.</p>
<p><b>Progress update October 2018</b></p>	<p><u>Strategic changes</u></p> <p>A new Cheshire East Health and Care Partnership has been formed, merging the previous Caring Together and Connecting Care Transformation Programmes. The Council is not formally a partner (having not signed the MoU) but is an active supporter of the work of the Partnership. The Partnership’s vision is:</p> <p><i>“To improve the health and wellbeing of local communities enabling them to live longer and healthier lives, through creating safe, integrated and sustainable services that meet people’s needs by the best use of the assets and resources available.”</i></p> <p>The four Clinical Commissioning Groups in Cheshire have announced an intention to merge and work is underway to set up a shadow single CCG for Cheshire from April 2019. This will require the Council and Cheshire West and Chester to review commissioning arrangements. Other implications will include a review of membership of the Health and Wellbeing Board (HWB).</p> <p><u>BCF update</u></p> <p>For the period 2018/19 we have a total of 19 schemes covering BCF and iBCF, a number of schemes aimed at reducing DTOC which include CCG operated schemes Home First and Winter Pressures. Separately we have a</p>

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number of iBCF schemes which aim to reduce Delayed Transfers of Care.

A deep dive into DTOCs has been carried out, the purpose of this deep dive was as follows:

- Understand system performance in relation to metric
- Highlight differences between east and south
- Highlight patterns/themes where greater resource can be targeted
- Produce a series of recommendations to be implemented by organisations

The Better Care Fund Governance Group provides oversight of the 19 schemes, more recently the Group has re-reviewed the Terms of Reference, produced operating principles and a forward plan. As part of the forward plan there will be a further metric deep dive into the remaining metrics.

Further to this recommendations are being developed which aim to detail the scope of the BCF Programme in 2019/20. The BCF Governance Group continues to underpin the strategic approach towards health and social care integration. A monthly highlight report covering progress to date, update on key areas of work, risks and issues.

On a quarterly basis the local BCF performance is reported to the central national BCF team, this performance is reported through a standardised template. This template is then converted into a narrative report which gets reported to HWB each quarter.

In respect of performance there is also a weekly **Winter Data and Intelligence Collection** survey administered by the Local Government Association (LGA) and ADASS (Directors of Adult Social Services).this surveys includes a weekly validation of DTOC data, recording the total number of DTOC delays caused by Social Care, NHS and Joint for both acute and non-acute beds. Further to this the main reason for delay is recorded, challenges, achievements and finally issues.

In order to meet and demonstrate a robust and clear outcomes framework for reporting, a monthly process for

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	reporting across all 19 schemes continues to operate, 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 the national metrics.
<b>Recommendation to A&amp;G</b>	<i>That this issue, recognised in the AGS as a “continuing governance issue” remains on the AGS progress update</i>

<b>Berkeley Academy Car Park</b>	
<i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
<b>Description of Issue</b>	<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> <p>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.</p>
<b>Responsibility</b>	Executive Director – Place
<b>Action proposed at the time of inclusion in the AGS</b>	<p>Cabinet considered a report at its meeting on 22<sup>nd</sup> 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</p>

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	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.
<b>Progress Update for AGS 2017/18</b>	<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 be signed once appropriate due diligence has been completed.</p> <p>The Acting Chief Executive receives regular updates on the progress of items referred by the Council. The Police are still considering whether a criminal offence has been committed and a decision is awaited.</p>
<b>Progress update October 2018</b>	Due diligence is still being undertaken to ensure the scheme has been delivered in accordance with the funding agreement. In addition, Cabinet has approved a budgetary and policy framework to inform any future decisions of this nature through the Sustainable Modes of Transport Policy. Therefore an appropriate control environment now exists to manage funding requests and projects such as these.
<b>Recommendation to A&amp;G</b>	<i>As substantial progress has been made in implementing the required actions and address improvements in the control environment, this issue can be removed from the AGS and be monitored locally.</i>

<b>Sleep In Arrangements</b>	
<i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
<b>Description of Issue</b>	<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 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</p>

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	<p>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>
<b>Responsibility</b>	Acting Executive Director People; Interim Executive Director of Corporate Services and Head of Strategic HR
<b>Action proposed at the time of inclusion in the AGS</b>	<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"> <li>• A number of services that undertake sleep in arrangements have been identified and each is being assessed in line with Employment Appeal Tribunal guidelines.</li> <li>• External specialist support appointed to assist this process and report findings separately.</li> <li>• On-going dialogue with the Trade Unions is taking place to resolve staff grievances.</li> </ul> <p>Compliance with the NMW investigation underway.</p>
<b>Progress Update for AGS 2017/18</b>	<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 1<sup>st</sup> September 2015 to 31<sup>st</sup> August 2017. The payments were made on a 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</p>

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	<p>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"> <li>• Implementing the improvements arising from the Internal Review into the matter</li> <li>• 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.</li> <li>• Officers continue with increased levels of disclosure regarding potential areas of non-compliance with law and regulation in future communications with the external auditor.</li> </ul> <p>The recent Court of Appeal ruling determined that care workers are not entitled to be paid minimum wage while on sleep in and providers had no liability for back pay. This indicates that a liability for paying back pay of up to 6 years may no longer exist but due to the possibility that this case may now proceed to the Supreme Court it has been noted. A report is being prepared for the Corporate Leadership Team on the impact of the decision upon the Council. This will be used to identify any further actions necessary. The issue will continue to be monitored for further developments.</p>
<p><b>Progress update October 2018</b></p>	<p>Unison has lodged an application to the Supreme Court for permission to appeal against the Court of Appeal decision. The Supreme court will decide whether to give permission to Appeal during October. If granted the case would be listed for a hearing in the latter part of 2019. HMRC are expected to update employers on the SCCS scheme imminently, having suspended legal action against social care providers pending further updates.</p> <p>Meanwhile, the action already taken by the Council has mitigated any action being taken by HMRC and also will allow the progression of the outstanding grievances by Care Workers in relation to Sleep claims.</p> <p>The issue will continue to be monitored for further developments and reported as required.</p>

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<b>Recommendation to A&amp;G</b>	<i>As substantial progress has been made in implementing actions, the issue can now be removed from the AGS update and monitored locally.</i>
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<b>Designated Statutory Officers/Investigation and Disciplinary Committee</b> <i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
<b>Description of Issue</b>	During 2016/17 (Q4) concerns relating to the conduct of the Council's Head of Paid Service (Chief Executive), S151 Officer (Chief Operating Officer) and Monitoring Officer (Director of Legal Services) 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 referred to the Council's Investigation and Disciplinary Committee (IDC).
<b>Responsibility</b>	Acting Chief Executive
<b>Proposed Action</b>	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. 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.
<b>Progress Update for AGS 2017/18</b>	The IDC processes are ongoing in respect of the S151 Officer and have continued since the previous update to the Committee. The decision to suspend is a neutral act taken in the best interest of the Council and the S151 Officer to protect both against allegations of a similar nature arising whilst investigations are ongoing. The suspension is reviewed on a regular basis in accordance with the procedures that relate.  The Chief Operating Officer was suspended in December 2017.  The Director of Legal Services and Monitoring Officer resigned with immediate effect in December 2017.  The Chief Executive resigned with immediate effect in July 2018.  In April 2018, the Chair of the IDC was asked to stand down from his committee duties because of concerns

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	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.
<b>Progress update October 2018</b>	The IDC processes continue in respect of the S151 Officer as previously described. The existing acting up arrangements continue.
<b>Recommendation to A&amp;G</b>	<i>That this issue remains on the AGS progress update.</i>

<b>Land Purchases</b>	
<i>Recognised as a Significant Governance Issue in the 2016/17 AGS</i>	
<b>Description of Issue</b>	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.
<b>Responsibility</b>	Internal Audit, reporting to the Acting Chief Executive
<b>Proposed Action</b>	Internal Audit work in this area is ongoing, and findings to date have been referred to TITAN for consideration and further investigation.  The Council's external auditors have confirmed that their value for money conclusion for 2016/17 was qualified due to the findings identified and reported by Internal Audit.
<b>Progress Update for AGS 2017/18</b>	Internal Audit reviews of individual transactions have been undertaken and reports issued to management. Where appropriate, referrals have been made to the police. The Police are considering whether a criminal offence has been committed and a decision is awaited.  To ensure that control weaknesses identified as part of this work are addressed, a consolidated findings report has been prepared by Internal Audit.  A review of the current control environment in relation to asset disposals and purchases is scheduled in the 2018/19 Internal Audit Plan.

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<b>Progress update October 2018</b>	Internal Audit work continues in this area and a further referral was recently made to the police.
<b>Recommendation to A&amp;G</b>	<i>That this issue remains on the AGS progress update.</i>

<b>Holiday Pay</b> <i>Recognised as a Significant Governance Issue in the 2017/18 AGS</i>	
<b>Description of Issue</b>	<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"> <li>• On going reports to CLT and ELT to discuss the legal and financial implications, as well as timescales and options available for completing this exercise.</li> <li>• Discussions with the Trade Unions on this matter continue.</li> <li>• External and internal legal advice taken on this matter.</li> </ul> <p>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>
<b>Responsibility</b>	Head of Strategic HR
<b>Proposed Action</b>	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

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	holiday pay liabilities both going forward and retrospectively to meet employment law compliance.
<b>Progress Update for AGS 2017/18</b>	n/a – Item first included in the AGS 2017/18
<b>Progress update October 2018</b>	<p>Considerable progress has been made on identifying potential Council service risk areas that may have to review their holiday pay arrangements. Action is being taken to assess the situation and risks in order to agree an action plan for each service to ensure future compliancy.</p> <p>Council Systems and processes continue to be explored to ensure electronic business efficiency in holiday pay calculation going forward including Business World application.</p> <p>Further, all pay elements that are emerging as now being payable for periods of holiday pay are being identified, agreed and signed off to ensure future legal compliance and consistency by all services going forward. In addition external legal advice on options for compliancy and liabilities are being considered before formal discussions commence with the Trade Unions.</p> <p>Once the final assessment and the above actions are completed this will be reported to Corporate Leadership Team on the recommended way forward with the Trade Unions. The HR risk register is regularly updated and further actions will be taken as deemed necessary.</p>
<b>Recommendation to A&amp;G</b>	To note, this matter continues to be monitored and regular updates on progress continue to be reported.

<b>Chief Inspector of Weights and Measures</b> <i>Recognised as a Significant Governance Issue in the 2017/18 AGS</i>	
<b>Description of Issue</b>	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

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	<p>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 Inspector in place between 2014 and 2016 did not engage directly in work requiring a statutory qualification.</p>
<b>Responsibility</b>	Executive Director Place and Acting Deputy Chief Executive
<b>Proposed Action</b>	<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 was commissioned to verify that the Chief Inspector in place between 2014 and 2016 did not engage directly in work requiring a statutory qualification. This work has now been completed, and has confirmed that the post holder did not engage directly in any work requiring a statutory qualification.</p>
<b>Progress Update for AGS 2017/18</b>	n/a – Item first included in the AGS 2017/18
<b>Progress update October 2018</b>	Work in this area is complete with no further action taken against any officers.
<b>Recommendation to A&amp;G</b>	<i>That as the review has been completed, the matter should be removed from the AGS progress update.</i>

<p><b>Bullying and Culture Review</b></p> <p><i>Recognised as a Significant Governance Issue in the 2017/18 AGS</i></p>	
<b>Description of Issue</b>	<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>

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	The findings and recommendations from the review were delivered in January 2018. The full report is available on the Council's website.
<b>Responsibility</b>	Acting Chief Executive
<b>Proposed Action</b>	A report to Staffing Committee on 4 <sup>th</sup> October 2018 confirmed that the delivery of the Brighter Future Together (Culture) programme is on schedule against the plan and that over half of the LGA recommendations have been implemented and work is well underway to deliver the remaining actions.
<b>Progress Update for AGS 2017/18</b>	n/a – Item first included in the AGS 2017/18
<b>Progress update October 2018</b>	<p>The Vision, Behaviours and Deal were launched on 26th July 2018. Simultaneous launch sessions took place across the Council. The sessions were well attended by officers and positive feedback has been received from officers across the Council.</p> <p>The Council has 108 Brighter Future Together Champions who are members of staff that have volunteered from every level across the organisation. The Champions have received comprehensive training for their role and are supported through regular meet ups, a weekly news update and a virtual hub. All staff from across the Council are participating the “What’s the Conversation?” session delivered by the Brighter Future Champions. The session provides an opportunity for staff acknowledge and discuss how they currently feel about working for the Council and to understand the steps that have been taken in ‘setting the tone’, defining our vision, behaviours and the employment deal.</p> <p>A skills audit was undertaken by 487 officers with responsibility for managing or supervising staff. A response rate of 78% was achieved which is significantly higher than previous surveys and suggests improved levels of engagement from the officers involved. The findings are being used to develop a management development programme that will be rolled out later in the year, in addition to informing the content of the “Having the Conversation” training.</p> <p>A review of the appraisal process, including a 360 degree feedback is in progress. A replacement system for</p>

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	<p>Oracle is in the commissioning process which is being jointly procured with Cheshire West and Chester. An end to end review of the recruitment process is underway and findings are scheduled to be presented to the Steering Group at the end of October.</p> <p>The restructuring procedure is being reviewed under the Leaving the Council and Organisational Change procedure to be implemented later this year.</p> <p>An independent and confidential helpline was launched on 6th August 2018 to support people that are experiencing unacceptable behaviour.</p> <p>The Member Development &amp; Technology Panel has developed and agreed a mandatory training programme for elected Members for 2019/20 which includes a comprehensive induction programme. The Member Forum has discussed the positive impact Members can have on culture. These informed the development of the Member Behaviours that complement our member officer protocol by clearly outlining what is acceptable and unacceptable behaviour. Work is well underway in developing a training session for all Members that will be delivered Sticky Change and supported by our Member Champions that will focus relationships with each other, with officers and our residents.</p> <p>The Brighter Future Together Team, staff Forum consists of 38 officers from across the Council and continues to act as a critical friend to the programme team as the cultural programme is embedded across the Council.</p>
<b>Recommendation to A&amp;G</b>	<i>Significant progress has been made since the publication of the LGA Review. Governance and assurance mechanisms are now in place and quarterly reports are taken to Staffing Committee. It is recommended that this can be removed from the AGS.</i>

<b>Data Protection Breach</b>	
<i>Recognised as a Significant Governance Issue in the 2017/18 AGS</i>	
<b>Description of Issue</b>	Data protection incidents are taken extremely seriously by the Council. The Council's information governance

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	<p>policies require suspected breaches to be reported and logged under the data breach management 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>
<b>Responsibility</b>	Acting Chief Executive
<b>Proposed Action</b>	The incident has been reported to the ICO and the Council is co-operating fully with the ICO.
<b>Progress Update for AGS 2017/18</b>	n/a – Item first included in the AGS 2017/18
<b>Progress update October 2018</b>	The Council continues to co-operate fully with the ICO following the reporting of this incident.
<b>Recommendation to A&amp;G</b>	<i>To note progress and that this issue remains on the AGS progress update.</i>

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