

Annual Governance Statement 2019/20

DRAFT

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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 2019/20

- 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, to the best of our knowledge, continue to be regarded as fit for purpose in accordance with the governance framework.
- 1.5. The Annual Governance Statement is required to reflect the arrangements in place for 2019/20 and to the time of the AGS being approved. The impact of Covid-19 on the Council's governance arrangements is therefore included throughout the Statement.
- 1.6. To date, our assessment of the effectiveness of our governance arrangements for 2019/20 has identified the challenge of responding to Covid-19, and this is described in Section 8. The Council has recognised several significant governance issues in previous Statements; progress updates on these items are described in Section 7.
- 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 the Chief Executive after the final AGS is agreed

2. Introduction

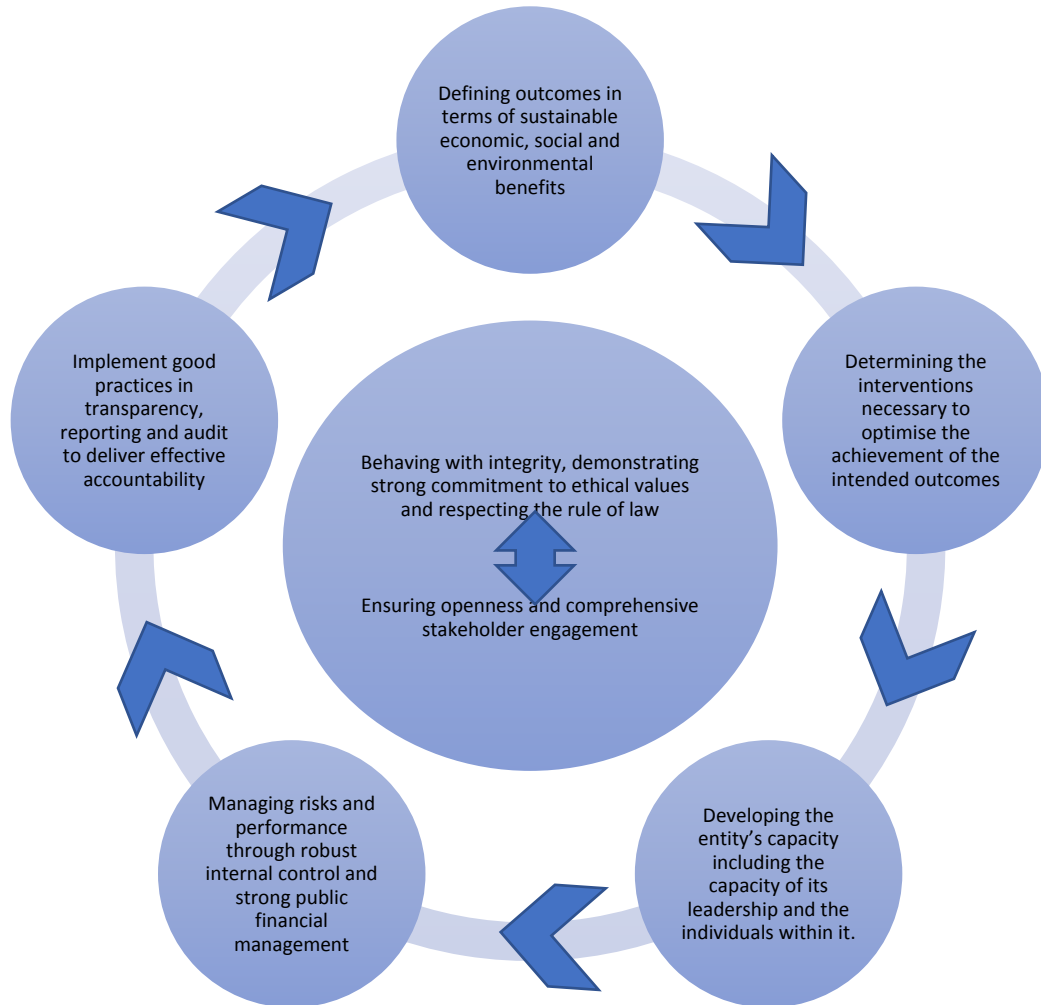
- 2.1. The Accounts and Audit Regulations 2015 require that:
- The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control
 - Findings of this review should be considered by the Council
 - The Council must approve an Annual Governance Statement; and
 - 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 a 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.
- Defining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the entity's capacity including the capacity of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management

- Implement good practices in transparency, reporting and audit to deliver effective accountability
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement

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



- 3.4. The annual review of effectiveness has been carried out against the Code of Corporate Governance. The draft AGS will be published in July 2020 and will be updated as necessary to ensure this Statement remains current for when the Audit and Governance Committee considers it as final in November 2020.
- 3.5. Once approved by the Audit and Governance Committee it will be signed by the Leader and the Chief Executive. It will then be published as Final alongside the Statement of Accounts.

- 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 are 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 2019/20 which are set out below.
- 5.2. The Governance Framework described below and shown in **Appendix 1** has been in place for the year ended 31st March 2020 and to the time of the draft AGS being approved by Audit and Governance Committee in July 2020 unless otherwise indicated. It will be updated, where necessary, for the final AGS to be approved by Committee in November 2020.

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

- 5.3. Cheshire East Council's vision and priorities are outlined in the Council's Corporate Plan. The updated Corporate Plan for 2017/20 was agreed by full Council on 23rd February 2017. The Corporate Plan forms the basis for developing proposals within the Medium Term Financial Strategy (MTFS 2019/22).
- 5.4. The Council's Corporate Plan expires in 2020 and work is ongoing to progress a plan which sets out the priorities of the new administration, within the context of the needs of the borough, the views of residents and the resources available.
- 5.5. The MTFS 2019/22 was agreed at the February 2019 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. In February 2020, Council approved the MTFS 2020/24.
- 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 residents through the monitoring of set key performance indicators. Performance reports are also scrutinised by the Overview and Scrutiny Committees who provide comments to Cabinet.
- 5.7. The 2019/20 Final Outturn was reported to the Corporate Overview and Scrutiny Committee on 4th June 2020 and to Cabinet on 9th June 2020.
- 5.8. The Council delivered and progressed several infrastructure improvements and developments across the Cheshire East area. These major schemes are critical elements in delivering the ambitions of the Council. These include the Sydney Road Bridge (opened June 2019), construction progressing on the Congleton Link Road, and the Poynton Relief Road.
- 5.9. As recognised in previous Statements, the sustained and increasing financial pressures on health and social care services continue to present challenges to the Council. These are recognised as high scoring risks in the Council's Corporate Risk Register. An update on the actions undertaken during 2019/20 is provided later in this Statement.

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

- 5.10. The Council's Constitution sets out the rules for conducting business undertaken by the Council, including executive arrangements, committee structures, finance and contract procedure rules and schemes of delegation.

- 5.11. At the meeting of Council in May 2019, a Notice of Motion committing the Council to a change in its decision making governance arrangements was referred to Constitution Committee. During 2019/20, the Constitution Committee, and a Governance Working Group it established, progressed the Notice of Motion.
- 5.12. In November 2019, the Constitution Committee determined not to make a recommendation to Council at that stage, requesting further work to be undertaken and reported back to the Governance Working Group. The Constitution Committee received these updates in March 2020.
- 5.13. In January 2020, the Group Leaders of Cheshire East Council agreed that the new governance arrangements will be implemented in May 2021 to allow more time for preparation.
- 5.14. The Council undertook extensive pre-budget consultation, setting out change proposals for consideration over the period 2019/22. Stakeholders were invited to comment on the Council's pre-budget report between October 2019 to the first week in January 2020 and a summary of the responses formed part of the consideration of the Medium Term Financial Strategy 2020/24 by Council at its February 2020 meeting.
- 5.15. The Medium Term Financial Strategy (MTFS) clearly identifies how resources will be matched against the delivery of priorities established in the Council's Three Year Plan.
- 5.16. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council's Reserves Strategy.
- 5.17. In January 2020, Cheshire East Council hosted its first Corporate Peer Challenge (CPC). Facilitated by the Local Government Association (LGA), a peer team consisting of councillors and senior officers from local authorities around the UK who examined the Council's leadership, governance, financial planning and capacity to deliver its priorities. In addition to the five core areas examined, the Council had asked the team to consider two specific areas; workforce and culture, and internal assurance and audit.
- 5.18. The final report of findings from the Peer Review was shared at both the Cabinet and Corporate Overview and Scrutiny meetings in June 2020. Key observations from the review team included:
- The Council has made good progress over the past few years.
 - It delivers several high-quality services to the residents of the borough which we should be proud of.
 - The culture change programme has made a profound difference to the way the organisation functions and the experience of staff.

- 5.19. A number of actions have been proposed to address recommendations made by the Corporate Peer Challenge team were included in the report to June Cabinet. Cabinet will monitor progress on actions on a six monthly basis.
- 5.20. Many of these actions relate to two areas already recognised in previous Annual Governance Statements; the change to a Committee system model of decision making and Council Funding.
- 5.21. The Council is utilising the powers available under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the Regulations”) to enable meetings of the Council to take place using virtual means. This allows authorities to conduct meetings and take decisions in ways other than face to face so that decisions can still be made to maintain good governance, principles of openness and accountability. At least 12 meetings have been held which demonstrates the Council’s commitment to democratic engagement in unprecedented times.
- 5.22. The Council has adapted its approach by assessing which decisions can be delayed and re-scheduled and which decisions need to be made at pace to deal with the pandemic. Holding virtual meetings ensures transparency and good governance prevails and allows access to the public and press.

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

- 5.23. The Acting Chief Executive, Executive Directors and Statutory Officers met regularly during 2019/20 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 several 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.
- 5.24. The Council’s new Chief Executive, Dr Lorraine O’Donnell joined the organisation in March 2020 and has worked closely with the Corporate Leadership Team and Members to lead the Council’s emergency response to and recovery from Covid-19.
- 5.25. Following the ‘all-out’ local elections for all 82 councillors in May 2019 the council moved from being a Conservative administration to no-overall control. A Joint Administration was formed comprising members of the Labour and Independent Groups. This included the election of 38 Councillors who had not previously held office as borough councillors.
- 5.26. A programme of induction for Members was undertaken to support all Members with awareness on the Council’s governance and decision making processes, the

work of individual committees' and the arrangements for Member and Officer codes of conduct and protocols. Three induction events, known as the 'Welcome Events' were hosted by the Acting Chief Executive and Members of the Corporate Leadership Team/Heads of Service during May. In turn, the three events covered

- Cheshire East: the organisation and its culture
- Members' values and behaviours
- Member/officer relations
- Governance, finance and decision making
- Code of Conduct
- Members' Enquiries Service

- 5.27. Each "Welcome Event" was well attended. Between May and July, both new and returning Members attended briefing sessions for each Committee they were appointed to, held before the first meeting. In respect of the quasi-judicial bodies (e.g. Planning, Licensing, Audit and Governance, Appeals, Staffing), Committee Members attended their training sessions before they took up their place at Committee, in accordance with the Constitution.
- 5.28. An initial mandatory Members' Code of Conduct event was held on 20 May 2019. This event was open to all Councillors and was advertised in the timetable of induction events. Three further sessions on the Code of Conduct have been held in October and November 2019 and March 2020. Further sessions will need to be arranged to ensure all Members that were newly elected in May 2019 have completed this training by the end of August 2020
- 5.29. Service related briefings have also been held for Members, alongside the induction events from June to date. Requests to hold such sessions continue to be received and events are added to the programme in accordance with the agreed criteria. Areas covered so far include Highways, Infrastructure Capital Projects, Strategic Transport, Town Centre Regeneration and HS2.
- 5.30. 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 Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers.
- 5.31. 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.
- 5.32. Arrangements have been made, including the use of interim staff where necessary, to ensure that these statutory roles have been undertaken during

2019/20, and a recruitment process is underway for the Director of Governance and Compliance (Monitoring Officer) role.

- 5.33. The Council publishes a Pay Policy Statement by 31st March on an annual basis. This provides transparency about 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 2019/20 was agreed by Council in February 2019. The 2020/21 Pay Policy Statement recommended to Council on 20th February 2020 from Staffing Committee, it included a small number of key updates including the revised Senior Management Structure implemented on the 1st April 2019.
- 5.34. The Council's Staffing Committee has received update reports on the Council's Brighter Future Together Programme.
- 5.35. All staff undertake annual mandatory training on protecting and managing information and equality and diversity, completion and compliance is monitored and reported to Heads of Service and Directors. Managers are also supported with training on the Council's Dignity at Work and Grievance procedures.

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

- 5.36. Audit and Governance Committee have received update reports on the Council's Strategic Risks during 2019/20. Operational risk registers have been included in the department and service plans. These are reviewed by the team plan owners, and risks are considered for escalation to the Strategic Risk Register as necessary.
- 5.37. In addition, an updated Risk Management Framework was taken to the Audit and Governance Committee on 12th March 2020 and approved by Cabinet in June 2020. The Council's approach to risk management will continue to be reviewed and refreshed as necessary during 2020/21.
- 5.38. The management of risk and monitoring of risk exposure has been a key part of the Council's response to the COVID-19 pandemic. An emergency planning incident was invoked, and a command structure was established in March 2020. This was to ensure that the Council could respond effectively to the pandemic and to report to central government, the National Health Service, and engage with the regional structures of the Local Resilience Forum and Strategic Coordinating Group (SCG).
- 5.39. Cabinet has met informally on a frequent basis to provide political leadership. The Executive Leadership Team has led the operational emergency response, which has been co-ordinated by a bespoke Council Emergency and Response Team (CEMART), supported by officers from the Joint Emergency Planning Team.

- 5.40. Risk registers have been developed and maintained for each of the emergency response cells, as well as the inclusion of the pandemic risk on the Strategic Risk Register. Business Continuity Plans were reviewed as a priority during early stages of the pandemic response and continue to be refreshed as recovery plans are implemented. Risk registers are also in place for each of the recovery workstreams established to focus on supporting the longer term recovering from the pandemic.
- 5.41. In addition, the Council has introduced a parallel command structure to oversee the recovery from the Covid-19 pandemic. This has overseen the stepping up key services, support for businesses and town centres as the lock down restrictions have been eased by the Government. Scenario and risk planning has been undertaken to support to the longer term planning for recovery.
- 5.42. Reports to all decision making Committees are produced in line with a reporting protocol which involves clearance of reports through the relevant directorate management team, legal and financial review and the identification and mitigation of risks associated with the report content.
- 5.43. Council received the Overview and Scrutiny annual report for 2018/19 in October 2019. This summarised the activity of the four scrutiny committees during the municipal year.
- 5.44. Each Overview and Scrutiny Committee scrutinised quarterly performance scorecards and budget proposals for the 2019/20 and 2020/21 period relevant to their area of focus.
- 5.45. During 2019/20 the Children and Families Overview and Scrutiny Committee met on five occasions. The Committee's work programme included scrutiny of the new model for how high needs funding to schools is allocated, consideration of the Children and Young Peoples Plan and scrutiny of the Early Help Strategy. The Committee also scrutinised the Corporate Parenting Annual Report, Annual Adoption Report, and the Local Safeguarding Children Board Annual Report. Furthermore, the Committee received a report on the outcome of the Ofsted Standard Inspection of Cheshire East Local Authority Children's Services.
- 5.46. The Committee considered the progress and improvements made in delivery the Family Focus programme. It also received a report on the innovative approaches to Children in Need
- 5.47. The Health and Adults Social Care and Communities Overview and Scrutiny Committee met on nine occasions during 2019/20. The Committee scrutinised reports throughout the year on proposals to cease Specialist Orthodontic and Oral Surgery Services. The Committee considered the East Cheshire NHS Trust, Mid Cheshire Hospitals NHS Foundation Trust and the Cheshire and Wirral Partnership NHS Foundation Trust 2018/19 Quality Accounts. Furthermore, it

considered the Local Safeguarding Adults Board Annual Report 2018/19, the North West Ambulance Service (NWS) Performance Update and the Everybody Sport and Recreation Annual Report 2018/19. The Committee received a progress reports on performance of the Council's Connected Communities Centres against key strategies and objectives and Re-commissioned Respite Care Services.

- 5.48. The Committee scrutinised the activity and performance of the Council against the key objectives and aims set out in the Cheshire East Mental Health Strategy. It also considered the Cheshire East Five-Year Place Plan and a report on Working Arrangements at the Congleton War Memorial Hospital Minor Injuries Unit along with a task and finish group report on the SEND Local Offer for 16-25 Year Olds. It also received and considered a report on the Impact of 2018 Winter Pressures on Delayed Transfers of Care. It also considered a report from the East Cheshire Trust on the Macclesfield Neonatal Unit Re-Designation and an update on the Re-design of Adults and Older People's Mental Health Services in Cheshire East. The Committee received an update on how the Council is supporting resident to find, remain in and secure employment and considered the performance of the Council's contract for substance misuse services and a report on the future commissioning priorities of the Cheshire Clinical Commissioning Group.
- 5.49. The Environment and Regeneration Overview and Scrutiny Committee met on seven occasions during 2019/20 and received presentations and reports on, a Strategic Overview of Housing, Well Managed Highways Infrastructure and a Flood Risk Management Update.
- 5.50. The Committee also considered reports on the proposals for the Little Bus Service, and received reports on Macclesfield Town Centre Regeneration, Cheshire East 2019 Air Quality Annual Status Report 2019 and a Local Industrial Strategy for Cheshire & Warrington. It also received a Waste Strategy Briefing and considered results of consultation on the draft Environment Strategy and Carbon Action Plan before being considered by the Cabinet and received an update on the consultation undertaken on the draft Economic Strategy. The Committee also considered update reports on the A500 Dual Carriageway and Middlewich Eastern Bypass.
- 5.51. The Corporate Overview and Scrutiny Committee met on eight occasions during 2019/20 and received updates and presentations on a variety of issues. These included the Best 4 Business project, Transparency Working Group, Digital Customer Services and the Media Relations Protocol. The Committee received the Mid-year Performance report, MTFS 2020-24 and a verbal presentation on the Pre-Budget 2020/21 Consultation. The Committee also considered the Statutory Scrutiny Guidance and the Scrutiny Healthcheck report. It also received an oral update on the Financial Implications of a Committee System and scrutinised the joint ICT investment By CEC and CWAC.

- 5.52. The Council's Scrutiny arrangements have recently been self- assessed by the former chairmen and vice-chairmen of the Council's overview and scrutiny committees from 2018/19. The recommendations from the review were passed to the Head of Democratic Services and Governance to appropriately administer.
- 5.53. The Information Governance Group met regularly throughout 2019/20, managing a programme of proactive improvement and ongoing compliance with the requirements of the Data Protection Act 2018. The Group also managed responses to reported data related incidents, providing updates to the SIRO (Senior Information Risk Owner), and the Corporate Leadership Team. An update report on Information Governance 2018/19 was provided to the Audit and Governance Committee in July 2019. The Annual Information Governance Update 2019/20 will be presented to the July 2020 Committee.
- 5.54. During 2019/20, the Commissioning and Procurement Board was replaced by the Brighter Futures Commercial Board which is chaired by the Director of Commissioning and meets each month.
- 5.55. A commissioning, procurement and contract management training package has been developed during 2019/20 with a view to being available for use in 2020/21. During 2019/20 the Council procured a contract management system which will enable all contracts to be stored and managed centrally. The system will also act as a dashboard for senior managers and a portal for suppliers with an anticipated go live later in 2020/21.
- 5.56. 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.
- 5.57. During 2019/20 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; and
 - Overseeing governance arrangements and reviewing all approved Waivers and Records of Non Adherences. The WARN process forms part of the Contract Procedure Rules (CPR's) which are intended to promote good Procurement and Commissioning practice, transparency and clear public accountability. Since June 2016 onwards, summary information on the number and reasons for WARN's has been provided to the Committee as a standard part one agenda item, with the details being considered in part two of the meeting.

- 5.58. The Audit and Governance Committee's self-assessment against the CIPFA guidance was considered at the March 2020 meeting. A number of actions were identified to be developed into an Action Plan. The Action Plan was presented to the Committee at its May 2020 meeting.
- 5.59. The Committee's Annual Report for 2018/19 was presented to the July 2019 Audit and Governance Committee. The draft Annual Report for 2019/20 will be presented to the July 2020 Committee.
- 5.60. The 2018/19 Annual Governance Statement was approved at the July 2019 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 Acting Chief Executive and published on the Council's website.
- 5.61. An update on progress made in managing issues raised in the 2018/19 Statement was taken to the Audit and Governance Committee meeting in December 2019. The Committee noted and endorsed the updates provided, including recommendations to the Committee on whether items remain in the Statement. Progress made in managing issues noted as "requiring further attention" in previous Statements, is covered in the Section 7 of the Statement.

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

- 5.62. 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 2019/20 which will be received by the Audit and Governance Committee on July 30th and is as follows:

Internal Audit Opinion

The Council's framework of risk management, control and governance is assessed as adequate for 2019/20

- 5.63. Counter Fraud activity is reported to the Audit and Governance Committee through the Internal Audit progress reports. A detailed update on Counter Fraud activity both locally and nationally was provided to the September 2019 meeting of the Committee.
- 5.64. During the period, a detailed piece of work was undertaken at the request of Cheshire Police in support of an upcoming prosecution that was heard in Chester Crown Court at the end of April 2020.
- 5.65. The outcome of the case was that a former Member pleaded guilty to two charges of fraud in relation to expense claims submitted between 2010 and 2015. Two further counts to which a not guilty plea was submitted will remain on file. He was sentenced to 8 months imprisonment suspended for 12 months along with a

curfew order during this period. He was also ordered to pay £500 costs to the court.

- 5.66. A review of the Member's expenses process was carried out in 17/18, to provide assurance that this was an isolated incident and to ensure that effective procedures and controls were in place to manage the submission and payment of claims going forward. Several actions were recommended to provide improvements to the process, and these have all been implemented. A review of expenses and allowances will be undertaken as part of the 2020/21 Internal Audit plan.
- 5.67. The Council has a number of wholly owned companies. Several changes were made following an independent review of its Alternative Service Delivery Vehicles.
- 5.68. The following have been in operation during 2019/20;
- Orbitas Bereavement Services Limited
 - ANSA
 - Transport Service Solutions Ltd. (TSS Ltd)
 - Tatton Enterprises Limited
 - Civicance (came back under control of the Council on 1st April 2020)
 - Engine of the North (EoTN) (came back under control of the Council in August 2019)
 - The Skills and Growth Company (SAGC) (came back under control of the Council in August 2019)
- 5.69. In October 2019, the ASDV Shareholder Committee received a report outlining its draft terms of reference and a forward plan of work. It also outlined the recruitment process for 2 co-opted members to join the committee, and an ASDV Business Plan Appraisal Tool. These elements are designed to fulfil the need identified in the ASDV for strategic challenge of business plans, the leadership of each company, and growth initiatives (and their business cases) outside of the annual approval process.
- 5.70. The ASDV Shareholder Committee, supported by a project team will consider a change programme considering the recommendations of the ASDV review in relation to future operating models for each ASDV over the next two years.
- 5.71. The ASDV Shareholder Committee has met regularly between October 2019 and February 2020, reviewing update reports from the Council's ASDVs, the external audit reports on 2018/19 accounts, and the 2020 ASDV business plans.
- 5.72. 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 current operating agreement between the Council and ESAR runs to 30th April 2029

- 5.73. ESAR's annual performance report for 2018/19 and Future Investment Programme was reported to Cabinet in October 2019. The Council's Health and Adult Social Care and Communities Overview and Scrutiny Committee also considered ESAR's annual report at its November 2019 meeting where a number of questions were discussed, and it was agreed that further information be provided to the Committee in response to the questions on the take-up of services by cared for children and which sites have "green gym" equipment.
- 5.74. 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 delivery 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, progress in replacing the Finance and HR System and the reviews of the Committee's governance arrangements.
- 5.75. 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 delivery 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, progress in replacing the Finance and HR System (Best for Business) and the reviews of the Committee's governance arrangements.
- 5.76. The Shared Services Joint Committee has received progress reports on the shared programme with Cheshire West and Chester Council to replace the existing Finance and HR Systems throughout 2019/20. In preparing the AGS we have examined reports, feedback and action plans from other agencies and inspectorates, which review the services provided by the Council.
- 5.77. In November 2019, Ofsted carried out an inspection of children's social care services. The judgement awarded was "Requires improvement to be good". The outcome of the inspection was put to Cabinet in January 2020 where the contents of the report were noted, including both the areas of strength and areas for development.
- 5.78. The report also confirmed that a detailed action plan was under development and will be considered by the Children and Families Overview and Scrutiny Committee and will also be monitored and scrutinised by the Health and Wellbeing Board. Furthermore, Cabinet confirmed the Council's continued ambition and commitment to achieving good or outstanding services for Cheshire East's children and young people.

- 5.79. The Accounts and Audit Regulations (2015) legislation prescribes the format and timescale of the production of the Annual Governance Statement and the Statement of Accounts for local authorities. In recognition of the impact of the pandemic, The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 have now been published.
- 5.80. This legislation amends the timescales for the publication of the draft and final statements as follows;
- Publication of draft statements (Accounts and AGS) moves from 31st May to 31st August 2020.
 - Publication of final statements (Accounts and AGS) moves from 30th July to 30th November 2020.
- 5.81. The original schedule of meetings for the Audit and Governance Committee would have met to consider the draft and final statements to ensure compliance with the 2015 legislation timescales. In the Committee's Work Plan report (May 2020), the Committee reviewed its planned schedule of meetings, with the changes as follows
- 5.82. Thursday 30th July – no change proposed – Committee will be asked to consider draft Statement of Accounts and draft AGS at this meeting.
- 5.83. Thursday 24th September – no change proposed to timing, planned content will be reviewed as part of the July Committee meeting.
- 5.84. Thursday 10th December – proposed that this meeting is rescheduled to November 2020 to ensure that the final Statement of Accounts and final Annual Governance Statements can be considered and approved in line with the amended regulations.

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

- 5.85. 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.
- 5.86. 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.

- 5.87. In July 2019, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2018/19 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.
- 5.88. The Committee received an update report in December 2019 relating to the Member's Code of Conduct. The report detailed the number of complaints made against Cheshire East Councillors and Town and Parish Councillors; the paragraph of the Code alleged to have been breached and the outcome of each complaint, where completed. This information is provided to support the Committee's role in monitoring and maintaining high ethical standards within the authority.
- 5.89. The Committee agreed that a review of the Code of Conduct would be added to the Committee's Work Plan for 2020/21 and that it should be linked to the Local Government Association publication of a revised Model Code of Conduct which was published for consultation in July 2020.
- 5.90. As reported in previous Annual Governance Statements, the Council has operated with interim senior management arrangements since 2017/18. During 2019/20 an Acting Chief Executive was in place until 8th March 2020, following their resignation in December 2019.
- 5.91. From the period 8th March to 20th March 2020, the Executive Director Place was appointed as the Acting Chief Executive. A new and permanent Chief Executive was ratified by Council on 20th February 2020 and took up their position on 30th March 2020.
- 5.92. In addition, the Council also appointed the Executive Director Place as the Deputy Chief Executive (who had been acting up as Deputy Chief Executive since April 2017) and the Executive Director People who had been in acting up to this position from April 2017. Furthermore, the Executive Director Corporate Services was appointed during the year and took up post in September 2019.
- 5.93. In June 2018 Cheshire Police confirmed that the investigation into the historical awarding of a contract by Cheshire East Council has concluded and a file has been submitted to the Crown Prosecution Service (CPS). In June 2020, the CPS determined that there was insufficient evidence to provide a realistic prospect of conviction with regard to the award of the contract. The CPS had identified issues in relation to procurement; the Council is now reviewing the findings and will take all appropriate steps in due course.
- 5.94. A separate Cheshire Police investigation into the award of grant funding for a primary school car park has also concluded, with no further action to be taken. This issue has been included in previous Annual Governance Statements.

- 5.95. Other matters previously referred to Cheshire Police by the Council are subject to active investigation. The Council continues to provide support as required.
- 5.96. Section 151 responsibilities for 2019/20 were covered by the Director of Finance and Customer Services. These arrangements complied with the arrangements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 5.97. From the 1st April 2019, the Monitoring Officer responsibility has been invested in role of the Director of Governance and Compliance Services. An Interim Director of Governance and Compliance Services was in place from April to September, when the permanent post holder took up the role.
- 5.98. In its assurance role, the Staffing Committee has received updates on the Brighter Future Together (Culture) Programme throughout 2019/20. This is the transformation programme established to deliver changes in the organisational culture of the Council following the review undertaken by the Local Government Association (LGA). The LGA's report was received in January 2018 and is available on the Council's website.

Ensuring openness and comprehensive stakeholder engagement

- 5.99. The Council's Transparency Working Group reported on its progress to the Corporate Overview and Scrutiny Committee on 4th April 2019. In this report, the Group outlined the substantial progress made by the Group which included achieving compliance with the Local Government Transparency Code 2015, the Information Commissioner's Publication Scheme, Re-use of Public Sector Information Regulations 2015 and various copyright and data licensing regulations.
- 5.100. The Council's open data portal '[Insight Cheshire East](#)' was redesigned and relaunched. 'Insight Cheshire East' holds the majority of our transparency information and open data together in one place. The new site is designed to make inspecting, accessing and downloading our data easier for everyone, including developers, who may wish to use our data in their own applications or websites. Work is continuing to expand the content on the site, with emphasis on areas that residents most frequently request information about.
- 5.101. As required by the Transparency Code 2015, the Council published the current number of Council employees with basic salaries of £50,000 or over on the Open Data Cheshire East Portal.
- 5.102. Committee meetings have continued to be audio cast throughout 2019/20. Recordings can be found on the relevant Committee pages. Meetings are held in public and agendas, reports, and minutes are published via the Council's website.

- 5.103. The Council is utilising the powers available under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the Regulations”) to enable meetings of the Council to take place using virtual means.
- 5.104. Up until the meeting of Cabinet on 7th July, the Council had held 10 virtual public meetings. Members and officers have worked well together to enable these to be successful. There have been a small number of technical and connection issues which have been resolved. Over 40 training sessions have now taken place with Members on Microsoft Teams and support will continue to be offered.
- 5.105. Updates on the organisation’s response to Covid-19 have been provided to the Cabinet meetings held in June and July 2020.
- 5.106. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.107. Engaging with our communities is essential to ensure that we are a resident led Council. Consultation exercises are carried out as appropriate, 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.
- 5.108. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings. “Core Brief” was introduced in the year, as a monthly topical update from the Corporate Leadership Team, to be cascaded through Department Management Team meetings to Team/Unit meetings as necessary. Members of the Corporate Leadership Team regularly participate in “Back to the Floor” sessions across various parts of their service areas to engage directly with their teams.
- 5.109. Members and Officers have received frequent briefings on Covid-19 related matters with dedicated areas of content on Centranet directing colleagues to advice and guidance.
- 5.110. Directors and Heads of Service meet at regular intervals as the Wider Leadership Team and the Wider Leadership Community. These sessions facilitate briefing, networking and development opportunities across the senior Officer leadership cohort. Key messages from these sessions are cascaded through department and team management sessions.
- 5.111. 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.

5.112. The Council's Corporate Leadership Team has continued to hold regular staff engagement events; "A Conversation With..." These have been held across the Council's various office locations and offer an opportunity for staff to raise any questions or issues they have directly with their Senior Managers. Questions and answers are summarised and shared via the Team Voice newsletter.

5.113. 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 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.

6. Review of Effectiveness

6.1. The Council undertakes an annual review of its governance arrangements. 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 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. There have been no significant governance issues.
- **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.
- **Reference and review of existing reports and assessments**

6.3. For the purposes of the Annual Governance Statement "significant" is defined as an issue which has had or has the potential to have a noticeable impact on the Service's and/or Council's ability to achieve its objectives.

6.4. Examples might include:

- Legal action against the Council for failing to fulfil a statutory duty (resulting in a substantial financial penalty and/or loss of reputation);
- An instance of fraud or corruption involving financial loss, a noticeable impact on service delivery and/or loss of reputation;
- An unexpected occurrence resulting in substantial financial loss, disruption to service delivery and/or loss of reputation (including significant media coverage/interest);
- Failure of a major project to meet stated objectives; or
- A serious breach of the Code of Conduct having a noticeable effect on service delivery and/or reputation.

6.5. Section 7 sets out the progress made against the issues identified in previous Annual Governance Statements, which have been monitored through 2019/20.

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 2019.

6.7. At that meeting, the Committee approved the recommendations that substantial progress had been on the following areas, and that they could be removed from the Annual Governance Statement and be subject to local monitoring and management.

- Land Transactions
- Holiday Pay

6.8. The issues of “Council Funding” and “Health and Social Care Integration” are included again as continuing areas of concern issues for 2019/20 in the updates in Section 7. This recognises the continuing significance of these two specific areas, at national and local levels, and the impact of Covid-19

6.9. The review has considered the effectiveness of the Council’s governance arrangements against the principles set out in the revised Code of Corporate Governance.

6.10. **Overall we can confirm that the council has appropriate systems and processes in place to ensure good governance is maintained. Whilst we are satisfied that these generally work well, our Annual Governance review has identified areas where further improvements are underway (Section 7) and recognised the challenges that Covid-19 poses. These are outlined in Section 8.**

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 Governance and Compliance
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 2019/20	<p>During 2019/20 the business continuity system has been subject to user testing and the software has been implemented across services. Training on the software, along with remainders of Business Continuity Management principles was provided to a range of users.</p> <p>Individual plans have been populated onto the software and were reviewed by senior managers to ensure moderation of plans, identify inter-dependencies and ensure sufficient coverage. A working group was established to look at cross-functional services, such as Communications, Estates, ICT and Customer Services.</p> <p>BC plans have been used across services during the Council's emergency response to Covid-19. Support has been provided to review and adjust plans, has been provided to those leading the responses the COVID 19 incident.</p> <p>Business Continuity events have been held virtually to test the resilience and the Council's response to a second incident taking place. The scenarios covered have been a flood, a fire, ICT incident and a fire in a public building, which have been overlaid onto the existing COVID 19 incident. This has been delivered in conjunction with the Emergency Planning Team. These exercises will inform the way in which the Council implements its procedures during an incident.</p> <p>It is now recommended this item is removed from the AGS due to significant progress being made. Updates from monitoring the Council's Business Continuity Plans will be provided to CLT, and as part of risk updates to the Audit and Governance Committee.</p>

Council Funding <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue	<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. Many of these arise from changes to benefit administration, reductions in government grant and more schools becoming academies.</p> <p>While the Council is in a strong position it needs to accelerate its transition to a full commissioning model to ensure that the quality and cost base of services are appropriate and meet the needs of local residents and businesses within the future level of available resources.</p>
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 Aligning 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 AGS 2019/20	The 2019/20 Outturn was reported to Cabinet in June 2020, via the Corporate Overview & Scrutiny Committee. The report identified overspending within services in line with that reported as part of

	<p>the Third Quarter Report, except for subsequent exceptional spending associated with the COVID-19 pandemic. The Third Quarter Report was presented to Council in February alongside the Medium Term Financial Strategy.</p> <p>The Medium Term Financial Strategy 2020 – 2024 included a balanced budget for 2020/21 but forecast annual deficits from 2021/22 onwards. Opening balances reflected the forecast outturn. Service spending issues identified in the Third Quarter Report were addressed in the MTFs, but the unsustainable reliance on one-off reserves, the low level of reserves generally and the presence of future deficits, was referenced as requiring attention within the Section 151 Officer’s s.25 Statement.</p> <p>The potential financial impact of the COVID-19 Pandemic is significant and additional Central Government funding is being provided. The value of the additional funding compared to the local impact is an emerging picture, subject to regular exchanges of information between central and local government. The Council’s reserve levels provide limited flexibility to absorb local financial consequences from COVID-19 and the overall position will be reported to members as an when appropriate information is available.</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.</p> <p><i>Please note a restructure has created a single CCG for Cheshire as of 1st April 2020.</i></p> <p>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 inclusion in the AGS	<p>The BCF Governance Group, overseen by Cheshire East’s Health and Wellbeing board continues to meet on a monthly basis to oversee the governance of the Cheshire East BCF.</p> <p>Feedback was expected from NHS England and the Association of Directors of Social Services (ADASS) in June 2016 regarding Cheshire East’s plans for BCF in 2016/17. The expected status is “approved with support”.</p> <p>At the time of submission, there were areas requiring further work and attention including:</p> <ul style="list-style-type: none"> • Final agreement for expenditure plans; • Lack of a Delayed Transfers of Care (DToC) plan for South Cheshire Clinical Commissioning Group; and • 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; and • 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 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 is to establish any gaps and allocate necessary actions.</p>
<p>Progress Update for AGS 2019/20</p>	<p>The BCF/iBCF schemes have continued to operate during 2019/20 and an end of year report covering the progress of the schemes during 2019/2020 has been produced. This includes information on the financial performance, data performance and overall progress and will be presented to the Health and Wellbeing Board in September 2020.</p> <p>Significant progress has been made with the Cheshire East Place Health and Care Partnership. The Partnership’s Five Year Plan was published in November 2019, setting out the vision and aspirations of the Partnership with a ‘Technical Appendix’ identifying key activity that will be undertaken. The Partnership is now leading the work to take forward the integration agenda through a number of work-streams:</p> <ul style="list-style-type: none"> • Acute Sustainability – to ensure that our acute hospitals have a clinically and financially secure future. Consultants have been appointed to draft the pre consultation business case and this work is underway (although delayed by the COVID 19 outbreak); • Integrated Care Partnership – a partnership of health providers (Acute Trusts, Mental Health Trust, Community Services and GPs and the Council) to enable the joining up of service provision in a seamless way. The Board has been established, a Managing Director appointed and priorities identified (linked to the Five Year Plan) for the ICP to progress. • Care Communities – eight care communities are now firmly established based around local clusters of GP practices. These bring together the clinicians and other professionals working with residents in the local Care Community geography to ensure that service delivery at that local level is effectively joined up. <p>These three core workstreams are supported by enabling workstreams looking at ICT, Workforce, Estates, Finance and Communications. Each of these has been making progress over the year.</p>

	<p>The Cheshire East Place is engaged with the Cheshire and Merseyside Health and Care Partnership at both a strategic and operational level.</p> <p>Finally, the Health and Wellbeing Board under its new Chairman, the Leader of the Council, has undertaken a review of itself to ensure that it is fit for purpose. The proposed changes are being considered by the Board at its July meeting. It has been a helpful process in determining the role that the Board needs to play in the changed (and changing) landscape.</p>
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Proposed Change to the Committee system of Governance	
Description of Issue	<p>Following the change in political leadership in May 2019, the Council will be exploring a change from the Leader and Cabinet Model of governance to the implementation of a full Committee model of governance.</p> <p>This will be developed during 2019/20 with a view to taking effect from the beginning of the 2020/21 Municipal Year subject to a legally and constitutionally robust process, led by the Council's Constitution Committee, and agreed by Council.</p>
Responsibility	Chief Executive
Action proposed at the time of inclusion in the AGS	The change in the Council's decision-making arrangements and governance framework will be undertaken through the Council's Constitution Committee and Council to ensure that the process of change is legally compliant and delivers the intended outcome.
Progress Update for AGS 2019/20	<p>At the meeting of Council in May 2019, a Notice of Motion was approved regarding the Council's commitment to implement a change to its governance model, comprising the cessation of the current Leader and Cabinet model, and the implementation of a committee system; to be developed during 2019/20 with a view to the new arrangements taking effect from the beginning of the 2020/21 municipal year, subject to a legally and constitutionally robust process, led by the Council's Constitution Committee, and agreed by Council.</p> <p>During 2019/20, the Constitution Committee and a Governance Working Group it established, worked on the proposals in the Notice of Motion.</p> <p>In November 2019, the Constitution Committee determined not to make a recommendation to Council at that stage, requesting further work to be undertaken by the Governance Working Group.</p>

	<p>In January 2020, Group Leaders signed a joint letter to agree the implementation of the new governance arrangements would be postponed until May 2021 to allow more time for preparation.</p> <p>The Constitution Committee at its meeting in March 2020 considered a framework for the new committee system and agreed that full Council be recommended to consider the formal legal resolution required to enable the Council to cease operating the existing Leader and Cabinet model of governance and implement a committee system model of governance, to take effect from the Annual Council meeting in May 2021. This resolution is to be considered at the next meeting of Council.</p>
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Replacement of the Council's Core Financial Systems	
Description of Issue	<p>The Council is in the process of replacing its existing ERP system, in a joint project with Cheshire West and Chester Council.</p> <p>This will see the replacement of the existing Oracle system including core modules covering accounts payable, income and payroll.</p> <p>The new system will achieve business efficiencies through changes in the software and supporting business processes.</p> <p>Change in the Council's core business system needs to be carefully managed to ensure the new system is fit for purpose that the changeover managed with minimal disruption, and that the transition to new business processes is successfully implemented to deliver the intended benefits.</p>
Responsibility	Executive Director of Place and Deputy Chief Executive.
Action proposed at the time of inclusion in the AGS	<p>The governance model adopted to deliver the replacement business system recognises the significance of the change required and risk involved in project delivery.</p> <p>Member involvement has been set up through the Shared Services Joint Committee and a specific joint scrutiny working group.</p> <p>Programme delivery is monitored by a monthly Steering Group comprised of Chief Officers from the two councils and the Programme Director. This is supported by a monthly Programme Board which is attended by the external implementation partner</p>

	<p>and is supported by a jointly staffed internal team which has been involved from the procurement stage.</p> <p>The Councils' Internal Audit teams are undertaking a joint programme of review and assurance throughout the implementation of the replacement and ahead of the new system going live.</p>
<p>Progress Update for AGS 2019/20</p>	<p>In partnership with Cheshire West and Chester Council, a fundamental review of the Best 4 Business programme was conducted between April 2019 and December 2019. The outcomes of this review were reported to Corporate Overview and Scrutiny Committee, the Shared Services Joint Committee and Cabinet.</p> <p>Further progress updates have been provided to both Council's Overview and Scrutiny Committees, the Shared Service Joint Committee and Joint Scrutiny Working Group. along with regular Portfolio Holder briefings.</p> <p>The latest update was provided to the Shared Services Joint Committee received a report in June 2020 on the following key areas:</p> <ul style="list-style-type: none"> • Confirmation of the revised contractual arrangements with the implementation provider • Confirmation of appointment of Programme Support • Update on the programme Budget • The revised programme plan for delivery • Governance and oversight of the Programme, including future reporting on the programme to the Shared Service Joint Committee.

8. Significant Governance Issues 2019/20

8.1. The significant governance issues the Council recognises as arising during 2019/20 are detailed below. 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 Leadership Team and reported to the Audit and Governance Committee.

Description	Actions	Responsibility
<p><u>Responding to the impact of Covid-19</u> Like other local authorities, the Council has been significantly challenged by the coronavirus pandemic.</p> <p>Responding to the pandemic will bring substantial risks to the Council in 2020-21.</p> <p>The challenges to the Council have been recognised in the reports provided to Cabinet to date, which have highlighted the challenges being experienced, the Council's response, recovery plans, and future risks.</p>	<p>There will be an ongoing review of the financial impact as well as the impact on procedures and processes relating to the emergency.</p> <p>Reports on the Council's ongoing response will continue to be provided to Cabinet, and other Committees where appropriate.</p>	<p>Chief Executive</p>

Appendix 1: The Governance Framework 2019/20

