

Audit and Governance Committee

Agenda

Date: Monday, 17th January, 2022
Time: 2.00 pm
Venue: Council Chamber, Municipal Buildings, Earle Street, Crewe
CW1 2BJ

PLEASE NOTE –This meeting is open to the public and anyone attending this meeting will need to wear a face covering upon entering and leaving the venue. It is advised that this only be removed when speaking at the meeting.

The importance of undertaking a lateral flow test in advance of attending any committee meeting. Anyone attending is asked to undertake a lateral flow test on the day of any meeting before embarking upon the journey to the venue. Please note that it can take up to 30 minutes for the true result to show on a lateral flow test. If your test shows a positive result, then you must not attend the meeting, and must follow the advice which can be found here:

https://www.cheshireeast.gov.uk/council_and_democracy/council_information/coronavirus/testing-for-covid-19.aspx

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the top of each report.

It should be noted that Part 1 items of Cheshire East Council decision making meetings are audio recorded and the recordings will be uploaded to the Council's website.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. Apologies for Absence

To receive any apologies for absence.

For requests for further information

Contact: Helen Davies

Tel: 01270 686705

E-Mail: helen.davies@cheshireeast.gov.uk with any apologies

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary and non-pecuniary interests in any item on the agenda.

3. **Public Speaking Time/Open Session**

In accordance with paragraphs 2.24 of the Council's Committee Procedure Rules and Appendix on Public Speaking a total period of 15 minutes is allocated for members of the public to put questions to the committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes each to speak, and the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days' in advance of the meeting and should include the question with that notice.

4. **Minutes of Previous Meeting** (Pages 5 - 10)

To approve as a correct record the minutes of the meeting held on 25 November 2021.

5. **Action Tasks** (Pages 11 - 12)

To review the action tasks that emerged from the meeting on 25 November 2021.

6. **Annual Audit Letter 2020/21 and Certification Report** (Pages 13 - 58)

Summary of the External Audit findings from the 2020/21 audit. The letter will also confirm the final audit fee.

7. **Statement of Accounts 2021/22** (Pages 59 - 64)

To review and approve the Statement of Accounts 2021/22.

8. **Annual Governance Statement - Progress Update** (Pages 65 - 104)

To review and approve the Annual Governance Statement 2020/21.

9. **Hearing Sub Committee Findings**

This item has been deferred until the Audit and Governance Committee Meeting on 10 March 2022.

10. **Upheld Complaints to the Local Government Ombudsman** (Pages 105 - 116)

To consider the Decision Notices issues by the Local Government Ombudsman.

11. **Covid-19 Update** (Pages 117 - 134)

To consider the most recent report on the Council's response to Covid-19 as prepared and presented to the Council's Corporate Policy Committee.

12. **Update on the Local Ward budgets and 'Top Up' service pilot scheme** (Pages 135 - 140)

To note the report and the intention to submit a further report, following a review of the pilot scheme later in 2022 and to identify any specific governance or assurance issues the Committee wish to review.

13. **Work Programme** (Pages 141 - 148)

To consider the Work Programme and determine any required amendments.

a) **Highways Funding**

To receive a verbal update.

b) **Partnerships Governance** (Pages 149 - 154)

To consider the scope and phasing of the review of the governance and assurance arrangements for significant partnerships or collaborations, to be completed by the end of quarter one of 2022/23.

14. **Contract Procedure Rule Non-Adherences** (Pages 155 - 160)

To consider a report updating the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non-adherences (WARNs). The report covers cases from 1st September 2021 to the 30th November 2021.

15. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

PART 2 – MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT

16. **Waivers and Non-Adherences** (Pages 161 - 262)

To note the approved WARNs issued between 1 September 2021- 30 November 2021.

Membership: Councillors R Bailey, C Bulman, B Evans, A Harewood, M Houston, D Marren (Vice-Chair), P Redstone, M Sewart and M Simon (Chair)

This page is intentionally left blank

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 25th November, 2021 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Simon (Chair)

Councillors R Bailey, C Bulman, B Evans, A Harewood, M Houston,
P Redstone, and M Sewart.

External Auditor

Mark Dalton, Mazars (via remote link)

OFFICERS IN ATTENDANCE

Jane Burns, Executive Director Corporate Services
David Brown, Director of Governance and Compliance
Alex Thompson, Director of Finance and Customer Services
Josie Griffiths, Head of Audit and Risk Management
Mike Todd, Acting Internal Audit Manager
Rachel Graves, Democratic Services Officer

33 APOLOGIES FOR ABSENCE

Apologies were received from Councillor David Marren.

34 DECLARATIONS OF INTEREST

No declarations of interest were made.

35 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present.

Concerns were raised about public access to Council's buildings, as at present reception staff were not always on duty to allow entry into a building. It was agreed that the current situation would be clarified with the Facilities Team.

36 MINUTES OF PREVIOUS MEETING**RESOLVED:**

That the minutes of the meeting held on 30 September 2021 be approved as a correct record, subject to the inclusion in Minute 20 Covid-19 Update that the Committee recorded their thanks to the staff in Registration Services for their work during the pandemic.

37 ANNUAL AUDIT LETTER 2020/21 AND CERTIFICATION REPORT

Mark Dalton provided an update on the progress with the audit of the draft Statement of Accounts.

It was reported that work was progressing well with the audit, which had been delayed due to the transition to the new financial system Unit 4 ERP in February 2021.

In order to comply with Account and Audit Regulations 2015, the Council had published a notice to state that it was unable to make the deadline of 30 September 2021 for completion of the audit.

38 ANNUAL STATEMENT OF ACCOUNTS 2021/22

The Director of Finance and Customer Services reported that as the audit had not been completed it was not possible to present the Annual Statement of Accounts to the Committee at this meeting and the intention was to bring it to the next meeting in January 2022.

39 ANNUAL GOVERNANCE STATEMENT 2020/21

The Director of Finance and Customer Services reported that as the Annual Governance Statement was linked to the completion of the audit, it was not possible to present the Statement to the Committee at this meeting and that it would be brought to the next meeting in January 2022.

40 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21

The Committee considered the draft version of the Annual Report of the Audit and Governance Committee 2020/21

The report provided details of the work undertaken by the Committee and the assurances received during the year.

RESOLVED:

That the Annual Report of the Audit and Governance Committee 2020/21 be approved for consideration by full Council at its meeting on 15 December 2021.

41 RISK MANAGEMENT UPDATE

The Committee considered the outcomes of the review of the Strategic Risk Register for the period Q1 to Q2 2021/22

The report detailed the changes made to the Risks following the Q1 review, which had led to a number of the risks being refocused and refreshed, and the outcome of the Q2 review. The report also provided an

overview of the Council's operational response to Covid and associated winter risks.

Reference was made to SR13 – Reputational Risk, and the Council's relationships with Town and Parish Councils as they were under increasing financial pressure as were being asked to pay for road repairs under the Highways Top Up Scheme and the funding for the second year of the New Homes Bonus was now included in the MTFS rather than being issued to local communities. In response it was stated that the decision to include the New Homes Bonus funding in the MTFS overall balance position was taken by full Council and it was suggested that any proposals for this funding should be submitted via the Budget Consultation process which ran until 4 January 2022.

RESOLVED:

That the Strategic Risk Update for Quarters 1 and 2 2021/22 be received.

42 INTERNAL AUDIT 2021/22 PLAN PROGRESS UPDATE

The Committee considered an update report on the work undertaken by Internal Audit between April and September 2021.

The report summarised the assurance work undertaken on the Internal Audit Plan for 2021/22 and provided a summary of the final reports issued, comparison of the Audit Plan and actual work undertaken, value of grant certification work, and set out the ongoing Internal Audit assignments.

In relation to the audit work on Section 106/CIL it was asked if the parish councils would be included in this work in relation to CIL, as if they had a Neighbourhood Plan would receive a % of money to spend in their area. In response it was confirmed that the audit would be looking at the Cheshire East Councils processes only.

In relation to staff vacancies in Internal Audit it was reported that two full time staff had been recruited on a temporary basis and one member of staff had returned from maternity leave.

Reference was made to the audit work undertaken on schools and the council services offered to schools and it was proposed that briefing session be arranged on these matters.

RESOLVED:

That the Committee notes the contents of the report.

43 **PROCUREMENT OF EXTERNAL AUDIT SERVICES**

The Committee considered the proposals for appointing the Council's external auditors for the five-year period from 2023/24.

In 2017 the Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to and including the audit of the 2022/23 accounts.

Section 7 of the Local Audit and Accountability Act 2014 stated that a 'relevant authority must appoint a local auditor to audit its accounts for a financial year no later than 31 December in the preceding financial year'.

The PSAA was now inviting the Council to opt in for the next appointing period, covering audits for 2023/24 to 2027/28, along with all other authorities, so that the PSAA could enter into a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditors.

RESOLVED:

That Council be recommended to accept the invitation from Public Sector Audit Appointments to 'opt in' to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2023.

44 **COMMITTEE WORK PROGRAMME**

The Committee considered the Work Programme for 2021/22.

Since the last review by the Committee, items had been added to the Work Programme for the meeting on 17 January 2022. In addition, this meeting would now receive the Annual Audit Letter and Certification Report, Annual Statement of Accounts and Annual Governance Statement. It was reported that the Code of Conduct report would not be going to the January 2022 meeting as further work was required to be undertaken by the Working Group.

It was requested by the Committee that work should commence at pace on the two unallocated items – Highways Funding and Partnership Governance and the scoping reports on the work be brought to the Committee in due course.

RESOLVED: That

- 1 the Work Programme be noted and be brought back to the Committee throughout the year for further development and approval.

- 2 work commence at pace on scoping reports for the items on Highways Funding, and Partnership Governance.

45 **CONTRACT PROCEDURE RULE NON-ADHERENCES**

The Committee considered the report deferred from the last meeting.

It was proposed to avoid duplication o that the Finance Sub Committee would receive the Waivers as part of their responsibility for the procurement pipeline, and Audit and Governance Committee continue to receive the Non-Adherences for review.

Clarification was provided on the difference between waivers and non-adherences. Waivers were part of the procurement process and were pre-approved variations from the Contract Procedural Rules. Non-adherences arose from instances where the Contract Procedural Rules have not been followed.

The Committee were concerned that the proposed change would remove their ability to see any trends and not be able to carry out the assurance role of the Committee.

It was proposed that the Committee continue to receive both the Waivers and Non-Adherences.

RESOLVED: That the Committee

- 1 notes the reasons for the 10 waivers approved between 1 April 2021 and 31 August 2021.
- 2 notes that the Finance Sub Committee will review Waivers as part of their responsibility for the pipeline of procurement activity.
- 3 confirms that the Audit and Governance Committee will continue to receive both the Waivers and Non-Adherences
- 4 confirms that the Audit and Governance Committee will continue to receive an oversight report of all WARNs.

46 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED:

That the press and public be excluded from the meeting during consideration of the following item pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1, 2 and 3 of Schedule 12A of the Local Government Act 1972 and the public interest would not be served in publishing the served in publishing the information.

47 CONTRACT PROCEDURE RULE NON-ADHERENCES

The Committee considered the WARNs.

RESOLVED:

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 4.39 pm

Councillor M Simon (Chair)

Audit and Governance Committee - Action Tasks

Agenda Item. No	Report Title	Action	Update
25 November 2021			
3	Public Speaking	<p>Concerns raised about the public being able to access council buildings as the receptions are not open all of the time. To check with Facilities on the present policy, and which buildings were open to the public.</p> <p>Check if Councillors' passes need reactivating to access council buildings.</p>	<p>The system is set to not let a Councillor's ID badge expire.</p>
4	Minutes 30 September 2021	<p>Minute 24: Annual Internal Audit Report Following on question from Cllr Marren in relation to Purchase Cards –</p> <p>"Does our failure to report spending via purchase cards in excess of £500 put us in breach of the Local Government Transparency Code 2015? If it's not a breach it is certainly a failure of compliance with the spirit of the code which the Committee should rule on."</p>	<p>Report to Finance Sub Committee 5 January 2022 – Item 12 Procurement Pipeline.</p> <p>Para 5.5 states: At a recent Audit and Governance Committee it was requested that purchase card spending above £500 be published to enhance the spending transparency of the Council. This has now been implemented, but unfortunately, due to external supplier systems, the Council cannot provide the same level of detail for the purpose of the expenditure as seen in the standard £500 spend reports. This is due to the purchase card suppliers only having the software to enable level 1 card data reporting</p>

			(total purchase amount, date, merchant category code and supplier/retailer name).
		Minute 27: Annual Risk Management Report 2020/21. The Committee asked for Risk Management Training to be arranged and offered to all Councillors.	Had been raised at Member Input Panel in November 2021. The Panel had supported the and noted that risk management modules were available to Members via the Learning Lounge. However, as some time had passed since the modules had been uploaded, a check was to be made on their relevance.
10	Internal Audit Progress Report	Briefing session to be arranged for the Committee on the Provision of Services to Schools.	
12	Work Programme	Items listed in the 30 September meeting to be added to the Work Programme. Work to commence on the scoping reports for the items Highways Funding and Partnership Governance	The items have been added to the programme.



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	17th January 2022
Report Title:	Audit Completion Report 2020/21
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	AG/1/21-22
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. The Audit Completion Report summarises the findings from the 2020/21 Audit and will be presented to the Committee by Mazars, the Council's external auditors. This report contributes to the Council's strategic objective of being an open and enabling organisation.

2. Executive Summary

- 2.1 The Audit Completion Report identifies the key issues that have been considered by Mazars before issuing their opinion on the Council's financial statements.

3. Recommendations

- 3.1. That members receive the Audit Completion Report for the year ending 31st March 2021.

4. Reasons for Recommendations

- 4.1. The appointed auditors are required to report to those charged with governance. The Audit Completion Report presents the findings, conclusions and recommendations from audit work undertaken relating to the financial year 2020/21.

5. Other Options Considered

- 5.1. Not applicable.

6. Background

6.1. The auditors are responsible for giving an opinion on:

- Whether the accounts give a true and fair view of the financial position of the the Council and the Group as at 31st March 2021 and of the Council's and the Group's expenditure and income for the year then ended;
- Whether they have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

6.2. The auditors have not yet completed their value for money arrangements work, this will be reported in the Auditor's Annual Report later in the year.

7. Consultation and Engagement

7.1. In accordance with the Accounts and Audit (amendment) Regulations 2021 (SI 2021/263) the accounts were made available for public inspection between 1st October to 11th November 2021.

8. Implications

8.1. Legal

8.1.1. There are no legal implications identified.

8.2. Finance

8.2.1. As covered in the report.

8.3. Policy

8.3.1. There are no policy implications identified.

8.4. Equality

8.4.1. There are no equality implications identified.

8.5. Human Resources

8.5.1. There are no human resource implications identified.

8.6. Risk Management

8.6.1. The audit has been conducted in accordance with International Standards of Auditing (UK) and means the auditors focus on audit risks that have been assessed as resulting in a higher risk of material misstatement.

8.7. Rural Communities

8.7.1. There are no direct implications for rural communities.

8.8. Children and Young People/Cared for Children

8.8.1. There are no direct implications for children and young people.

8.9. Public Health

8.9.1. There are no direct implications for public health.

8.10. Climate Change

8.10.1. There are no direct implications for climate change.

Access to Information	
Contact Officer:	Joanne Wilcox Head of Financial Management Joanne.wilcox@cheshireeast.gov.uk
Appendices:	1. Audit Completion Report
Background Papers:	Statement of Accounts 2020-21 DRAFT (cheshireeast.gov.uk)

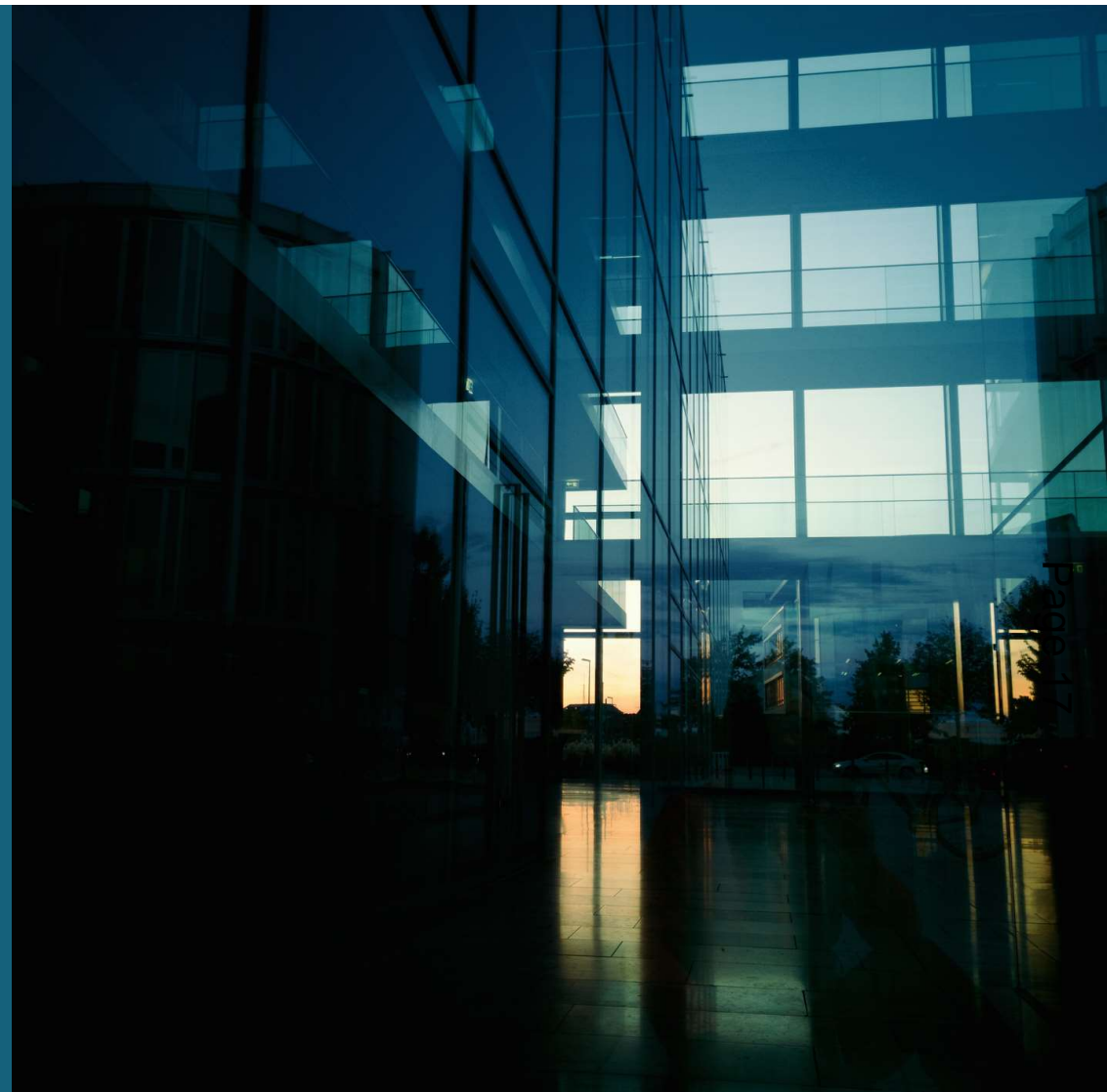
This page is intentionally left blank

Audit Completion Report

Cheshire East Council – Year ended 31
March 2021

January 2022

mazars



Contents

- 01** Executive summary
- 02** Status of the audit
- 03** Audit approach
- 04** Significant findings
- 05** Internal control recommendations
- 06** Summary of misstatements
- 07** Value for Money

Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Audit and Governance Committee
Cheshire East Council
Westfield, Middlewich Road.
Sandbach.
CW11 1HZ

7 January 2022

Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Dear Members

Audit Completion Report – Year ended 31 March 2021

We are pleased to present our Audit Completion Report for the year ended 31 March 2021. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 27 May 2021. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 07795 506766.

Yours faithfully

Mark Dalton

Mazars LLP

01

Section 01: **Executive summary**

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls
- Net defined benefit liability valuation
- Valuation of property, plant and equipment including investment properties
- Transition to new financial management system
- Private Finance Initiative (PFI)
- Recognition of Covid-19 Government grants

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021.

At the time of preparing this report there are some matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We have not yet completed our value for money arrangements work and will report our findings in our Auditor's Annual Report later in the year. On the basis of the work completed to date we do not anticipate having significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our value for money arrangements work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We have received correspondence and questions from a member of the public. We are currently considering the matters raised.











02

Section 02: **Status of the audit**

2. Status of the audit

Our work is nearing completion and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters	
IT General Controls testing		We are awaiting information to complete our IT general controls testing.	 Likely to result in material adjustment or significant change to disclosures within the financial statements.
Transition to new financial management system		Linked to the above, outstanding IT work includes review of the migration of data from the old to the new financial management system (linked to the enhanced risk on page 15).	
Whole of the government accounts (WGA)		We have not yet received instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.	 Potential to result in material adjustment or significant change to disclosures within the financial statements.
Financial statements, Annual Governance Statement (AGS) and letter of representation		We will complete our final review of the Statements of Accounts upon receipt of the signed version of the financial statements, AGS and letter of representation.	
Audit review and quality control		Completion of Manager and Partner review and Mazars quality control processes in respect of the audit.	 Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Audit and Governance Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum presented to Audit, Governance and Standard Committee in July 2021. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £14.1m for the Group financial statements and £14.0m for the Council single-entity statements using a benchmark of 2% of gross expenditure at the Surplus/Deficit at Net Cost of Services level. Our final assessment of materiality, based on the final financial statements and qualitative factors has remained unchanged.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the [Council] that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. We have not identified any relevant service organisations

Item of account	Service organisation	Audit approach
Payroll, non-pay expenditure and other transactional items of account	Cheshire transactional services shared services	We obtained assurance by understanding the process and controls that the Council has in place to assure itself that transactions are processed materially correctly. Our testing include sample testing of transactions based on evidence available from the Council rather than the Shared Service.

There are no reporting matters to highlight from our consideration of the work of service organisations.

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures. The only change since our audit strategy memorandum relates to our expert used to review the valuation of the Manchester Airport Land for which we have used our in-house valuation team. The table sets out all experts used.

Item of account	Management’s expert	Our expert
Defined benefit pension assets and liabilities	Actuary (Hyman Robertson)	PwC – NAO’s consulting actuary
Property, Plant and Equipment and Investment Property valuation	Montagu Evans and Farms Estate Shared Service	We used available third party information to challenge the key valuation assumptions
Financial instrument disclosures	Arlingclose Treasury Advisors	Mazars in-house valuation team

There are no reporting matters to highlight from our consideration of the work of experts.












3. Audit approach

Group audit approach

The Council's group structure for 2020/21 includes four wholly owned subsidiary companies, Cheshire East Residents First Limited (CERF), ANSA Environmental Services Limited, Transport Service Solutions Limited and Orbitas Bereavement Services Limited.

Our approach to the Group audit reflected the size and complexity of the transactions from the subsidiary companies that are consolidated into the Council's Group financial statements. Our approach is outlined below, and we confirm there are no changes to the planned approach set out in our Audit Strategy Memorandum.

Group component	Approach adopted	Key points or other matters to report
Cheshire East Council		The Mazars audit team undertook the full audit of the Council
Cheshire East Residents First Limited (CERF)		Non-significant component, with assurance gained from analytical procedures supported by a review of the Council's consolidation processes. Given the size and complexity of the subsidiary we did not seek specific assurances over transactions and balances from the component auditors of the subsidiary company, and we did not identify any significant risks for Group accounts purposes in relation to this component
ANSA Environmental Services Limited		Non-significant component, with assurance gained from analytical procedures supported by a review of the Council's consolidation processes. Given the size and complexity of the subsidiary we did not seek specific assurances over transactions and balances from the component auditors of the subsidiary company, and we did not identify any significant risks for Group accounts purposes in relation to this component
Transport Service Solutions Limited		Non-significant component, with assurance gained from analytical procedures supported by a review of the Council's consolidation processes. Given the size and complexity of the subsidiary we did not seek specific assurances over transactions and balances from the component auditors of the subsidiary company, and we did not identify any significant risks for Group accounts purposes in relation to this component
Orbitas Bereavement Services Limited		Non-significant component, with assurance gained from analytical procedures supported by a review of the Council's consolidation processes. Given the size and complexity of the subsidiary we did not seek specific assurances over transactions and balances from the component auditors of the subsidiary company, and we did not identify any significant risks for Group accounts purposes in relation to this component

- **Full audit**
Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
- **Audit of balances and/or disclosures**
Performance of an audit of specific balances and/or disclosures included in the component's financial information prepared for group reporting purposes, using component materiality
- **Specific audit procedures**
Performance of specific audit procedures on the component's financial information
- **Review procedures**
Review of the component's financial information prepared for group reporting purposes using the component materiality assigned



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 17 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Management override of controls	Description of the risk
	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>
	How we addressed this risk
	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion
	<p>Our work is on management override of controls is complete and there are no matters to bring to the Committee’s attention.</p>



4. Significant findings

Significant risks (continued)

Valuation of Property, Plant & Equipment (PPE) and Investment Properties

Description of the risk

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE and investment properties. The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.

The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.

As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at their materially correct fair value. In addition, as the valuations are undertaken at the start of the year there is a risk that the fair value as the assets is materially different at the year end.

How we addressed this risk

- Our audit procedures included:
- Critically assessing the Council's valuer's qualifications, objectivity and independence to carry out such valuations.
 - Reviewing and challenging the valuation methodology used, including testing the underlying data and assumptions.
 - Reviewing the approach that the Council has adopted to address the risk that assets not subject to valuation in 2020/21 are materially misstated .
 - Considering the robustness of that approach in light of the valuation information reported by the Council's valuers.
 - Considering the movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.
 - Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations.
 - In line with 2019/20 and the continuing Covid-19 pandemic, monitoring the valuation approach and whether a material uncertainty disclosure was required for 2020/21.

Audit conclusion

Our work in relation to the valuation of PPE and Investment Properties is complete. Other than the immaterial misstatements detailed in section 6 of this report and the associated control recommendation in section 5, there are no matters to bring to the Committee's attention.

Our work has provided assurance that no material valuation uncertainty disclosure is required for 2020/21.



4. Significant findings

Significant risks (continued)

Valuation of the defined benefit pension liability

Description of the risk

The net pension liability represents a material element of the Council is an admitted body of the Cheshire Pension Fund (CPF). which had its last triennial valuation completed as at 31 March 2019.

The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.

There are financial assumptions and demographic assumptions used in the calculation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.

There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2020/21.

How we addressed this risk

- Our audit procedures included:
- Critically assessing the competency, objectivity and independence of the CPF's Actuary, Hyman Robertson
 - Liaising with the auditors of the Cheshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This includes the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate.
 - Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office.
 - Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements
 - In line with 2019/20 and the continuing Covid-19 pandemic, monitoring the valuation approach and whether a material uncertainty disclosure was required for 2020/21.

Audit Conclusion

Our work in relation to the valuation of the defined benefit pension liability is complete. Through our work, the Council requested a revised IAS19 valuation report (to up date investment returns from estimates to actuals as at 31 March 2021). The revised IAS19 report amended the net pension liability by £11.36m. As detailed on page 23 of this report, this amendment has been actioned within the Council's revised financial statements. Other than this amendment, there are no matters to bring to the Committee's attention and our work has provided assurance that no material valuation uncertainty disclosure is required for 2020/21.



4. Significant findings

Key areas of management judgement and enhanced risks

Transition to new financial management system

Description of the risk

In the current year, the Council implemented a new financial management system on 8 February 2021. Migrating the general ledger transaction, balances and sub-ledger details from Oracle System to Unit4 ERP system (previously known as Agresso).

The transfer/migration of data from the old to the new finance system is a significant event that involves all-encompassing planning and arrangements to ensure that the management review and governance of the process continued.

Also to ensure that the new financial management system delivers the results as expected and that there is no loss of data during the migration.

How we addressed this risk

- Our audit procedures included
- Reviewing the arrangements for transferring data from the previous old financial management system (Oracle) to new financial system (Unit4 ERP).
 - Comparing data from new system to the old system to confirm completeness and accuracy..
 - Reviewing the Council's own assurance over completeness and accuracy of closing balance in the previous ledger system to the opening balance entries in the new ledger system including any prior period adjustments (where required by accounting standards).
 - Carrying out our review of the new system to confirm whether the system delivers the expected results.

Audit conclusion

Our work is still ongoing (as set out in Section 2). However, based on the work carried out to date, there are no matters to bring to the Committee's attention



4. Significant findings

Key areas of management judgement and enhanced risks

Private Finance Initiative (PFI)	Description of the risk The Council has no new PFI schemes in 2020/21, and continues to make judgements that result in the Council accounting for the PFI assets and liabilities in its financial statements
	How we addressed this risk We have considered the continued accounting treatment of the PFI scheme assets and liabilities as being in the Council's financial statements. In addition we considered the Council's accounting treatment of the impact of the fire which destroyed one of the Council's PFI buildings.
	Audit conclusion Our work is complete. There are no matters to bring to the Committee's attention.
Recognition of Covid-19 Government grants	Description of the risk Throughout 2020/21, the Government has provided substantial sums of grant support to local authorities including general support grant, the Income Compensation and Job Retention scheme and grants that have been passed through to businesses. The Council needs to ensure it applies the correct accounting treatment for these funds. We therefore identified the completeness and accuracy of this income as an enhanced audit risk for 2020/21.
	How we addressed this risk Our audit procedures included: <ul style="list-style-type: none">• Reviewing the Council's approach in determining whether grants are ringfenced for specified areas of expenditure;• Testing grant income recorded in the ledger to grant allocations/ notifications; and• Reviewing a sample of grants to establish whether conditions to recognise the income in 2020/21 have been met.
	Audit conclusion Our work is complete. Based on the results of our testing, including whether the Council was acting as an agent or principal and whether any grant conditions have been met sufficient to recognise the income, there are no matters to bring to the Committee's attention.



4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 20 September 2021. The accounts were of a good quality and supporting working papers have been made available and these have assisted our audit progress. Council finance officers have been very helpful in answering our detailed audit queries. However, pressures on the finance team have meant that some of the work has taken longer than expected to conclude, particularly where responses are required from outside of finance.

Significant matters discussed with management

During the audit we maintained a regular dialogue with Council officers. Among the matters discussed through these conversations were:

Audit fee variations - as a result of independent quality reviews of our audit work and that of other audit suppliers, in particular by the Financial Reporting Council, we have needed to increase the level of work we do on defined benefit pension schemes and valuation of property, plant and equipment. This and other issues emerging during the year have had an impact on the fee required to complete the audit and we will discuss any fee variation request with Management on completion of our audit work and update the Committee. As set out in our ASM all fee variation requests are subject to approval from PSAA..

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties. We have had the full co-operation of management. It is however worth noting that the impact of the COVID-19 pandemic on the audit was significant for a second audit year. Although we have had the full co-operation of the finance team and Council management through the audit, the remote working of our audit team and the Council's staff has inevitably meant that the audit work took longer to complete and finalise than would ordinarily be the case.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received correspondence and questions from a member of the public. We are currently considering the matters raised.

05

Section 05: **Internal control recommendations**

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	2
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

The Council's wholly owned companies (ANSA Environmental Services Limited, Orbitas Bereavement Services Limited, Tatton Park Enterprises Limited and Transport Services Solutions Limited) did not in 2020/21 comply with the publication scheme requirements of the Freedom of Information Act 2000.

Whilst the Council, as the 'owning' public authority, is, per the Information Commissioner's Office (ICO) guidance, only responsible for raising awareness of these responsibilities with the wholly owned companies, the Council could have done so more proactively.

We understand that steps have been taken in early 2021/22 to ensure full compliance going forward.

Potential effects

.In the absence of more proactive encouragement and shareholder agreement management by the Council, there is a risk that the Council's wholly owned companies will continue to fail to fully comply with the publication scheme requirements of the Freedom of Information Act 2000.

Recommendation

The Council should proactively, and as a minimum on an annual basis, ensure the wholly owned companies are complying with the publication scheme requirements of the Freedom of Information Act 2000.

Management response

Agreed.

Other deficiencies in internal control – Level 2

Description of deficiency

During our testing of property, plant and equipment (PPE) we found instances where the land values within the Council's accounts were overstated. These instances totalled £10.1m and related to land under shared ownership where the land area owned by the third party had not been removed from the Council's asset base and associated valuation report. Appropriate review of the Council's valuer's valuation report should have identify such errors.

Potential effects

The absence of appropriate review of the valuer's valuation report may lead to incorrect valuations of land or other PPE being undetected and misstated balances being incorporated within the Council's financial statements.

Recommendation

The Council should ensure appropriate review of the valuer's valuation report prior to incorporating the values within the financial statements.

Management response

The Council will ensure that the plans are checked prior to issue to the external valuers to ensure that the mapped boundaries only include CEC owned land.

The Council will ensure there is appropriate review of the valuation report prior to incorporating the values within the financial statements.

06

Section 06: **Summary of misstatements**

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £420k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Property, plant and equipment			881	
	Cr: Revaluation reserves				881
Being the extrapolation of the identified and adjusted error (of £474k relating to Buildings 3 - King George V Playing Fields) to the remaining / untested population					
Total unadjusted misstatements				881	881

6. Summary of misstatements (continued...)

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Net pension liabilities			11,360	
	Cr: Other Comprehensive Income				11,360
Projected investment returns were used by the actuary in their original IAS19 valuation report. The projected or estimated return for the period was 16.2% for the OPEN fund assets. At the Council's request the actuary issued a revised IAS19 report based on actual investment returns for the period (17.1%). Asset values have increased from the estimated figure of £1,506,013,000 to £1,517,373,000 - an increase of £11,360,000.					
2	Dr: Finance Lease Creditors (Balance Sheet)			1,060	
	Cr: Finance Lease Debtors (Balance Sheet)				1,060
The Council has an arrangement in place where by they pay management fees to HQ theatres for the running of the Lyceum theatre and this was treated as a finance lease (both under lessor and lessee) which does not meet the finance lease requirements per the code.					
3	Dr: Gross Income (Corporate and Central services)	1,976			
	Cr: Taxation and non-specific Grant Income		1,976		
Being incorrect classification of grant income to the central services gross income.					

6. Summary of misstatements (continued....)

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Revaluation reserves			10,100	
	Cr: Property, plant and equipment				10,100
Being adjustment for incorrectly including land area owned by third parties within the valuation report - causing overstatement of PPE balances within the Statement of Accounts					
5	Dr: Property, plant and equipment			474	
	Cr: Revaluation Reserves				474
Being adjustment for incorrectly including the revalued amount within the fixed asset register in relating to Buildings 3- King George V Playing Fields					
Total adjusted misstatements		£1,976	£1,976	£22,994	£22,994

6. Summary of misstatements (continued....)

Disclosure amendments

During our audit we identified a small number of adjustments to the disclosures in the accounts. These have been adjusted by management.

- **Accounting policies** –A number of revisions to ensure the accounts reflect the requirements of the Code in relation to restatement of comparative information and PPE.
- **Casting errors** – There were some instances of casting and cross casting errors within the group and entity accounts.
- **Note 23 Audit Cost** - Current and prior year figures did not reflected agreed audit fees.
- **Note 29 Leases**- The leases disclosure note was materially misstated due to formula errors within the working paper and the use of incorrect lease duration.



07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We will issue the Auditor's Annual Report within three months of the date of our opinion.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report within three months of the date of our opinion.

Executive summary

Status of audit

Audit approach

Significant findings

Internal control
recommendationsSummary of
misstatements

Value for Money

Appendices

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper
[Date]

Dear Mark

Cheshire East Council - audit for year ended 31 March 2021

This representation letter is provided in connection with your audit of the financial statements of Cheshire East Council ('the Council') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance & Customer Services that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council, Cabinet and committee meetings, have been made available to you.

Executive summary	Status of audit	Audit approach	Significant findings	Internal control recommendations	Summary of misstatements	Value for Money	Appendices
-------------------	-----------------	----------------	----------------------	----------------------------------	--------------------------	-----------------	------------

Appendix A: Draft management representation letter (continued)

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council 's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Executive summary	Status of audit	Audit approach	Significant findings	Internal control recommendations	Summary of misstatements	Value for Money	Appendices
-------------------	-----------------	----------------	----------------------	----------------------------------	--------------------------	-----------------	------------

Appendix A: Draft management representation letter (continued)

Fraud and error

I acknowledge my responsibility as Director of Finance & Customer Services for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.



Appendix A: Draft management representation letter (continued)

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Covid-19

I confirm that the Council has carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Council not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in the Appendix to this letter.

Yours faithfully

Alex Thompson
Director of Finance & Customer Services



Appendix B: Draft audit report

Independent auditor’s report to the members of Cheshire East Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Cheshire East Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2021, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Collection Fund, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2021 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance & Customer Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance & Customer Services with respect to going concern are described in the relevant sections of this report.



Appendix B: Draft audit report

Other information

The Director of Finance and Customer Services is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and Customer Services for the financial statements

As explained more fully in the Statement of the Director of Finance & Customer Services Responsibilities, the Director of Finance & Customer Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Finance and Customer Services is also responsible for such internal control as the Director of Finance and Customer Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and Customer Services is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance and Customer Services is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report

We evaluated the Director of Finance & Customer Services incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Accounts and Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Accounts and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Accounts and Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance & Customer Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Council's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.



Appendix B: Draft audit report

We will report the outcome of our work on the Council's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Cheshire East Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.



Appendix B: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council’s Whole of Government Accounts consolidation pack;
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and

[Signature]
Mark Dalton, Key Audit Partner
For and on behalf of Mazars LLP
5th Floor, 3 Wellington Place
Leeds
LS1 4AP
XX January 2022



Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p> <p>We are however waiting for external confirmations relating to a number of the Council's bank accounts due to delays in us being made aware of the new bank accounts which have been opened in the year.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none">a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; andb. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance & Customer Services that Cheshire East Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Chair of the Audit, Governance and Standard Committee, confirming that</p> <ul style="list-style-type: none">a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:<ul style="list-style-type: none">i. Management;ii. Employees who have significant roles in internal control; oriii. Others where the fraud could have a material effect on the financial statements; andd. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Mark Dalton, Director – Public Services

mark.dalton@mazars.co.uk

Mazars

5th Floor
3 Wellington Place
Leeds
LS1 4AP

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

mazars

This page is intentionally left blank



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	17th January 2022
Report Title:	Statement of Accounts 2020/21
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	AG/7/21-22
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. The 2020/21 Statement of Accounts provide information on the financial assets and transactions of the Cheshire East Group for the period 1st April 2020 to 31st March 2021 and comparative data for the preceding year. The Group consists of Cheshire East Council and the companies that are either wholly or partly owned by the Council.
- 1.2. This report contributes to the Council's strategic objective of being an open and enabling organisation.

2. Executive Summary

- 2.1 The draft Statement of Accounts was prepared and submitted for external audit on 20th September 2021. The external audit of these Accounts is now complete and the external auditors, Mazars LLP, anticipate providing an unqualified opinion.

3. Recommendations

- 3.1. That the changes to the draft Accounts, in accordance with the Audit Completion Report, be noted.
- 3.2. That the Chairman of Audit and Governance Committee be given delegated authority to sign off the final Accounts on behalf of the Committee, in consultation with the Director of Finance and Customer Services.

4. Reasons for Recommendations

- 4.1. To ensure compliance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (amendment) Regulations 2021.

5. Other Options Considered

- 5.1. Not applicable.

6. Background

- 6.1. The amendments reported in Section 6 of the Audit Completion Report have been reflected in the final Statement of Accounts.

- 6.2. The summary statements for the Group are provided in this report.

6.3. Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Summarised Comprehensive Income and Expenditure Statement	2020-21			2019-20
	Spend £000	Income £000	Total £000	Total £000
Cost of Services	736,372	(377,664)	358,708	354,865
Other Operating Income & Expenditure	35,879	(4,534)	31,345	14,981
Financing and Invnt Income and Expenditure	16,287	(3,286)	13,001	21,691
Taxation and Non-Specific Grant Income	0	(391,242)	(391,242)	(365,502)
(Surplus)/Deficit on Provision of Services	788,538	(776,726)	11,812	26,035
Tax Expenses	70		70	43
(Surplus)/Deficit of the Group	788,608	(776,726)	11,882	26,078
Surplus on revaluation of non-current assets			(6,695)	(30,623)
Surplus on revaluation of financial assets			(2,657)	5,315
Remeasurements of the net defined pensions benefit liability			207,842	(181,644)
Total			210,372	(180,874)

6.4. Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce taxation) and other 'unusable' reserves.

Summarised Movement in Reserves Statement	General Fund £000	Earmarked Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiary Reserves £000	Total Reserves £000
Opening Balance 1/4/20	10,316	45,443	50,190	105,949	323,291	1,092	430,332
Reporting of Schools Budget Deficit to new Adjustment Account at 1st April 2021		2,560		2,560	(2,560)		0
Surplus / (Deficit) of the Group	(12,603)			(12,603)		721	(11,882)
Other Expenditure and Income					(198,490)		(198,490)
Accounting Adjustments	64,995		2,661	67,656	(67,656)		0
Transfer to Earmarked Reserves	(51,192)	51,192		0			0
Closing Balance 31/3/20	11,516	99,195	52,851	163,562	54,585	1,813	219,960
<i>Movement</i>							210,372

6.5. Group Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Summarised Balance Sheet	31 March 2021 £000	31 March 2020 £000	Change £000
Property, Plant & Equipment	1,035,540	1,014,563	20,977
Investment Property	29,227	30,768	(1,541)
Other Non-Current Assets	1,751	1,207	544
Long Term Investments and Debtors	45,637	36,256	9,381
Long Term Assets	1,112,155	1,082,794	29,361
Short Term Investments	302	214	88
Debtors	112,244	68,554	43,690
Cash & Cash Equivalents	35,231	33,743	1,488
Other Current Assets	3,371	3,820	(449)
Current Assets	151,148	106,331	44,817
Creditors	(203,275)	(124,260)	(79,015)
Short Term Borrowing	(112,700)	(117,325)	4,625
Cash & Cash Equivalents	(3,488)	0	(3,488)
Other Current Liabilities	(11,110)	(11,473)	363
Current Liabilities	(330,573)	(253,058)	(77,515)
Provisions	(6,128)	(4,899)	(1,229)
Long Term Borrowing	(78,747)	(85,402)	6,655
Net Pension Liability	(574,275)	(355,605)	(218,670)
Other Long Term Liabilities	(53,620)	(59,829)	6,209
Long Term Liabilities	(712,770)	(505,735)	(207,035)
Net Assets	219,960	430,332	(210,372)
<u>Usable Reserves</u>			
Capital Receipts Reserve	0	3,000	(3,000)
Capital Grants Unapplied	52,851	47,190	5,661
Schools Reserves & Balances	7,758	4,565	3,193
Earmarked Reserves	91,437	40,878	50,559
General Fund Reserve	11,516	10,316	1,200
Profit and Loss Account	1,813	1,092	721
Total Usable Reserves	165,375	107,041	58,334
<u>Unusable Reserves</u>			
Revaluation Reserve	229,358	232,177	(2,819)
Capital Adjustment Account	448,437	448,605	(168)
Pensions Reserve	(574,275)	(355,605)	(218,670)
Other Unusable Reserves	(48,935)	(1,886)	(47,049)
Total Unusable Reserves	54,585	323,291	(268,706)
Total Reserves	219,960	430,332	(210,372)

- 6.6.** The final audited version of the Statement of Accounts will be published on the Cheshire East website following receipt of the necessary approvals.

7. Consultation and Engagement

- 7.1.** In accordance with the Accounts and Audit (amendment) Regulations 2021 (SI 2021/263) the accounts were made available for public inspection between 1st October to 11th November 2021.

8. Implications

8.1. Legal

- 8.1.1.** The Statement of Accounts has been completed as set out in the Accounts and Audit Regulations 2015 and the Accounts and Audit (amendment) Regulations 2021.

8.2. Finance

- 8.2.1.** As covered in the report.

8.3. Policy

- 8.3.1.** There are no policy implications identified.

8.4. Equality

- 8.4.1.** There are no equality implications identified.

8.5. Human Resources

- 8.5.1.** There are no human resource implications identified.

8.6. Risk Management

- 8.6.1.** The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. Failure to do so could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Council's reputation.

8.7. Rural Communities

- 8.7.1.** There are no direct implications for rural communities.

8.8. Children and Young People/Cared for Children

- 8.8.1.** There are no direct implications for children and young people.

8.9. Public Health

8.9.1. There are no direct implications for public health.

8.10. Climate Change

8.10.1. There are no direct implications for climate change.

Access to Information	
Contact Officer:	Joanne Wilcox Head of Financial Management Joanne.wilcox@cheshireeast.gov.uk
Appendices:	Not applicable
Background Papers:	Statement of Accounts 2020-21 DRAFT (cheshireeast.gov.uk)



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	17 January 2022
Report Title:	Draft Annual Governance Statement (AGS) 2020/21
Report of:	Jane Burns, Executive Director Corporate Services
Ward(s) Affected:	All Ward Members as the report provides the Council's Annual Governance Statement.

1. Executive Summary

- 1.1. The purpose of this report is for the Committee to receive and approve the proposed final Annual Governance Statement 2020/21 for signature by the Leader of the Council and the Chief Executive. Once approved the AGS will accompany the Statement of Accounts and be published on the Council's website.
- 1.2. The Council's assessment of its governance arrangements for 2020/21 has recognised no additional significant governance issues to those included in previous years. It also summarises the progress made across the Council in managing issues identified in previous Statements. The proposed final statement for 2020/21 is provided in Appendix A.

2. Recommendations

- 2.1. That the Committee approves the Annual Governance Statement 2020/21.

3. Reasons for Recommendations

- 3.1. In accordance with the Accounts and Audit Regulations 2015, the Annual Governance Statement should be approved by Members of the Council meeting, or by a Committee, at the same time as the Statement of Accounts is approved and no later than 31st July. The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement.
- 3.2. In recognition of the ongoing impact of Covid-19, the Accounts and Audit (Amendment) Regulations 2021 amended the timescales of the publication

of the draft statement from the 31st August to not later than the 30th September 2021, the publication of the final statements remains the 30th November. Following discussion and agreement with the external auditors and taking into account the impact of the pandemic and implementation of the new financial system, it was determined that the Council would operate to these extended deadlines.

- 3.3.** As notified to the Committee at the 25 November 2021 meeting, it was not possible to present the final AGS as the external auditors had not completed their work on the financial statements. As such, it was necessary to delay the agreement of the AGS to this meeting.

4. Other Options Considered

- 4.1.** Not applicable.

5. Background

- 5.1.** The Council is required to prepare and publish an Annual Governance Statement (AGS). This requirement was introduced by the revised CIPFA/SOLACE Good Governance Framework (Delivering Good Governance in Local Government) and is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015.
- 5.2.** The purpose of the AGS process is to provide a continuous review of the organisation's governance arrangements to give assurance on the effectiveness on the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority. This report and Appendix 1 are the results of that review
- 5.3.** The draft AGS was published on the Council's website after the Audit and Governance Committee on 30 September 2021. A small number of changes have been made to that draft document, for example, to reflect additional meetings which have occurred since the draft was published.
- 5.4.** Updates on items recognised in previous Annual Governance Statements are included in Section 7. These have been further updated in preparing the final Statement. No additional items have been included as significant governance issues in updating the AGS from draft to proposed final following the completion of assurance exercises co-ordinated by Internal Audit and reviewed by the Executive Directors.
- 5.5.** Once approved and signed by the Leader and Chief Executive, the AGS will be published on the Council's website, along with the Statement of Accounts, for members of the public, Members, Officers and other stakeholders to view. Further progress reports on items recognised in the

Annual Governance Statement will be provided to the Audit and Governance Committee as part of its work programme.

6. Implications

6.1. Legal

- 6.1.1.** The Production of the Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit England Regulations 2015.
- 6.1.2.** The preparation and publication of the draft Annual Governance Statement has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance (CIPFA): “Delivering Good Governance in Local Government (2016)”.
- 6.1.3.** The timescales for approval of the AGS and Statement of Accounts have changed in recognition of the impact of the pandemic via The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021. The draft and final Statements are scheduled to meet the updated deadlines.

6.2. Finance

- 6.2.1.** There are no financial implications. The production of the AGS aligns with the production of the Council’s Annual Accounts and is published alongside the audited accounts.

6.3. Policy

- 6.3.1.** There are no direct implications for policy.

6.4. Equality

- 6.4.1.** There are no direct implications for equality.

6.5. Human Resources

- 6.5.1.** There are no direct implications for human resources.

6.6. Risk Management

- 6.6.1.** The Authority is required to prepare and publish an Annual Governance Statement to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015 and updated by The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021. Failure to do so could result in non-compliance with the requirements of the Regulations.

6.7. Rural Communities

- 6.7.1.** There are no direct implications for rural communities.

6.8. Children and Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health

6.9.1. There are no direct implications for public health

6.10. Climate Change

6.10.1. There are no direct implications for climate change.

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit and Risk Email: Josie.griffiths@cheshireeast.gov.uk Tel: (01270) 685860
Appendices:	Appendix A – Annual Governance Statement 2020/21
Background Papers:	N/A

Annual Governance Statement 2020/21

PROPOSED FINAL

Working for a **brighter future**  together



1. Executive Summary and Approval

- 1.1. Each year the Council produces an Annual Governance Statement that explains how it operates 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 2020/21

- 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 2020/21 and up to the time of its approval. The ongoing impact of COVID-19 on the Council's governance arrangements is therefore included throughout the Statement.
- 1.6. Furthermore, in May 2021 the Council changed from an 'executive' form of governance to operate a 'committee system' for decision making. The Council has operated under a cabinet system since it formed in 2009, meaning that decisions previously made by the Cabinet, are now made by service committees.
- 1.7. To date, our assessment of the effectiveness of our governance arrangements for 2020/21 has identified no arising governance issues. The Council has recognised several significant governance issues in previous Statements; progress updates on these items are also described in Section 7.
- 1.8. 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.

Lorraine O'Donnell Chief Executive	Cllr Sam Corcoran Leader

This section will be signed by the Leader of the Council 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.

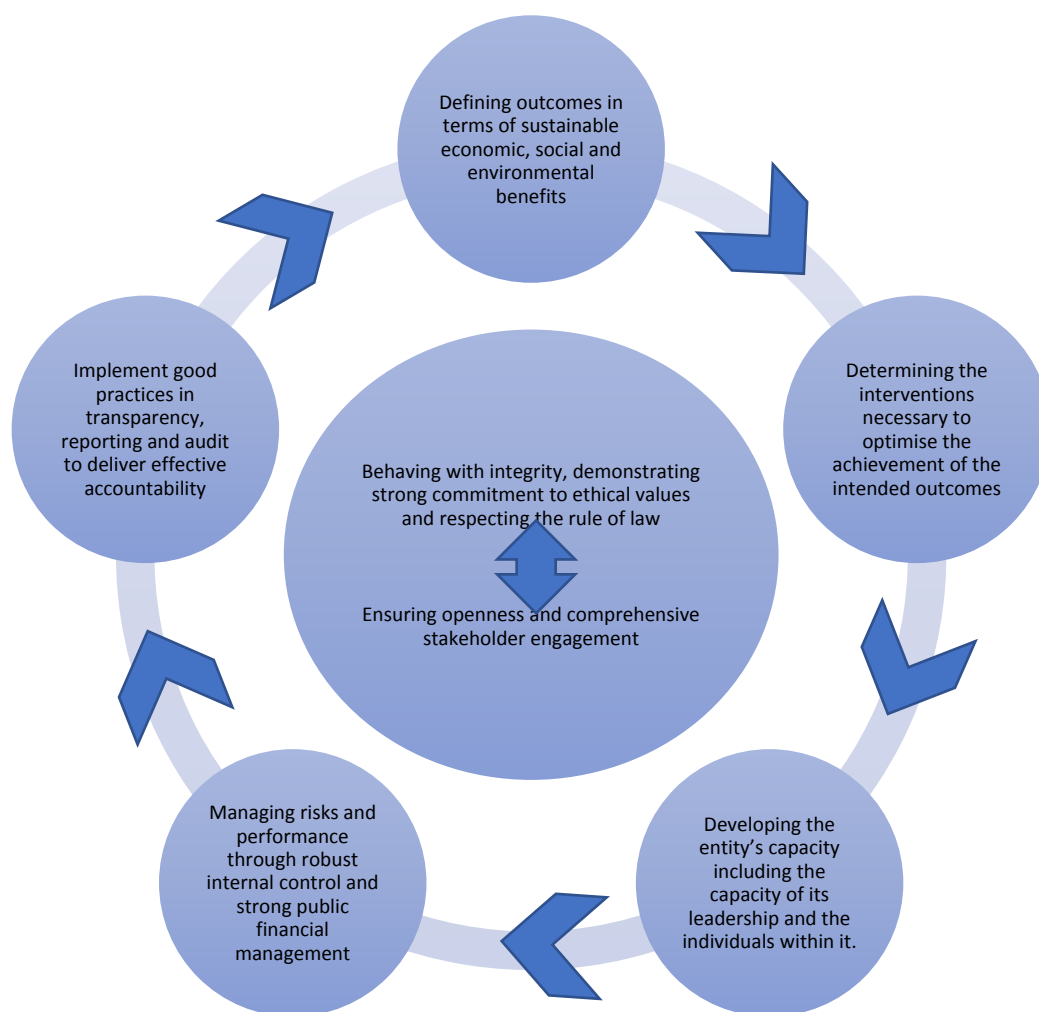
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

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 was published in September 2021 and has been further reviewed and updated as necessary to ensure this Statement remains current for when the Audit and Governance Committee considers it as final in January 2022.
- 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 2020/21 which are set out below.
- 5.2. The Governance Framework described below and shown in Appendix 1 was in place for the year ended 31st March 2021 and up to 4th May 2021 when the new committee system model of governance took effect. The new committee structure is shown in Appendix 2.

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 and Medium Term Financial Strategy for 2021-2025 were agreed by full Council on 17th February 2021.
- 5.4. The Council's previous Corporate Plan coverage finished in 2020, which was supported by the proposals within the MTFS 2020 to 2024. The new 2021-2025 plan sets out the priorities of the administration, within the context of the needs of the borough, the views of residents and the resources available.
- 5.5. The MTFS 2020-24 was agreed at the February 2020 meeting of Council. 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 2021, Council approved the MTFS 2021-25.
- 5.6. Progress against the Corporate Plan was reported to Overview and Scrutiny Committees through quarterly performance reports. 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.
- 5.7. The Corporate Plan 21-25 will be reviewed by the Corporate Policy Committee under the new committee system and a mid-year review was considered at the meeting on 2 December 2021 as part of the Council's performance management accountability framework.
- 5.8. The 2020/21 provisional Group financial outturn was reported to Finance Sub Committee on 22nd September 2021 and Council on 20th October 2021, prior to publication of the statutory accounts.
- 5.9. 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 Congleton Link Road which opened in April 2021 and Poynton Relief Road which is ongoing with completion expected in Autumn 2022.
- 5.10. 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 2020/21 is provided later in this Statement. In addition, the impact of COVID-19 significantly distorted financial forecasting within 2020/21. Members were however provided with regular separate updates on the financing of pandemic activity.

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

- 5.11. 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.
- 5.12. 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.
- 5.13. In November 2019, the Constitution Committee determined not to make a recommendation to Council at that stage, requesting further work to be undertaken. The Constitution Committee received an update in October 2020.
- 5.14. In November 2020, Council agreed that the new governance arrangements would take effect from the Annual Council meeting on 12th May 2021 and at the meeting held 19th April 2021 a report on the Constitutional Update to implement the Committee System was considered and it was agreed to adopt the Constitution from the next Annual General Meeting. In April 2021, the Corporate Overview and Scrutiny Committee considered a report on the financial implications on the incoming committee system. Furthermore, on 4th November 2021 the Corporate Policy Committee received a report on the Interim Review of the Committee System. This report was also presented to Council at their 15th December meeting.
- 5.15. The Council undertook extensive pre-budget consultation, setting out change proposals for consideration over the period 2021/22 to 2024/25. Stakeholders were invited to comment on the Council's pre-budget report using an online survey launched in December 2020 and a summary of the responses formed part of the consideration of the MTFS 2021/25 by Council at the meeting held 17th February 2021.
- 5.16. The MTFS clearly identifies how resources will be matched against the delivery of priorities established in the Council's Corporate Plan. In October 2021, Council approved a report on aligning the MTFS to the Committee Structure.
- 5.17. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council's Capital, Investment and Reserves Strategies.
- 5.18. 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 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.

- 5.19. 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.
- 5.20. A number of actions were proposed to address recommendations made by the Corporate Peer Challenge team and were included in the report to Cabinet in June 2020. Corporate Overview and Scrutiny considered a report in April 2021 outlining progress made against the recommendations one year on from when it was undertaken prior to it being considered by Cabinet at the meeting held on 13th April 2021.
- 5.21. The Council utilised 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. The regulations came into force on 4th April 2020 and applied to meetings taking place before 7th May 2021. This allowed authorities to conduct meetings and take decisions in ways other than face to face so that decisions could still be made to maintain good governance, principles of openness and accountability.
- 5.22. Council met in October 2020 for the first time using the virtual technology, Cabinet met regularly, and meetings of various committees were held, demonstrating the Council’s commitment to democratic engagement in unprecedented times.
- 5.23. Legislation to allow remote meetings was not extended beyond 7th May 2021, as such the Council made a commitment to ensure meetings held face to face were COVID-19 secure and remained in line with government guidelines securing external venues wherever necessary.

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

- 5.24. The Chief Executive, Executive Directors and Statutory Officers met regularly during 2020/21 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.

- 5.25. The Council's Chief Executive, 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.
- 5.26. 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. Audit and Governance Committee considered the development of a working group to review and update the Member Code of Conduct in September 2021. The Committee received a verbal update at the meeting held 30th September where it was confirmed that the working group had met and held two sessions with Town and Parish Councils and agreed to extend the time for feedback until November. It is anticipated that a draft Code will be received by the Committee on 10th March 2022.
- 5.27. Following the decision to implement the new committee system, a programme of training to support Members was introduced in September 2020 with sessions held throughout 2020/21. The sessions were hosted by officers from the Centre for Governance and Scrutiny, the Director of Governance and Compliance, and officers from Democratic Services and Governance and covered the new committee system, the new constitution and committee finance. Most Members have attended at least one session.
- 5.28. A review of the Member training programme was also considered at the meeting of Council held 21st October 2020 and authority was formally delegated to the Monitoring Officer to identify within the Constitution, those subjects which have been designated as foundation skills, and which therefore require training for Councillors in accordance with the Member Training Programme. These subjects were identified as Corporate Parenting, Safeguarding Children and Adults, Equality, Diversity and Inclusion, General Data Protection Regulations (GDPR), Members' Code of Conduct
- 5.29. The statutory roles of the Head of Paid Service, Monitoring Officer and Chief Finance 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.
- 5.30. Arrangements have been made, including the use of interim staff where necessary in the case of the Monitoring Officer role, to ensure that these statutory roles have been undertaken during 2020/21. In the case of the Monitoring Officer role, a recruitment process was completed in July 2020, and interim arrangements were

in place until the Director of Governance and Compliance (Monitoring Officer) took up their role in October 2020.

- 5.31. In January 2021 the Staffing Committee received a briefing from the Chief Executive on the proposals for an interim management structure following the departure of the Executive Director People to enable the continued delivery of the Council's statutory requirements and to deliver the ambitions set out in the Corporate plan and associated MTFS. In June 2021 Corporate Policy Committee recommended to full Council the adoption of the Senior Management Structure which included the deletion of the Executive Director of People and Strategic Director Adult Social Care and Health roles and the creation of two new posts, Executive Director of Children's Services and Executive Director of Adults, Health and Integration.
- 5.32. Recruitment processes have taken place and appointments have been made to the posts of Executive Director Place, Executive Director Children's Services, Executive Director Adults, Health and Integration.
- 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 2020/21 was approved by Council in February 2020. The 2021/22 Pay Policy Statement recommended to Council on 17th February 2021 from Staffing Committee, included a small number of key updates including a review of the JNC Pay Structure for Chief Officers to be implemented 2021/22. Further changes to the NJC pay structures were proposed including the removal of grade overlaps subject to further consultation with Trade Unions and employees. In addition, restrictions of Public Sector Exit Payments Regs 2020 came into effect on 4th Nov 2020 introducing a £95000 cap on exit payments. However, these regulations were subsequently revoked on 12 February 2021.
- 5.34. The Council's Staffing Committee has continued to receive update reports on the Council's Brighter Future Together Programme in 2020/21. Following the move to the new committee system, the Corporate Policy Committee received an update on the Organisational Culture Change Programme in July 2021. There has been an emphasis for the Brighter Future Together (Culture) Programme since March 2020 on supporting staff and promoting their wellbeing throughout the COVID-19 pandemic. Feedback from staff on the additional wellbeing initiatives, put into place as a response to the pandemic, has been positive. Future update reports on the Programme will be provided to the Corporate Policy Committee.
- 5.35. All staff are required to undertake mandatory training on protecting and managing information, dignity at work and equality in the workplace. 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 2020/21. 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 was reviewed and refreshed during 2020/21 and will continue to be reviewed and adapted to support decision making and governance within a committee system. The Committee received the 2020/21 Annual Risk Management Report on 30th September 2021.
- 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). The command structure has remained in place throughout 2020/21 and into 2021/22.
- 5.39. Cabinet met informally on a frequent basis to provide political leadership. The Executive Leadership Team led the operational emergency response, which was co-ordinated by a bespoke Council Emergency and Response Team (CEMART), supported by officers from the Joint Emergency Planning Team. CEMART received weekly updates from Public Health, and the various bronze level command cells, who in turn have held localised meetings across smaller teams and services, focused on adapting service delivery to manage the risk of transmission wherever possible.
- 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 recovery 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 of key services, support for businesses and town centres as the lock down restrictions have been eased by the Government. Scenario and risk planning are being used to support 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 2019/20 in October 2020. The annual reports summarise 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 2020/21 period relevant to their area of focus. The Overview and Scrutiny Committees were decommissioned in May 2021 following the change to the committee system.
- 5.45. During 2020/21 the Children and Families Overview and Scrutiny Committee met on seven occasions. The Committee's work programme included updates on the Council's response to COVID-19 in relation to education, child protection, children missing from home, children not accessing full time education plus an update on young people's mental health needs and the current offer. Furthermore, at the August 2020 meeting, the Committee considered an update on Foster4 and the wider development work within the Fostering Service.
- 5.46. The Committee also scrutinised the Corporate Parenting Annual Report, Annual Adoption Report Cheshire East Safeguarding Children's Partnership Annual Report, Local Authority Designated Officer Annual Report, and the Annual Education Report. It considered the progress and improvements made in delivering the Family Focus programme.
- 5.47. The Committee was decommissioned on 4th May 2021 and scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Children and Families Committee. The Committee met in July, October and November 2021 where it received an update on the SEND Revisit, the Children and Families Performance Report Quarter 4 2020-21 and Quarter 1 2021-22 and the Children and Families Budgets 2021-22. They approved the All Age Carers Hub and Strategy and School Organisation: Academisation of Schools: Middlewich High School and Forward Plan. The Committee also received an update report on the 2021/22 Action Plan to address the Ofsted Inspection of Local Authority Children's Services, the Corporate Parenting Committee Annual Report 2021-21 and an update on Afghan Families Resettlement Scheme. At the most recent meeting in November 2021, the Committee received reports on the Care at

Home Recommission, Crewe Youth Zone, SEND Strategy, School Transport Update, All Age Sensory Impairment Strategy and the Cheshire East Joint Market Position Statement.

- 5.48. The Health and Adults Social Care and Communities Overview and Scrutiny Committee met on nine occasions during 2020/21. The Committee received updates on the ongoing COVID-19 pandemic including the Council's response from the adult social care, communities and public health departments and an update from local health partners in Cheshire East. The Committee considered the Vulnerable and Older Persons Housing Strategy and key performance data through the Performance Scorecard Quarter 4 (2019/20). It also received the Healthwatch Cheshire East 2019/20 Annual Report and an update report on the Sustainability of Health Services in Cheshire East.
- 5.49. The Committee received reports on the Overview of Adult Safeguarding in Cheshire East, the Local Safeguarding Adults Board Annual Report 2019/20, the Cheshire East Winter Plan, and the Cheshire East COVID-19 Local Outbreak Plan. Furthermore, the Committee considered the East Cheshire NHS Trust, Cheshire and Wirral Partnership NHS Foundation Trust and the Mid Cheshire NHS Trust Quality Accounts 2019/20 and received an update on the delivery of Recommissioned Integrated Lifestyle Services.
- 5.50. The Committee scrutinised reports on the NHS Integrated Care Systems, considered the Pre-Budget 2021/22 Consultation proposals and received an update from the Emerging Futures on the work it undertakes. Furthermore, it considered the Everybody Sport and Recreation (ESAR) Annual Performance Report 2019/20, the Sustainability of Health Services in Cheshire East and Adult's Mental Health and Wellbeing Support Offer.
- 5.51. The Committee was decommissioned on 4th May 2021 and scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Adults and Health Committee. The Committee met in July 2021 where it received a report on the Adults and Health Budgets 2021/22, the Annual Flu Report, an update on the Health and Social Care Integration, approved the Market Position Statement and considered the Performance Scorecard – Quarter4 2020/21. At the meeting in September 2021, the Committee considered the Performance Scorecard – Quarter 1 (2021/22) and received a presentation on Adult Social Care Improvement Plan – Learning from COVID-19. It also approved the Advocacy Service Recommission, Assistive Technology Recommission, NHS Health Checks Recommission and All Age Carers Hub and Strategy and considered the Assistive Technology Charging Policy and the Notice of Motion on Right to Food. At the latest meeting in November, the Committee received an update on the Adult Social Care Winter Plan 2021-22, the All-Age Sensory Impairment Strategy, Cheshire East Day Opportunities Strategy, Cheshire East Place Dementia Strategy, the Cheshire East joint Market Position Statement, the

Recommissioning of the Assistive Technology Service and the Cheshire East Local Account for Adult Social Care 2020-21.

- 5.52. The Environment and Regeneration Overview and Scrutiny Committee met on seven occasions during 2020/21 and received updates on the Council's COVID-19 response, considered a report on the Procurement of a Housing Framework and a presentation on Cleaner, Greener Crewe and a report and presentation on Highway Drainage and Flood Risk Management. The Committee received a report on the Crewe Centre Regeneration plans including the Crewe Hub Station and Town Centre Regeneration and presentation on the proposed consultation and process for Town Delivery Plans and Recovery Plan / Car Parking Proposals and scrutinised the Air Quality Status Report. It also received a presentation addressing issues raised between Cheshire East Council and United Utilities that have not been resolved previously.
- 5.53. The Committee considered the Budget 2021/22 Consultation, Place Department Quarter 2 Performance Report, the results from the Household Waste & Recycling Centre consultation and an update on the Carbon Action Plan. The Committee also received a presentation on progress of the project to develop a Gypsy and Traveller transit site.
- 5.54. The Committee was decommissioned on 4th May 2021 and scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Environment and Communities Committee. The Committee met in July 2021 and considered the Waste and Recycling Services – Implications of the Environment Act, the Contaminated Land Strategy, approved the Sustainable Drainage Strategic Planning Document and the Anti-Social Behaviour and Waste Management Policies. At the meeting in September 2021, the Committee approved the GEN4 (Recovery of forward funded infrastructure costs) SPD, the Environmental Protection SPD, Houses of Multiple Occupation SPD and the Taxi Licensing Policy for public consultation. At the latest meeting in November, the Committee received the Mid-Year Performance Review, the Food Law Enforcement Plan, Communities Team Update, a review of the Cheshire East cemeteries Strategy, Withdrawal of the Crewe Hub Area Action Plan, Housing SPD, Jodrell Bank Supplementary Planning Document and considered a request for a review of the systems currently in use for determination of Planning applications by Cheshire East Council submitted by Councillor Tony Dean
- 5.55. The Corporate Overview and Scrutiny Committee met on seven occasions during 2020/21 and received reports on the Corporate Performance Scorecard 2019/20 Quarter 3, the 2019/20 Outturn, the Capital, Investment and Treasury Management Strategies Annual Review 2019/20, the Mid-Year Review 2020/21, the Crowd Funding Policy Proposal, and the Re-Procurement of Case Management Systems: Adult's and Children's. In addition, the Committee

received updates on the Best 4 Business (B4B) programme and the Corporate Peer Challenge.

- 5.56. The Committee also considered the Council Tax Base 2021/22 report and the Pre-Budget Consultation 2021/22-2024/25 in advance of it being agreed by Cabinet and received an update on the Workplace Recovery programme and an update from the (Best4Business) Joint Scrutiny Working Group. They considered the amalgamation of the Council's Member Forum and Panels and received an update from the ASDV Shareholder Committee.
- 5.57. The Committee was decommissioned on 4th May 2021 and scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Corporate Policy Committee. The Committee met on five occasions in 2021 and considered the Member Allowances Report and the Senior Management Restructure and approved the Media Relations Protocol. The Committee also considered reports on the MTFS Corporate Services Budget 2021/22, the Apprenticeship Levy Procurement Framework, Organisational Culture Change Programme, Consultation on Council Tax Support Scheme 2022/23, Customer Experience Progress Report, Shared Services Update Report and 2023 Review of Parliamentary Constituencies.
- 5.58. Further reports were received on the response to COVID-19, the Consultation on the Emergency Assistance Scheme, Developing a Digital Strategy – Progress Report, Workforce Efficiencies and Terms and Conditions. They also considered a report on the Interim Review of the Committee System, an HS2 Update, agreed the Integrated Care System Governance: The Cheshire Clinical Commissioning Group Cheshire East Place Committee Interim Arrangements – Proposals and Membership and Joint Scrutiny Committee Protocol, approved the Workforce Strategy and considered reports on Modern Slavery Act Transparency Statement, Review of Test and Trace Support Payments Discretionary Scheme.
- 5.59. At the latest meeting in December 2021 the Committee received the 2021/22 Financial Year Review, Mid-Year Review of the Corporate Plan and Performance Reporting Update, Council Tax Support Scheme 2022/23, Domestic Taxbase 2022/23, an Apprenticeship Programme Update and a report on Insurance Contracts Procurement.
- 5.60. The Information Governance Group (IGG) met regularly throughout 2020-21, 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.
- 5.61. A Virtual Task and Finish Group, with representatives from across the Council, was set up during 2020 specifically to respond to the challenges of COVID-19. The group provide advice and guidance in relation to information governance

arrangements for home working, information sharing, use of video conferencing facilities and the test and trace programme. This has now been incorporated into the IGG working group and continues to meet fortnightly. The Annual Information Governance Update 2020/21 was presented at the September 2021 meeting of the Audit and Governance Committee.

- 5.62. The Brighter Futures Commercial Board which replaced the Commissioning and Procurement Board during 2019/20 continues to meet monthly and is chaired by the Director of Commissioning.
- 5.63. Commissioning, procurement, and contract management training was delivered during 2020/21, the training is currently being refreshed to include the Contract Management System, Roles and Responsibilities and Social Value. It will also include the Public Contract Regulations once these are published. The Contract Management System was subject to a soft go live in September 2021 and will subsequently be rolled out to Contracts Managers over the remainder of 2021/22.
- 5.64. 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.
- 5.65. During 2020/21 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
 - Updates on COVID-19 Response and Recovery
 - Maladministration Decision Notices from Local Government and Social Care Ombudsman which are reported to the Committee, alongside the details of the learning from the issue and actions undertaken by each service in response
 - Assurance around procurement controls including 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.

- 5.66. 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 the May 2020 meeting.
- 5.67. The Committee's Annual Report for 2019/20 was presented to the July 2020 Audit and Governance Committee. The draft Annual Report for 2020/21 was agreed at the November 2021 meeting of the Committee and presented to Council on 15th December 2021.
- 5.68. The 2019/20 Annual Governance Statement was approved at the November 2020 meeting of the Audit and Governance Committee. The Statement was signed by the Leader of the Council and the Chief Executive and published on the Council's website.
- 5.69. An update on progress made in managing issues raised in the 2019/20 Statement was taken to the Audit and Governance Committee meeting in March 2021. 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

- 5.70. 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 2020/21 which was received by the Audit and Governance Committee on 30th Sept 2021 and is as follows:

Internal Audit Opinion

The Council's framework of risk management, control and governance is assessed as adequate for 2020/21

- 5.71. Counter Fraud activity is reported to the Audit and Governance Committee through the Internal Audit progress reports. A progress update was provided to the September 2020 meeting of the Committee outlining the counter fraud support work undertaken in responding to the COVID-19 pandemic. A briefing to the Committee on this subject is planned for later in the year.
- 5.72. The Council has a number of wholly owned companies. Several changes were made following an independent review of these Alternative Service Delivery Vehicles (ASDVs).
- 5.73. The following ASDVs were in operation during 2020/21:
- Orbitas Bereavement Services Limited

- ANSA
- Transport Service Solutions Limited. (TSS Ltd)
- Tatton Park Enterprises Limited

- 5.74. In February 2021, Cabinet approved that the contract between the Council and Orbitas Bereavement Services be modified by extending it by a period of one year, to March 2022.
- 5.75. In May 2021, Cabinet approved the recommendations that the strategic, planning, commissioning, and procurement functions of TSS Ltd are to be transferred and delivered directly by the Council, with the operational delivery functions of the company to be delivered by ANSA. The new arrangements will be introduced on 1st April 2022.
- 5.76. In September 2020, the ASDV Shareholder Committee received a verbal update on the progress of the ASDV Change Programme, the Quarterly Company Director's Reports for quarter 4 of 2019/20 and they reviewed the 2021/22 ASDV Business Plan template and review process. These elements are designed to provide strategic challenge of business plans, the leadership of each company, and growth initiatives (and their business cases) outside of the annual approval process.
- 5.77. The ASDV Shareholder Committee, supported by a project team continued to consider a change programme developed from the recommendations of the ASDV review in relation to future operating models for each ASDV.
- 5.78. During 2020/21 the ASDV Shareholder Committee reviewed update reports from the Council's ASDVs, progress on the Change Programme, ASDV Business Plans 2021/22 reviews and Quarterly Strategic Reports.
- 5.79. Everybody Sports and Recreation (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.
- 5.80. ESAR's annual performance report for 2020/21 was reported to Health and Adult Social Care and Communities Overview and Scrutiny Committee at the February 2021 meeting.
- 5.81. 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, and the reviews of the Committee's governance arrangements.

- 5.82. The Shared Services Joint Committee has also received regular progress reports on the shared programme with Cheshire West and Chester Council to replace the existing Finance and HR Systems throughout 2020/21. The Finance element of the Unit4 ERP solution was successfully launched to users on 8th February 2021 and work is ongoing to ensure delivery of the remaining HR and Payroll elements. The HR and Payroll element of Unit 4 ERP launched in November 2021 with the December 2021 payroll being successfully run in the new system.
- 5.83. 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.
- 5.84. In April 2018 the Council received a Written Statement of Action following an Ofsted and Care Quality Commission (CQC) SEND Review. In May 2021 Ofsted and the CQC carried out a SEND revisit and determined that sufficient progress has been made to improve the areas of significant weakness. Children and Families Committee received a presentation with the findings from the revisit at the meeting held on 12th July 2021.
- 5.85. 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.
- 5.86. In recognition of the impact of the pandemic, The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 amended timescales for publication 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.
- 5.87. In recognition of the ongoing impact of COVID-19, the Accounts and Audit (Amendment) Regulations 2021 amended the timescales of the publication of the draft statement from the 31st August to not later than the 30th September 2021, the publication of the final statements remains the 30th November. Following discussion and agreement with the external auditors it was determined that the Council would operate to these extended deadlines. However, the resources required to ensure the successful implementation of the HR and Payroll elements of the new financial system, coupled with the ongoing impact of the COVID-19 pandemic caused a delay in completion of the external audit work.

- 5.88. The Audit and Governance Committee therefore considered the draft statement at the 30th September 2021 meeting and will review the final statement at the meeting to be held on 17th January 2022.

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

- 5.89. 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.
- 5.90. 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.
- 5.91. In July 2020, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2019/20, 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.
- 5.92. The Committee received an update report in March 2021 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.
- 5.93. 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. The Local Government Association published its Model Councillor Code of Conduct in May 2021 and the supporting guidance was published in July 2021. The review remains on the Committee's work plan for 2021/22 and it is anticipated that a draft Code will be received by the Committee on 10 March 2022. At the September 2021 meeting, the Committee received the Annual Monitoring Officer Report 20/21. The report advised 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.
- 5.94. In June 2018 Cheshire Police confirmed that the investigation into the historical awarding of a contract by Cheshire East Council was concluded and a file was 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.

- 5.95. Following this decision, the Chief Executive requested a health check be undertaken in relation to this matter to seek assurance on current arrangements, ensure all necessary improvements have been undertaken, and consider whether further actions are required.
- 5.96. This work was undertaken by Internal Audit a report presenting the findings, recommended actions for improvement and an opinion on the effectiveness of the arrangements in place to manage procurement and the risks associated with it was presented to Audit and Governance Committee in January 2021.
- 5.97. Separate Cheshire Police investigations into air quality statistics and the award of grant funding for a primary school car park have also concluded, with no further action to be taken.
- 5.98. In November 2021, the CPS took the decision to take no further action with regard to investigations into historical land transactions in Middlewich and Crewe. This concludes all police investigations into the matters referred by the Council, following Internal Audit work.
- 5.99. Section 151 responsibilities for 2020/21 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).
- 5.100. From the 1st April 2019, the Monitoring Officer responsibility has been invested in the role of the Director of Governance and Compliance Services. Interim arrangements were in place from the end of July 2020 to October 2020 when the newly appointed Director of Governance and Compliance joined the Council.
- 5.101. In its assurance role, the Staffing Committee has received updates on the Brighter Future Together (Culture) Programme throughout 20/21. 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. Following the move to the new committee system the Corporate Policy Committee received an update on the Organisational Culture Change Programme in July 2021.

Ensuring openness and comprehensive stakeholder engagement

- 5.102. The Council's open data portal '[Insight Cheshire East](#)' holds the majority of our transparency information and open data together in one place. The 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.

- 5.103. 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.
- 5.104. Committee meetings continued to be audio cast throughout 2020/21. 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.
- 5.105. The Council utilised 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 during 2021. Legislative provisions permitting remote meetings were not extended beyond 7th May 2021. COVID-19 secure face to face meetings were reintroduced after this date.
- 5.106. The Council worked quickly to adapt to holding virtual meetings. Members and officers worked well together to enable these to be successful. There were a small number of technical and connection issues which were resolved. Over 40 training sessions took place with Members via Microsoft Teams and support continues to be offered where required.
- 5.107. Updates on the organisation's response to COVID-19 were provided to the monthly Cabinet meetings held in 2020/21. Cabinet was decommissioned 18th May 2021 and updates have since been provided to the Corporate Policy Committee. The Audit and Governance Committee also received regular updates and the Annual Report of the Council's COVID-19 Response and Recovery was considered at the meeting on 27th May 2021.
- 5.108. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.109. 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 are also available.
- 5.110. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings. In response to the lockdown restrictions imposed in response to the COVID-19 pandemic steps were taken to ensure that staff and managers were supported during what was a time of significant change in working arrangements.

- 5.111. Weekly Manager Share and Support sessions have been provided throughout 2020/21 and have continued through 2021/22. These sessions cover a wide variety of topics and provide an opportunity for managers to interact, raise any issues and concerns that they may have, and receive briefings and training on new developments such as the effective use of Teams.
- 5.112. In addition to the sessions detailed above, weekly TLC – Time to Listen and Chat sessions have also been provided. The purpose of these sessions is to keep people connected and support wellbeing in work. These 30 minute calls offer an opportunity to take a break from the pressures of work to meet with colleagues from across the organisation for an informal chat.
- 5.113. Members and Officers continue to receive frequent briefings on COVID-19 related matters with dedicated areas of content on CEntranet directing colleagues to advice and guidance. In addition, the Council produces a COVID-19 residents' newsletter which is published on social media and the website with a link to sign up for future editions.
- 5.114. A limited number of remotely held Wider Leadership Team and Wider Leadership Community sessions were held during the year which facilitated briefing, networking, and development opportunities across the senior officer leadership cohort. Key messages from these sessions are cascaded through department and team management sessions.
- 5.115. 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.
- 5.116. The Council's Corporate Leadership Team has continued to hold regular staff engagement events; "A Conversation With..." These were held virtually during 2020/21 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.
- 5.117. 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 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.
- **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 2020/21.
- 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 through regular update reports.
- 6.7. The Committee approved the removal of Business Continuity as a significant governance issue from the Annual Governance Statement in July 2020 due to the significant progress made.
- 6.8. The most recent update on the Annual Governance Statement was provided to Audit and Governance Committee in March 2021, progress was noted but no items were removed.
- 6.9. The issues of “Council Funding” and “Health and Social Care Integration” are included again as continuing areas of concern issues for 2020/21 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
- 6.10. The Council’s assessment of its governance arrangements has not identified any significant issues arising during 2020/21.
- 6.11. The review has considered the effectiveness of the Council’s governance arrangements against the principles set out in the Code of Corporate Governance.
- 6.12. **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 continuing challenges that COVID-19 poses.**

7. Progress against issues identified in previous Annual Governance Statements

Council Funding <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue at the time of inclusion in AGS	<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	<p>Executive Director of Corporate Services</p>
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 2020/21	<p>Considerable engagement consultation and analysis has been carried out in the development of the Corporate Plan and Medium Term Financial Strategy, following the Budget Setting Process endorsed by Cabinet and the Corporate Leadership Team in May 2020.</p> <p>Council received and approved the Corporate Plan and MTFS 2021-2025 in February 2021, following consideration of both at Cabinet on 2nd February 2021 and at the Council's Overview and Scrutiny Committees prior to this. This includes the Budget for the period 2021/22 to 2024/25.</p> <p>The ongoing impact of COVID-19, and any associated changes in funding will be managed through in-year budget variations, additional grants or through useable reserves. Such changes are approved through the Financial Procedure Rules and notified to Members at the earliest opportunity either for noting or for decision</p>
--	---

Health and Social Care Integration <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue at the time of inclusion in AGS	<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 on 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>Please note a restructure has created a single CCG for Cheshire as of 1st April 2020.</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	<p>Executive Director of Adults, Health and Integration</p>
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 2020/21</p>	<p>The Department of Health and Social Care have published their White Paper 'Integration and Innovation: working together to improve health and social care for all' (February 2021). This sets out the legislative changes that are to be taken through Parliament to enable the formal establishment of statutory Integrated Care Systems (ICS). Other significant associated proposals will change the way health services are commissioned and procured, (including Public Health services commissioned by local authorities). The Local Authority will have a statutory duty to collaborate with the NHS and to be a partner on the Integrated Care System Partnership Board. The legislation received its second reading in Parliament in July 2021.</p> <p>The Cheshire and Merseyside Health and Care Partnership (C&MHCP) has been established and will become the Cheshire and Merseyside Integrated Care System (C&MICS). Senior appointments have been made and a Chief Executive Designate of the new organisation is now in post. The NHS has set up a regional oversight process of self-assessment and review to provide assurance on progress in preparing for the implementation of the new legislation.</p> <p>As of 24th December 2021, a revised target date for implementation of the new legislation has been set at 1st July 2022.</p> <p>Cheshire East Place has undertaken its initial self-assessment in compliance with the assurance process and has had two review meetings, in September and December, with the Chair and Chief Executive of the C&MHCP. The feedback from both meetings was positive and supportive. Cheshire East is viewed as having strong shared leadership and joint strategic vision and good insight into the strengths of the partnership, the areas requiring development and the issues to be addressed and tasks still to undertake to deliver the vision and complete preparations for the implementation of the legislation.</p> <p>The self-assessment carried out by Health and Wellbeing Board partners collectively and individually judged that Cheshire East Place is currently at stage two of development, and "evolving" partnership. A plan has been developed to take Cheshire East Place to stage four, a "thriving" partnership in order to be accredited as a place that will receive full financial devolution of local NHS budgets from July 2022.</p>
---	--

Cheshire East Council Annual Governance Statement 2020/21

	<p>There will be further review and assurance meetings up to July 2022.</p> <p>Initial briefings to Adults and Health Committee and Scrutiny have taken place and a programme of briefings for all councillors between January and April is being developed.</p>
--	--

Proposed Change to the Committee system of Governance	
Description of Issue at the time of inclusion in AGS	<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 2020/21	<p>At its meeting in November 2020, Council agreed to the adoption of the Committee system as set out in the design principles, committee structure, and to cease operating the existing Leader and Cabinet model of governance, moving to the Committee system model of governance from the Annual Council meeting on 12th May 2021.</p> <p>Council authorised the Director of Governance and Compliance, in consultation with the Constitution Committee to prepare such draft constitutional provisions as to give effect to the wishes of the Committee and be submitted to the Constitution Committee in phases during 2020/21 for recommendation to Council.</p> <p>The new arrangements took effect from May 2021 and on 4th November 2021 the Corporate Policy Committee received a report on the Interim Review of the Committee System from the Director of Governance and Compliance. This report was also presented to Council at their 15 December meeting.</p>

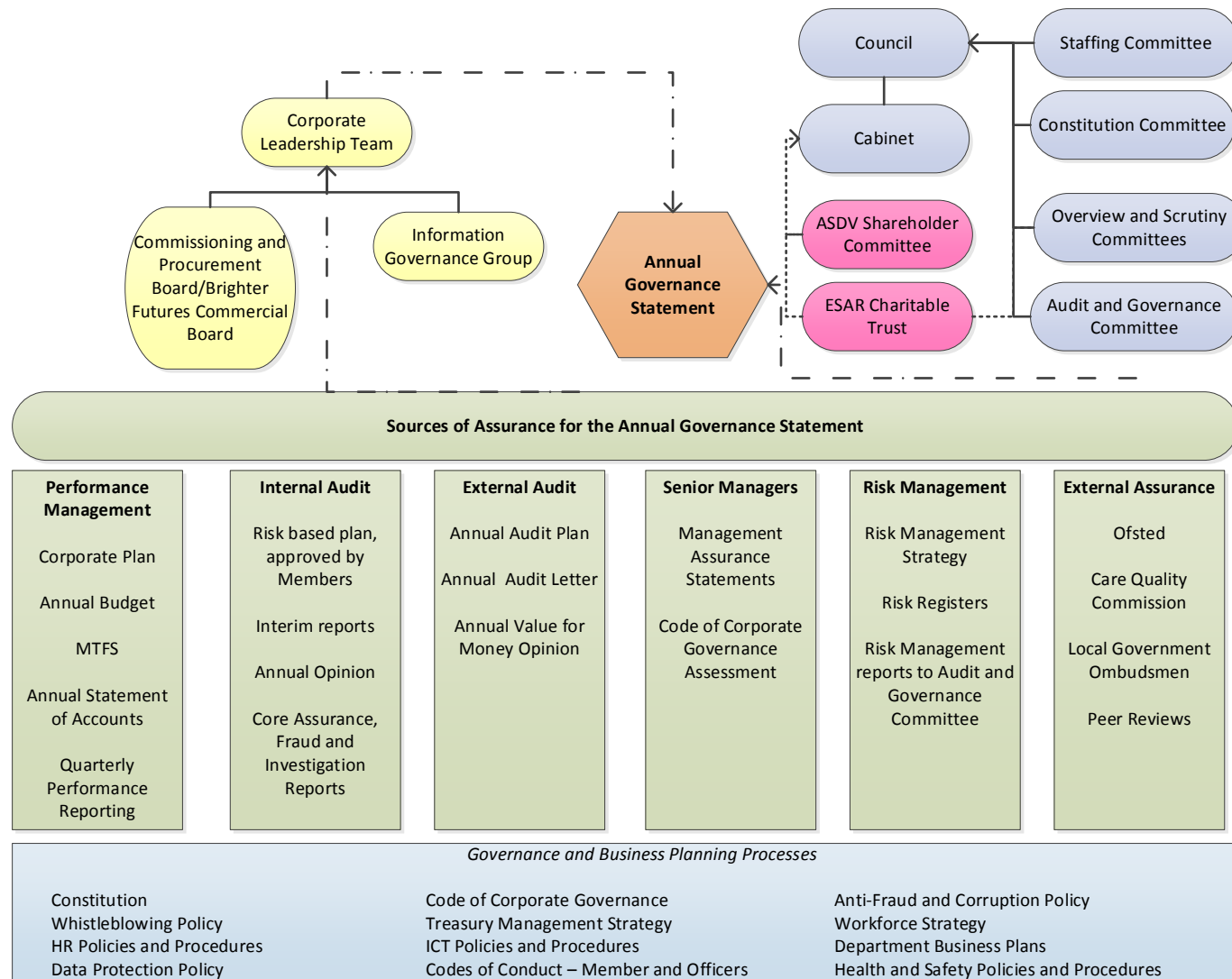
Replacement of the Council's Core Financial and HR Systems	
Description of Issue at the time of inclusion in AGS	<p>The Council is in the process of replacing its existing ERP system, in a joint project with Cheshire West and Chester Council.</p> <p>This will see the replacement of the existing Oracle 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 Corporate Services.
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 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>
Progress Update for AGS 2020/21	<p>The Finance and Payments element of Unit 4 ERP launched in February 2021 and is being used to process procurement and payment activity, income accounting, financial reporting and project related financial delivery.</p> <p>The HR and Payroll element of Unit 4 ERP launched in November 2021 with the December 2021 payroll being successfully run in the new system.</p> <p>Member oversight of the programme continued via the Shared Services Joint Committee, the Joint Scrutiny Working Group and</p>

Cheshire East Council Annual Governance Statement 2020/21

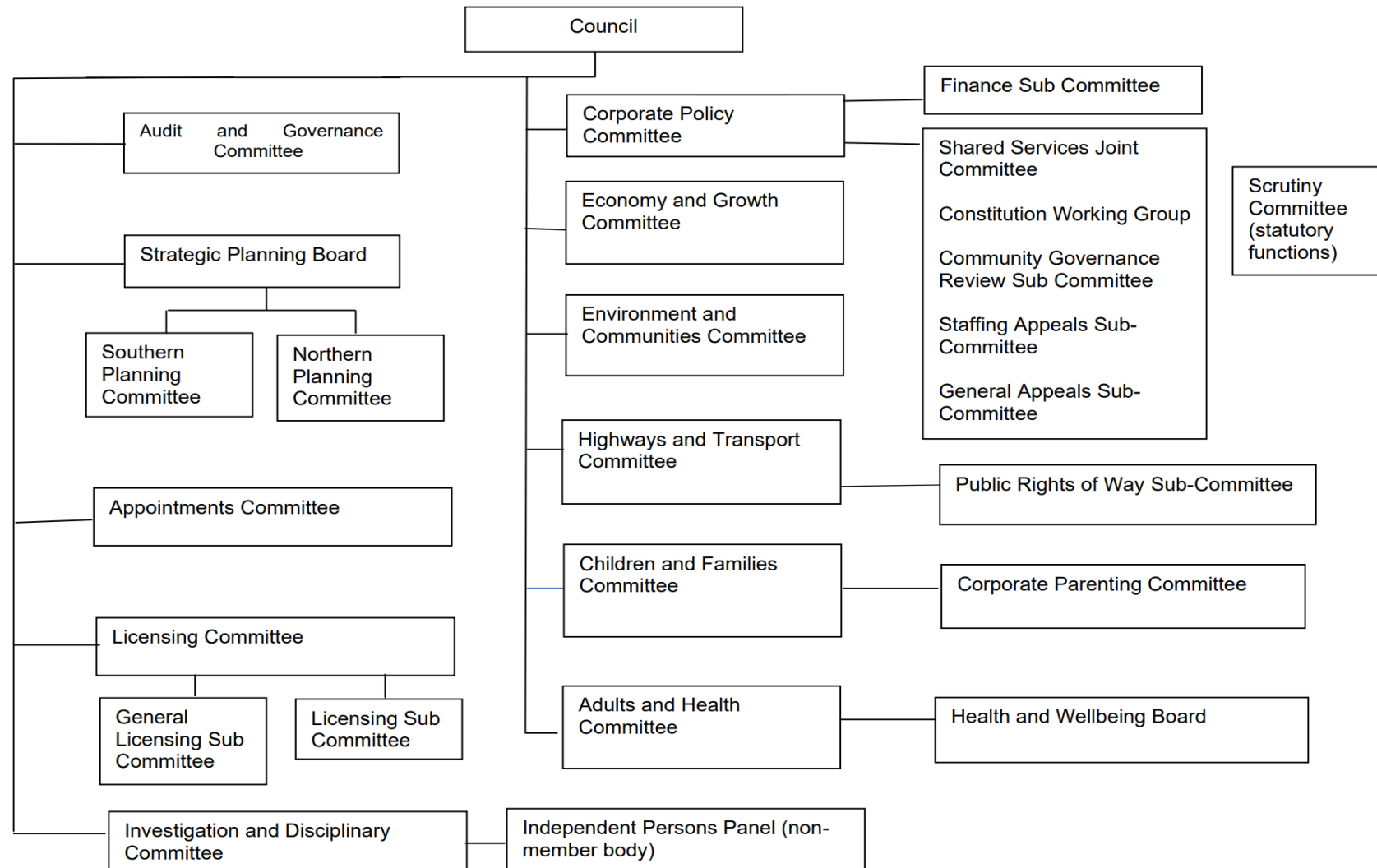
	Portfolio holder briefings (until May 2021 for CEC, with responsibility now with the Corporate Policy Committee). Members will oversee the post-implementation/lessons learned review
--	---

Responding to the impact of COVID-19	
Description of Issue at the time of inclusion in AGS	<p>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, Scrutiny and Audit and Governance to date, which have highlighted the challenges being experienced, the Council's response, recovery plans, and future risks.</p>
Responsibility	Chief Executive.
Action proposed at the time of inclusion in the AGS	<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>
Progress Update for AGS 2020/21	<p>Regular reports have been provided to Cabinet, providing updates on the Council's response to the COVID-19 pandemic. These reports have also been provided to the Corporate Overview and Scrutiny and the Audit and Governance Committees.</p> <p>Cabinet received the COVID-19 – Annual Report of our COVID-19 Response and Recovery in May 2021.</p> <p>Since the change to the committee system, Corporate Policy Committee have received these regular update reports with the latest having been received on 2 December 2021.</p> <p>The financial impact of COVID-19 has been monitored and reported on through these updates, and in the quarterly performance reports received by Cabinet and scrutiny committees. The impact of COVID-19 is also acknowledged within the Council's Medium Term Financial Strategy and budget 2021-25.</p>

Appendix 1: The Governance Framework 2020/21



Appendix 2: The Committee Structure



This page is intentionally left blank



Working for a brighter future together

Audit & Governance Committee

Date of Meeting: 17 January 2022

Report Title: Maladministration Decision Notices from Local Government and Social Care Ombudsman – August to November 2021

Senior Officer: David Brown – Director of Governance and Compliance

1. Report Summary

- 1.1. This report provides an update on the Decision Notices issued by the Local Government and Social Care Ombudsman “the Ombudsman” when his investigations have found maladministration causing injustice to complainants. The report details the decisions made between 1st August and 30th November 2021. There were 5 decisions in which the Ombudsman found that there was maladministration causing injustice; the relevant departments are complying with the recommendations and have learned lessons from the investigation outcomes. It is not possible to report on any Decision Notices issued from December 2021 onwards, as the Ombudsman imposes a 6-week reporting embargo. Any decisions received after 30th November 2021 will be reported at a subsequent Audit & Governance meeting.

2. Recommendation

- 2.1. That the Committee notes the contents of this report.

3. Reasons for Recommendation

- 3.1. The Terms of Reference for the Audit & Governance Committee include seeking assurance that customer complaint arrangements are robust and that recommendations agreed with the Ombudsman are being implemented.

4. Other Options Considered

- 4.1. This is not applicable.

5. Background

- 5.1. The Local Government Act 1974 established the Local Government and Social Care Ombudsman. It empowers the Ombudsman to investigate

complaints against councils and adult social care providers and to provide advice and guidance on good administrative practice. Once a complainant has exhausted the Council's Complaints procedure, their next recourse, should they remain dissatisfied with the Council's response, is to contact the Ombudsman.

- 5.2. The Ombudsman will assess the merits of each case escalated to them and seek clarification from the Council as necessary before making the decision to investigate a complaint. Once the Ombudsman decides to investigate, they will try to ascertain if maladministration has occurred and whether there has been any resulting injustice to the complainant because of the maladministration.
- 5.3. In instances where maladministration with injustice is found, the Ombudsman will usually make non-legally binding recommendations which they consider to be appropriate and reasonable. Although not legally binding, refusal to accept the Ombudsman's recommendation(s) will trigger a Public Report.
- 5.4. A Public Report is a detailed account of the complaint, outlining the failures by the Council in the investigation; this can have a significant damaging effect on the Council's reputation.
- 5.5. The number of referrals to the Ombudsman during 2020/21 is shown in the table below for reference and for comparison to the previous financial year.

	2020/21	2019/20
Number of Cases closed	79	112
Number of Decision Notices issued	64	73
Number of Cases Not Investigated	31	39
Number of Cases Not Upheld	12	12
Number of Cases Upheld	21	17
LGSCO Uphold Rate (Upheld vs Not Upheld)	68%	59%

- 5.6. During the period between 1st August and 30th November 2021 the Council received five Decision Notices in which the Ombudsman has concluded that there has been maladministration causing injustice. The details of these cases can be found in Appendix 1.
- 5.7. **Licensing Complaint** – The complainant raised concerns in August 2020 about the failure to investigate noise nuisance and to take action to prevent the noise nuisance from events at a neighbouring property. The complainant claimed that they had suffered the noise nuisance for years and that the council had failed to carry out a full investigation. This has caused the complainants severe anxiety and stress.

- 5.7.1. The Ombudsman concluded in August 2021 that there was fault in how the Council dealt with the noise issue. They found that the council was at fault for (a) failing to issue a valid Noise Abatement Notice (b) failing to promptly progress action on breaches of the licence and (c) failing to respond to her reports made in January 2021.
- 5.7.2. The Ombudsman recommended that an apology and a payment of £450 be issued. The Ombudsman also recommended that the council review its practices to ensure that the Environmental Protection (EP) Team make objections to future Temporary Event Notices (TENs) from the venue where appropriate; proper checks are made about the relevant party to be named on the Noise Abatement Notice; officers act on accepted breaches of licence and progress them without delay; and ensure reports received are acknowledged and actioned.
- 5.7.3. The recommendations have been actioned. With regards to future TENs from the premises these are now allocated to a senior officer and the EP Team Leader will review all responses before they are sent. With regards to the checks made for statutory notices the EP team has got a peer review process in place for all notices which must be checked and signed off by a senior officer prior to service. With regards to breaches of the licence these will be dealt with in accordance with the Council's Enforcement Policy as and when the complaint of a breach is made to the team. With regards to future complaints or reports received the EP Team Leader has requested that when any reports are received regarding this premises that he is made aware so that he can manage any responses to ensure they are all done within the service response times.
- 5.8. **Special Educational Needs Complaint 1** – The complainant raised concerns in September 2020 about her son's Education, Health and Care Plan (EHCP). These related to lack of support for her son and the EHCP not being up to date.
 - 5.8.1. The Ombudsman upheld the complaint and found the complainant's son lost out on provision he was entitled to. This caused frustration and uncertainty for the complainant and her son.
 - 5.8.2. As a result, the Ombudsman recommended that the Council issue an apology to the complainant, a payment totalling £2200 to recognise his lost special educational needs provision; as well as a payment of £250 to recognise the uncertainty of not knowing what further provision could have been made available for him had the Council made reasonable endeavors during the period his college was closed due to the Covid-19 Pandemic. They also recommended that the council reimburse Mr Y for the laptop he had bought. In addition they recommended a payment of £250 to the complainant to recognise the time and trouble she was out to in pursuing the complaint.

5.8.3. The service has completed the recommendations and made the payments.

5.9 **Children's Social Care Complaint** – the complainant originally raised concerns in February 2019 relating to the actions of a social worker removing his child from his care and how he feels he has been treated. He claimed that this led to his relationship with his child being damaged and caused distress to himself due to the way he feels he has been profiled.

5.9.1 The Ombudsman found that there was some fault which caused injustice to the complainant, however, the council had already apologised and put in place the recommendations from the Children's Stage 2 investigation and Stage 3 review panel.

5.9.2 The Ombudsman did not consider that the Stage 2 investigation or Stage 3 review panel were flawed as maintained by the complainant. The failings in the case related to poor communication with the complainant and failing to include his views in Child Protection Conferences and Core Group Meetings and to supply him with minutes of those meetings.

5.9.3 The Ombudsman concluded that "I do not consider the failings identified by the IO [Investigating Officer – Stage 2] had any impact on the Council's decision to move Z to Ms Y's care following the safeguarding allegations received".

5.10 **Special Educational Needs Complaint 2** – the complainant submitted a complaint in July 2020 about the delay in securing Speech and Language Therapy for her son which was detailed in his EHCP. She also complained about the transport arrangements that were put in place for her son which she deemed unsuitable.

5.10.1 The Ombudsman found that the council had delayed in arranging the Speech and Language Therapy provision and this caused an injustice to the complainant's son Between September 2020 and May 2021.

5.10.2 The Ombudsman recommended a financial payment to acknowledge the injustice caused by the lack of Speech and Language Therapy. They recommended a payment of £1500 to remedy the missed therapy and a payment of £150 to remedy the distress and frustration experienced by the complainant because of the council's faults. They also recommended that work was carried out with the NHS to prevent delays occurring for the same reason in future. The actions have all been completed.

5.11 **Special Educational Needs Complaint 3** – the complainant submitted a complaint in June 2020 about the delay in issuing an EHCP in respect of her son following a SEND Tribunal.

5.11.1 The Ombudsman found that the council had delayed in assessing and issuing an EHCP Plan for the complainant's son; failed to ensure his school made the provision set out in his EHCP and delayed in complying with a consent order.

As a result, he did not receive sufficient support for his special educational needs which will have disadvantaged him.

5.11.2 The Ombudsman recommended a payment of £1000 to acknowledge he did not receive sufficient support for his special educational needs as a result of the delays and failure to ensure the school delivered the provision set out in his EHCP. It would be for the complainant to decide how best to use these monies for her son's educational benefit. They also recommended a payment of £300 to the complainant to acknowledge the distress and avoidable time and trouble caused to her. These payments have been made.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. There are no legal implications flowing directly from the content of this report.

6.2. Financial Implications

6.2.1. If fault causing injustice is found, the Council can be asked to pay compensation to a complainant, the level of which is determined on a case-by-case basis. The cost of such compensation is paid for by the service at fault. In the cases outlined in this report the Council was required to make compensation payments totalling £6674

6.3. Policy Implications

6.3.1. Adherence to the recommendations of the Ombudsman is key to ensuring that customers have objective and effective recourse should they be unhappy with the way in which the Council has responded to their complaint.

6.4. Equality Implications

6.4.1. There are no equality implications flowing directly from the content of this report.

6.5. Human Resources Implications

6.5.1. There are no HR implications flowing directly from the content of this report.

6.6. Risk Management Implications

6.6.1. There are no risk management implications.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.11. There are no direct implications to climate change.

7. Ward Members Affected

7.1. There are no direct implications for Ward Members.

8. Access to Information

8.1. Please see Appendix 1.

9. Contact Information

9.1. Any questions relating to this report should be directed to the following officer:

Name: Alan Ward
Job Title: Complaints Officer
Email: alan.ward@cheshireeast.gov.uk

Appendix 1 - Ombudsman Decisions where Maladministration with Injustice has Taken Place

August - November 2021

	Summary and Ombudsman's Final Decision	Agreed Action	Link to LGSCO Report	Action Taken	Measures Implemented
Licensing	The Ombudsman found fault on Mrs H's complaint against the Council about it failing to: make representations to a review committee; object to Temporary Events Notices; communicate with her properly; issue a valid Noise Abatement Notice; ensure there were no delays; consider evidence. The agreed action remedies the injustice caused.	The Council agreed to carry out the following action within 4 weeks of the final decision on this complaint: a) Send Mrs H a written apology for its failures to: issue a valid Noise Abatement Notice; promptly progress action on breaches of the licence; respond to her reports made in January 2021. b) Pay £450 to Mrs H for the distress the identified fault caused. c) Review its practices to ensure: EPT will make objections to future TENs from the venue where appropriate; proper checks are made about the relevant party to be named on the Noise Abatement Notice; officers act on accepted breaches of licence and progress them without delay; ensure reports received by EPT are acknowledged and actioned. d) Make sure the Council keeps Mrs H regularly updated of key progress on	https://www.lgo.org.uk/decisions/environment-and-regulation/noise/20-005-989	Apology letter and the payment have been made.	The Service has reviewed its practices following this complaint and as recommended by the Ombudsman. These include - EPT will make objections to future TENs from the venue where appropriate; proper checks are made about the relevant party to be named on the Noise Abatement Notice; officers act on accepted breaches of licence and progress them without delay; ensure reports received by EPT are acknowledged and actioned.

OFFICIAL

		compliance by the venue with the licence conditions. Final			
Special Educational Needs Complaint 1	We upheld Miss X's complaint about the Council's handling of her son's education, health and care plan. Her son, Mr Y, lost out on provision he was entitled to. Miss X and Mr Y also experienced frustration and uncertainty due to faults by the Council. The Council agreed to apologise to Mr Y and Miss X and make a payment to recognise their distress and time and trouble.	<p>Within one month of the final decision, to remedy the injustice caused, the Council will:</p> <ul style="list-style-type: none"> • apologise to Mr Y and Miss X for the faults identified in this investigation; • pay Mr Y £2,200 to recognise his lost special educational needs provision from September 2019 to the end of January 2021; • pay Mr Y a further £250 to recognise the uncertainty of not knowing what further provision could have been made available for him had the Council made reasonable endeavours during the period College A was closed in response to COVID-19; • pay Miss X £250 to recognise the time and trouble she was put to in pursuing this complaint; and • reimburse Mr Y for the cost of the laptop he bought (£574) <p>The Council will also issue a reminder to staff about the timescales for issuing an amended final plan following a decision from the SEND tribunal.</p>	https://www.lgo.org.uk/decisions/education/covid-19/20-008-527	Apology letter and the payment have been made.	A reminder has been issued to all SEND staff about the timescales to be adhered to for issuing an amended plan following a decision from a SEND Tribunal.

Children's Social Care	Mr X complains about the treatment he received from children's services and the Council's decision to remove his child from his care. There was some fault by the Council which caused injustice to Mr X, however the Council has apologised and put in place the recommendations from the children's social care statutory complaints procedure which is a suitable remedy.	No further action required as the council had already put in place the recommendations from the Stage 2 investigation.	https://www.lgo.org.uk/decisions/children-social-care-services/other/20-012-812	None from the Ombudsman investigation.	Following the Stage 2 investigation the council distributed guidance to social care staff about: a. The need to ensure reviews of written agreements are recorded on file. b. Clarifying who is responsible for notifying a parent they are excluded from Child Protection Conferences and meetings. c. The need to ensure any decision to exclude a parent from conferences and meetings is clearly recorded, communicated to the parent and reviewed. In addition, the Council should make arrangements for excluded parents to have their views heard and these meetings
Special Educational Needs Complaint 2	Mrs X complained the Council failed to secure the provision of the Speech and Language Therapy (SaLT) assessment specified in her son, Mr S's, Education, Health and Care Plan and delayed putting into place transport arrangements to college which then proved to be unsuitable. The Council was at fault when it delayed in ensuring the SaLT assessment took place.	Within one month of the date of the final decision, the Council agreed to: pay Mrs X, on behalf of Mr S, £1,500 to remedy the speech and language therapy he missed out on. This should be used as she feels best to support his social and educational needs. In coming to this figure, I have taken into consideration, and used, different tariffs to acknowledge the changes made by the Coronavirus Act 2020 to	https://www.lgo.org.uk/decisions/education/covid-19/20-009-764#point6	Apology letter and the payment have been made.	Information supplied to LGO on 5.11.2021 to confirm the work carried out to avoid future delays in securing assessments for Speech and Language Therapy. As a result of the review, regular (weekly) meetings are scheduled to include representatives from the LA's SEND service, the Designated Clinical Officer (DCO) from the NHS and

	<p>This caused Mrs X and Mr S an injustice. The Council should make a financial payment to recognise this. There was no fault in the transport arrangements the Council put into place or the timing of those arrangements.</p>	<p>the Council's duty to secure the provision in Mr N's EHC Plan. pay Mrs X £150 to remedy the distress and frustration she experienced by the Council's faults. Within three months of the date of the final decision the Council agreed to provide evidence of the work it has carried out with the school and relevant part of the NHS to prevent delays occurring for the same reasons in future</p>			<p>colleagues from Social Care to enable informed decisions to be made, focussing on the needs of the child/young person. Therefore, should a similar circumstance occur again, we are able to identify the need to commission alternative services sooner within this process.</p>
Special Educational Needs Complaint 3	<p>Mrs X complains about how the Council dealt with a Education, Health and Care Plan for her son. The Council is at fault as it delayed in assessing and issuing an Education and Health Care plan for Y, failed to ensure his school made the provision set out in his Education, Health and Care Plan and delayed in complying with a consent order. This disadvantaged Y as he did not receive support for his special educational needs. Mrs X was also caused significant distress and put to avoidable time and trouble. The Council has</p>	<p>That the Council will:</p> <p>a) Make a payment of £1000 for Y to acknowledge he did not receive sufficient support for his special educational needs as a result of the delays and failure to ensure the school delivered the provision set out in his EHC plan and this will have disadvantaged him. It will be for Mrs X to decide how best to use these monies for Y's educational benefit.</p> <p>b) Make a payment of £300 to Mrs X to acknowledge the distress and avoidable time and trouble caused to her.</p> <p>39. The Council should take action set out at a) and b) above within one month of my final decision.</p>	<p>https://www.lgo.org.uk/decisions/education/special-educational-needs/20-002-969</p>	<p>Apology letter and the payment have been made.</p>	<p>In response to the Ombudsman's Draft Decision they were advised of a number of improvements that have been made to the SEND Service since this complaint was submitted.</p> <ul style="list-style-type: none"> a permanent appointment has been made to the role of SEND Tribunals Officer with effect from mid-July 2021 and this is having a positive impact on parent/carers and the SEND Service. the outcome of the OFSTED re-inspection that was conducted in May 2021 evidences the improvements that have been made. The inspection letter refers to services having been transformed.

	agreed to remedy the injustice to Mrs X and Y by making payments of £300 and £1000 respectively to them.				<p>This reflects the significant improvement in timeliness and quality of new plans and improvements in the quality of existing plans. We know that by early 2020, 'almost every needs assessment was completed within 20 weeks, compared to less than one in six in 2018' which was also highlighted in the inspection letter.</p> <ul style="list-style-type: none"> • In our parent carer survey from January 2021, 70% were satisfied with how their education health and care plan described their child's needs and how they should be met, compared with a 56% satisfaction rate in 2020. • Importantly, Ofsted and CQC 's report states that 'the local area is not resting on its laurels' and is very clear that 'addressing this significant weakness has been, and still is, a journey'.
--	--	--	--	--	--

This page is intentionally left blank



Working for a brighter future together

Corporate Policy Committee

Date of Meeting:	2 December 2021
Report Title:	Covid-19 Update
Report of:	Jane Burns, Executive Director of Corporate Services
Report Reference No.	CP/55/21-22
Ward(s) Affected	All

1. Executive Summary

- 1.1** COVID-19 is an enduring national and international public health emergency. Members have been kept informed through regular reports and briefings on how the Council, working with its partners, continues to respond to the COVID-19 pandemic and plan for the recovery from it. This report summarises recent developments on an exception basis.
- 1.2** At the time of writing, whilst the legal restrictions that the Government imposed through the pandemic were lifted in July, the pandemic is not over. The responsibility has passed to organisations and individuals to take steps to reduce the risk of Covid. Council and its partners have continued to encourage caution and restraint whilst managing the implications. The implications for council activities are summarised in section 5.
- 1.3** The response to and recovery from the pandemic contributes to the strategic aims and objectives in the Council's Corporate Plan 2021-25

2.0 Recommendation

- 2.1** To note the ongoing implications of Covid-19 and Cheshire East Council's response.

3. Reason for Recommendation

3.1 This report is part of the Council's commitment to being open and transparent.

4. Other Options Considered

4.1 Not appropriate.

5. Background

Update and by exception reporting on Council actions

5.1 Cheshire East Council continues to respond to the Coronavirus pandemic. At the same time the Council has continued to strive to:

- deliver essential local services
- protect our most vulnerable people
- support our communities and local businesses.

5.2 A summary of the key changes since September is provided below.

5.3 **COVID infection rates** – COVID Infection rates vary across the UK with some areas experiencing increasing numbers of new cases that appear to be related to the Delta and Delta Plus variant predominantly. In Cheshire East the infection rate doubled between September and mid-October. Following this, the rate started to fall again.

Whilst Cheshire East rates had been the lowest rate in the Cheshire and Merseyside sub region consistently, in the last 2 months the infection rate in Cheshire East has been consistently higher than the North West and England rates. In areas with particularly high case rates, surge testing and targeted vaccination programmes have been introduced. However, since 16 October, Cheshire East has seen a reduction in infection rates from 705 cases per 100,000 population (as of 16 October 2021) down to 436 cases per 100,000 (1,684 cases in the last couple of weeks as of 29 October 2021) over a 7 day period. Nevertheless, it remains a priority to emphasise the need for the local population to follow COVID safety guidance and get fully vaccinated (including boosters where appropriate).

There are fewer COVID-related admissions in our local hospitals than in previous waves, however non-COVID occupancy is higher and overall pressures on Emergency Departments remain very high.

As of 3 November 2021, there were 294,818 eligible registered patients over the age of 12 with Cheshire GP Practices who have received their first dose (83.8%) and 278,821 (79.0%) who have received their second dose.

The rate of full vaccination within electoral wards ranges from 54.9% to 86.3% and boosters from 8.8% to 30.7%. One explanation for this variation is that some wards have a significantly younger age profile and therefore only became eligible for vaccination later in the schedule. Targeted efforts are in place to ensure everyone in our communities is able to be vaccinated, with additional support to those with greater need, where possible.

5.4 Test Trace Contain Enable/Swab squad - As of 26 July 2021, Cheshire East is no longer classed as an Enhanced Response Area (ERA) as the Delta variant is now the prevalent variant across England. As such, Cheshire East no longer has access to the same level of national support for test and trace. The national rollout of step 4 of the lockdown roadmap has had a significant impact on the Test Trace Contain Enable Programme as a number of national testing initiatives and almost all COVID-19 measures are no longer mandatory. As such, there has been a significant rise, and subsequent fall, of COVID-19 cases locally. There have been a number of operational issues caused by the Department of Health and Social Care (DHSC) in respect of both test and trace, and the lack of a national strategy is still a major cause for concern. This involves being both proactive in local outbreak management, whilst also being reactive and responding to the many changes brought by DHSC, often with little or no notice. The focus of testing throughout autumn and winter will be more targeted on under-served and disproportionately impacted groups, as informed by extensive data and behavioural insights work undertaken by the team. During autumn and winter, the contact tracing team will hope to achieve a fully localised contact tracing (Local-4) system once again, as this was deactivated when Cheshire East became an ERA. The Microsoft Dynamics 365 case management system will be further developed during autumn and winter to provide a smarter way of working, with the aim that this can continue long-term to support a 'business as usual' model, once developed, in 2022.

5.5 Developments since September 2021

- 5.5.1** Key protections have remained in place, including testing, self-isolation and the roll-out of vaccinations. Individuals and businesses and those who are Clinically Extremely Vulnerable have been encouraged to adopt risk-based approaches.
- 5.5.2** Cheshire East Council has continued to work to ensure that people can still feel safe, despite the easing of restrictions and greater freedoms that many will welcome. Council services directly affected by changes include:

5.5.3 Education – The DfE have released their [absence statistics](#) covering Autumn 2020 and Spring 2021 terms. Cheshire East primary, secondary and special sectors have a lower unauthorised absense rate and a lower persistent absence rate compared to national and the North West region. Cheshire East primary and secondary sectors also have a lower rate of sessions lost due to Covid-19 circumstances compared to national and the North West region.

Across Cheshire East, the rate of Covid-19 cases amongst children and young people is significantly higher than the rate in our general population, although very few become very ill or need hospitalisation. Due to the high number of Covid-19 cases in schools, Cheshire East has advised that as a temporary measure, where one individual in a household tests positive, children and young people from that household who attend school or college should:

- Limit their social contacts.
- Arrange for a PCR test and they should not attend school or college for a minimum of 5 days.
- If the test result is positive the person should self-isolate as required by law.

We have also introduced temporary enhanced measures in schools which will be applied on an individual school basis depending on infection rates. These enhanced measures include wearing face masks in communal areas and classrooms, and reducing mixing in assemblies and other indoor activities across classes/ year groups. We have also encouraged additional testing in schools where there are outbreaks.

£500 has been allocated to each secondary school, special school and college to set up increased testing for pupils age 11 and above in line with the recent DfE advice. Schools were asked to encourage pupils to continue testing over the October half term break and to completed a test before returning.

The vaccination programme for 12-15 year olds, led by the School Nursing Service, continues to support schools. So far over 2,500 vaccines have been given. The team will be in schools each day until mid November to complete this programme. Vaccination should help to reduce the need for pupils to have time off school and reduce the risk of spreading Covid-19 within schools.

School staff who were identified as being eligible for a priority vaccine in January/ February this year are now entitled to a booster vaccine. Booster vaccines are currently limited to those who meet the criteria for very close working with vulnerable and at risk pupils. Schools are currently identifying those who meet the criteria so they can be invite for their vaccine.

Significant work continues to be planned and delivered for curriculum recovery and supporting all learners. Following successful staff training events for curriculum planning in core subjects, this work is now widening to include science, humanities and practical subjects to ensure our school subject leaders are fully confident to plan workschemes that address gaps in knowledge but maintain the focus on progression of learning through the year groups.

Ofsted inspections have now been reinstated which can result in a change of judgement and successful briefings have taken place to share the learning from those schools who have been inspected so far this term. Concerns are strongly felt by school leaders as to the position being taken by Inspectors regarding the significant impact of COVID on the ability of schools to strategically plan and embed curriculum reforms. The pressures on managing the day to day COVID responses in terms of staff shortages etc and for some schools, to keep the school open to all year groups, results in very limited time for staff and school leaders to strategically plan.

Work has commenced on preparing schools for national assessment arrangements for summer 2022; we await further national guidance on this especially relating to primary assessment arrangements.

5.5.4 Children's Social Care –There continue to be significant pressures nationally on the number of placements available for cared for children and young people as a result of the pandemic. As a result we are continuing to experience significant challenges in finding the right homes for a small number of our cared for children and young people, and this is also impacting on the cost of placements. Demand to Children's Social Care overall has also increased.

From 27 October – 4 November Ofsted undertook a focused visit of Child in Need and Child Protection Services. The findings are embargoed until the final report is published which is expected to be on 8 December. However, inspectors asked us to extend their thanks to all staff who were involved in the inspection, as their

openness and engagement allowed them to gain a good understanding of practice in Cheshire East.

Early Help and Prevention – Household Support Fund - Cheshire East Council with the help of a wide range of local partners, is distributing vouchers worth £2.2 million on behalf of the Department of Work and Pensions, to support the most vulnerable households across the borough with food, utilities, housing costs, and other essentials over the winter period. The money is our share of the government's £500 million Household Support Fund which will run from 6 October 2021 until 31 March 2022. The fund is available to support both adults (without dependent children) and families with children and will be made available to vulnerable households who need additional financial support.

Support for children via the grant will be delivered in line with the previous COVID Support Grant. This includes children eligible for free school meals, care leavers between 18-25, young people aged 16-18 who are not in education, employment or training, young carers, children open to social care and early help and prevention services, and children who are known to domestic abuse services. Vulnerable children who do not receive support via these channels are eligible for referral from professionals.

Adults will be referred for support from the Benefits Service, Citizen's Advice Bureau, Age UK, the Winter Wellbeing Group, Housing Associations and other multi-agency professionals. This will include individuals at immediate risk of eviction or who are facing notable winter poverty with regards to food or utilities.

Holiday Activities and Food Programme - The government's Holiday Activities and Food Programme has been extended to cover the winter holidays. The scheme provides enjoyable activities and nutritious meals for primary and secondary school aged children who are eligible for benefits-related free school meals during the school holidays. It is also an important source of support for children and families during the holiday period. Providers have been invited to express their interest in being part of the programme.

- 5.5.5 Adult social care –** There continue to be significant pressures on the Care at Home market caused by a combination of increased demand for domiciliary care, recruitment and retention challenges, and staff having to self isolate. This has resulted in an increase in care packages being handed back to the Council by providers, particularly in areas where recruitment is historically challenging and

a number of providers indicating that they are unable to cover care calls at short notice due to staff sickness.

An on call rota has been set up to manage any challenges that arise at weekends, and commissioners are in the process of identifying a bank of staff who are trained to deliver care in emergency situations.

Funding has been identified from the Contain Outbreak Management Fund to support the care market with recruitment to alleviate the pressures on hospitals and encourage care staff be vaccinated against Covid-19 and flu.

Staffing shortages are not confined to the Care at Home market and care home providers are reporting difficulties recruiting and retaining staff and increased costs for agency staff. Staffing shortages have been cited as the main reason for the recent announcement of the closure of a care home in Sandbach.

- 5.5.6** Covid-19 vaccinations become mandatory for care home staff on 11 November 2021. Currently 96% of staff working in Cheshire East care homes have received the first dose of the vaccination and 92% have had the second vaccination. Of those staff that have not yet been vaccinated, 43 are medically exempt and a further 64 have refused the vaccination despite support offered by the Public Health team and NHS to encourage staff to have the vaccine. The Government consultation on extending the mandatory vaccination to other front line health and social care staff closed on 22 October and the outcome is awaited.

5.5.7 Registration services and bereavement services (Orbitas) –

Legal restrictions on the numbers of people allowed to attend funerals, wakes and weddings were lifted earlier in the year.

Venues for such events are asked to ensure that a Covid safe environment is in place.

The Registration Service is extremely busy delivering ceremonies that were originally cancelled during periods of lockdown or when the numbers permitted to attend ceremonies were limited.

Significantly more mid-week ceremonies are being delivered than is normal during the autumn and winter, this is due to venues having little or no weekend availability. An increased demand for mid-week ceremonies has created staffing pressures for the Service as this is when births and deaths are registered. At the start of the pandemic in March 2020 central Government, using emergency legislation, changed the national Regulations permitting deaths to be

registered over the telephone. This has proved to be very successful and has been appreciated by those needing to register deaths. The Registrar General has indicated that this facility is likely to end in March 2022 when the relevant emergency legislation expires.

5.5.8 Tatton Park – All facilities are now open. Visit the website for information: www.tattonpark.org.uk/home.aspx

5.5.9 Support for businesses – The council's economic development and regulatory services teams are continuing to provide advice and guidance to hospitality, events and tourism businesses to support the many changes in those sectors following the release of restrictions on 19 July:

- The [‘Say Hi to the High Street’ campaign](#) continues to be positively received, and the Council will continue to work with Town & Parish Council's over the coming months to identify promotion and marketing opportunities to support Town Centres utilising the Government's 'Welcome Back Fund'.
- The Regulatory Services team continues to support and advise businesses to follow working safely during coronavirus guidance. Most of the Council's powers to ensure compliance with the Coronavirus Regulations have been revoked. However, the amended regulations grant Councils powers, until 27 September 2021, to make directions in response to a serious and imminent threat to public health that limit the spread of Covid-19 in an individual premise, event, or public outdoor place. This could, for example, include requirements to wear face masks and limit social contact in an individual premise. Any direction must be necessary and proportionate in order to manage the transmission of coronavirus in the local authority's area.

5.5.10 Waste and recycling collections – There continues to be pressure on the waste collections system. There has been an increase in the tonnage of waste collected since the first lockdown when more people started to work from home, and this has not yet reduced to pre-lockdown levels, although recycling levels remain encouragingly high. Throughout the pandemic, ANSA Environmental Services, the Council's wholly owned company, have continued to empty all three waste streams whilst many local authorities have ceased one or more of their collections. However, there continues to be disruption to individual rounds on

a daily basis due to staff absences due to sickness of self-isolation and the shortage of agency staff to provide cover, particularly qualified HGV drivers, has added to this pressure. ANSA have introduced a number of measures to help manage these challenges, including suitably qualified managers and supervisors joining collection crews when necessary. When rounds are missed ANSA will try to return to missed collections within 5 working days.

- 5.5.11 Planning** – There are also pressures within the Planning service at present with a significant increase in caseload due to a combination of increased volumes of applications, particularly smaller householder applications, and reduced officer capacity. This has resulted in lengthy delays in determining applications and a significant increase in the number of live applications to 2,876 at the end of September, more than double the normal level. A number of measures to help manage officer caseload and manage customer expectations have been introduced and an external provider has been procured to provide additional resources to help address the backlog of applications over the next 9-12 months. We continue to recruit to fill staff vacancies on a permanent basis. To help develop greater resilience and improve service standards in the longer term, a deep dive review of the service is being undertaken. A Members Advisory Panel has been established to support and advise the review.

5.6 Business Grants Update

- 5.6.1** The Council was allocated in August, a further £3.4million of the Government's Additional Restrictions Grant funding – created to help organisations recover from the impacts of the pandemic. Deadline for expenditure is 31st March 2022. The Council launched 3 Grant schemes in September.

5.6.2 Extended Restrictions Grant (applications now closed)

To support businesses affected by the extension of restrictions from 21 June 2021 to and including 18 July 2021.

Total grants of £426,500 have been paid to 185 businesses

5.6.3 Business Interruption Fund – Open until 17 December 2021

This is a discretionary grant scheme to support those businesses who have had their business operations affected by coronavirus (COVID-19). The grant will be made available to

those businesses who are able to demonstrate that after 19 July 2021 the business continued to be affected by the pandemic.

The circumstances in which a grant will be awarded are exceptional and COVID related. One of the following must apply:

- Business is operating at a reduced capacity due to staff shortages as a result of isolation requirements.
- Business has had to close for operational issues due to COVID-19 outbreak or isolation requirements
- The business cashflow has been disrupted as a result of a COVID-19 In addition the business must be able to evidence the cost of the interruption to business operations.

5.6.4 Recovery and Growth Grant – Open until 17 December 2021

This Recovery and Growth Grant Programme is to support economic recovery and assist businesses that are seeking to grow, adapt, diversify, and expand their current operation to support long-term sustainability. The grant will be made available for businesses seeking to invest in their premises, facilities or equipment that will enable them to re-open quickly, bring staff and customers safely back to work or to capitalise on new opportunities. The grant is paid retrospectively.

Only the following expenditure will be eligible for a grant:

- furniture, fittings and equipment to create outside business spaces or to adapt internal workspaces
- improved building ventilation/ air exchange or low carbon heating and green energy solutions
- specialist electric vehicles and associated charging points for business uses
- digital hardware and software to enable the adoption of new digital business practices including setting up a new e-commerce or e-POS systems, payment systems or to enable flexible/ remote working etc
- purchase of equipment or machinery to capitalise on new and emerging business opportunities
- access improvements / amendments (i.e. motion sensor doors, queueing adaptations, one-way set-ups, improvised waiting areas etc)

- internal adaptations (i.e. relocation of existing fixtures / fittings / services etc. potentially to support revised utilisation of space to ensure social distancing or diversified uses of premises).

5.7 Future Workplace and engagement

- 5.7.1** Throughout the pandemic, we have provided frequent briefings to staff through a variety of methods. This includes written briefings, Conversation With/Question and Answer sessions, team meetings, TLC calls and wellbeing support. As referenced in the report to the July meeting of the Corporate Policy Committee, the Pulse Survey of staff reported positive feedback on how informed staff have felt. We are continuing to prioritise communication and engagement over the coming months.
- 5.7.2** Member decision-making meetings have been held face-to-face since the remote meeting regulations expired. Appropriate health and safety and risk assessments have been undertaken to protect participants. The Government is conducting a consultation on future arrangements. More information will be provided in due course.
- 5.7.3** Covid-19 and new ways of working have been a catalyst for a refresh of the Workplace Strategy which was approved at the Corporate Policy Committee In November 2021. We are taking a phased and pragmatic approach, engaging with and listening to staff about new ways of working which meet customer, service and individual needs. The revised agile working policy has been launched alongside a future workplace guide and conversation toolkit. All staff are being actively encouraged to discuss future ways of working and how this best meets future requirements. These discussions will also inform future workplace design.

5.8 Recovery planning

- 5.8.1** At the sub-regional level, the strategic command for the response to the pandemic has been transferred to a strategic recovery co-ordinating group. This is a multi-agency group that brings together key partners including local government, health, police, the local enterprise partnership and enables feedback to central government.
- 5.8.2** This group is chaired by the Chief Executive of Cheshire East Council and oversees a sub-regional approach to the ongoing management of the pandemic, managing the easing of restrictions and planning for longer term recovery.

5.8.3 The council has therefore developed a recovery plan to support this sub-regional approach as well as ensuring the Borough continues to manage the pandemic effectively as well as recovery arrangements.

5.8.4 In particular the recovery plan anticipates and is preparing the Council to manage the longer-term impacts of the COVID-19 pandemic in the Borough and on our council services. For example, it is anticipated that there will be significant long-term impacts on communities and business in Cheshire East.

5.8.5 The key issues, risks and plans that have been developed at this stage cover:

- The ongoing management of COVID-19 including test, trace, contain and enable
- Supporting children and young people including ensuring an effective education recovery, managing increased demand on social care and supporting mental health
- Meeting the increased demands on adult social care, health and community services
- Putting effective arrangements in place to provide guidance and support to local businesses to ensure they operate safely and in line with the regulations
- Leading an effective economic recovery
- Winter planning and table top exercise on adult social care.

6. Consultation and Engagement

6.1 Consultations have resumed, although they are predominantly through digital or remote means.

7. Implications

7.1 Legal Implications

7.1.1 The UK Government has made hundreds of laws in response to the Coronavirus pandemic. Restrictions were imposed relating to movements, gatherings and high street business operations. The Government revoked England's lockdown laws on 19 July 2021. This means there are no longer any lockdown laws in force in England, although other types of coronavirus restrictions are still in force (notably self-isolation and international quarantine restrictions). As of the 7 November 2021, the remaining 7 countries were removed from the 'Red list' of international travel.

7.1.2 The Health Protection (Coronavirus Regulations) (Steps) (England) Regulations (“the Roadmap Regulations”) were initially published on 12 February 2021) as part of the Spring 2021 response to Covid-19. On 19 July, the Government moved to step 4 of the roadmap. Whilst many of the legal restrictions have been lifted, cautious guidance will remain, making clear that it is not yet a ‘return to normal’. Such guidance includes the wearing of face coverings in crowded areas such as public transport, minimising the number, proximity and duration of social contact and encouraging businesses and large events to use the NHS Covid Pass in high risk settings so as to help limit the risk of infection. On 16 August the rules on self-isolating as a contact changed for people who are fully vaccinated and for under 18s. Those not fully vaccinated will still need to isolate if they are contacts, and everyone will still have to isolate if they test positive, to protect themselves and others.

7.1.3 Mandatory vaccinations for staff working in care home settings applies from the 11 November 2021 to all staff undertaking personal or nursing care in a regulated care home setting in England.

<https://www.legislation.gov.uk/ukxi/2021/891/contents/made>.

The regulations do not apply to the NHS and are subject to a review in one year.

7.1.4 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 have expired. The High Court determined that primary legislation would be necessary to allow remote meetings to continue. There was no reference to such legislation in the Queen’s Speech on 12 May. Essential meetings including planning and licensing committees, are taking place in person with appropriate COVID-19 measures such as ensuring adequate ventilation, separation distances and the requirement for attendees to wear face masks unless sat during the meeting.

7.2 Financial Implications

7.2.1 The financial implications of the Covid-19 pandemic on the Council relate to the need to incur additional expenditure to meet the needs of our community and to continue to provide services; losses in income from sales, fees and charges; and reductions in council tax and business rates income. The effect on the Council’s budget and its Medium Term Financial Strategy are influenced by the Government’s approach to funding. Government policies and strategies in this regard have evolved over time, since March

2020; but essentially financial support to the Council and for our Borough has been provided in the following forms:

- Unringfenced grant
- Sales, fees and charges compensation scheme
- Tax income guarantee
- Specific grants
- Deferment of financial impacts on Capital Programme and Collection Fund

7.2.2 2021/22

The latest position for the current financial year will be formally reported as part of the in-year Finance Review, to Finance Sub Committee on 1 December 2021. The Committee may wish to note the following with regard to latest estimates, which show that current year Covid-related pressures on Service budgets may be covered by Covid-related unringfenced grants, the compensation receivable for income losses, and capitalisation of some expenditure:

Service expenditure and income losses

	Expenditure	Income	Net
	£000	£000	£000
Service costs/ losses above Budget	5,636	4,377	10,013
Financed by:			
Use of unringfenced grant held in reserve from 2020/21			(513)
Unringfenced grant – 2021/22			(8,500)
Sales, fees & charges compensation – 2021/22			(800)
Capitalisation of expenditure			(200)
Total – Financing			(10,013)
Potential Surplus/ Deficit in 2021/22			-

7.2.3 Included in the above forecast is a provision of £400,000, being the latest estimate of the potential support required by Everybody Sport & Recreation to help cover the shortfall in their budgets as a consequence of income losses in the year. As per the precedent set in 2020/21, the Council will continue to provide further support in this regard; and any relating payment this year will be made in

accordance with the Constitution and covered by use of the unringfenced Covid grant, as shown above.

7.2.4 Implications for council tax and business rates will continue to be managed within the Collection Fund, over the medium term, and are not expected to have an immediate effect on the Council's revenue budget in 2021/22. Latest estimates for this year show losses in receipts of £2.5m on council tax, and £8.6m on business rates.

7.2.5 The Council has also been allocated some £70m for 2021/22 in specific grants, to date, to continue to support outbreak management, infection control in care homes, and to provide businesses with support and restart grants, along with other grants to support residents. Further specific grants may become payable and require local administration in response to the emerging status of the pandemic.

7.2.6 Reporting to Government

Reporting of the Council's position continues to be submitted frequently to DLUHC as required, in the specified format; and those returns are published on the Cheshire East website:

[Open data and transparency \(cheshireeast.gov.uk\)](https://cheshireeast.gov.uk/open-data-and-transparency)

[Search for 'covid' | Insight Cheshire East \(arcgis.com\)](https://arcgis.com/search/covid)

The Council will continue to support lobbying by the LGA and CCN in their aim to ensure fair settlement of the financial pressures facing local authorities.

7.3 Policy Implications

7.3.1 COVID-19 is having a wide-ranging impact on many policies. Any significant implications for the Council's policies are outlined in this report.

7.4 Equality Implications

7.4.1 Work has continued to improve accessibility of the vaccine, particularly for those who are vaccine hesitant or less able to travel to vaccination centres. The rate of full vaccination within electoral wards ranges from 54% to 86.3% and boosters from 8.8% to 30.7%. One explanation for this variation is that some wards have a significantly younger age profile and therefore only become eligible for vaccination later in the schedule. Targeted efforts are in place to ensure everyone in our communities are

able to be vaccinated, with additional support to those with greater need, where possible.

- 7.4.2** We carried out individual risk assessments for staff with protected characteristics, particularly in relation to BAME colleagues and staff with a disability and have issued regular reminders to keep these under review as circumstances may change. Further work is being done to support staff who may be vaccine hesitant, including BAME staff.

7.5 Human Resources Implications

- 7.5.1** The latest data on staff absences on 1 November 2021 are 7 (21 in October) staff self-isolating and working from home, 4 (1 in October) member of staff self-isolating and not working from home (role does not allow), 39 (18 in October) Covid-related sickness absences, and 128 (150 in October) non-Covid-related sickness absences.
- 7.5.2** Staff vaccinations: as at 1 November 2021 1900 staff are eligible for vaccinations due to their role. Of these, 94% have had a first vaccination and 91% have had their second vaccination.
- 7.5.3** The pandemic has exposed capacity pressures and skills shortages, for example, public health professionals, enforcement officers, care workers and school support staff. In addition, the challenging financial context and re-prioritisation of work has meant that vacant posts in some service areas have not been automatically filled. Work continues to provide short and longer term resourcing solutions.
- 7.5.4** There continues to be regular communication with staff and good co-operation with the Trade Unions.

7.6 Risk Management Implications

- 7.6.1** The risk environment around COVID-19 remains dynamic. Risk registers have been maintained as part of the Council's response to date and the plans for recovery. Business Continuity Plans are being kept under review.

7.7 Rural Communities Implications

- 7.7.1** COVID-19 is having an impact across all communities, including rural communities. The support for small businesses will support rural business.

7.8 Implications for Children & Young People/Cared for Children

- 7.8.1** There are implications for schools, early help and prevention and children's social care which are summarised in the report.

7.9 Public Health Implications

- 7.9.1** COVID-19 is a global pandemic and public health emergency. There are implications for Cheshire East which are summarised in the report.

7.10 Climate Change Implications

- 7.10.1** There have been positive benefits of fewer cars on the road during the first 12 months of the pandemic, although traffic levels are now exceeding pre-pandemic levels. Those staff who have been able to work from home have done so and business mileage has also reduced. There has also been lower demand for heating/lighting offices. The emerging Future Workplace Strategy will carefully consider how to embed carbon reduction.

8 Ward Members Affected

- 8.1** All members.

Access to Information

HM Government website contains comprehensive information.

Roadmap

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/963491/COVID-19_Response_-_Spring_2021.pdf

Contact Officer:	Jane Burns, Executive Director of Corporate Services Jane.burns@cheshireeast.gov.uk 01270 686013
Appendices:	None
Background Papers:	Government Guidance COVID-19 Response – Spring 2021(Roadmap)

This page is intentionally left blank



Working for a brighter future together

Highways & Transport Committee

Date of Meeting:	13 January 2022
Report Title:	Ward Members Highways Budget Pilot Scheme – Update
Report of:	Andrew Ross, Director of Infrastructure & Highways
Report Reference No:	HT/27/21-22
Ward(s) Affected:	All Cheshire East wards

1. Executive Summary

- 1.1. The ward members highway budget pilot scheme was introduced following the Full Council decision in February 2021. The ward budgets pilot replaced the former Area Highways Group arrangements, including its funding.
- 1.2. This report details the work that has been done to develop and then roll out the pilot and updates members of the committee on its operation to date and the level of uptake.

2. Recommendations

- 2.1. That the Committee note both this report and the intention to submit a further report to this Committee later in 2022 to seek a decision on the future approach to ward budgets.

3. Reasons for Recommendations

- 3.1. To inform the committee on the uptake of the Ward Members Budget Pilot Scheme to date ahead of any decisions on the future of this, or similar schemes.

4. Other Options Considered

- 4.1. Not applicable. It is intended that a report be presented to a future meeting of this Committee, which considers options following this pilot.

5. Background

- 5.1.** Following the Full Council decision in February 2021 and in the lead up to the new committee system, the former relevant Place Portfolio Holders were briefed on the development of a Ward Members Highways Budget Pilot Scheme. The relevant approved amendment to the council resolution on the Medium Term Financial Strategy was :

.....to establish devolved ward member highways budgets of at least £4,200 per Ward Member for the financial year 2021/2022, with the proposal to be funded from the current allocation of Capital Grant funding to the Area Highway Groups of £350,000 and that the Committee System review achievements of the ward budgets scheme in 2021/22 with a view to widening the scheme in 2022/23 and beyond with a significant increase in the budget amount to be allocated to each Ward Member.

- 5.2.** The scheme developed involved the transfer of the previous £350,000 budget for the Area Highway Groups (AHG's) to individual ward members resulting in a £4,200 fund for each member to spend on additional highway and transport services.
- 5.3.** Given the nature of the works under consideration in the ward member pilot, it was decided to open the scheme up to Town and Parish Councils to enable them to buy additional highway services if they wished.

6. Ward Members Fund Pilot Scheme

6.1. Development of Pilot Scheme

A briefing on the scheme were presented to Ward Councillors on the 7th May 2021 (See slides attached). The briefing outlined the scheme in terms of what sorts of highway works may be eligible and gave an indication of the likely costs and sought comments and feedback from members.

- 6.1.1.** Following the briefing, amendments were made to the proposal and the scheme was launched in June 2021.
- 6.1.2.** A key consideration with the pilot has been the source of the funding, being capital grant from the Department for Transport (DfT) Local Transport Plan Block. The Council has previously determined, including in its returns to the DfT, that this funding is spent on improvements to the highway and transport networks within the borough.
- 6.1.3.** The ward budget pilot has been developed to be consistent with this requirement. This restriction has led to some frustrations from those members who hoped to use the budget on more community-based initiatives, for example on park benches or provision of litter bins.
- 6.1.4.** A few requests have been for highway related work but have been declined as they run counter to current council policy or were for work on private roads which are not maintainable at public expense.

- 6.1.5.** Some members have been disappointed with the level of funding available especially given the size of their wards as this can limit their ability to deliver any meaningful works. This is to some degree addressed by the fact that the pilot is to run over two financial years, from 1st June 2021 to 1st July 2022. This means that there is more time to take up the opportunity of spending the budget, as well as raising the possibility of combining two years of funding if a similar budget is made available for 2022/23. Subject to this funding being available, then then applications will be able to be made up to the end of the scheme (1st July 2022) to combine 2 years funding, for delivery in the 2022/23 financial year. This will also allow time for Town and Parish Councils to consider utilising the scheme when setting budgets for the financial year 2022/23.
- 6.1.6.** During the early stages of the pilot, enquiries were extremely slow in being submitted but started to pick up following a reminder sent to members by Cllr Browne.
- 6.1.7.** At the time of writing, the requests have started to come through steadily and so far we have received 26 applications from 16 Members outlining areas where they would like to spend their budgets.
- 6.1.8.** Members can spend their ward budgets on a variety of highway assets or activities and so far, successful schemes have included street lighting upgrades, footway patching, carriageway patching, additional road signage, replacement road name plates, drainage works and road markings.
- 6.1.9.** There are many other elements of work the budget can be spent on including additional maintenance works such as non-routine improvement works and transport related items such as cycle stands and bus stop flag and pole replacement.
- 6.1.10.** Although there have been 26 formal applications, there have also been a large number of enquiries that have been raised and need to be responded to. In total, this has cost approximately £3,000 to answer these enquiries and process the 26 official applications.
- 6.1.11.** Progress on the 26 official applications received since the commencement of the pilot is as follows:

Progress on official applications:	No. of Schemes
Initial assessment: 7 - Highways Team 3 - Parking Team	10
Awaiting Final Estimates	6
Programmed for delivery	1
Delivered	1
Declined: 2 - Not compliant with council policy 5 - Already in Highway Service core programme 1 - Requires extensive work already being considered in Highway Service core forward programme	8
Total No. of Schemes To date	26

6.1.12. The two requests that were declined as not compliant with council policy were:

- Request for additional winter gritting
- Replacement of a streetlight on a private road.

6.3 Next Steps

6.3.1 The pilot scheme will continue to run through to 1st July 2022.

6.3.2 Following the close of the pilot scheme a full review of will be carried out and it is proposed to present a report on the findings to the Highways and Transport committee later in 2022. A survey to obtain members views on the operation of the scheme will be undertaken to inform the review. This is to enable a discussion and decisions on whether to make the pilot scheme permanent, vary it and continue, or to end the scheme and consider other options.

7. Implications

7.1. Legal

Update report only, so no direct legal implications

7.2. Finance

The capital budget is approved within the 2021-25 Medium Term Financial Strategy as part of the Local Transport Plan Block (LTP) annual allocation of £2.003m.

The Integrated Transport Block grant is the allocation granted from the Department of Transport for local Council's to spend on transport capital improvement schemes. The definition of capital is expenditure on a new asset or additions/improvements to an existing asset.

Work of a non-routine nature, i.e., significant enough to make an improvement can be treated as highways capital expenditure and therefore includes the work undertaken for the devolved ward member budgets.

The purpose of the Integrated Transport Block grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them. Grant paid to a local authority under this determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

The claims are required to be audited each financial year by the Council's internal auditors and a signed copy of the declaration is sent to the Department of Transport confirming that the all the expenditure is eligible under the capital accounting rules as per the Local Government Act 2003 and the CIPFA Code of Practice and that the spend has met the objectives as stated above.

7.3. Policy

No policy implications

7.4. Equality

No equality implications

7.5. Human Resources

No human resource implications

7.6. Risk Management

No risk management implications

7.7. Rural Communities

No rural community implications

7.8. Children and Young People/Cared for Children

No children and young people implications.

7.9 Public Health

No direct implications for public health.

7.10 Climate Change

Update report only, so no climate change implications.

Access to Information	
Contact Officer:	Chris Hindle Head of Infrastructure Chris.hindle@cheshireeast.gov.uk
Appendices:	None
Background Papers:	None



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	17 January 2022
Report Title:	Committee Work Programme
Report of:	David Brown, Director of Governance and Compliance
Ward(s) Affected:	All

1. Executive Summary

- 1.1. This report presents the Work Programme for 2021/22 to the Committee for comment and approval.

2. Recommendations

- 2.1. That the Committee
- 2.1.1. Consider the Work Programme and determine any required amendments;
- 2.1.2. Note that the Work Programme will be brought back to the Committee throughout the year for further development and approval.

3. Reasons for Recommendations

- 3.1. The Audit and Governance Committee has a key role in overseeing and assessing the Council's risk management, control, and corporate governance arrangements. It advises the Council on the adequacy and effectiveness of these arrangements. A forward-looking programme of meetings and agenda items is necessary to enable the Committee to fulfil its responsibilities.

4. Other Options Considered

- 4.1. No applicable.

5. Background

- 5.1.** In March 2021 the Audit and Governance Committee approved the draft Work Programme for 2021/22.
- 5.2.** Changes to the Work Programme since the last considered at the November 2021 meeting include the inclusion of agenda items for the Committee's meeting on 10 March 2022.
- 5.3.** Aspects of the Audit and Governance Committee's agenda are determined by statutory requirements such as the Statement of Accounts and Annual Governance Statement.
- 5.4.** Outside of these agenda items, the Committee should aim to manage its agenda according to its assurance needs to fulfil its terms of reference. The Committee is asked to consider the contents of the Work Plan (Appendix A) and establish any amendments that will enable it to meet its responsibilities.
- 5.5.** By identifying the key topics to be considered at the Audit and Governance Committee meetings, and receiving appropriate reports, Committee Members are able to undertake their duties effectively and deliver them to a high standard. In turn, this adds to the robustness of the risk management framework, the adequacy of the internal control environment and the integrity of the financial reporting and corporate governance of the Council.
- 5.6.** Members will recognise that some items are brought to Committee on a more regular basis than others to ensure that statutory requirements are complied with. There are also individual requirements of the Committee's Terms of Reference which are only used on an ad-hoc basis. The Work Plan will be re-submitted to the Committee for further development and approval at each subsequent meeting.
- 5.7.** In order to help with their deliberations, Members are asked to consider the following:
 - 5.7.1.** care should be taken to avoid duplication and maintain the focus of an audit committee on its core functions as defined by its terms of reference rather than wider issues that are subject to the work of other committees or assurance functions.
 - 5.7.2.** that the Audit and Governance Committee should operate at a strategic level with matters of operational detail resolved by service managers.
 - 5.7.3.** the number and frequency of reports should be proportional to the risk in order to give the core business of an audit committee sufficient focus and attention and to avoid lengthy and thus unproductive meetings.

6. Consultation and Engagement

- 6.1.** The Work Plan is prepared following discussion with key officers who regularly provide updates to the Audit and Governance Committee. The Work Plan for 2021/22 is also discussed with the Committee Chair and Vice Chair and considered by the Corporate Leadership Team.

7. Implications

7.1. Legal

- 7.1.1.** The Work Plan for 2021/22 complies with the requirements of the Accounts and Audit Regulations 2015. The Committee is advised that for the publication of the 2020/21 accounts, an approach has been agreed with the Council's external auditors to manage risks recognised around capacity and resource.

7.2. Finance Implications

- 7.2.1.** When reviewing the Work Plan, Members will need to consider the resource implications of any reviews they wish to carry out both in terms of direct costs and in terms of the required officer support.

7.3. Policy Implications

- 7.3.1.** There are no policy implications in this report.

7.4. Equality Implications

- 7.4.1.** There are no direct implications for equality in this report. The Audit and Governance Committee receives assurances from across the organisation.

7.5. Human Resources Implications

- 7.5.1.** Members should be satisfied that the inclusion of each item on its agenda results in added value, as the assurance process has a resource implication to the organisation and should therefore be proportional to the risk.

7.6. Risk Management Implications

- 7.6.1.** Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct, or misrepresentation of the financial position.

However, an effective audit committee can:

- 7.6.1.1.** raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations,

- 7.6.1.2. increase public confidence in the objectivity and fairness of financial and other reporting
- 7.6.1.3. reinforce the importance and independence of internal and external audit and any other similar review process
- 7.6.1.4. provide additional assurance through a process of independent and objective review

7.7. Rural Communities Implications

- 7.7.1. There are no direct implications for rural communities.

7.8. Implications for Children & Young People/Cared for Children

- 7.8.1. There are no direct implications for children and young people.

7.9. Public Health Implications

- 7.9.1. There are no direct implications for public health.

7.10. Climate Change Implications

- 7.10.1. There are no climate change implications in this report.

Access to Information	
Contact Officer:	David Brown Director of Governance and Compliance Services david.brown@cheshireeast.gov.uk
Appendices:	Appendix A - Work Programme 2021-22
Background Papers:	None

Work Programme – Audit and Governance Committee – 2021/22

Ref	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
AG/16/21-22	10 Mar 2022	VFM report from External Auditors	To receive the Value for Money report from the External Auditors in relation to the 2020/21 Statement of Accounts.	Director of Finance and Customer Services (s151 Officer)				An open and enabling organisation	
AG/1/21-22	10 Mar 2022	Annual Audit Letter 2020/21 and Certification Report	Summary of the External Audit findings from the 2020/21 audit. The letter will also confirm the final audit fee.	Director of Finance and Customer Services (s151 Officer)				An open and enabling organisation	
AG/28/21-22	10 Mar 2022	Conflict of Interest Policy	To consider the Conflict of Interest Policy.	Director of Governance and Compliance (Monitoring Officer)		TBC	TBC	An open and enabling organisation	No
AG/25/21-22	10 Mar 2022	Contract Procedure Rule Non-Adherences	To receive an update on the quantity and reasons for Non-Adherences approved since the last Committee.	Director of Finance and Customer Services (s151 Officer)				An open and enabling organisation	
AG/26/21-22	10 Mar 2022	Contract Procedure Rule Non-Adherences	To note the WARNs.	Director of Finance and Customer Services (s151 Officer)				An open and enabling organisation	1, 2, 3

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
AG/20/2 1-22	10 Mar 2022	Covid-19 Report	To consider the most recent report on the Council's response to Covid-19 as prepared and presented to the Council's Corporate Policy Committee.	Executive Director Corporate Services				An open and enabling organisation	
AG/17/2 1-22	10 Mar 2022	External Audit Progress and Update Report	To receive an update from the Council's External Auditors in relation to the 2020/21-external audit report and other issues.	Director of Finance and Customer Services (s151 Officer)				An open and enabling organisation	
AG/23/2 1-22	10 Mar 2022	Internal Audit Plan 2021/22: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2021 and December 2021.	Executive Director Corporate Services				An open and enabling organisation	
AG/14/2 1-22	10 Mar 2022	Member Code of Conduct	To agree a revised Councillor Code of Conduct to be recommended for adoption by Council.	Director of Governance and Compliance (Monitoring Officer)				An open and enabling organisation	
AG/18/2 1-22	10 Mar 2022	Members Code of Conduct: Standards Report	To note the numbers and outcomes of complaints made under the Code of Conduct for Members.	Director of Governance and Compliance (Monitoring Officer)				An open and enabling organisation	
AG/22/2 1-22	10 Mar 2022	Risk Management Update	To update the Committee on Risk Management and Business Continuity activity in the Council.	Executive Director Corporate Services				An open and enabling organisation	

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
AG/21/21-22	10 Mar 2022	Upheld Complaints to the Local Government Ombudsman	To consider the decision notices issued by the Local Government Ombudsman.	Director of Governance and Compliance (Monitoring Officer)		No	yes	An open and enabling organisation	No
AG/15/21-22	10 Mar 2022	Whistleblowing Policy	To consider the Whistleblowing Policy and recommend to Council for approval.	Director of Governance and Compliance (Monitoring Officer)				An open and enabling organisation	
AG/24/21-22	10 Mar 2022	Work Plan 2021/22 and 2022/23	Forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.	Executive Director Corporate Services				An open and enabling organisation	
AG/30/21-22	10 Mar	Internal Audit Plan 2022/23	To receive the proposed Internal Audit Plan for 2022/23	Executive Director Corporate Services				An open and enabling organisation	
AG/9/21-22	10 Mar 2022	Hearing Sub Committee Findings	To receive a report on the outcome of the Hearing Sub Committees.	Director of Governance and Compliance (Monitoring Officer)		AG/9/21-22	17 Jan 2022	Hearing Sub Committee Findings	To receive a report on the outcome of the Hearing Sub Committees.
AG/27/21-22	TBC	Highways; Allocation and Use of Funding	To receive a report on the allocation and use of Highways funding.	Executive Director Corporate Services				An open and enabling organisation	

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
AG/29/21-22	TBC	Partnerships Governance	To review the governance and assurance arrangements for significant partnerships or collaborations.	Director of Governance and Compliance (Monitoring Officer)				An open and enabling organisation	



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	17 January 2022
Report Title:	Review of governance and assurance arrangements for significant partnerships or collaborations
Report of:	Jane Burns, Executive Director of Corporate Services
Report Reference No:	AG/28/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1. Effective risk management is central to good governance and supports the efficient delivery of the Council's objectives. The Audit and Governance Committee provides an independent assurance to the Council on the adequacy of the risk management framework.
- 1.2. This report asks the Audit and Governance Committee to agree how they wish to review the governance and assurance arrangements for significant strategic partnerships or collaborations.
- 1.3. Cheshire East Council participates in numerous partnerships and collaborations. As a first phase, it is necessary to produce an up-to date piece of mapping/analysis.
- 1.4. There are a number of changes in the national context which impact in the partnership arena. For example, Integrated Care System, Levelling Up/Devolution, review of Local Enterprise Partnerships. This is a relevant consideration for the review.
- 1.5. A scope and phasing of the review is proposed in Paragraph 5 below.

2. Recommendations

- 2.1. That the scope and phasing of the review of the governance and assurance arrangements for significant partnerships or collaborations be agreed, to be completed by the end of quarter 1 of 2022/23.

3. Reasons for Recommendations

- 3.1.** The Committee has asked for assurance on the Council's arrangements for significant partnerships or collaborations.
- 3.2.** The partnership landscape within which the Council operates is complex and dynamic. There are a number of changes in national context which impact in the partnership arena. For example, Integrated Care Systems, Levelling Up/Devolution, review of Local Enterprise Partnerships. It will be important, therefore for the review to take these issues into account in the phasing of the work.

4. Other Options Considered

- 4.1.** The Committee may decide to postpone the review until there is more clarity on national developments.

5. Background

- 5.1.** In order to help with their deliberations, Members are asked to consider the following:
- 5.1.1.** care should be taken to avoid duplication and maintain the focus of an audit committee on its core functions as defined by its terms of reference rather than wider issues that are subject to the work of other committees or assurance functions.
- 5.1.2.** that the Audit and Governance Committee should operate at a strategic level with matters of operational detail resolved by service managers.
- 5.1.3.** the number and frequency of reports should be proportional to the risk in order to give the core business of an audit committee sufficient focus and attention and to avoid lengthy and thus unproductive meetings.
- 5.2.** To assist with the review of governance and assurance arrangements for significant partnerships or collaborations, a draft scope has been produced.
- 5.3. Draft Scope**

Objectives	<p>To seek assurance on the key local partnerships and collaborations for Cheshire East and to review how they are supporting the Council's objectives and ambitions.</p> <p>To provide advice on what needs to be put in place at the outset of a partnership to provide good governance and assurance.</p>
------------	--

Stakeholders	Key partners
Phasing	<p>Phase 1 – Analysis and mapping of key local partnerships. Review of the council’s partnership protocols and guidance documents.</p> <p>Phase 2 – Identify and then focus on one key priority, for example, climate change, health inequalities, growing the economy (check wording in CP) to seek assurance on how partnership working is supporting ambition in these areas.</p> <p>Phase 3 - Review and report on the key findings.</p>
Outputs	<p>Partnership mapping</p> <p>Report on how partnerships are supporting a key Council priority</p> <p>Report on key findings and next steps.</p>
Lead officer	Sarah Bullock, Director of Policy and Change
Resources required	TBC
Timeline	Phase 1 to be completed by the end of quarter 1 2022/23.

6. National Context

There are some key, national policy developments that are, or will, impact on strategic partnership arrangements across Cheshire East. These include Integrated Care Systems, the anticipated levelling up White Paper and the review of Local Enterprise Partnerships. The implications of these developments will need to be carefully considered to ensure that appropriate governance and assurance arrangements are in place to meet new and emerging requirements.

6.1. Integrated Care Systems

- 6.1.1. The Health and Care Bill was published in July 2021, setting out key legislative proposals to reform the delivery and organisation of health services in England to support collaboration rather than competition. The new system of integrated care systems (ICSs) currently has a target implementation date of 1st July 2022. ICSs are partnerships that bring together NHS organisations across a geographical area together with local

authorities and other partners to plan health and care services to meet local needs. ICSs are two-part, comprising an integrated care board (ICB) responsible for NHS strategic planning and allocation decisions, and an integrated care partnership (ICP), responsible for bringing together wider system partners to address wider health, public health and social care needs of the local population.

6.2 Levelling Up

- 6.2.1 Since 2014 successive governments have devolved economic and public service functions across England. However 58% of England's population, across 83% of its land area, live in areas with no devolution deal (*Institute for Government Insight Dec 21*). At the 2019 general election the Conservative Party manifesto pledged to achieve “full devolution” across England. In the subsequent Queen's Speech the government announced its intention to introduce a Levelling Up White Paper in 2021, which will supersede the planned Devolution White Paper. The White Paper has been delayed and is intended to be published in 2022.

The aim of the levelling up agenda is to improve living standards, grow the private sector, improve health, education and policing, strengthen communities and local leadership, and restore pride in place. The Levelling Up agenda should align health, wellbeing and economic objectives as part of a strategic approach to the local economic development. The achievement of this agenda will require strong partnerships with private sector investors and government. County devolution deals are intended to help the government achieve its levelling up objectives. Negotiations on the next round of devolution deals have begun but there is little public information on emerging progress. The Levelling Up White Paper, and potential devolution arrangements across Cheshire and Warrington will have significant implications on partnership arrangements.

6.3 Local Enterprise Partnerships

- 6.3.1 Local Enterprise Partnerships (LEPs) are non-statutory partnerships formed between the public and private sector, tasked with identifying local economic priorities and promoting initiatives which boost economic growth. The government are conducting a review of the role, function and structure of Local Enterprise Partnerships with the aim of ensuring that the organisations are positioned to support productivity and growth most effectively and to complement central government policy. The review may result in councils losing their governance role as an accountable body for LEPs, responsible for entering into contracts and awarding funding on their behalf. There is also speculation that the number of LEPs (currently 38) may be reduced. Cheshire East Council is represented on the Board of the Cheshire and Warrington LEP. The

outcome of the LEP review is expected to be announced at the same time as the Levelling Up White Paper.

7. Implications

7.1. Legal

- 7.1.1. There are no direct legal implications arising from the recommendations of this report.

7.2. Finance

- 7.2.1. The work is expected to be done within existing resources.

7.3. Policy

- 7.3.1. Cheshire East Council has good relationships with our partners across the public, private and third sectors. There are opportunities to work together even better to deliver our priorities. Partnership working is integral to the overall management of the authority.
- 7.3.2. The council to be regarded as a good partner. A review of partnership activity has been identified as a priority and is in line with the 2019 Corporate Peer Challenge report and the Corporate Plan.

7.4. Equality

- 7.4.1. There are no direct implications arising from the recommendations of this update report.

7.5. Human Resources

- 7.5.1. There are no direct implications arising from the recommendations of this update report.

7.6. Risk Management

- 7.6.1. The Audit and Governance Committee should assure itself that the risk management framework is operating effectively by continually reviewing the risk profile, identifying where strategic risks are emerging and assuring the Committee on how these are being managed.

7.7. Rural Communities

- 7.7.1. There are no direct implications arising from the recommendations of this update report.

7.8. Children and Young People/Cared for Children

- 7.8.1. There are no direct implications arising from the recommendations of this update report.

7.9. Public Health

7.9.1. There are no direct implications arising from the recommendations of this update report.

7.10. Climate Change

7.10.1. There are no direct implications arising from the recommendations of this update report.

Access to Information	
Contact Officer:	Jane Burns Executive Director of Corporate Services
Appendices:	
Background Papers:	Cheshire East Council Corporate Plan

Audit & Governance Committee

Date of Meeting: 17 January 2022

Report Title: Waivers and Non-Adherences (WARNs)

Senior Officer: Alex Thompson – Director of Finance and Customer Services - S151 Officer

1. Report Summary

- 1.1. The purpose of this report is to provide an update to the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non-adherences (WARNs). The report covers cases from 1st September 2021 to the 30th November 2021.
- 1.2. The approved WARNs are published retrospectively for information to the next appropriate Audit and Governance Committee. The total number of WARNs to be presented to the January Audit and Governance Committee is 17 (consisting of 17 waivers).
- 1.3. All WARNs will be presented to the Audit and Governance Committee without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.

2. Recommendation/s

That the Audit and Governance Committee:

- 2.1. Notes the reason for 17 waivers approved between 1st September 2021 and 30th November 2021 (27 in total in 2021/22).
- 2.2. Notes that the Finance Sub-Committee, on the 5th January 2022, has reviewed the Waivers for this period as part of their responsibility for the pipeline of procurement activity.

3. Reasons for Recommendation/s

- 3.1. The Audit and Governance Committee has an assurance role in overseeing governance arrangements within the Council. The Committee exercises this role in relation to the Council's Contract Procedure Rules (CPRs) by having oversight of the WARN process. The CPRs promote good procurement and commissioning practice, transparency, and clear public accountability.

- 3.2. In introducing the Committee system of governance, from May 2021, Council has allocated responsibility for the procurement pipeline to the Finance Sub-Committee. As such that sub-committee will receive reports on procurement activity, such as contracts awarded, contracts to be advertised, waivers and processes for significant procurement decisions.
- 3.3. WARNs cover Waivers which are pre-approved variations from the Contract Procedure Rules, and these form part of the procurement process. Non-Adherence recognises instances where CPRs have not been followed. As such the Audit & Governance Committee can seek assurance from the Finance Sub-Committee that procurement process have followed an appropriate approval process.

4. Other Options Considered

- 4.1. N/A

5. Background

- 5.1. All WARNs approved in the period between Audit and Governance Committees will be presented to the next Committee meeting. This report contains all WARNs approved from the 1st September 2021 to the 30th November 2021 (17 waivers in total).

The WARN process records the following:

- Waivers to the Contract Procedure Rules – These are agreed waivers in accordance with the Contract Procedure Rules, Chapter 3, Part 5. Section 7.1-7.4.
- Non-Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Chapter 3, Part 5. Section 7.5 - 7.12.

Waivers are a compliant part of the Contract Procedure Rules and are used where there is a genuine business case to direct award without the need for competition.

Table 1: Waiver's

Waivers	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Apr-November 2021
	40	20	16	17	25	27

- 5.2 The number of waivers has increased in the past two years because of COVID and the impacts it has had. There have been 16 approved due

to issues within the care market and the Council needing to secure beds at care homes, 3 for COVID testing and behavioural campaigns and 3 for support for the Government's Afghan citizens resettlement scheme.

Table 2: Non-Adherences

Non-Adherence	2016-2017	2017-2018	2018-2019	2019 - 2020	2020-2021	Apr-Nov 2021
	33	10	5	1	3	0

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The Finance Sub-Committee's function is to co-ordinate the management and oversight of the Council's finances, performance and corporate risk management arrangements.

6.1.2. The Finance Sub Committee's responsibilities include determination of finance issues, including but not limited to Procurement and the establishment of a procurement Forward Plan.

6.1.3. All employees must ensure that they use any Council or other public funds entrusted to them through their job role in a responsible and lawful manner.

6.1.4. Employees must also seek to ensure value for money and take care to avoid the risk of legal challenge to the Council in relation to the use of its financial resources. The Council's Officer Delegations, Finance and Contract Procedure Rules and Operating Procedures must, therefore, be followed at all times. Waivers are a compliant procurement route within the Rules and oversight of their use forms part of the Finance Sub Committee's oversight and management functions.

6.1.5. The Audit & Governance Committee will receive reports on all WARNs as part of their assurance role.

6.1.6. The continued reporting of Waivers to the Audit & Governance Committee will provide assurance on both the operation of the Rules and the oversight and management of a compliant process which seeks value for money but does mean that contracts are awarded without competition.

6.2. Finance Implications

6.2.1. The Council's Constitution Finance Procedure Rule 2.11; Chapter 3 - Part 4: Section 2 explains that the Corporate Leadership Team (CLT) are responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. This is supported by effective commissioning, procurement processes and appropriate contract management.

6.2.2. Along with comments from Procurement and Legal Officers, Finance Officers are invited to make comments in respect of each WARN, to help ensure Finance Procedure Rules are adhered to in this regard. The comments of Finance Officers focus on whether the Service: has identified sufficient existing budget to cover the proposal; and has also considered how to achieve best value for money via the particular recommended course of action.

6.2.3 With regard to procurement activity relating to Covid-19, the Council is closely monitoring all additional expenditure in respect of responding to the pandemic and – as required for all local authorities – is reporting summary financial information to the Ministry of Housing, Communities & Local Government on a monthly basis, in terms of Covid-19-related spending and loss of income. The financial impacts on the Council are regularly reported to Members.

6.3. Policy Implications

6.3.1. N/A

6.4. Equality Implications

6.4.1. N/A

6.5. Human Resources Implications

6.5.1. There are no direct implications for human resources.

6.6. Risk Management Implications

6.6.1. The focus is the risk that processes are not complied with, which increases the likelihood of legal challenge causing financial and reputational risk to the Council. This includes procurement processes.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. N/A

8. Consultation & Engagement

8.1. N/A

9. Access to Information

9.1. The background papers relating to this report can be inspected by contacting the report writer.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Lianne Halliday

Job Title: Senior Manager - Procurement

Email: lianne.halliday@cheshireeast.gov.uk

Appendix 1

CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING

Category Ref	Ref Description
A	Genuine Emergency - which warrant an exception to the requirements of competition
B	Specialist Education or Social Care Requirements
C	Genuine Unique Provider - e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
F	No valid tender bids received; therefore, direct award can be substantiated
G	Lack of Planning
H	Any other valid general circumstances up to the EU threshold
I	No time to undertake a tendering exercise, therefore extension necessary to avoid non-provision of deliverables
J	Procurement from any other source would be uneconomic at this time
K	Added value being offered by the Provider(s)
L	Extension is best option as highlighted in request form
D	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
V	Covid-19 Exemption
E	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank