

Audit and Governance Committee

Agenda

Date: Thursday 9th March 2023
Time: 10.30 am
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

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 in the report.

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

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

1. **Apologies for Absence**
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.

For requests for further information

Contact: Jennifer Ashley

Tel: 01270 685705

E-Mail: jennifer.ashley@cheshireeast.gov.uk with any apologies

4. **Minutes of Previous Meeting** (Pages 5 - 12)

To approve as a correct record the minutes of the meeting held on 24 November 2022.

5. **Audit and Governance Action Log** (Pages 13 - 16)

To consider the action log.

6. **Public Interest Report** (Pages 17 - 26)

To consider an update on the Public Interest Report and the recommendation to the Audit and Governance Committee, following the meeting of Council on 1 February 2023 which considered the Public Interest Report published by Grant Thornton on 17 January 2023.

7. **External Audit Findings and Action Plan 2021/22** (Pages 27 - 72)

To consider the Audit Completion Report 2021/22.

8. **Annual Governance Statement 2021/22** (Pages 73 - 122)

To receive and agree the proposed final Annual Governance Statement 2021/22 for signature by the Leader of the Council and the Chief Executive.

9. **Certification of Housing Benefit Subsidy Claim and Teachers Pensions Return 2021/22** (Pages 123 - 126)

To consider the outcome of the External Auditor's certification process for the 2021/22.

10. **Risk Management Update** (Pages 127 - 168)

To consider the update on the Strategic Risk Register for the period ending Quarter 2 22/23, and other risk management activity.

11. **Six Monthly Complaints Report** (Pages 169 - 184)

To consider a summary of the complaints received and considered by the Council during the period 1 July 2022 to 31 December 2022.

12. **Inspection by Investigatory Powers Commissioner's Office** (Pages 185 - 196)

To consider the outcome of a remote inspection by the Investigatory Powers Commissioner's Office in relation to the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000.

13. **Internal Audit Update Report Q3 2022/23** (Pages 197 - 214)

To receive an update on work undertaken by Internal Audit between October and December 2022.

14. **Internal Audit Plan 2023/24** (Pages 215 - 236)

To receive and approve the Summary Internal Audit Plan for 2023/24.

15. **Update Report - CIPFA Review of Audit and Governance Committee**
(Pages 237 - 246)

To receive an update on the CIPFA review.

16. **Work Programme** (Pages 247 - 250)

To consider the Committee's Work Programme.

17. **Contract Procedure Rules** (Pages 251 - 256)

To consider an update on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non-adherences (WARNs).

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

The report relating to the remaining item on the agenda has 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 Paragraph 3 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

19. **Contract Procedure Rules** (Pages 257 - 292)

To consider the WARNs.

Membership: Councillors R Bailey, C Bulman, M Goldsmith, A Harewood, M Houston, J Nicholas (Vice Chair), P Redstone, M Sewart, M Simon (Chair) and Mr R Jones.

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Thursday, 24th November, 2022 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M Simon (Chair)
Councillor J Nicholas (Vice-Chair)

Councillors R Bailey, C Bulman, M Goldsmith, A Harewood, P Redstone and
M Sewart

Ron Jones, Independent Co-opted Member

Mark Dalton, Mazars (via Teams link)

OFFICERS IN ATTENDANCE

David Brown, Director of Governance and Compliance and Monitoring Officer
Alex Thompson, Director of Finance and Customer Services and S151 Officer
Michael Todd, Acting Internal Audit Manager
Lianne Halliday, Senior Procurement Manager
Rachel Graves, Democratic Services Officer

47 APOLOGIES FOR ABSENCE

Apologies were received from Councillor M Houston.

48 DECLARATIONS OF INTEREST

There were no declarations of interest.

49 PUBLIC SPEAKING TIME/OPEN SESSION

There were no public speakers.

50 MINUTES OF PREVIOUS MEETING**RESOLVED:**

That the minutes of the meeting held on 29 September 2022 be approved
as a correct record, subject to the inclusive of Mr Ron Jones, Independent
Co-opted Member, as being present at the meeting.

51 AUDIT & GOVERNANCE ACTION LOG

The Committee reviewed the progress of the actions on the Action Log.

1 Letter from Chief Executive in response to the open letter sent by Councillors R Bailey, P Redstone, and M Simon

Councillor M Simon reported that they were happy to share this letter with the committee members and that it would be distributed at the end of the meeting. As Chair of the Audit and Governance Committee, she now considered this matter closed.

2 Different trajectories for comparative data for complaints and compliments

It was reported that an analysis had been undertaken which indicated that complaints had reduced in 2020/21 compared with 2019/20, and that they had now returned to a similar level. This was explained by a reduction in complaints received during the main stages of the Covid-19 Pandemic. The Local Government Ombudsman also suspended their work for part of that year and so there were fewer LGO complaints.

The number of compliments had also decreased and from analysis it appeared that the compliments for Care4 had not been included in the figures for 2020/21 and 2021/22. In 2019/20 over half of all compliments were for Adults Services. The Complaints Manager was attempting to make sure that there was sufficient access to the Care4 compliments information to ensure that the figures could be added into the total compliments recorded.

3 Covert Human Intelligence Source

It was reported that a remote desk top inspection was due on 30 November 2022 and that a report would be brought to the Committee on the outcomes of the inspection.

4 Complaints in Corporate Services area and Comparison of Cheshire East against neighbouring authorities

It was reported that further analysis work was being carried out in relation to the complaint in the Corporate Services area and a response would be reported back in due course.

In relation to comparative data on complaints to the Local Government and Social Care Ombudsman, it was reported details were available on the their website: <https://www.lgo.org.uk/your-councils-performance/cheshire-east-council/statistics>

From looking at the upheld rates for neighbouring councils, Cheshire East had the lowest upheld rate at 62%, with Stockport at 64%, Cheshire West and Chester at 74%, Derbyshire at 80% and Stoke on Trent at 86%.

5 Number of Committee meetings cancelled

An analysis had been undertaken by Democratic Services on the number of meetings cancelled in 2021/22. A total of 31 were cancelled – the majority of these related to meetings of General Appeals Sub Committee and General Licensing Sub Committee and these were cancelled through lack of business. A meeting of the Audit and Governance Committee had been cancelled due to a high rate of Covid infections amongst councillors and officers at the time. A couple of planning committees had been cancelled due to lack of business.

It was requested information be provided on the number of meetings cancelled in 2022/23 as there had been complaints about the cancellation of planning meetings.

52 WARD MEMBER BUDGETS

The Committee considered the review of the report previously considered by the Highways and Transport Committee on Ward Members Budgets.

The Committee had requested that the report be reviewed, and any audit or governance issues be identified for the scheme.

The report detailed the background to the scheme, the difficulty of setting up an initial scheme which was introduced as an amendment without notice at the Council meeting in February 23021, the Member engagement undertaken, the reasons for use of the description of 'pilot' for the scheme, and identified issues that had been noted during the initial delivery of the scheme

The report concluded that the thematic issue was not governance but one of meeting Members' expectations. As there had been no existing mechanism for the Ward Member Budget scheme when proposed, it had required policy development, interpretation of the decision and recognition of the practical delivery issues to be implemented and this had led to different interpretations and understandings.

RESOLVED:

That the report be noted.

53 INTERNAL AUDIT PLAN 2022/23: PROGRESS UPDATE

The Committee considered the update report on the work undertaken by Internal Audit between April and September 2022 and on the planned work for the remainder of the financially year.

The Internal Audit report summarised the audit work carried out in Q1 and Q2 of 2022/23 and compared the audit work undertaken with the audit work that was planned, set out in Table 2, and also provided details of the audit work planned to be undertaken by the end of the financial year. The report also provided a summary of the Final Assurance Reports 2022/23 issued to the end of September 2022.

A review of the Internal Audit Charter had been undertaken to ensure compliance with the Public Sector Internal Audit Standards in relation to maintaining operational independence following the transfer of responsibility for information rights to the Head of Audit and Risk.

Clarity was sought by the Committee in relation to the following:

- staffing in the Internal Audit Team – it was confirmed that there were still vacancies in the Team. An agency member of staff was working with the team at present and there were sufficient resources to fulfil the internal audit plan
- Internal Audit Report on Gifts and Hospitality – it was reported that there were a number of areas which did not come under the Code of Conduct but related to how the council administered the processes which needed to be sorted. The responsibility for officer gift and hospitality forms had moved from HR to the Monitoring Officer and any delay related to the process of moving this function from one department to another.
- Section 106 audit progress – it was reported that the terms of reference had been agreed and field work started. As it was a complex piece of work there was no specific deadline for completion of the work.
- ANSA review of gritting arrangements – it was confirmed that this audit work was not part of the review of winter gritting arrangements. The review had been undertaken to determine what work had been undertaken and if it was in line with guideline that had been approved and covered by insurance. It was raised that a large part of Cheshire East was rural, and it was asked what weight was given to road being in a rural area and local member knowledge of these when considering the Winter Gritting Routes. It was suggested that this matter should be raised with the Chair of the Highways and Transport Committee.
- Land Transaction audit was missing from the report – it was agreed that Table detailing audit reviews that had not started during Q1/Q2 but would be undertaken before the end of the financial year be updated to include Land Transactions, which had been omitted in error, and circulated to committee members.

RESOLVED: That the Committee

- 1 notes the contents of the Internal Audit Update Report, at Appendix 1 to the report; and

- 2 approves the updated Internal Audit Charter, at Appendix 2 to the report.

54 EXTERNAL AUDIT PROGRESS REPORT

Consideration was given to the External Audit Progress Report.

Mark Dalton from Mazars reported on the progress to date with the audit of the 2020/21 statement of accounts. With regards to the ongoing accounting issues of infrastructure assets, the Government had consulted on an optional temporary Statutory Override to allow councils to prepare accounts that were materially correct. The temporary Statutory Override was in place Mazars would undertake work to understand the impact on the Council's accounts and undertake the required audit work. In addition to this work, there were a few areas where audit work remained outstanding and these were listed in the report.

The Director of Finance and Customer Services and S151 Officer reported that he had received an email from PSAA that stated it was proposed that Mazars would be appointed as the external auditor for Cheshire East Council for five years from 2023/24 to 2027/28.

RESOLVED: That the Committee

- 1 note the Audit Progress Report of Mazars relating to the accounts for the year ending 31 March 2021 and 31 March 2022.
- 2 note that Mazars have been appointed as the Council's auditors for the next five years from 2023/24 to 2027/28.

55 ANNUAL GOVERNANCE STATEMENT 2021/22

The Committee received a verbal update on the draft Annual Governance Statement 2021/22.

As publication of the Annual Governance Statement 2021/22 had been delayed, it was agreed that the latest version would be circulated to the committee members along with a reference sheet detailing the changes made since it was last presented to the Committee in September 2022.

RESOLVED:

That the verbal update be noted, and the latest version of the Annual Governance Statement 2021/22 be circulated to committee members.

56 RISK MANAGEMENT UPDATE

The Committee considered the report which provided an update on the Strategic Risk Register for the period Q1 2022/23 and an overview of other risk management activity in the organisation.

Table 1 in the report set out the Strategic Risk Register content and the gross and net scores following the Q1 2022/23 review. The net score for Risk SR1C – Increased Demand for Children’s Services, had increased due to recruitment difficulties which were impacting service delivery. An additional risk – SR16 Integrated Care System Integration, had been added to the Strategic Risk Register due to lack of effective and timely communications to support decision making in adult services.

The Committee referred to paragraph 6.28 of the report which made reference to a session for the Audit and Governance Committee to look at SR13 – Reputational Risk, and it was asked that arrangements be made for the session to take place.

RESOLVED:

That the Committee note the update on the Strategic Risk Register.

57 WORK PROGRAMME 2022/23

The Committee considered the Work Programme for 2022/23.

It was asked if a report on the Sandbach Code of Conduct hearing would be brought to the Committee. In response the Director of Governance and Compliance stated as the hearing had taken place in December 2021 consideration needed to be given to the value of bring a report to the Committee now.

Concerns were raised about the issues being experienced with the audio webcast of committee meetings and sought assurance that these issues were being looked into and what was being done to rectify them.

RESOLVED:

That the Work Programme for 2022/23 be received and noted.

58 COMPLIANCE WITH CONTRACT PROCEDURE RULES

The Committee considered a report on the number of cases where, and reasons why, procurement activity had required the use of waivers and/or non-adherences (WARNs), during the period 1 September 2022 to 31 October 2022.

A total of five waivers to the Contract Procedural Rules had been issued in this period, which brought the total of WARNs to 18 for 2022/23.

RESOLVED: That the Committee

- 1 note the reasons for the 5 waivers approved between 1 September 2022 and 31 October 2022 (18 in total in 2022/23).

- 2 Not that the Finance Sub Committee, on 9 November 2022, has reviewed the Waivers for this period as part of their responsibility for the pipeline of procurement activity.

59 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 as amended on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and public interest would not be served in publishing the information.

60 COMPLIANCE WITH CONTRACT PROCEDURE RULES

The Committee considered the five WARNs.

RESOLVED:

That the WARNs be received and noted.

The meeting commenced at 2.00 pm and concluded at 4.05 pm

Councillor M Simon (Chair)

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Audit and Governance Committee - Action Log

Item No	Report Title	Action	Who
29 September 2022			
6	Monitoring Officer Annual Report 2021/22	<p>Councillor Andrew Kolker noted that Appendix 1 of the report: Feedback Received there were three stand out complaints in 2021 against 2022:</p> <ul style="list-style-type: none"> 1) Legal (4 in 2021 vs 14 in 2022) 2) Democratic Services and Compliance (3 in 2021 vs 34 in 2022) 3) Registration Services (0 in 2021 vs 12 in 2022) <p>Given these areas of work have similar administration he queried if there was a common thread. The Director of Governance and Compliance agreed to investigate this further and bring it back to the Committee.</p>	Director of Governance and Compliance and Complaints Support Officer to undertake analysis.
6	Monitoring Officer Annual Report 2021/22	<p>Number of committee meetings cancelled in 2021/22 and reason for cancellation.</p> <p>The Director of Governance and Compliance reported on the number and reasons for cancellation of meetings in 2021/22 municipal</p>	Director of Governance and Compliance and Democratic Services Officer

		year at the 24 November 2022 meeting. The Committee asked if the figures for 2022/23 could also be provided.	
7	Draft Annual Governance Statement	The Committee to be provided with a detailed briefing note in respect of the All-Age Carers Hub urgent decision that was taken at Children & Families Committee on the 23 September 2022.	Head of Democratic Services and Governance
11	Work Programme	The Chair agreed to share an email received by a few Members on Section 106 funding with officers to advise if it was suitable for sharing with the wider Audit & Governance Committee to draw in wider governance. Councillor Carol Bulman advised she was going to respond to the email via the Members Enquiry Service (MES) to ensure no confidentiality would be broken and feedback to the email author in due course	Section 106 - Internal Audit has started audit and findings will feed back to the Committee and the Environment and Communities Committee to help inform further work via a Working Group.
11	Work Programme	Mr Ron Jones noted there was nothing in respect of disability or minority concerns on the Audit & Governance Work Programme. The Head of Audit and Risk agreed to speak to Ron Jones outside of the meeting.	The Head of Audit and Risk to invite Ron Jones to meetings in relation to setting of next year's Audit and Governance Plan
11	Work Programme	The Committee requested a briefing on the Customer Services Review be added to the Committee Work Programme to report back	Member Training and Development Officer and Head of Customer Services to discuss.

		from the Head of Customer Services to the next meeting.	The Director of Finance and Customer Services to chase up.
24 November 2022			
7	Internal Audit Plan 2022/23: Progress Update	The committee noted that Internal Audit had undertaken a specific audit in ANSA relating to gritting arrangements and during discussion the Committee's raised concerns the weight was not given to the fact that some roads were 'rural road' used by rural communities and felt that the type of road should be considered when assessed for winter gritting policy and also ward councillor's local knowledge not sought on local roads. The Chair to write to the Chair of Highways and Transport Committee with the committee's concerns.	Director of Governance and Compliance
11	Work Programme	Concerns were raised on the quality of the audio broadcasts of Council and committee meetings. It was requested that assurance be provided that these issues were being investigated.	Head of Democratic Services and Governance/Democratic Services Officer

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Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Public Interest Report
Report of:	Lorraine O'Donnell, Chief Executive
Report Reference No:	AG/05/22-23
Ward(s) Affected:	ALL

1. Purpose of Report

- 1.1. This report provides an update for Audit and Governance Committee following the meeting of Council on 1 February 2023 to consider the Public Interest Report published by Grant Thornton on 17 January 2023.
- 1.2. The public interest report provided three recommendations and a historical narrative related to procurement events in 2014/15. Council agreed the three recommendations of the report and agreed that Audit and Governance Committee will receive a further internal audit report to conclude the recommendation at 3.3(ii) in the Council report.

2. Executive Summary

- 2.1. A copy of the Terms of Reference for the Internal Audit assurance work on Land Transactions which is currently under way is attached for the Committee's information at Appendix A. Completion of this work, and its consideration by the Audit and Governance Committee completes the action on the second recommendation of the Public Interest Report. A verbal update on the progress will be provided at the meeting.
- 2.2. The third recommendation of the Public Interest Report required the Council to discuss with its current external auditors whether there are any matters arising from this report that should be addressed by the current auditor's statutory external audit. Representatives from the Council's current external auditors, Mazars, will be present at the Audit and Governance Committee meeting to provide their view.

3. Recommendations

- 3.1.** To note the Terms of Reference for the Internal Audit assurance review, and the progress update to be provided, ahead of the final report being provided to a future meeting of the Audit and Governance Committee.
- 3.2.** To note the position from Mazars in relation to Recommendation 3 of the Public Interest Report and consider any further work which the external auditors may determine will be required.

4. Reasons for Recommendations

- 4.1.** Grant Thornton has provided a report in the public interest on historical matters relating to Cheshire East Council. The external auditor's report makes three recommendations to Council, all of which were accepted. The recommendations of this report are key to the Council progressing actions for the implementation of the recommendations.

5. Other Options Considered

- 5.1.** No other options considered as this would represent a failure to implement the recommendations of the Public Interest Report as agreed by Council.

6. Background

Land Transactions

- 6.1.** Grant Thornton has provided a report in the public interest on historical matters relating to Cheshire East Council. This was published by Grant Thornton on 17 January 2023 and was considered by Council on 1 February. The external auditor's report made three recommendations to Council which were all accepted. Council agreed that Audit and Governance Committee will receive a further internal audit report to conclude the recommendation at 3.3(ii) in the Council report.

The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report

- 6.2.** The specific matters referred to above relate to further assurance work being carried out by internal audit in relation to land transactions (acquisitions and disposals). This follows from the initial work carried out in the 2017/18 plan, which resulted in referrals to Cheshire Police being made in March 2018 and the qualification of the 2017/18 Value for Money opinion.
- 6.3.** Grant Thornton set out in the Public Interest Report at paragraph 12.14, that they have not reported on the land transaction matters, as they considered the public interest to be served by using the procurement matter as an exemplar, but as set out in the recommendation, the issues need to be considered by the Council.

- 6.4. The current review of arrangements in relation to land transactions set out in Appendix A builds on a number of previous reviews by Internal Audit. Following examination of individual sites, a consolidated findings report was produced highlighting the main control issues arising. Subsequently, this was subject to detailed follow up, which indicated that substantial progress had been made in addressing the issues identified in the initial consolidated findings.
- 6.5. Further work was undertaken by Internal Audit to seek assurance that issues continued to be addressed; the final report for this review was completed in November 2020, with satisfactory assurance being provided.
- 6.6. The Council's Annual Governance Statements for 2016/17, through to 2018/19 acknowledged the Land Transactions issues as "Significant Governance Issues", with updates on progress on the work being undertaken provided.
- 6.7. In November 2021, the Crown Prosecution Service confirmed that they would take no further action on the land transaction referrals, and Cheshire Police announced that they would be taking no further action. Internal Audit had therefore included a further review of Land Transactions within the 2022/23 audit plan, provided to Committee in March 2022, with the scope of this work being finalised as the work of Grant Thornton in completing its responsibilities under the Local Audit and Accountability Act 2014 was concluding.
- 6.8. A verbal update on the current assurance work will be provided to the Committee at the meeting. The final report will then be brought to a future meeting of the Audit and Governance Committee.

External Audit - Mazars

- 6.9. As set out in the Chief Executive's report to Council on 1 February, the Chief Financial Officer, Monitoring Officer and Head of Internal Audit discussed the third recommendation "to identify whether there are any matters arising from this report that should be addressed by the current auditors statutory external audit".
- 6.10. At that meeting, Mazars had not, as part of their current and prior year audits, highlighted any risks of, or actual significant weakness in respect of the Council's arrangements in relation to its use of resources or value for money which should be brought to the attention of the Audit and Governance Committee.

7. Consultation and Engagement

- 7.1. The terms of reference for the current assurance work, set out at Appendix A were drafted with input from Grant Thornton. A copy of the terms of reference have been provided to Mazars for information.

8. Implications

8.1. Legal

8.1.1. The requirements for the Council to respond to the Public Interest Report are set out in Schedule 7 of the Local Audit and Accountability Act 2014.

8.1.2. Under the provisions of the Act, the Council must decide if the report requires the authority to take any action and if the recommendations are accepted. The recommendations and responses are set out in the body of this report and after considering the report and the responses, Council must notify the external auditor of its decisions and publish a notice containing a summary of those decisions which has been approved by Grant Thornton.

8.2. Finance

8.2.1. There are no direct financial implications arising from the recommendations of this report; Internal Audit resource had already been allocated within the 2022/23 plan for assurance work on land transactions and, if necessary, contingency from the 2023/24 plan will be used.

8.2.2. There could be additional cost incurred if further work is required by the current external auditors as a result of the Public Interest Report and its recommendations, and / or review of Internal Audit's work on land transactions highlighted above.

8.3. Policy

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

8.4. Equality

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

8.5. Human Resources

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

8.6. Risk Management

8.6.1. The work carried out by Internal Audit will provide assurance on the effectiveness of arrangements to manage risks identified in the terms of reference.

8.7. Rural Communities

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

8.8. Children and Young People/Cared for Children

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

8.9. Public Health

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

8.10. Climate Change

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

Access to Information

Contact Officer David Brown, Director of Governance and Compliance,
Monitoring Officer

monitoringofficercec@cheshireeast.gov.uk

Appendices: Appendix 1 – Terms of Reference, Land Transactions

Background Papers Public Interest Report - 17 January 2023

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/council-finance-and-governance/public-interest-jan2023/cheshire-east-council-final-17-january-2023.pdf>

Council papers and minutes – 1st February 2023

<http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=239&MId=9701&Ver=4>

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Internal Audit – Terms of Reference

Land Transactions – Assurance Review

1. Background

- 1.1. During a planned audit review of the Council's arrangements for asset disposals and purchases which began in July 2017 as part of the 2017/18 Internal Audit plan, a report into specific issues around one specific site was produced. Further transactions were then identified for detailed review, and the scope of the planned work was updated after matters were raised following the departure of the former Leader, and the suspension of senior officers. Having made referrals to Cheshire Police in 2018, investigations were progressed by them.
- 1.2. As a result of the internal audit findings, and subsequent referrals, a consolidated report was issued, highlighting the main control issues which were identified within the individual reports. This was published as final in August 2018, Actions arising from this report were agreed and responsibility for ensuring that they were implemented was allocated to the Executive Director Place (Deputy Chief Executive). The Audit and Governance Committee received an update on this work as part of the regular updates to the Committee on the Internal Audit plan.
- 1.3. The Land Transaction concerns were included within the Annual Governance Statement from 2016/17 onwards. Detailed follow up of progress against the implementation of the actions was also undertaken by Internal Audit, and this concluded that overall, substantial progress had been made in addressing the risks identified in the initial audit report.
- 1.4. Further work was undertaken by Internal Audit to seek assurance that the previously identified issues had been addressed and the overall control environment was sufficiently robust to mitigate the associated risks. The final report was published in November 2020 with satisfactory assurance provided. The Audit and Governance Committee received an update on this work as part of the regular updates to the Committee on the Internal Audit plan.
- 1.5. In November 2021, the Crown Prosecution Service confirmed that they would take no further action on the land transaction referrals, and Cheshire Police announced that they would be taking no further action.
- 1.6. The Council's previous External Auditors, Grant Thornton identified the referral to Cheshire Police as one of the items qualifying their Value for Money (VFM) opinion for a previous year of accounts. The external audit was qualified for two years relating to these and other governance issues, and Grant Thornton formally concluded that the Council had inadequate arrangements in its leadership and governance.

Internal Audit – Terms of Reference

Land Transactions – Assurance Review

- 1.7. Grant Thornton have endorsed the completion of this piece of assurance work as a recommendation of their Public Interest Report.

2. Objective

- 2.1. To undertake a review of recent land transactions (acquisitions and disposals) and provide assurance that the findings and implemented actions from previous internal audit work, and changes made by the service have been complied with. This review will also provide assurance on whether the processes now in operation would detect or deter non-compliance.

3. Scope

- 3.1. The review will cover the effectiveness and operation of the policies, systems and procedures put in place following the previous audit reviews. Testing of current procedures will be focused on transactions generated within the 2020/21 and 2021/22 financial years.
- 3.2. The review will provide assurance on the effectiveness of arrangements to manage the following risks:
 - 3.2.1. **Risk 1:** There are insufficient strategy, guidance and procedures relating to land purchases and sales leading to unauthorised, incorrect, or unplanned decisions being taken resulting in financial losses or missed opportunities.
 - 3.2.2. **Risk 2:** Weak/ineffective arrangements in place for the valuation of land leading to land being valued incorrectly resulting in a financial loss or a potential missed transaction.
 - 3.2.3. **Risk 3:** Inadequate arrangements are in place for recording the transactions relating to the purchase, sale and value of land in the accounts leading to errors or misstatements in the financial statements.
- 3.3. Finally, the review will identify the latest position in relation to sites previously subject to review by Internal Audit.

4. Approach and Deliverables

- 4.1. The review will need to be conducted in such a way as to comply with the Public Sector Internal Audit Standards and ensure conclusions are evidence based.
- 4.2. Principal activities are expected to include a review of available documentation in relation to the transaction, discussion with relevant

Internal Audit – Terms of Reference

Land Transactions – Assurance Review

individuals (where possible to do so) and testing of compliance with the controls in place at the time of the transaction and testing against the current control environment.

4.3. The results of the review will be presented in a report, including:

4.3.1. the findings of this review

4.3.2. levels of assurance provided by the controls in operation (at the time, and currently); this will include the outcome of testing to establish any areas where controls were overridden by management, or where management's approach and attitude to management controls was non-compliant, as well as reviewing the effectiveness of the design of the controls.

4.3.3. recommended actions for management to consider in further improving the control environment.

4.4. The outcome of this report will be considered in the public domain in order to meet the requirements of the Public Interest Report recommendation that

The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report

4.5. Careful consideration will be needed in the drafting of this report to provide a balance between transparency between issues being identified and meeting the Council's statutory requirements for example under the Data Protection Act 2018 and the General Data Protection Regulations.

5. Timescales

5.1. The intention is to complete the review fieldwork, produce the report and agree any management actions, for the report to then be considered the Audit and Governance Committee.

6. Agreement, management responses and points of contact

6.1. The Council's Chief Executive, Executive Director of Place, Director of Governance and Compliance, and Director of Finance and Customer Services provided agreement to this brief, following consultation with Grant Thornton.

Internal Audit – Terms of Reference

Land Transactions – Assurance Review

- 6.2. Management responses for any actions identified in the internal report, and to any recommendations arising from the external auditor's work will be provided by the relevant CLT member in agreement with the Chief Executive.
- 6.3. The point of contact for the review will be the Head of Audit and Risk and the review will be undertaken by the acting Internal Audit Manager.

Declaration:

Staff within the Internal Audit function have appropriate regard to the services' Code of Ethics, which is consistent with the requirements of the Public Sector Internal Audit Standards.

In order to ensure that the independency of Internal Audit is continually maintained, those involved in conducting this review confirm that there are no potential conflicts of interest in carrying out this assurance work, and that no operational roles have been held in relation to this area over the last 12 months.



Working for a brighter future together

Audit & Governance Committee

Date of Meeting:	09 March 2023
Report Title:	External Audit Findings and Action Plan 2021/22
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	AG/17/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1. The Audit Completion Report will be presented to the Committee by Mazars, the Council's external auditors. The report, appended to this paper summarises the findings 2021/22 Audit. The report identifies the key issues that have been considered by Mazars before issuing their opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 1.2. The Audit Completion Report for 2020/21 was presented to the Committee on the 17th January 2022; and a supplementary letter will be provided once their work on the infrastructure assets has been completed, in the near future.
- 1.3. As a result of the audit work and subsequent findings there have been no material changes to the Statement of Accounts for 2021/22 since it was published on the Council's website on the 29th July 2022.
- 1.4. The changes that are required following the audit are in the main due to reclassification of assets and re-categorisation of income and expenditure. The overall figures in the main statements to the accounts have remained the same.
- 1.5. The Value for Money work for 2021/22 is still on-going and an update has been provided by Mazars within their draft audit report (Appendix B, pages

33 to 37 of the External Audit Findings report). Mazars will provide a further update in the Auditor's Annual Report that will be provided within three months from the date of audit opinion.

2. Recommendations

- 2.1.** The Committee receive the Audit Completion Report for the year ending 31st March 2022.
- 2.2.** To note that the accounting policy with regard to the treatment of Infrastructure Assets will be updated in the final audited accounts in line with the Statutory Instrument (SI 2022/123) that was issued on the 25th December 2022.
- 2.3.** To delegate authority to the S151 Officer to:
 - 2.3.1.** Sign off the Statement of Accounts for 2021/22, once the audit has concluded, and to sign off the Statement of Accounts for 2020/21, when the supplementary letter has been received from the auditors
 - 2.3.2.** Notify Committee Members of the final signed Accounts being published on the Council's website.

3. Reasons for Recommendations

- 3.1.** 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 2021/22.

4. Other Options Considered

- 4.1.** Not applicable.

5. Background

- 5.1.** The auditors are responsible for giving an opinion on:
 - Whether the accounts give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council's and the Group's expenditure and income for the years 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 2021/22;
 - Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

- 5.2. The findings in relation to these areas are set out in Sections 3 – 6 of the Audit Completion Report, attached as Appendix A.
- 5.3. As the Council's appointed auditors, representatives of Mazars will attend the Committee to report their findings directly to Members.
- 5.4. There had been an embargo on external auditors being able to sign off the accounts of any Council that is a 'Highway Authority' until a solution had been found to deal with the issues of de-recognition of components and depreciation on Infrastructure Assets. The solution was issued to the Council on 25th December 2022, and the Council has now provided their findings to Mazars for review.
- 5.5. As a consequence of this change in regulations with regard to infrastructure assets the Council's related accounting policy will need to be amended; accordingly; this will be effected in the final audited accounts.

6. Consultation and Engagement

- 6.1. In accordance with Regulation 15(2) (b) of the Accounts and Audit Regulations 2015, the accounts were made available for public inspection between 1 August to 10 September 2022.

7. Implications

7.1. Legal

- 7.1.1. There are no legal implications identified.

7.2. Finance

- 7.2.1. As covered in the report.

7.3. Policy

- 7.3.1. There are no policy implications identified.

7.4. Equality

- 7.4.1. There are no equality implications identified.

7.5. Human Resources

- 7.5.1. There are no human resources implications identified.

7.6. Risk Management

- 7.6.1. 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.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

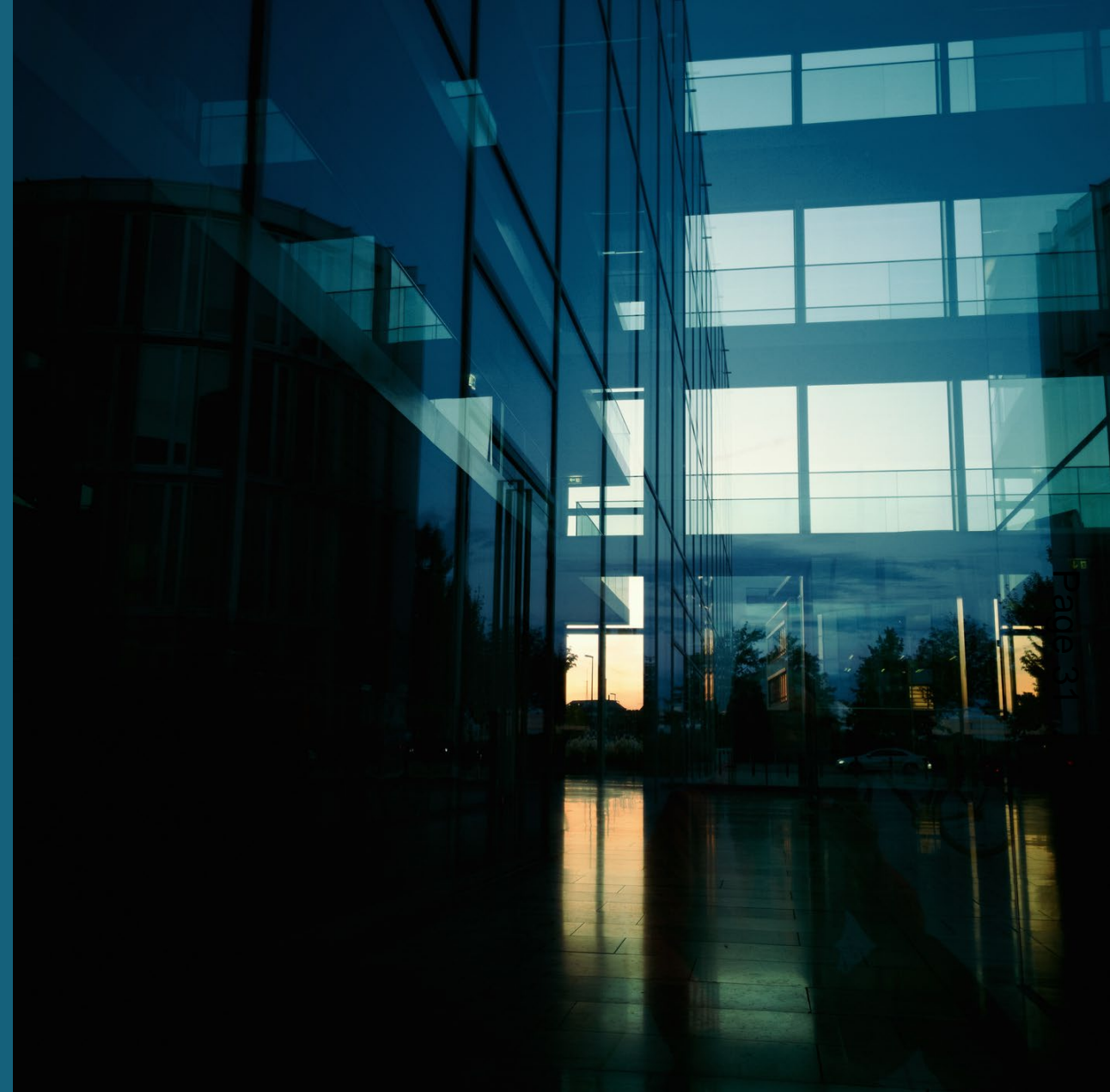
7.10.1. There are no direct implications for climate change.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (S.151. Officer) alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix A – Audit Completion Report
Background Papers:	Statement of Accounts and Annual Governance Statement for 2021/22

Audit Completion Report

Cheshire East Council - Year ended
31 March 2022

March 2023



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- 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

28 February 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. 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 in July 2022. 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

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

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 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

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. 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 matters outstanding through issuance of a follow up letter prior to signing the auditor's report.

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 anticipate having no 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 work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We only received group instructions from the National Audit Office in respect of our work on the Council's WGA submission on the 15 February 2023. Our work in response will be undertaken in the coming months.



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. Whilst we have received correspondence from a member of the public there are no matters to bring to the Committee's attention.






02


Section 02:

Status of the audit


2. Status of the audit

Our work is substantially complete 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
Property, plant and equipment		We are awaiting details of the Council's response to recently issued guidance providing a temporary solution to the sector-wide accounting issue relating to how local government bodies account for infrastructure assets
Laws and regulation		We are awaiting completion of internal audit's review of land transactions (mentioned within the recent public interest report – see page 26 for further details) to complete our work on compliance with laws and regulation.
Whole of the government accounts		We received the instructions for the completion of audit procedures supporting the WGA return for 2021/22 from the NAO on the 15th February. Our work in response remains outstanding at this time.
Financial statements, Annual Governance Statement (AGS) and letter of representation		We will complete our final review of the financial statements, AGS and letter of representation upon receipt of the final signed versions.
Audit review and quality control		Completion of Manager and Partner review and Engagement Quality Review procedures in respect of the audit.



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



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 2022. 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 £15.5m for the Group financial statements and £15.0m 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.

Use of experts

We set out in our Audit Strategy Memorandum our planned use of experts to assist in our audit procedures.

Item of account	Management’s expert	Our expert
Defined benefit liability	Hyman & Robertson Actuaries	PwC – NAO’s consulting actuary
Property, plant and equipment 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	We reviewed the expert’s methodology in calculating the fair value disclosures to confirm the reasonableness of assumptions used

There are no issues arising from our consideration of the work of experts .

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. The table below summarises the service organisations used by the [Council] and our planned audit approach.

Items 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 issues arising in respect of our work on service organisations.












3. Audit approach

Group audit approach

The Council's group structure for 2021/22 includes four wholly owned subsidiary company, Cheshire East Residents First Limited (CERF), ANSA Environmental Services Limited, Transport Service Solutions Limited and Orbitas Bereavement Services Limited, we obtained assurance over the transactions in the Group relating to the Council's subsidiaries through our planned audit approach as set out below.

Our approach 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		Full audit – matters included in this report	 Full audit Performance of an audit of the component's financial information prepared for group reporting purposes using component materiality
Cheshire East Resident First Limited (CERF)		Assurance gained from analytical procedures supported by a review of the Council's consolidation processes. There are no matters arising from our work that we need to bring to your attention.	 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
ANSA Environmental Services Limited		ANSA was assessed as significant by size at the planning stage of the audit. We performed specific procedures by testing all material balances consolidated in the group accounts to gain assurance over these balances. There are no matters arising from our work that we need to bring to your attention.	 Specific audit procedures Performance of specific audit procedures on the component's financial information
Transport Service Solutions Limited (TSS)		TSS was assessed as significant by size on receipt of the draft accounts for 2021/22. We performed specific procedures by testing all material balances consolidated in the group accounts to gain assurance over these balances. There are no matters arising from our work that we need to bring to your attention.	
Orbitas Bereavement Services Limited		Assurance gained from analytical procedures supported by a review of the Council's consolidation processes. There are no matters arising from our work that we need to bring to your attention.	 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 15 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.

Significant risks

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 are in a unique position to perpetrate fraud because of their 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>
	<p>How we addressed this risk</p> <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.
	<p>Audit conclusion</p> <p>Our work on management override of controls is complete and there are no matters to bring to the Committee's attention.</p>

4. Significant findings

Valuation of defined benefit liability	Description of the risk
	The pension liability represents a material element of Cheshire East Council's balance sheet. 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 2021/22.
	How we addressed this risk
	Our audit procedures included:
	<ul style="list-style-type: none">• 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.
	Audit conclusion
	Our work on valuation of pension liability is complete and there are no matters to bring to the Committee's attention.

4. Significant findings

Valuation of property, plant and equipment (Land & buildings and investment properties)

Description of the risk

The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the current 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 the value of individual assets which have not been valued for up to four years are not materially fairly stated at their current value as at the end of the reporting period. In addition, as the valuations are undertaken through the year there is a risk that the value of the assets is materially different at the year end.

How we addressed this risk

- Our audit procedures included:
- Obtaining an understanding of the Council's valuer's qualifications, objectivity and independence to carry out such valuations.
 - Reviewing the valuation methodology used in the year including testing the underlying data and assumptions.
 - Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies.
 - Reviewing the approach that the Council has adopted to address the risk that assets not subject to valuation in 2021/22 are materially misstated and consider 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.

Audit conclusion

Subject to the satisfactory completion of the work outstanding (set out in Section 2 in relation to infrastructure assets), our work has provided the assurance we sought in the above areas and has not highlighted any issues 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 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on 29 July 2022 in line with agreed timescales. The accounts were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Council finance officers have been very helpful in promptly answering our detailed audit queries and ensuring that Council officer colleagues have prioritised responding to our audit queries.

Significant matters discussed with management

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

Covid-19

We continue to discuss the impact of the Covid-19 pandemic on the Council's operations and financial statements. .

Impact of the War in Ukraine

The ongoing situation in Ukraine has far-reaching consequences for public sector organisations. As part of our audit we have discussed with management the impact of the war on the Trust’s operations, and whether any disclosures are required in the Council’s financial statements. We are satisfied there are no issues arising which would require specific disclosures in the Council’s financial statements

Accounting for infrastructure assets

The Council holds a material value of Infrastructure Assets within its Property, Plant and Equipment balance on the balance sheet. During 2021/22 a national technical issue arose in respect of accounting for infrastructure assets. Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code.

This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

A sector wide temporary solution has now been provided and, as detailed in section 2, we await details of the Council's response to this recently issued guidance.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

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 2021/22 audit. However, as highlighted on page 26, the predecessor auditor (Grant Thornton LLP) issued a Public Interest Report on 17 January 2023.

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. Whilst we have received correspondence from a member of the public there are no matters to bring to the Committee’s attention not covered elsewhere within this report.



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:

We have also provided an update on the internal control recommendations made during 2020/21.

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.	1
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.	3
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Significant deficiencies in internal control – Level 1

Description of deficiency

Our testing identified 46 users that retained general ledger systems access post their leave date.

Potential effects

User access not removed in a timely manner may lead to inappropriate access to systems and increased risk of unauthorised activity / transactions.

Recommendation

The leavers process should be adhered to in full in order to ensure that colleagues and third parties no longer requiring access to systems and data are removed on a timely basis.

Management response

The leavers process is now well defined and actioned by the Governance & Support team. Systems access is currently being reviewed to ensure that leaver should not be able to access the system post their leave date.

Audit team response:

We will review these processes and procedures again as per of our 2022/23 audit.

Other deficiencies in internal control – Level 2

Description of deficiency

Our review identified an instance where a new user was granted access to a system prior to approval of the access request.

Potential effects

Inappropriate access that is not commensurate with job role may lead to unauthorised activity and transactions.

Recommendation

Management should ensure that there is appropriate approval prior to granting access to IT systems.

Management response

Processes are now in place to ensure that accesses are only provided if line manager approval is obtained.

Audit team response

We will review these enhance processes and procedures as part of our 2022/23 audit.

5. Internal control recommendations

Other deficiencies in internal control– Level 2

Description of deficiency

Our testing of the leases (Council as Lessor) identified one item (from a sample of three and with a value of £11.5m) where a signed copy of the lease agreement was not available / retained on file.

Potential effects

In the absence of a signed lease agreement there is a risk of incorrect rental income being charged to the accounts and an increased risk of legal difficulties in the event of any contractual disputes.

Recommendation

The Council should ensure that proper, completed, signed documents are retained for each lease.

Management response

A more robust internal Completion Memo and copy Signed Legal Agreement procedure has been set up with Legal Services. A new Case Management System in Concerto Data Base (Property Terrier) has been set up. All transactions/documents are being recorded and tracked at specific milestones. This will enable the Property Information Service to obtain and update Concerto (Asset Property Terrier) with all the correct information /documents and ensure the billing is correct with trail of documents included in the case management system. The Case Management System is operational and will be fully updated from 1st April 2023.

Other deficiencies in internal control – Level 2

Description of deficiency

Our journals testing identified one instance of a journal being posted without a line description.

Potential effects

Posting journals without descriptions diminishes the audit trail and increases the risk of erroneous or fraudulent transactions being posted to the ledger undetected.

Recommendation

There should be a review process to ensure that journals without descriptions are not approved / posted to the ledger.

Management response

Training will be given to the team to ensure that all fields on the journal template are completed before being uploaded to the system. Approvers of the journals will be reminded to ensure that all description lines are complete before approving them in the system and to reject those where there are description details missing.

5. Internal control recommendations 2020/21 (follow-up)

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 proactivity.

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 2020/21

Agreed.

Management Update in 2021/22

CEC has discussed the requirements of the Publication Scheme with the Wholly Owned Companies and is monitoring progress on implementation; good progress has been made with all of the Wholly Owed Companies moving towards full compliance

Audit team response

We will further follow up progress as part of our 2022/23 audit.



5. Internal control recommendations 2020/21 (follow-up) continue.....

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 2020/21

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.

Management Update

The Assets team did, for 2021/22 and will do so going forward, ensure that plans were checked before being submitted to the external valuers to make sure that the plan included the correct land owned by the Council.

Audit Conclusion:

Matter is now closed.

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 £450,000. 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: Expenditure (Payroll cost)	491			
	Cr: Cash and cash equivalent			491	
This error is in relation to the posting of July 2021 payroll journal causing overstatement of the bank account by 491k and understatement of payroll cost.					
2	Dr: Expenditure	5,610			
	Cr: Creditors				5,610
Extrapolated error from our post year end cut off testing which identified 2 items (of £234k and £130k) recognised in 2022/23 rather than being accrued for in 2021/22.					
3	Dr. Unusable Reserve			4,700	
	Cr. Surplus Assets (PPE)				4,700
Being an error in relation to the incorrect basis of valuation of surplus assets.					
Total unadjusted misstatements		6,101	-	5,191	10,310



6. Summary of misstatements

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Income	15,663			
	Cr: Expenditure		15,663		
Being an adjustment to rectify overstatement of income and expenditure due to incorrectly charging Dedicated School Grant to Comprehensive Income and Expenditure Statement.					
2	Dr Intangible assets			12,954	
	Cr. Vehicle, plant, furniture and equipment				12,954
Being an adjustment to correct the classification of intangible assets which were incorrectly classed as “vehicle, plant, furniture and equipment” within the property, plant and equipment note (Note 7 of the Accounts).					
Total adjusted misstatements		15,663	15,663	12,954	12,954

6. Summary of misstatements

Amended Disclosure

The following minor disclosure amendments have been agreed with management and actioned within the revised Accounts:

- **Note 31 Related Parties** - Receipts/Payments to related party organisations - Cheshire East Citizens Advice Bureau (CAB) and Cheshire Police - have been amended (from payments of £374k to £386k for the CAB and from payments of £386k to £549k and receipts of £31k to £114k for the Police)..
- **Note 9 Financial instruments** - the disclosure relating to the Life Sciences Fund required amendment to make it clear that it is an investment not a loan.
- **Note 35 Events after the Reporting Period** - the note has been updated to correct the list of schools converting to Academies in year

We have also identified a number of minor presentational amendments which have been adjusted by management.

Unamended Disclosure

- **Note 29 Leases** - There is an overstatement in respect of the Council's operating leases as a lessor. with a disclosure error of £1.12m

If any misstatements are identified on completion of the outstanding audit work highlighted in section 2, these will be reported to the Audit and Governance Committee in a follow-up letter.



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.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

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 intend to issue the Auditor's Annual Report within three months from the date of audit 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 2022. 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. This includes considering the Public Interest Report (PIR) issued by Grant Thornton LLP on 17 January 2023 on the impact of the Council's culture and governance arrangements during 2014 – 2018 and internal audit's review of land transactions (highlighted as outstanding in section 2 of this report).

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 from the date of audit opinion.



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 2022

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 2022 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 2020/22 (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.

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.



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.

Russian-Ukraine Conflict

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Trust, including the impact of mitigation measures and uncertainties

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 2022, 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 2021/22.

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 2022 and of the Council's and the Group 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 2021/22.

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 Service's 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 & 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 & 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 & Customer Services is also responsible for such internal control as the Director of Finance & 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 & 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 & 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 Audit, Governance and Standards 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 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 Audit, Governance and Standards 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 Audit, Governance and Standards 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 2022.

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 2022.

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; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

[Signature]
Mark Dalton, Key Audit Partner
For and on behalf of Mazars LLP
5th Floor, 3 Wellington Place
Leeds
LS1 4AP
DD/MM/ 2023



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>
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

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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.

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Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Annual Governance Statement 2021/22
Report of:	Jane Burns, Executive Director Corporate Services
Report Reference No:	AG/09/22-23
Ward(s) Affected:	All Ward Members as the report provides the Council's Annual Governance Statement

1. Purpose of Report

- 1.1. The purpose of this report is for the Committee to receive and agree the proposed final Annual Governance Statement (AGS) 2021/22 for signature by the Leader of the Council and the Chief Executive following completion of the audit and subsequent signing of the statement of accounts by the Section 151 Officer. Once approved and signed, the AGS will accompany the Statement of Accounts and be published on the Council's website.

2. Executive Summary

- 2.1 The Council's assessment of its governance arrangements for 2021/22 has recognised four additional significant governance issues to those included in previous years. Three previously identified items have been removed as they are no longer considered to be significant governance issues. Finally, the two remaining items have been revised and restated to reflect the current situation. The proposed final statement for 2021/22 is provided in Appendix A.

3. Recommendations

- 3.1. That the Committee agrees the Annual Governance Statement 2021/22.

- 3.2.** To delegate authority to the Chief Executive and Leader of the Council to:
- 3.2.1.** Sign off the Annual Governance Statement for 2021/22, once the audit has concluded, and the Statement of Accounts has been signed off, when the supplementary letter has been received from the auditors
- 3.2.2.** Notify Committee Members of the final signed Annual Governance Statement being published on the Council's website.

4. Reasons for Recommendations

- 4.1.** 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 31 July.
- 4.2.** 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 31 August to not later than the 30 September 2022, the publication of the final statements remains the 30 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.
- 4.3.** However, due to a national issue regarding accounting for infrastructure assets, it was not possible for the external auditors to complete and conclude the audit to allow for publication of the final statements by the 30 November 2022. The solution to the issue was issued to the Council on 25 December 2022 and the Council has now presented their findings to Mazars for review.
- 4.4.** The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement and the further delegation is requested to ensure that the Statement of Accounts and Annual Governance Statement are signed off at the same time.

5. Other Options Considered

- 5.1.** Not applicable.

6. Background

- 6.1.** 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.
- 6.2.** 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.

- 6.3.** The draft AGS was published on the Council’s website after the Audit and Governance Committee on 29 September 2022. The draft document has been updated to include four arising significant issues relating to ASDV Governance, Planning, Cheshire East Safeguarding Children’s Partnership Governance and the Public Interest Report. These were identified as part of updating the AGS from draft to proposed final following the completion of assurance exercises co-ordinated by Internal Audit and reviewed by the relevant Executive Directors. In addition, the AGS has also been updated to reflect additional meetings which have occurred since the draft was published.
- 6.4.** Updates on items recognised in previous Annual Governance Statements are included in Section 7. These have been further updated in preparing the final Statement and the following items agreed as no longer significant have been removed in the final version: Proposed Change to the Committee System of Governance, Replacement of the Council’s Core Financial and HR Systems and Responding to the impact of Covid-19. The two remaining significant issues, Council Funding and Health and Social Care Integration have been restated to reflect the latest issues and proposed actions to address these challenges.
- 6.5.** 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.

7. Implications

7.1. Legal

- 7.1.1.** The production of the Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit Regulations 2015.
- 7.1.2.** 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)”.
- 7.1.3.** 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 statement met the updated deadlines, however, ongoing national issues in

relation to infrastructure asset valuations prevented the external auditor from completing the audit. This resulted in a pause in the sign off on the audit report and opinion. The solution to the issue was issued to the Council on 25 December 2022 and the Council has now presented their findings to Mazars for review.

7.2. Finance

- 7.2.1. 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.

7.3. Policy

- 7.3.1. There are no direct implications for policy.

7.4. Equality

- 7.4.1. There are no direct implications for equality.

7.5. Human Resources

- 7.5.1. There are no direct implications for human resources.

7.6. Risk Management

- 7.6.1. 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.

7.7. Rural Communities

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

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

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

7.10. Climate Change

- 7.10.1. 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 2021/22 Appendix B – Changes between Draft and Final
Background Papers:	N/A

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Annual Governance Statement 2021/22

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 2021/22

- 1.4. We, as Chief Executive and Leader of the Council, 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 2021/22 and up to the time of its approval.
- 1.6. Due to a delay in the external auditors completing their work on the 2020/21 financial statements, the 2020/21 AGS was not approved until January 2022. In accordance with the requirement for the statement to be current at the time of approval it reflected matters up to and including January 2022. As such, there is an element of duplication in the current statement.
- 1.7. In May 2021 the Council changed from an 'executive' form of governance to operate a 'committee system' for decision making. The Council operated under a cabinet system since it formed in 2009, meaning that decisions previously made by the Cabinet, are now made by service committees.
- 1.8. To date, our assessment of the effectiveness of our governance arrangements for 2021/22 has identified four arising significant issues relating to ASDV Governance, Planning, Cheshire East Safeguarding Children's Partnership Governance and the Public Interest Report, which can be found in Section 8.

1.9. The following three items included in the 2020/21 Statement have been removed as they are no longer considered to be significant governance issues:

- Proposed Change to the Committee System of Governance
- Replacement of the Council's Core Financial and HR Systems
- Responding to the impact of Covid-19

1.10. The two remaining items from the 2020/21 Statement; Council Funding and Health and Social Care Integration have been restated to reflect the latest issues and proposed actions to address these challenges. Both items have been included in the Statements since 2015/16 and although the overarching issues remain, the detail has developed and required updating to ensure they present an accurate picture to the Council and its stakeholders.

1.11. 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 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.

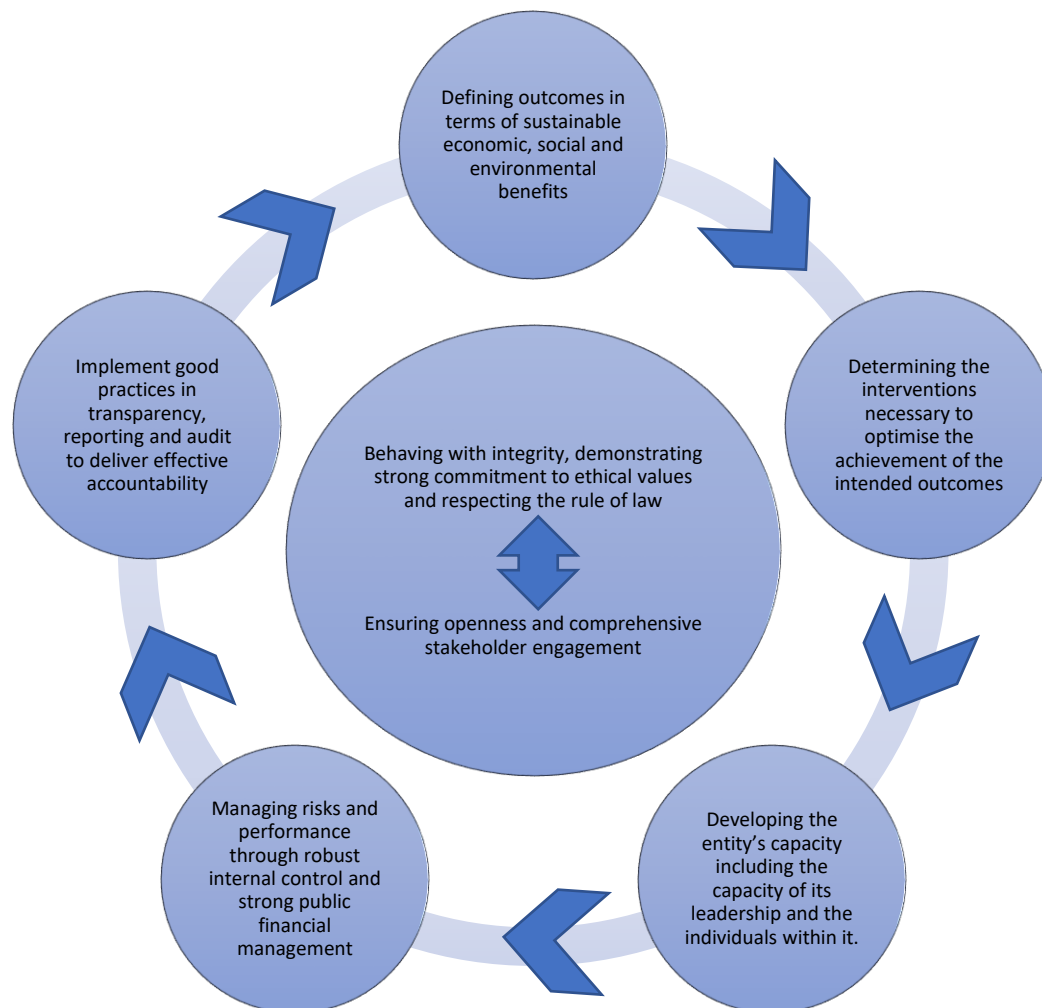
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

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 2022 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 March 2023.
- 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 2021/22 which are set out below.
- 5.2. The Governance Framework described below and shown in Appendix 1 was in place from the 4 May 2021, when the new committee system model of governance took effect to the year ended 31 March 2022. A diagram explaining the committee system can be found at Appendix 2.
- 5.3. Prior to the 4 May 2021, the Council operated under a cabinet system which is explained at Appendix 3.

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

- 5.4. Cheshire East Council's vision and priorities are outlined in the Council's Corporate Plan. The Corporate Plan and Medium Term Financial Strategy (MTFS) for 2021-2025 were agreed by full Council on 17 February 2021.
- 5.5. 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.
- 5.6. The MTFS 2022-26 was agreed at the 24 February 2022 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.
- 5.7. The Corporate Plan 2021-25 is reviewed by the Corporate Policy Committee. 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 22 September 2021 and Council on 20 October 2021, prior to publication of the statutory accounts. The 2021/22 provisional financial outturn was reported to the Finance Sub Committee on 6 July 2022.
- 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 Spring 2023.
- 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 2021/22 is provided later in this Statement. 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 12 May 2021 and at the meeting held 19 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. On 4 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 15 December 2021 meeting. Furthermore, on 14 April 2022, the Corporate Policy Committee received a report on the First Annual Review of the Committee System. This report was subsequently presented to Council at the 27 April 2022 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 17 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 in a relatively short space of time
- It delivers several high-quality services to the residents of the borough which we should be proud of
- A profound difference has been made 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 13 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 4 April 2020 and applied to meetings taking place before 7 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 7 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 2021/22 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 Constitution defines the standards of conduct and personal behaviour expected of, and between, members, staff, 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 30 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. The draft Member Code of Conduct was received by Audit & Governance Committee on 28 July 2022. The Code of Conduct was put to and adopted by full Council on 19 October 2022.

- 5.26. The programme of training introduced following the implementation of the committee system continued during 2021/22 having commenced in September 2020. Sessions have focused on committee finance and the Constitution, paving the way for further training in 2022/23 on supporting better decision making. Most Members have attended at least one session in this programme.
- 5.27. Members continued to work towards completing the foundation skills of Corporate Parenting, Safeguarding Children and Adults, Equality, Diversity and Inclusion, General Data Protection Regulations (GDPR) and Members' Code of Conduct. During 2021/22, the majority of sessions were held virtually and whilst this has improved attendance, it remains low. In response, work is being undertaken in conjunction with Group Administrators to encourage increased participation and completion of these modules.
- 5.28. 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.
- 5.29. 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.
- 5.30. Following a recruitment process the new posts were successfully filled. The Executive Director of Adults, Health and Integration joined the Council in October 2021 and the Executive Director of Children's Services joined in November 2021.

- 5.31. The Council publishes a Pay Policy Statement by 31 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 2021/22 Pay Policy Statement recommended to Council on 17 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.
- 5.32. The 2022/23 Pay Policy Statement was recommended to Council from the Corporate Policy Committee. The Policy was approved on 24 February 2022 where it was also agreed that it would be reviewed in-year and any further changes be approved by the Monitoring Officer and published accordingly.
- 5.33. The Council's Staffing Committee continued to receive update reports on the Council's Brighter Future Together Programme in 2020/21. Following the move to the 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, was positive.
- 5.34. The Corporate Policy Committee received a report on an updated Workforce Strategy at its meeting on 4 November 2021. The Workforce Strategy 2021-25 sets out how the Council will develop the capacity and capability of its workforce to support the priorities identified within the Corporate Plan and deliver the MTFS.
- 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. An updated Risk Management Framework was taken to the Audit and Governance Committee on 12 March 2020 and approved by Cabinet in June 2020. The Council's approach to risk management was reviewed and refreshed during 2020/21. The Committee received the 2020/21 Annual Risk Management Report on 30 September 2021. The Committee also received regular updates during 2021/22 and the 2021/22 Annual Risk Management Report was received on 26 May 2022. The current Risk Management Framework 2020-2022 is being

updated to reflect the needs of risk management and risk reporting in the context of the committee system.

- 5.37. Operational risk registers are 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.
- 5.38. 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 remained in place throughout 2020/21 and into 2021/22.
- 5.39. The Corporate 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. Whilst Covid has not gone away, and the pandemic is still having impacts on life in the Borough and the way in which some council services are delivered, the Council is no longer in the emergency response phase. As such, CEMART stood down in April 2022. However, the emergency response can be stood back up again if the situation escalates.
- 5.40. Risk registers were 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 were 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 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. Following the move to the committee system on 4 May 2021, the Overview and Scrutiny Committees were decommissioned. Scrutiny powers under Section 21 of the Local Government Act 2000 are now fulfilled through the Children and Families, Adults and Health, Environment and Communities and Corporate Policy Committee
- 5.44. Each of the service committees scrutinised quarterly performance scorecards and budget proposals for the 2021/22 period relevant to their area of focus.
- 5.45. During 2021/22, the Children and Families Committee has met on six occasions. 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. The Committee approved the All-Age Carers Hub and Strategy and School Organisation: Academisation of Schools: Middlewich High School and Forward Plan. The Committee 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.
- 5.46. 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
- 5.47. At the meeting held in January 2022, the Committee received a verbal update on COVID-19 in Schools and an update report on the Ofsted Inspection. The Committee also received the Cheshire East Safeguarding Children's Partnership Annual Report 2020-21, the 2021/22 Financial Year Review, the MTFS 2022/23 – 2025/26, the Children and Families Performance Report Q2 2021-22 and the Self Evaluation of Children's Services.
- 5.48. In February 2022, the Committee approved the Schools Funding Formula and Early Years Funding Formula 2022/23 and received a progress update on the Children and Families Mental Health Spotlight Review. Furthermore, the Committee considered a report on a new primary school in Nantwich.
- 5.49. At the March 2022 meeting, the Committee received a verbal COVID-19 update for schools. It also approved the All-Age Carers Strategy 2021-2025 and the Children's Care at Home Recommission. The Self-Evaluation of Children's Services report was received along with the Children and Families Performance Report Quarter 3 2021-2022 and Councillor Frontline Visits Annual Report.
- 5.50. Since April 2022, the Committee considered the following updates and reports:
- Verbal updates on COVID-19 (schools) and the Ukrainian Refugee Position in Cheshire East

- The Ofsted Action Plan and Progress Update
- The Proposed Expansion of Springfield School
- The Academisation of Oakfield Lodge School (Pupil Referral Unit) and the Forward Plan: Academisation of Schools
- Participation in Department of Education, Delivering Better Value Programme
- Review of Travel Support for Children and Young People
- The Children and Families Budgets 2022/23
- Allocation of Additional High Needs Dedicated Schools Grant Funding
- 'Opportunity for All: Strong schools with great teachers for your child' The Education White Paper and Development of Local Authority-initiated Trusts
- Cared for Children and Care Leavers Strategy 2022-26
- Children and Young People's Plan 2022-26
- School Catering Service: External Review
- School Organisation: Academisation of Schools: Forward Plan
- Dedicated Schools Grant Management Plan 2022/23 to 2026/27
- School Organisation: Update on the proposal for a primary school, Basford East, Shavington, following consultation
- Holiday Activity Fund Grant – Open Procurement 2022-2025
- Children and Families Q4 Scorecard 2021/22
- Corporate Parenting Committee Annual Report 2021-22
- School Organisation: Academisation of Schools: Forward Plan
- Minutes of Sub Committees – Local Authority School Governor Nomination Sub Committee and Corporate Parenting Committee
- All Age Carers Hub
- Children's Travel Support Review
- Household Support Fund 3 Grant Delivery
- Financial Review 2022/23
- Children and Families Scorecard Q1
- School Organisation: Academisation of Schools: Forward Plan

- Committee Takeover for Children's Rights Month
- Cheshire East Safeguarding Children Partnership Annual Report 2021-22
- Minutes of Sub Committees – Local Authority Governor Nomination Sub Committee and Corporate Parenting Committee
- Crewe Youth Zone Project Update
- Closure of Reach for the Stars Nurseries, Crewe
- Update on Progress Against the Joint Targeted Area Inspection Action Plan
- Medium-Term Financial Strategy 2023-27 Consultation
- School Organisation – Funding Review for Springfield School: Dean Row Site
- School Organisation – New DfE Special Educational Needs Free Schools Applications
- Schools Organisation – Proposed Reduction in SEN Resource Provisions at Middlewich Primary School, Middlewich and Lindow Community Primary School, Wilmslow
- School Organisation – The Dingle Primary School, Haslington: Authority to enter into a construction contract inclusive of pre-construction services
- Proposed change in age range at Pebble Brook Primary School and Underwood West Academy
- Children and Families Q2 Scorecard 2022-23
- School Organisation – Academisation of Schools: Forward Plan
- Update report on the 2021/22 Action Plan to address the ILACS recommendations
- Corporate Parenting Committee Name Change
- Schools Funding Formula and Early Years Funding Formula 2023/24
- Schools Organisation – Academisation of Schools: Forward Plan
- Schools Organisation – Selection of a Sponsor for Kingsley Fields Primary School, Nantwich
- Crewe Youth Zone

5.51. The Adults and Health Committee met on 5 occasions during 2021/22. In July 2021, 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 – Quarter 4 2020/21.

- 5.52. 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 Recommissioning, Assistive Technology Recommissioning, NHS Health Checks Recommissioning and All Age Carers Hub and Strategy and considered the Assistive Technology Charging Policy and the Notice of Motion on Right to Food.
- 5.53. In November 2021, 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 and the Cheshire East Place Dementia Strategy. The Committee also received reports on 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.
- 5.54. In January 2022, the Committee received the Local Safeguarding Adults Board Annual Report 2020/21 and the Adult Social Care Performance Scorecard Q2 (2021/22). The Committee approved the Director of Public Health Annual Report 2020/21 and the Recommissioning of the Statutory Advocacy Service. Furthermore, the 2021/22 Financial Year Review was received, and the Committee responded to the MTFs 2022/23 – 2025/26 budget consultation.
- 5.55. At the March 2022 meeting, the Committee approved the Day Opportunities Flexible Purchasing System, All-Age Carers Strategy and Recommissioning, the Cheshire East Live Well for Longer Plan 2022-25, Care at Home Recommissioning (Domiciliary Care) and the Better Care Fund Section 75 Agreement. The Committee also considered the Q3 Adult Social Care Performance Scorecard 2021-22, a report on Adult Social Care Short Term Funding Streams and a verbal update on staffing/recruitment in Adult Social Care.
- 5.56. Since April 2022, the Committee has received the following updates and reports:
 - Progress updates on the Place Partnership Board, the Providing Financial Incentives to Support Smoking Cessation and the Learning Disabilities Conference
 - Adults and Health Budgets 2022/23
 - The Cheshire East Day Opportunities Strategy 2022-2027 Delivery Plan
 - The Brocklehurst Centre – Future Options
 - Financial incentives to support smoking cessation
 - Terms of Reference for the Place Partnership Committee

- Trailblazer Programme Update
- Update on Public Health Grant
- Minutes of the Sub-Committee - Cheshire East Health and Wellbeing Board
- Adult Social Care Performance Scorecard – Quarter 1 2022/23
- Cheshire East Live Well for Longer Plan 2022-2027
- Adult Social Care Winter Plan
- Adult Social Care Reform Update
- Cheshire East Learning Disability Conference – Actions to be taken forward in 2022/23
- All Age Carers Hub
- Financial Review of 2022/23
- Right to Food Report
- Living Well in Crewe – Report of the Cheshire East Increasing Equalities Commission
- Local Account for Adult Social Care
- Adult Social Care Winter Plan 2022/23
- Care at Home Recommissioning
- Medium-Term Financial Strategy 2023-27 Consultation
- Local Cost of Care
- Cheshire East Place Dementia Plan 2023-27
- Adult Social Care Performance Scorecard – Quarter 2 2022/23
- Notion of Motion: Cost of Living

5.57. The Environment and Communities Committee met on 5 occasions during 2021/22. At the July 2021 meeting it 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.

5.58. 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.

- 5.59. In November 2021, 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 and Jodrell Bank Supplementary Planning Document. The committee also 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.
- 5.60. At the January 2022 meeting, the Environment and Communities Committee considered the Carbon Neutral Programme Progress Report, Draft Conservation Area Appraisal and Management Plans, Quarter 3 Finance Review and the MTFS budget consultation. The Committee also considered a report in response to Referrals of Notice of Motion: Protect the Right of Communities to Object to Individual Planning Applications and approved the annual Brownfield Land Register Update. Verbal updates were also received from the Chair of the Member Advisory Working Sub-Group Committee in relation to the Cheshire East Cemeteries Strategy Review and the Cheshire East Planning Process Review.
- 5.61. In March 2022, the Committee considered a Referral of Notice of Motion in relation to Low Carbon Advertising, the Replacement Recycling Site at Congleton and Single Use Plastics. The Committee also received oral updates from the Chair of the Member Advisory Panel regarding the Cheshire East Cemeteries Review and the Cheshire East Planning Process Review.
- 5.62. Since April 2022, the Committee received the following updates and reports:
- 2021-22 Annual Performance Review
 - Implementation of Public Spaces Protection Order (PSPO) for Macclesfield
 - Housing Supplementary Planning Document (SPD)
 - The Minerals and Waste Development Plan
 - Local Strategy Review
 - Alignment of 2022/23 Budgets
 - Member Advisory Panel: Cheshire East Planning Process Review and Cheshire East Cemeteries Strategy Review
 - Single Use Plastics Update
 - Household Waste Recycling Centre User Guide/Policy
 - Developer Contributions SPD
 - Hackney Carriage and Private Hire Licensing Policy
 - Conservation Area Appraisals and Management Plans

- Household Waste Recycling Centre Contract
- Maintenance of Green Space
- Member Advisory Panel: Cheshire East Planning Process Review
- Member Advisory Panel: Cheshire East Cemeteries Strategy Review
- Local Planning Authority Review and Service
- Local Development Scheme 2022
- Revised Statement of Gambling Principles
- Cheshire East Enforcement Policy Review
- Regulatory Services Enforcement Policy Review
- Mid-Year Review Financial Report
- Working Group: Household Waste and Recycling Centres
- Medium-Term Financial Strategy 2023-27 Consultation
- Mid-year Performance Review – Environment and Neighbourhood Services
- Animal Welfare Licensing Policy
- Carbon Neutral Progress Update
- Notice of Motion: Safe night-time travel for workers
- Notice of Motion: Hydraulic Fracturing (Fracking)

5.63. The Corporate Policy Committee met on 8 occasions during 2021/22. The Committee considered the Member Allowances Report, 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 and Consultation on Council Tax Support Scheme 2022/23. It also received the Customer Experience Progress Report, Shared Services Update Report and 2023 Review of Parliamentary Constituencies.

5.64. 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.

- 5.65. 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 Tax base 2022/23, an Apprenticeship Programme Update and a report on Insurance Contracts Procurement.
- 5.66. At the January 2022 meeting, the Committee responded to the MTFS 2022/23 – 2025/26 budget consultation. It also considered a report on the Communications Plan for Residents and Health and Safety Update Quarter 2 along with receiving minutes from the Finance and General Appeals Sub-Committees.
- 5.67. The February 2022 meeting included updates on COVID-19 and the Shared Services Joint Committee. The Committee also considered the MTFS 2022-26, the High-Speed Rail (Crewe – Manchester) Bill Petition and the Pay Policy Statement 2022/23. The Committee also received the Finance Sub-Committee minutes.
- 5.68. In March 2022, the Committee received updates on the Afghan Relocations and Assistance Policy (ARAP) and Afghan Citizens Resettlement Scheme (ACRS), Cyber Security, the Equality, Diversity and Inclusion Strategy and Workforce Terms and Conditions Review. The Committee also considered reports on the proposed changes to the Emergency Assistance Scheme for 2022/23 and the Health and Safety Update for Quarter 3. The Committee also approved the Cheshire East Digital Strategy.
- 5.69. Since April 2022, the Committee has considered the following reports:
- Community Governance Review of Town and Parish Council Governance
 - Progress on Governance for the Integrated Care System
 - Workforce Strategy 2021-2025 – Progress Review
 - Wilmslow Town Centre Business Improvement District
 - Open Data – Annual report
 - First Annual Review of the Committee System
 - Corporate Services Budgets 2022/23
 - Appointments to Sub-Committees, Working Group, Joint Committees and Boards
 - Covid-19 Update
 - Corporate Services Budgets 2022/23
 - Appointments to Sub-Committees, Working Groups, Joint Committees and Boards

- Workforce Strategy 2021-2025 Progress Review
- Health and Safety Update – 2021/22
- Minutes of General Appeals Sub-Committee
- Performance Outturn 2021/22
- Strategic Risk Register Assurance Report
- Approach to Consultation and Engagement
- Communications Strategy for Residents 2022-25
- UK Shared Prosperity Fund – Cheshire East Allocation
- Update on Shared Services Joint Committee and Best for Business
- Review of Appointments to Outside Organisations
- Petition: Fight for Middlewich
- UK Shared Prosperity Fund – Investment Plan Update
- Approval of Corporate Grants Policy 2022-2025
- Registration Service – Ceremony Fees
- Integrated Care System – Appointment to Health and Care Partnership
- Parental Leave Policy for Councillors
- ICT Strategy Principles
- Shared Services Review Update
- Best4Business – Lessons Learned Review
- First Financial Review 2022/23
- Performance Report – Quarter 1 2022/23
- Strategic Risk Register Assurance Report 2022/23 Quarter 1
- Minutes of Finance Sub Committee and General Appeals Sub Committee
- High Speed Rail 2 Phase 2b – Qualifying Authority and Schedule 17 Decision-Making
- Communications Strategy for Residents 2022-25
- Consultation and Engagement
- Workforce Strategy 2021-2025 Progress Update
- Equality, Diversity and Inclusion – Annual Review

- Financial Review Update 2022/23
- Performance Report – Quarter 2 2022/23
- Strategic Risk Register Assurance Report Quarter 2 2022/23
- Health and Safety Update 2022/23
- Domestic Taxbase 2023/24
- Medium-Term Financial Strategy 2023-27 Consultation on the Responsibilities Covered by the Corporate Policy Committee
- Notice of Motion: LGA Campaign: 'Save Local Services'
- Media Relations Protocol
- Pay Policy Statement 2023/24
- Appointment of New Member to the Independent School Admission Appeals Panel
- Medium-Term Financial Strategy 2023-27
- The Future Model for ICT: Shared Service Review

5.70. The Information Governance Group (IGG) met regularly throughout 2021/22, 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.

5.71. 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.

5.72. The Brighter Futures Commercial Board continued to meet during 2021 and up until April 2022 when it was agreed that the Board had achieved its objectives.

5.73. The Contract Management System is being rolled out to services on a phased basis and went live in September 2021 for Procurement, ICT and the People's Directorate. Procurement reports are regularly provided to the Finance Sub-Committee which include pipeline, contracts, waivers and relevant procurement updates.

- 5.74. Commissioning, procurement, and contract management training is currently being refreshed to include the basic contract management, roles and responsibilities of contract managers and contract management system training.
- 5.75. 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.
- 5.76. During 2021/22, 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
 - Regular updates and the Annual Report of the Council's 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
 - Member Code of Conduct Sub-Committee Report summarising the recent Member Code of Conduct complaints and associated investigations involving elected members of a Parish Council
 - A summary of the key findings identified during the External Auditors certification process – Certification of Claims and Returns 2020/21
 - The Monitoring Officer Report 2021/22
- 5.77. 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 will be revisited as part of the 2022/23 self-assessment process.

- 5.78. The Committee's Annual Report for 2020/21 was presented to the November 2021 Audit and Governance Committee. The Annual Report for 2021/22 was presented to the 29 September 2022 meeting of the Committee.
- 5.79. The 2020/21 Annual Governance Statement was approved at the January 2022 meeting of the Audit and Governance Committee. The Statement was signed by the Leader of the Council and the Chief Executive.

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

- 5.80. 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 2021/22 which was received by the Audit and Governance Committee on 28 July 2022 and is as follows:

Internal Audit Opinion

The Council's framework of risk management, control and governance is assessed as adequate for 2021/22

- 5.81. In forming its opinion, Internal Audit considered issues arising from the implementation of the Unit 4 ERP System, the impact on the framework of risk management, control and governance and the actions taken to mitigate these matters. Internal Audit will continue to undertake detailed reviews jointly with Cheshire West and Chester Council to obtain assurance that appropriate controls are in place across the key financial systems.
- 5.82. As referenced elsewhere within the statement, there was an ongoing national issue in relation to the valuation of infrastructure assets that prevented the external auditors from completing their 2020/21 and 2021/22 audits. This resulted in a pause in the sign off on the audit report and opinion. Assurance was provided by the external auditors to the Audit & Governance Committee that this was a national matter and that the risk to Cheshire East Council was minimal and not expected to have a material impact upon service delivery. The solution to the issue was issued to the Council on 25 December 2022 and the external auditors are reviewing the Council's response prior to completing their audit.
- 5.83. Following completion of all police investigations into the Council and consideration by the Crown Prosecution Service, the former external auditors, Grant Thornton, completed their work in relation to the outstanding audit certificates under the Local Audit and Accountability Act 2014. This work commenced during 2021/22 and was supported by Internal Audit and the Council as a whole.
- 5.84. Having concluded their work, Grant Thornton published a report in the public interest on 17 January 2023 which was considered by Council on 1 February 2023.

The external auditor's report made three recommendations to Council which were all accepted. These are set out below.

R1 *The Council should carefully consider this report to ensure all members now understand the events and conditions that led to the issues set out in this report. This consideration could usefully reflect upon: what happened; the governance and cultural arrangements that allowed it to happen; the critical success factors that led to the successful resolution of matters; and the key elements of the Council's current arrangements that can reassure members of the Council's ability to protect itself from such threats to its future governance.*

R2 *The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report.*

R3 *The Council should discuss with its current external auditors whether there are any matters arising from this report that should be addressed by the current auditors' statutory external audit.*

- 5.85. Council agreed that Audit and Governance Committee would receive a further Internal Audit report to conclude the recommendation at R2.

The Council should, as planned, return to the other specific matters investigated by Internal Audit (see paragraphs 4.2 and 5.6 of the public interest report), following the Core Fit issue, and determine if there are further actions to be taken particularly in light of this report.

- 5.86. The specific matters referred to above relate to further assurance work being carried out by Internal Audit in relation to land transactions (acquisitions and disposals). This follows from the initial work carried out in the 2017/18 plan, which resulted in referrals to Cheshire Police being made in March 2018 and the qualification of the 2017/18 Value for Money opinion. The final assurance report will be brought to a future meeting of the Audit and Governance Committee.
- 5.87. The Public Interest Report and the action required by the Council in respect of the three recommendations has been included as a Significant Governance Issue in Section 8.
- 5.88. Counter Fraud activity is reported to the Audit and Governance Committee through the Internal Audit progress reports. The latest update was provided to the November 2022 meeting.
- 5.89. The Council has a number of wholly owned companies. Several changes were made following an independent review of these Alternative Service Delivery Vehicles (ASDVs).

- 5.90. The following ASDVs were in operation during 2021/22:
- Orbitas Bereavement Services Limited
 - ANSA
 - Transport Service Solutions Limited. (TSS Ltd)
 - Tatton Park Enterprises Limited
- 5.91. 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.
- 5.92. In May 2022, the Finance Sub-Committee approved the recommendation of the Shareholder Working Group for “the inclusion of the Bereavement Services Contract on the Procurement Pipeline Report for a period of 5 years, with an extension for a further 3 years, at a value determined by the Commissioner for Bereavement Services in line with the current MTFS”. The Council entered into a new contract for the provision of bereavement services with Orbitas Bereavement Services on 31 March 2022 for a period of 5 years with the option to extend for a further 3 years.
- 5.93. In May 2021, Cabinet approved the recommendations that the strategic, planning, commissioning, and procurement functions of TSS Ltd were 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 came into force on 1 April 2022.
- 5.94. Following the move to the Committee System in May 2021, the responsibilities of the ASDV Shareholder Committee were transferred to the Finance Sub-Committee. In September 2021, a Shareholder Working Group was appointed to review and provide advice on the strategic business cases and current governance arrangements for each wholly owned company (WOC). The Sub-Committee received and considered the report of the Working Group at the 5 January 2022 meeting. The Sub-Committee also considered the Wholly Owned Companies Matters report at the meeting held on 1 June 2022 and received a verbal update on 6 July 2022. At the 7 September 2022 meeting, the Sub-Committee considered the Commencement ASDV Governance Review report.
- 5.95. Everybody Health and Leisure (Everybody) is an independent charitable trust which delivers recreation and leisure facilities. The Council retains ownership of significant assets such as buildings. Everybody 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 Everybody runs to 30

April 2029. Prior to 1 May 2022, Everybody was known as Everybody Sports and Recreation (ESAR).

- 5.96. Everybody's annual performance report for 2021/22 was reported to the commissioning manager and was shared with members of the Environment and Communities Committee in January 2022.
- 5.97. The Shared Services Joint Committee oversees the management of the services provided 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 on all 8 shared services including ICT Services, the Transactional Service Centre. They have also overseen the review of the shared services.
- 5.98. 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 2021/22. The Finance element of the Unit4 ERP solution was successfully launched to users on 8 February 2021, 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.
- 5.99. The progress reports to the Shared Services Joint Committee included the following:
 - Update on developments following go live of the HR and payroll elements
 - Update on a post go-live transition plan and technical close of the programme
 - Proposals for a Member-led Lessons Learned review of the programme
- 5.100. In June 2022, the Shared Services Joint Committee received a further update on the implementation of the Unit 4 ERP System. This report provided an update on each of the three elements detailed above, including that the terms of reference for the lessons learned review were expected to be agreed by August 2022 and an externally facilitated task group was being established to undertake the review. The Best4Business Future Lessons – Outcome Report was presented to the Shared Services Joint Committee on 23 September 2022.
- 5.101. 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.
- 5.102. 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. The Children and

Families Committee received a presentation with the findings from the revisit at the meeting held on 12 July 2021.

- 5.103. 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.
- 5.104. 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 31 August to not later than the 30 September 2022, the publication of the final statements remains the 30 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.
- 5.105. However, due to a national issue regarding accounting for infrastructure assets, it was not possible for the external auditors to complete and conclude the audit to allow for publication of the final statements by the 30 November 2022. The solution to the issue was issued to the Council on 25 December 2022 and the external auditors are reviewing the Council's response prior to completing their audit.
- 5.106. The Audit and Governance Committee therefore considered the draft statement at the 29 September 2022 meeting and will review the final statement at the meeting to be held on 9 March 2023.

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

- 5.107. 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.
- 5.108. 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.
- 5.109. In September 2021, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2020/21, which provided background and an overview on the Monitoring Officer's statutory duties. The report also 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. The Committee also received the 2021/22 Monitoring Officer Report in September 2022.

- 5.110. The Audit and Governance Committee agreed that a review of the Member 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. A Councillor Code of Conduct Working Group was established to consider the Model Code and propose a revised Code of Conduct for Cheshire East Council. The review remained on the Committee's work plan for 2021/22, and the draft Code was received by the Committee on 28 July 2022, which was subsequently recommended to and adopted to Council on 19 October 2022.
- 5.111. At the meeting of the Audit & Governance Committee held on 10 March 2022, the Committee received a report summarising recent Member Code of Conduct complaints and associated investigations involving elected members of Handforth Parish Council. Consequential amendments to the Code of Conduct resulting from this report were considered by the Councillor Code of Conduct Working Group.
- 5.112. In November 2021, the Crown Prosecution Service 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.
- 5.113. Section 151 responsibilities for 2021/22 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).
- 5.114. The Monitoring Officer responsibilities were covered by the Director of Governance and Compliance Services.
- 5.115. Prior to the adoption of the committee system in May 2021, the Staffing Committee received updates on the Brighter Future Together (Culture) Programme. 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 committee system the Corporate Policy Committee assumed the responsibilities of the Staffing Committee and received an update on the Organisational Culture Change Programme in July 2021. The Committee also approved the Workforce Strategy in November 2021 and received updates on progress in June and December 2022.

Ensuring openness and comprehensive stakeholder engagement

- 5.116. 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.
- 5.117. 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.
- 5.118. Committee meetings continued to be audio cast throughout 2021/22. 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.
- 5.119. 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 7 May 2021. COVID-19 secure face to face meetings were reintroduced after this date.
- 5.120. Updates on the organisation's response to COVID-19 were provided to the monthly Cabinet meetings held in 2020/21. Following Cabinet being decommissioned, updates have been provided to both the Corporate Policy Committee and Audit and Governance Committee.
- 5.121. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.122. 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.
- 5.123. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings. In response to the lockdown restrictions relating 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.

- 5.124. Weekly Manager Share and Support sessions were 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.
- 5.125. 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.
- 5.126. Members and Officers continued to receive frequent briefings on COVID-19 related matters during 2021/22 with dedicated areas of content on CEntranet directing colleagues to advice and guidance.
- 5.127. 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. There has been a move towards face to face sessions since the lifting of COVID-19 restrictions.
- 5.128. Since 2020, the Chief Executive has provided regular video updates to staff via a Vlog. The videos and transcripts are available on the CEntranet.
- 5.129. 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 annual awards which was held in January 2023 after the disruption of the last couple of years. The recognition panel itself includes volunteers from across the organisation.
- 5.130. The Council’s Corporate Leadership Team has continued to meet virtually with staff groups from across the organisation and offer an opportunity for staff to raise any questions or issues they have directly with their Senior Managers.
- 5.131. 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 2021/22.
- 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 following previously included issues are no longer considered to be significant and have therefore been removed as agreed at Audit and Governance Committee on 29 September 2022:
- Proposed Change to the Committee System of Governance
 - Replacement of the Council's Core Financial and HR Systems
 - Responding to the impact of COVID-19
- 6.8. The issues of "Council Funding" and "Health and Social Care Integration" are included again as continuing areas of concern issues for 2021/22 in the updates in Section 7. This recognises the continuing significance of these two specific areas, at national and local levels.
- 6.9. However, as both issues have been included since 2015/16, the descriptions and proposed actions have been updated to reflect the latest position and better articulate the challenges that they currently present to the Council.
- 6.10. The Council's assessment of its governance arrangements has also identified three significant issues arising during 2021/22 relating to ASDV Governance, Planning, Cheshire East Safeguarding Children's Partnership Governance and the Public Interest Report.
- 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).**

7. Progress against ongoing issues identified in previous Annual Governance Statements

Council Funding <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS but revised and restated for 2021/22</i>	
Description of Issue at the time of inclusion in AGS	<p>The uncertainty of demand for services, particularly during the pandemic, makes forecasting the adequacy of funding requirements more challenging. This was exaggerated through uncertainty of the potential yield from many of the Council's largest funding sources. For example, Council Tax and Business Rate collections and taxbase calculations were impacted by the pandemic and by government intervention. DSG is impacted by academisation and shortfalls in High Needs funding. Grants are subject to ongoing review and therefore often presented as single year allocations.</p> <p>Without certainty the Council can sometimes be required to make short term decisions which could prove inefficient as well as disruptive.</p> <p>Council received and approved a balanced 4-year MTFS 2022 to 2026 in February 2022. This followed consideration at each service Committee and was recommended to Council by the Corporate Policy Committee. This includes the Budget and Council Tax levels for the 2022/23 financial year.</p> <p>Council further received a balanced 4-year MTFS 2023 to 2027 in February 2023. The consultation process to support this budget received more responses than any previous consultation which was an indication of the process and content of the proposals. Decisions were required to alter several services and introduce new charges to support material growth, particularly in Adult Social Care.</p> <p>The Local Government Finance Settlement published in 2021 was presented as a Three Year Settlement, but the local allocation of total funding was only certain for 2022/23. The MTFS aimed to minimise the medium term risk of reduced funding by assuming lower allocations in later years in line with statements from Ministers. Due to material growth and in-year over-spending the final settlement in 2022 introduced new grants, increased Council Tax referendum levels and delayed Adult Social Care reform. The impact of this caused delays to the MTFS process.</p> <p>Whilst funding from Council Tax and Business Rates has stabilised to a degree there is still uncertainty over any structural changes to these income sources. Material funding issues remain within the High Needs funding block in the DSG, and Cheshire East Council</p>

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	<p>took part in the Delivering Better Value Scheme, although it is clear this will not resolve the material deficits in this area.</p> <p>The legacy impact of the pandemic and other global events continues to cause forecasting issues with the demand for services and the levels of inflation and interest rates.</p>
Responsibility	Executive Director of Corporate Services
Action proposed at the time of inclusion in the AGS	<p>The Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>Finance staff and senior leaders are engaging with government officials and professional bodies (such as CCN, CIPFA, LGA, 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 considered.</p> <p>Funding estimates are transparent and reported to the Finance Sub-Committee. Working Groups from the Sub-Committee have also reviewed estimates in detail. This includes estimates within all financial strategies that make up the over-arching Medium Term Financial Strategy.</p> <p>The Council's increasing level of collaboration and integration with public sector partners, such as health services and neighbouring local authorities, is also subject to significant review.</p>

Health and Social Care Integration

Recognised as a Continuing Governance Issue in the 2015/16 AGS but revised and restated for 2021/22

Description of Issue revised for inclusion in 2021/22 AGS	<p>Since the 1 July 2022 integrated care systems have been formalised as statutory bodies following changes brought about by the 2022 Health and Care Act and has meant the abolishment of the Clinical Commissioning groups.</p> <p>Cheshire East Council sits within the Cheshire & Merseyside ICS footprint, which comprises of 9 Local Authority Areas.</p> <p>The central aim of ICS's is to integrate care across different organisations and settings, joining up hospital and community-based services, physical and mental health, and health and care.</p> <p>The key challenges and risks that this presents are as follows:</p> <ul style="list-style-type: none"> • That the ICS is not a partnership of equals across the broader health, wellbeing and social care system. • Risk that central control remains at central level and decision making and delegations are not devolved to place. • National versus local tensions.
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	<ul style="list-style-type: none"> Budget deficits.
Responsibility	Executive Director of Adults, Health and Integration
Action proposed at the time of inclusion in the AGS	<p>Ensuring representation at a Cheshire and Merseyside level</p> <p>All Integrated Care Systems (ICS) are made up of two constituent elements, the Integrated Care Partnership (ICP) and the Integrated Care Board (ICB). For Cheshire and Mersey Integrated Care System (C&MICS):</p> <ul style="list-style-type: none"> The Leader of the Council represents Cheshire East Council on the Integrated Care Partnership, which in Cheshire and Mersey is called the Health and Care Partnership; The C&M ICB constitution makes provision for two local authority chief executives to be members of the Board, one from Cheshire and Warrington and one from the Mersey City Region, to represent the views of local authorities. The role will rotate between local authorities on a 3 year cycle. There is also a Director of Public Health on the board. <p>Collaboration with the ICB local representative – Mark Wilkinson-place director.</p> <p>In Cheshire East the Place Director has dotted line accountability to the Chief Executive and routinely attends the Corporate Leadership Team. In addition joint management arrangements across the local ICB team and the Adults Health and Integration Department are progressing.</p> <p>The Place Director is a permanent and full member of the Cheshire East Health and Wellbeing Board.</p> <p>Ensuring local priorities are understood and communicated.</p> <p>Partners are currently refreshing the Cheshire East Health and Wellbeing Strategy to ensure that aims and ambitions are relevant post-pandemic, and joint outcomes, a joint implementation plan and a shared performance management framework are in development.</p> <p>A shared approach to communicating with residents has yet to be developed.</p>

8. Significant Governance Issues 2021/22

- 8.1. The significant governance issues the Council recognises as arising during 2021/22 are detailed below. A description of the issue, along with details of the actions undertaken to date, and any further actions required to manage the issue is also

given. These issues will need implementing and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Leadership Team and reported to the Audit and Governance Committee.

Description	Actions	Responsibility
<p><u>ASDV Governance</u></p> <p>The governance of wholly owned companies across the local government sector has come under the spotlight following failures which have resulted in the publication of Public Interest Reports.</p> <p>Those reports highlighted that failings in the governance of those companies resulted in “institutional blindness” and a failure to recognise, understand, and so address commercial pressures and conflicts of interest. These governance failings resulted in high profile financial losses and reputational damage to those Councils and in some cases external intervention.</p> <p>In the light of these high-profile company failures, CIPFA have recently published guidance aimed at mitigating the risk to local authorities of company ownership. Whilst framed as guidance, its status is such that it will affect reporting and external assessment of the Council. There is therefore merit in being pro-active and taking action in response to these highlighted risks.</p> <p>A comparison of the Council's current governance arrangements against the CIPFA guidance has highlighted risks in the current company structures, and with the levels of transparency and assurance. Improvement in the reporting and assurance can be achieved</p>	<p>Work has been undertaken to identify proposed changes to the current ASDV governance and reporting arrangements to ensure that they broadly align with the good practice as described in the CIPFA guidance.</p> <p>This has also proposed that a full review of the overall company structures and governance arrangements is undertaken and that a reporting structure is implemented to strengthen insight into the operation of the Council's ASDVs.</p> <p>The review is proposed to include a review of directors, the process for their appointment, and the training and support provided to them.</p> <p>A working group has been established and stage 1 of the review was completed in December 2022.</p>	<p>Director of Governance and Compliance</p>

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Description	Actions	Responsibility
which will mitigate these risks and bring Cheshire East's arrangements in line with best practice.		

Description	Actions	Responsibility
<p><u>Planning</u></p> <p>In November 21, the Chief Executive and Environment and Communities Committee requested an objective review of the planning application backlog in Planning Services be undertaken. The backlog had accumulated over some time as a result of increasing workloads, vacant posts and impacts on delivering the service from the Covid 19 pandemic. The backlog was significant in number and was attracting complaints about the service from both within and beyond the Council, with potential for reputational damage to both the Local Planning Authority and the Council. An objective Deep Dive review was undertaken, led by the Executive Director of Place.</p> <p>The findings, recommendations and next steps for the service were received and noted by the Environment and Communities Committee on 31 October 22. It was also noted that a range of measures had already been implemented, particularly in relation to reducing the backlog of planning applications.</p>	<p>The review has produced a detailed Modernisation Plan for the service including a significant number of actions and improvements that have been identified through the review.</p> <p>Workstream leads have been identified and many actions are underway, implemented or partially implemented from the review.</p> <p>Work to remove the applications backlog had advanced in recent months although workloads remain significant in the service.</p> <p>Performance scorecards have been developed to report to the new Modernisation Board - when established this introduces a new level of reporting and governance for the Modernisation Plan. Terms of Reference for the Board are now agreed.</p> <p>Performance reports from the service will continue to be reported to the Environment and Communities Committee with additional regular oversight by CLT also being introduced to monitor progress within the service.</p>	Executive Director Place

Description	Actions	Responsibility
<u>Cheshire East Safeguarding Children's Partnership (CESCP) Governance</u>	Cheshire East Council as the principal authority for the partnership were required to provide a multi-agency	Executive Director of Children's Services

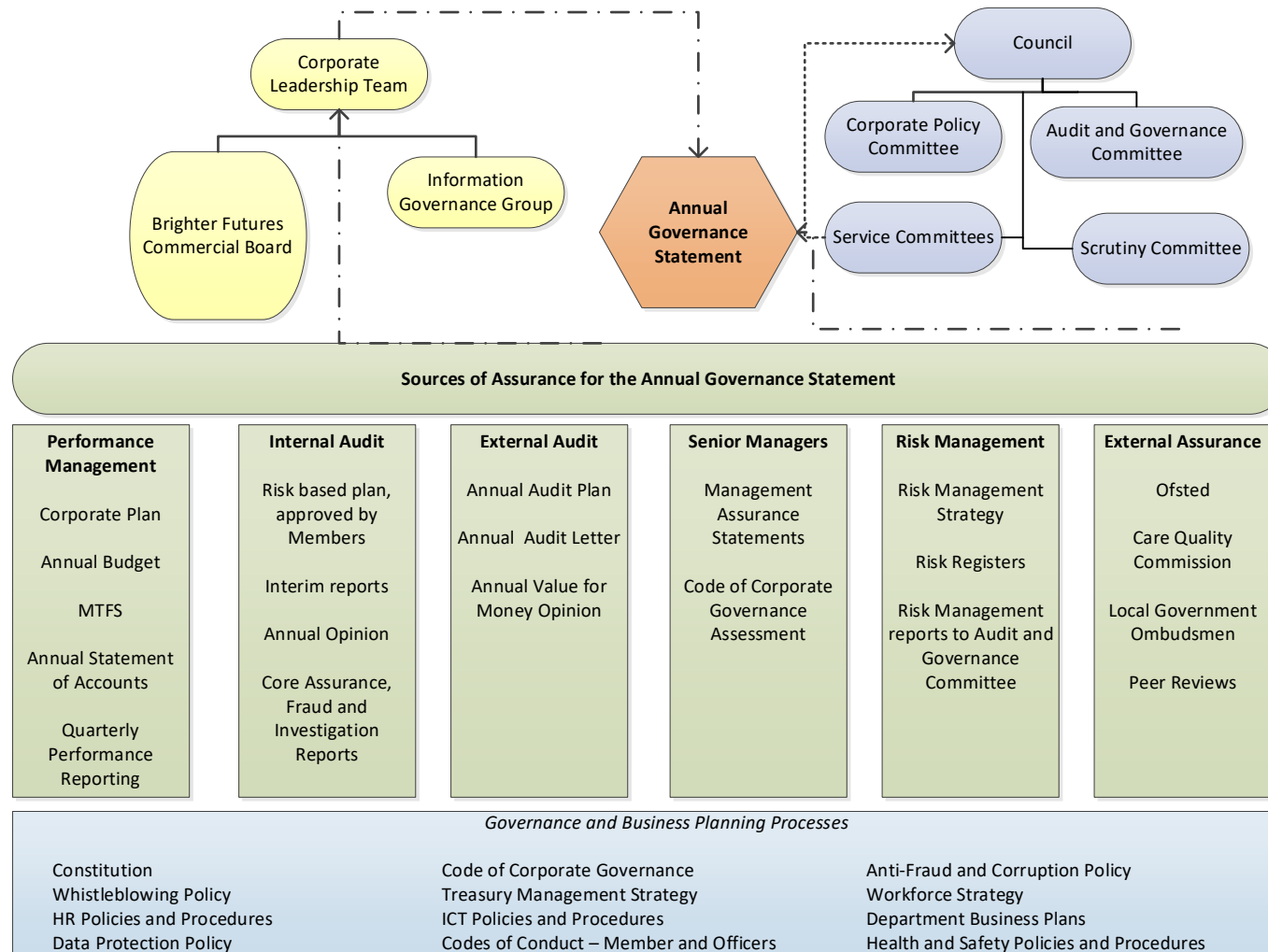
Description	Actions	Responsibility
<p>In July 2022, a joint targeted area inspection (JTAI) of the CЕСSP was undertaken. The inspection identified strategic weaknesses in the leadership, function, purpose and impact of the work of the local safeguarding children's partnership and its sub-groups and recommended that across the partnership, leaders should ensure that operational practice reduces risk of exploitation of children.</p> <p>An Internal Audit review that was underway at the time of the unannounced inspection also identified weaknesses in the governance arrangements for the Partnership.</p>	<p>written statement of proposed action by 5 January 2023. This improvement action plan has been submitted.</p> <p>In addition, an Improvement Advisor has been appointed by the Department for Education to support the partnership in meeting its improvement goals.</p> <p>An Improvement Board has been formed to oversee the progress against the action plan. This will be chaired by the independent Improvement Advisor.</p> <p>Progress will be further scrutinised by the Cheshire East Council Chief Executive, Chief Constable and a senior NHS representative. The Board will meet monthly until all the identified improvements have been successfully implemented.</p> <p>Regular reports on progress will be provided to Children and Families Committee.</p>	

Description	Actions	Responsibility
<p><u>Public Interest Report</u></p> <p>Following completion of all police investigations into the Council and consideration by the Crown Prosecution Service, the former external auditors, Grant Thornton, completed their work in relation to the outstanding audit certificates under the Local Audit and Accountability Act 2014. This</p>	<p>The terms of reference for the Internal Audit review will be shared with the Audit and Governance Committee for the 9 March 2023 meeting, with the final report coming to a future meeting of the Committee.</p> <p>The Chief Financial Officer, Monitoring Officer and Head of</p>	<p>Chief Executive</p>

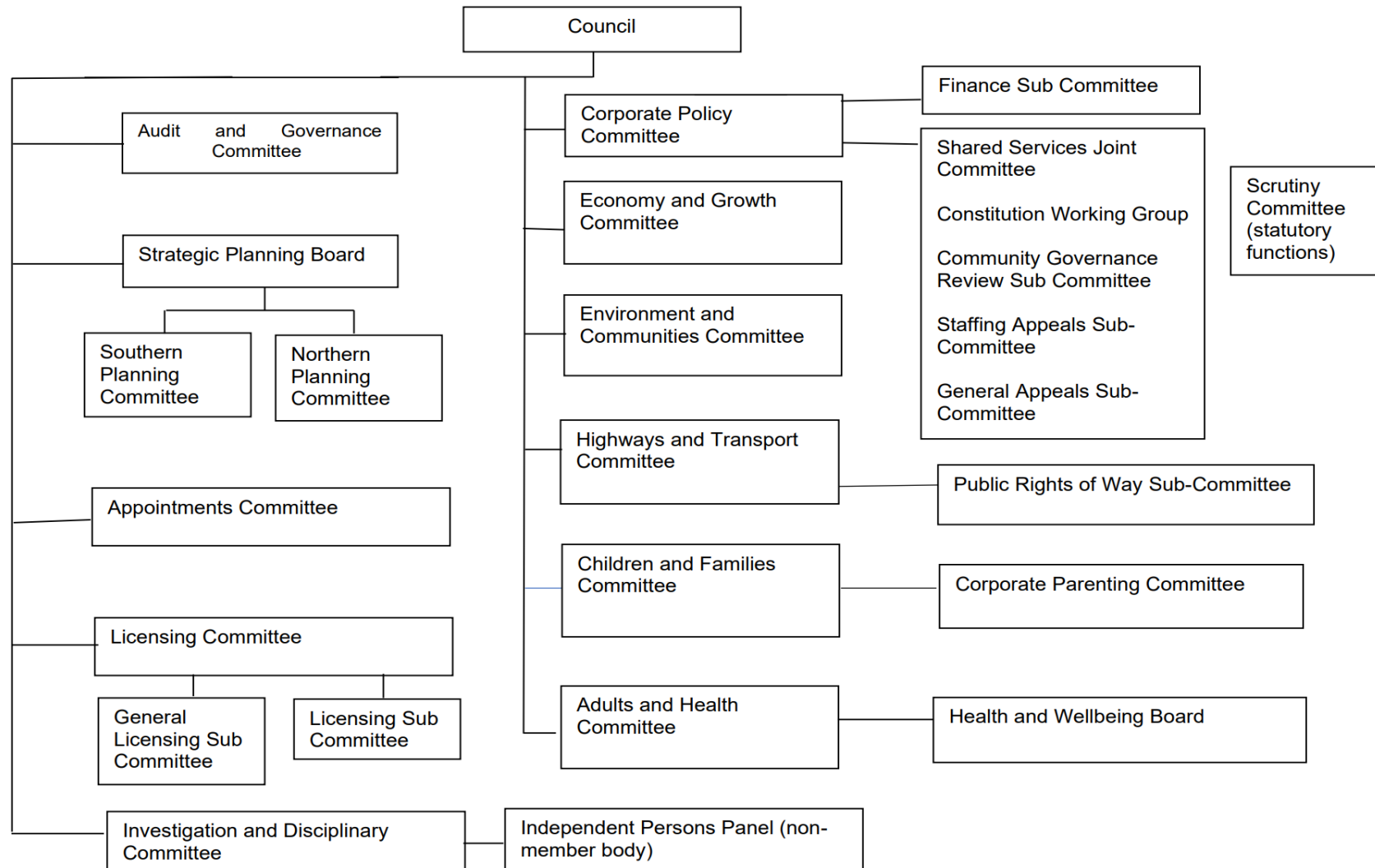
Description	Actions	Responsibility
<p>work commenced during 2021/22 and was supported by Internal Audit and the Council as a whole.</p> <p>Having concluded their work, Grant Thornton published a report in the public interest on 17 January 2023.</p> <p>The external auditor's report made three recommendations to Council which were all accepted.</p> <p>The first recommendation set out that the Council should carefully consider this report to ensure all members now understand the events and conditions that led to the issues set out in this report. This consideration could usefully reflect upon what happened; the governance and cultural arrangements that allowed it to happen; the critical success factors that led to the successful resolution of matters; and the key elements of the Council's current arrangements that can reassure members of the Council's ability to protect itself from such threats to its future governance. The Public Interest Report was considered by Council on 1 February.</p> <p>Council agreed that Audit and Governance Committee would receive a further Internal Audit report to conclude Recommendation 2.</p> <p>Recommendation 3 required the Council to discuss with its current external auditors whether there are any matters</p>	<p>Internal Audit discussed the third recommendation with Mazars ahead of the full Council meeting on 1 February.</p> <p>At that meeting, Mazars had not, as part of their current and prior year audits, highlighted any risks of, or actual significant weakness in respect of the Council's arrangements in relation to its use of resources or value for money which should be brought to the attention of the Audit and Governance Committee.</p>	

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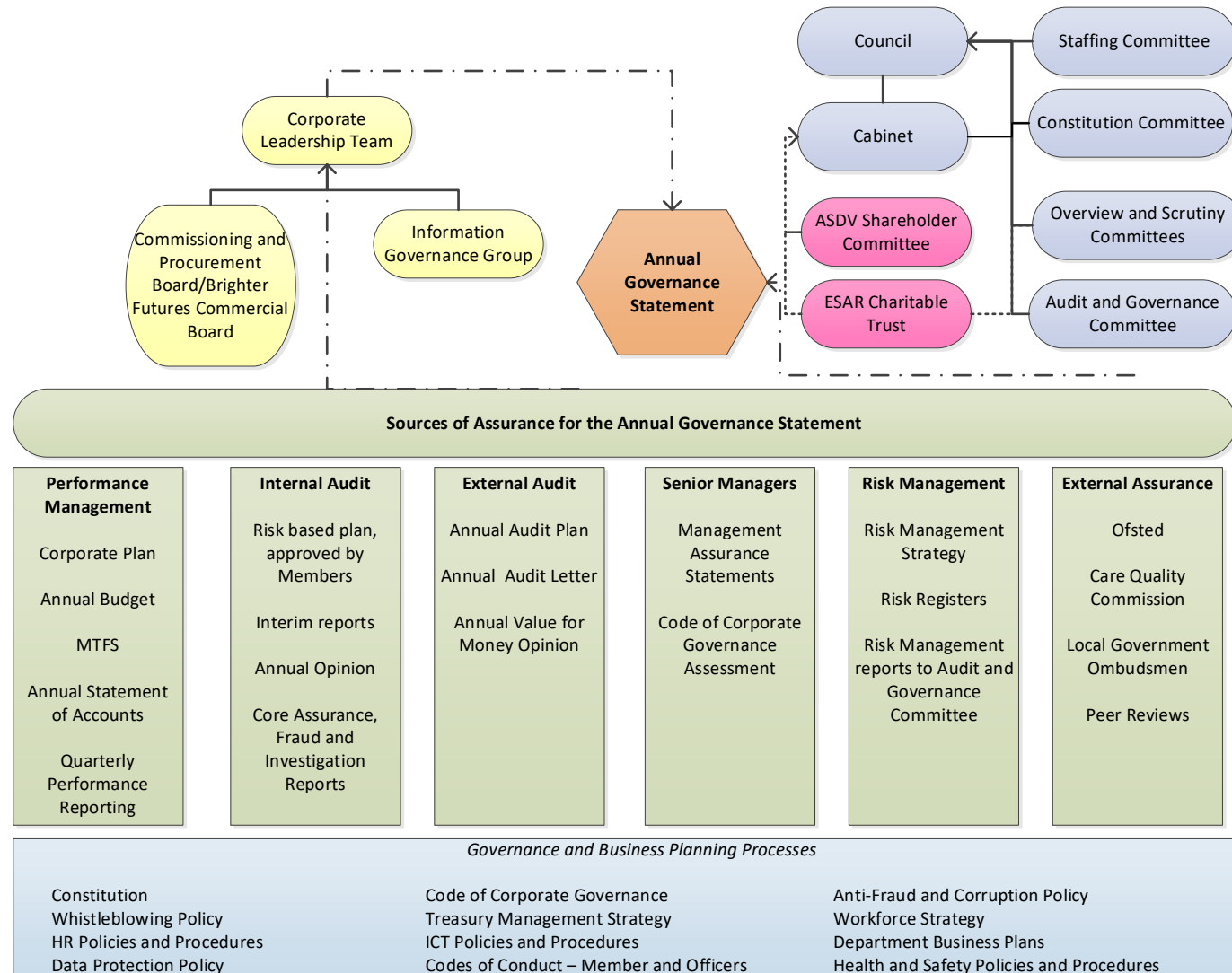
Description	Actions	Responsibility
arising from the Public Interest report that should be addressed by the current auditors' statutory external audit.		



Appendix 2: The Committee Structure



Appendix 3: The Governance Framework prior to 4th May 2021





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Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Certification of Housing Benefit Subsidy Claim and Teachers Pensions Return 2021/22
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	AG/45/21-22
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. The purpose of this report is to present the outcome of the External Auditor's certification process for the 2021/22 Housing Benefit Subsidy claim and for Members to note that the audit work on the Teachers' Pension End of Year Certificate (EOYC) is not yet complete.
- 1.2. The report contributes to the Council's objective of being an open and enabling organisation.

2. Executive Summary

- 2.1. With regard to the 2021/22 Housing Benefit Subsidy claim the External Auditor's certification process has concluded with no errors or exceptions identified.
- 2.2. The audit work on the 2021/22 Teachers' Pension End of Year Certificate (EOYC) is not yet complete; the outcome of this work will be included in a subsequent report to the Audit & Governance Committee.

3. Recommendations

- 3.1. That Members note that as a result of the audit testing of the 2021/22 Housing Benefit Subsidy claim no errors or exemptions were found and no recommendations for improvements were made to the DWP.

4. Reasons for Recommendations

- 4.1. To ensure that Members consider the findings of the certification process.

5. Other Options Considered

- 5.1. Not applicable.

6. Background

- 6.1. KPMG were appointed as external auditors, following a joint procurement with the Greater Manchester Councils, to complete the Housing Benefit (Subsidy) Assurance Process and to certify the Teachers' Pension annual statement of contributions. The contract commenced on 1 April 2019. This is in addition to the main audit of the Council's financial statements which is undertaken by Mazars LLP.
- 6.2. The audit of the Housing Benefits Subsidy Claim was completed in accordance with HBAP Modules 1 and 6 2021/22 issued by the Department of Work and Pensions (DWP).
- 6.3. Following the completion of the Housing Benefit Subsidy Claim the auditors reported that no errors or exceptions were found as a result of their testing. In addition, no recommendations for improvements to the Council's claims completion process were made to the DWP.
- 6.4. The certification of the Teachers' Pension annual statement of contributions for the year end 31 March 2022 is being carried out in accordance with the Teachers' Pensions Regulations 2010 (SI 2010/990) and The Teachers' Pension Scheme Regulations 2014 (SI 2014/512).
- 6.5. At the time of writing this report, the certification process has not yet been completed. Following recent correspondence, KPMG have been provided with final pieces of evidence for review; and it is expected that they will be able to provide their certificate in the near future. The outcome of this work will be included in a subsequent report to the Audit and Governance Committee.

7. Consultation and Engagement

- 7.1. Engagement with the auditors was carried out by the relevant officers.

8. Implications

8.1. Legal

- 8.1.1. There are no legal implications identified.

8.2. Finance

- 8.2.1. The audit fees will be met from within the Council's revenue budget.

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 resources implications identified.

8.6. Risk Management

8.6.1. The risks associated with the findings of this report relate to a position where the Council may not meet the requirements of the certification process and a financial liability is incurred.

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:	Paul Goodwin Head of Finance & Deputy Chief Finance Officer paul.goodwin@cheshireeast.gov.uk 01270 686185
Appendices:	None
Background Papers:	KPMG report for the Housing Benefit Subsidy claim form MPR720A for the year ended 31 March 2022

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Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Risk Management Update
Report of:	Jane Burns, Executive Director Corporate Services David Brown, Director of Governance and Compliance
Report Reference No:	AG/22/21-22
Ward(s) Affected:	All wards

1. Purpose of Report

- 1.1. Effective risk management is central to good governance and supports the efficient delivery of the Council's corporate plan objectives. The Audit and Governance Committee provides an independent assurance to the Council on the adequacy of the risk management framework.

2. Executive Summary

- 2.1. This report provides the Audit and Governance Committee with an update on the Strategic Risk Register for the period ending Quarter 2 22/23, and an overview of other risk management activity in the organisation. Appendix A covers the Strategic Risk Register in detail.

3. Recommendations

- 3.1. To note the update provided by this report to the Audit and Governance Committee.

4. Reasons for Recommendations

- 4.1. Risk management is central to facilitating good governance and the achievement of corporate objectives. As a publicly accountable body, the Council must demonstrate effective identification and management of the risks that threaten the achievement of its corporate objectives and the effectiveness of its operations.

- 4.2. The Audit and Governance Committee have responsibility for monitoring the effective development and operation of risk management across the Council.

5. Other Options Considered

- 5.1. No alternative options considered; this is an update report to support the Committee in meeting its responsibilities under its Terms of Reference.

6. Background

- 6.1. Risks included on the Strategic Risk Register are those which materially threaten the organisation's ability to achieve its strategic goals, in this case our corporate objectives. This could be in the form of an individual threat to a specific objective, or the compound effect of a threat across several areas.
- 6.2. Items on the Strategic Risk Register are "owned" by members of the Corporate Leadership Team and are reviewed on a quarterly basis. Co-ordination and administration of the Strategic Risk Register and the Risk Management Framework is undertaken by the Head of Audit and Risk Management.
- 6.3. Detailed updates on the Strategic Risk Register are provided to the Corporate Policy Committee on a (retrospective) quarterly basis, with the update on Quarter 1 activity reported on 6th October 2022, Quarter 2 activity reported on 1st December 2022 and Quarter 3 activity due to be reported on 23rd March 2023. A copy of the Quarter 3 report will be circulated to the Audit and Governance Committee.

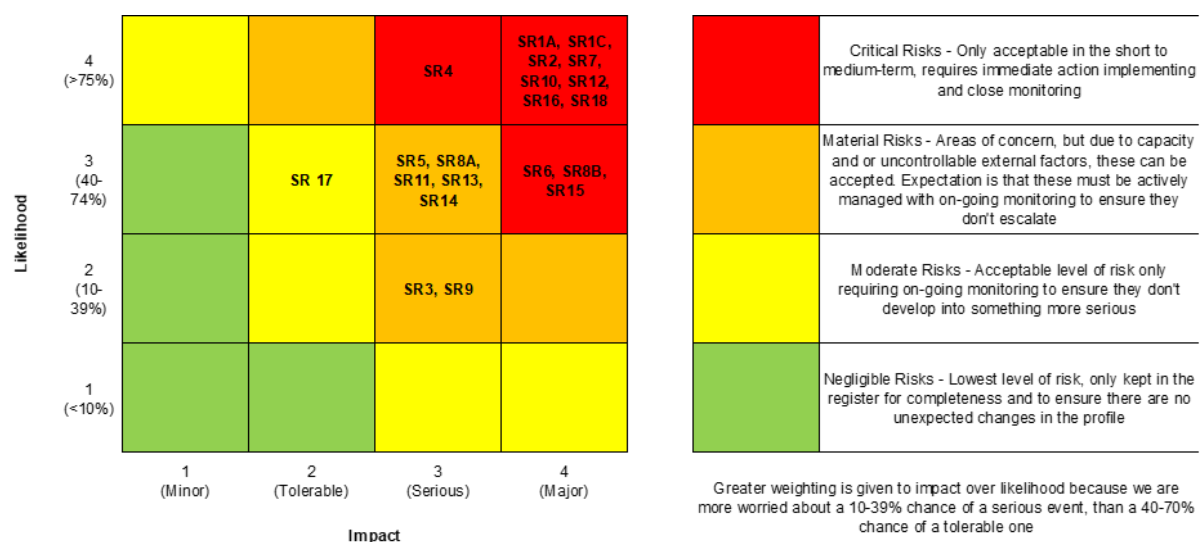
Quarter 2

- 6.4. The Quarter 2 period included continuing economic pressure and politically uncertainty for the country, and the council. During the period from July to September, inflation rose from 9.1% to 10.1%, interest rates rose to 2.25% in September, and a leadership election took place, with a Prime Minister taking office on 5 September. Continued rises in the cost of living have inevitably presented further demand for Council services, whilst the cost of providing those services continues to increase.
- 6.5. Table 1 below sets out the strategic risk register content and the gross and net scores for Q2 22/23; the direction of travel being informed by the net position of the risk at the previous quarter review. The heat map below that (Chart 1) shows more starkly, the high concentration of critical and material rated risks.
- 6.6. A number of the strategic risk descriptions (and scores) have been revised since the first quarter. Details are provided in Appendix A

Table 1 - Strategic Risk Register Position – Quarter 2 2022/23

Ref	Risk	Q1 Net	Q2 Gross	Q2 Net	Target	Travel
SR1A	Increased Demand for Adult's Services	16	16	16	9	↔
SR1C	Increased Demand for Children's Services	12	16	16	9	↑
SR2	NHS Funding	16	16	16	12	↔
SR3	Failure of Financial Management and Control	9	16	6	6	↓
SR4	Information Security and Cyber Threat	12	16	12	12	↔
SR5	Business Continuity	9	12	9	9	↔
SR6	Organisational Capacity and Demand	12	16	12	12	↔
SR7	Council Funding	12	16	16	9	↑
SR8A	Governance and Decision Making	9	16	9	4	↔
SR8B	Political Uncertainty	12	12	12	6	↔
SR9	Capital Projects - Place	6	16	6	6	↔
SR10	HS2 Infrastructure Investment	16	16	16	6	↔
SR11	Pandemic Virus	9	12	9	6	↔
SR12	Fragility and failure in the Social Care Market	16	16	16	9	↔
SR13	Reputation	9	16	9	9	↔
SR14	Climate Change (CEC Carbon Neutral 2025)	9	16	9	6	↔
SR15	Failure of the local economy	9	16	12	12	↑
SR16	Integrated Care System (ICS) Integration	16	16	16	8	↔
SR17	Local Planning Authority Modernisation Plan	-	12	6	6	NEW
SR18	Delivery of the JTAI Improvement Plan	-	16	16	12	NEW

Chart 1 – Strategic Risk Heat Map Q2 2022/23



Summary of Quarter 2 review

- 6.7. The Strategic Risk Register is set out in Appendix A, which includes a detailed commentary for each risk.

- 6.8.** Common themes in relation to causes and consequences from the quarterly review generally represent the underlying challenges noted in the first quarter, arising from cost increases, and demand pressures. Additionally, we have noted the following:
- The effectiveness of our arrangements in relation to outsourcing and governance of partnerships and external arrangements (SR8A, SR16, SR18).
 - The continued impact of the weak national economy (SR1A, SR2, SR6, SR10, SR15).
- 6.9.** Of the 18 risks now on the Strategic Risk Register; 8 have the highest net score rating possible (16), 4 have the second highest (12), and the net scores of three risks that have seen increases since the previous quarter.
- 6.10.** Overall, external causes have dominated discussions in reviewing the risks during Quarter 1. While the Council's ability to influence them might be limited, there is a clear message that managing our response is key to mitigating any potential consequences. Based on the Quarter 1 review, the most significant objectives at risk in the short-term relate to adult social care whilst to a lesser degree and in the medium-term, it is the development of the borough's infrastructure and economy.
- 6.11.** Two additional risks were included on the Strategic Risk Register for Quarter 2. These are detailed below.
- 6.12.** SR17 Local Planning Authority Modernisation Plan; this is a new inclusion on the Strategic Risk Register, recognising the impact that failure to achieve the objectives of the modernisation plan would have; undermining the planned transformation of the service, perpetuating, and potentially extending the issues identified and undermining the reputation of the organisation. A gross score of 12, and net score of 6 have been set for this risk.
- 6.13.** SR18 Delivery of the JTAI Improvement Plan; a new risk added by the Children's directorate with the highest possible rating for both gross and net scores. This risk recognises the potential impact of the Safeguarding children's partnership failing to achieve the improvements needed at the necessary pace, and as such failing to address the recommendations from the joint targeted area inspection (JTAI).
- 6.14.** Several changes were made immediately following the inspection to ensure that children and young people at risk of exploitation were safe, and to improve processes to protect children and young people from harm. A comprehensive partnership improvement plan is now in place which addresses all the recommendations from the inspection as detailed in the letter of findings. An Improvement Executive Board is in place to scrutinise progress against the plan and ensure that this is achieved at pace. Governance arrangements are currently being established to support effective delivery of the plan and scrutiny of its impact on outcomes for

children and young people. There is strong partnership commitment to ensuring changes are achieved for children and young people.

Strategic Risk Emerging areas

- 6.15.** We continue to see challenges to the organisation from increasing cost of living pressures and inflationary rises to supplies and services, which will be subject to further reflection and adjustment in the following quarterly assessments.
- 6.16.** We also know that the Quarter 3 period traditionally presents challenges from winter pressures in health and social care. Q3 also sees the impact of continuing employee disputes and strike action in the railways, and start of action within other sectors, including Royal Mail, ambulance staff and nurses.
- 6.17.** The expectation of these challenges to the Council's ability to maintain performance and continued achievement of the organisation's objectives, during Quarter 3 was anticipated in the report to the Corporate Policy on 1 December 2022, due to the complexity and volume of these factors. The initial assessment of Quarter 3 strategic risk, which will be reported in detail to the Corporate Policy Committee on 23 March, indicates that effective risk management activity in the quarter has helped to either mitigate the impact of those challenges or avoiding further increase in the risk on a number of the strategic risks.
- 6.18.** As we approach the end of the year, the focus for examining the strategic risk register during quarter 4, will be the impact of the budget proposals upon the Council's strategic risks. This could lead to changes in the content of the strategic risk register, either in the scope and, or scoring of existing risks on the register, or the inclusion of additional content.
- 6.19.** The organisation will need to closely monitor the delivery of the MTFS proposals, particularly in relation to savings in 2023/24 and beyond. This activity will be picked up in the strategic risks on Council Funding, and Financial Management and Control specifically, and more generally in all of the other risks. The impact is also expected to be seen at an operational level in the regular service level risk updates.
- 6.20.** The Council will begin its pre-election period on 27 March, and local political uncertainty should be expected to continue until the outcome of the local elections at the beginning of May is clear.

Risk Management Approach

- 6.21.** The production of the 2022/23 Service Plans required a related Risk Register to be completed; this required services to capture what they considered the key risks to their area and operations. These were reviewed by the Risk Management Function, and this provided useful insight into those area's challenges but also into the maturity of risk recording and reporting across the organisation.

- 6.22.** During 2022/23 so far, we have supported services with ad-hoc advice and guidance on specific risk management queries. We have also assisted a service with a more fundamental refresh of their operational risk register, using workshops and follow up sessions. This has resulted in great learning for all involved, and we will be able to use this in providing sessions to assist teams and services as they develop their 2023/24 service plans.

Business Continuity

- 6.23.** Business Continuity Impact Assessments have been carried out ahead of a number of events in 2022/23 so far, in order to assist the organisation in managing and prioritising the continuation of service delivery wherever possible. These have included railway strike action, the bank holiday announced for the State Funeral of Her Majesty Queen Elizabeth II and potential power outages during winter.
- 6.24.** As the contract for software currently used for business continuity plans expires in Q4 2022/23, consideration has been given to the on-going use of software to support the organisation's administration of business continuity plans with alternative approaches being explored. These need to ensure that BC impact assessments and plans are completed in a consistent standard format and can be updated promptly and easily to reflect organisational changes.

Horizon Scanning

- 6.25.** The Institute of Internal Auditors (IIA) has recently published their 'Risk in Focus'¹ report identifying the top risks for 2023. Their methodology was to distribute a quantitative survey to Chief Audit Executives (CAE) in 15 European countries, including the UK. The survey received 834 responses, an all-time high for the project, with the headline question being 'What are the top five risks your organisation currently faces?'.
- 6.26.** The report presents the top risks covering all sectors and industries as a tool to inform internal audit thinking and as a benchmark for organisations to compare and contrast their own risks assessments. Organisations are encouraged to use the findings to promote discussion at Audit Committee meetings. The table below shows the risks that appeared in respondent's answers the most, arranged by most responses at the top, and how the strategic risks map against them.

Risk In Focus 2023	CEC Strategic Risks
Cybersecurity and Data Security	Information Security and Cyber Threat
Human Capital, Diversity and Talent Management	Organisational Capacity and Demand
Macroeconomics and Geopolitical Uncertainty	Failure of the Local Economy

¹ Risk In Focus 2023 (theiia.org)

Risk In Focus 2023	CEC Strategic Risks
Changes in Laws and Regulations	Political Uncertainty
Digital Disruption, New Technology and AI	N/A ²
Climate Change and Environmental Sustainability	Climate Change (CEC Carbon Neutral 2025)
Business Continuity, Crisis Management and Disasters Response	Business Continuity
Supply Chain, Outsourcing and 'Nth' Party Risk	Governance and Decision-Making and various others ³
Financial, Liquidity and Insolvency Risks	Council Funding
Organisational Governance and Corporate Reporting	Governance and Decision Making

- 6.27.** Despite the sector and geographic differences between the IIA report and the strategic risk register, there remains a strong level of correlation as seen in other comparisons. The phrasing and scope of risks may differ, as would be expected, but the themes and positions held are consistent, providing a measure of assurance.

7. Implications

7.1. Legal

- 7.1.1. There are no direct legal implications arising from the recommendations of this report. This report provides assurance that the Council achieves its strategic aims and operates its business, under general principles of good governance, that it identifies risks which threaten its ability to be legally compliant and operates within the confines of the legislative framework.

7.2. Finance

- 7.2.1. There is no direct impact upon the MTFS from the recommendations of this update report. Costs relating to implementing risk treatment plans are included within service budgets. The need to provide financial security against the impact of risks is considered on a case-by-case basis and either included within specific budgets within the MTFS or considered under the overall assessment of the required level of General Reserves as part of the Reserves Strategy.

² There is no risk that directly maps here, digital disruption is very much a cause-based risk, rather than objective based one. For example, if there was an increase in the efficacy of AI based hacking attacks, it would be highlighted in the Information Security and Cyber Threat risk. This approach anchors an issue to an outcome, or multiple desired outcomes, and informs on its impact.

³ The Governance and Decision-Making risk would indicate how well arrangements with third parties are being implemented. However there are a number of other risks that specifically draw upon the council's reliance upon specific arrangements or interdependencies; NHS Funding, Political Uncertainty, Capital Projects - Place, HS2 Infrastructure Investment, Fragility and Failure in the Social Care Market and Integrated Care System (ICS) Integration.

7.3. Policy

- 7.3.1. Cheshire East Council has adopted the Risk Management Framework approved by Cabinet in June 2020. Risk management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

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. This report relates to overall risk management and provides the Corporate Policy Committee with awareness of the most significant risks facing the Council, 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:	Josie Griffiths, Head of Audit and Risk Management Email: Josie.Griffiths@cheshireeast.gov.uk
Appendices:	Strategic Risk Register Q1 2022/23– Appendix A

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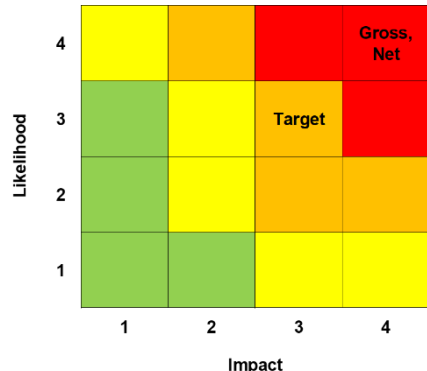
Risks in green are new for Quarter 2

Ref	Risk	Q1 Net	Q2 Gross	Q2 Net	Travel	Target
SR1A	Increased Demand for Adult's Services	16	16	16	↔	9
SR1C	Increased Demand for Children's Services	12	16	16	↑	9
SR2	NHS Funding	16	16	16	↔	12
SR3	Failure of Financial Management and Control	9	16	6	↓	6
SR4	Information Security and Cyber Threat	12	16	12	↔	12
SR5	Business Continuity	9	12	9	↔	9
SR6	Organisational Capacity and Demand	12	16	12	↔	12
SR7	Failure of Council Funding	12	16	16	↑	9
SR8A	Governance and Decision Making	9	16	9	↔	4
SR8B	Political Uncertainty	12	12	12	↔	6
SR9	Capital Projects - Place	6	16	6	↔	6
SR10	HS2 Infrastructure Investment	16	16	16	↔	6
SR11	Pandemic Virus	9	12	9	↔	6
SR12	Fragility and failure in the Social Care Market	16	16	16	↔	9
SR13	Reputation	9	16	9	↔	9
SR14	Climate Change (CEC Carbon Neutral 2025)	9	16	9	↔	6
SR15	Failure of the Local Economy	9	16	12	↑	12
SR16	Integrated Care System (ICS) Integration	16	16	16	↔	8
SR17	LPA Modernisation Plan	-	12	6	n/a	TBC
SR18	Delivery of the JTAI Improvement Plan	-	16	16	n/a	12

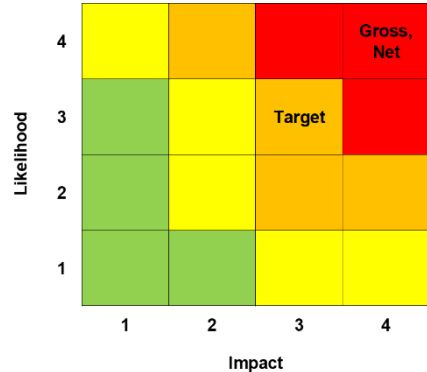
Likelihood	4 (>75%)			SR4	SR1A, SR1C, SR2, SR7, SR10, SR12, SR16, SR18
	3 (40-74%)		SR 17	SR5, SR8A, SR11, SR13, SR14	SR6, SR8B, SR15
	2 (10-39%)			SR3, SR9	
	1 (<10%)				
		1 (Minor)	2 (Tolerable)	3 (Serious)	4 (Major)
		Impact			

	Critical Risks - Only acceptable in the short to medium-term, requires immediate action implementing and close monitoring
	Material Risks - Areas of concern, but due to capacity and or uncontrollable external factors, these can be accepted. Expectation is that these must be actively managed with on-going monitoring to ensure they don't escalate
	Moderate Risks - Acceptable level of risk only requiring on-going monitoring to ensure they don't develop into something more serious
	Negligible Risks - Lowest level of risk, only kept in the register for completeness and to ensure there are no unexpected changes in the profile

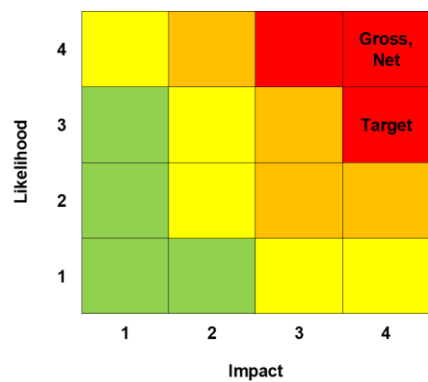
Greater weighting is given to impact over likelihood because we are more worried about a 10-39% chance of a serious event, than a 40-70% chance of a tolerable one

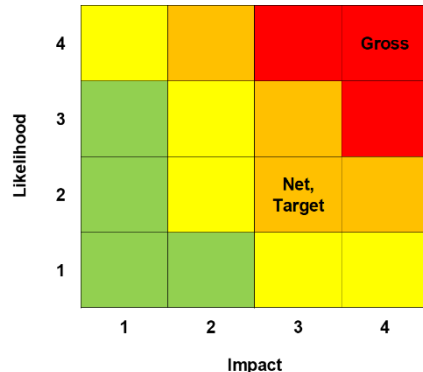
Risk Name: Increased Demand for Adult Services	Risk Owner: Executive Director of Adults, Health, and Integration
Risk Ref: SR1A	Risk Manager: Executive Director of Adults, Health, and Integration
<p>Risk Description: An increase in demand for adult social services that cannot be met within the existing budget</p> <p>Since the COVID-19 pandemic the demand for adult social care has increased in both volume and complexity. There is currently a historically high demand for services from young adults right through to the elderly. This has been caused by an overall decrease in national adult health and wellbeing. Detailed consequences: A failure in one area of social care, either internal or external to the council, has knock-on effects and increases pressure on other services. This can cause an on-going downwards trend in adult health and wellbeing. In addition, the council may fail in its duty of care and its objective of supporting its most vulnerable individuals. Specific failures that have been seen are a reduction in preventative measure and early intervention, which ultimately increase demand. Increased pressure on practitioners causes stress related issues and reduces the appeal of working in the sector.</p> <p>Detailed causes: Due to the additional wellbeing pressures placed on residents, council staff, third-party providers and the NHS, the volume and complexity of demand for adult services has increased materially. As have political factors such as changes in legislation and resettlement agreements. Due to several different socio-economic factors recruitment and retention of staff is difficult resulting in increased use of agency staff.</p>	
Interdependencies (risks): NHS Funding Pressure, Financial resilience, Fragility in the social care market	
<p>Comments this quarter: No change to the risk, still at the highest possible rating. We are seeing the impacts of inflation impacting on demand for Care, families are increasingly turning to Adult Social Care to offer support when they are no longer in a position to offer this support. The pressure on the system to discharge from Acute hospital care together with a shortage of available care in the market is resulting in waiting lists and the subsequent frustrations that families feel. Individuals waiting for hospital interventions are seeing their independence begin to fail and as such are turning to Adult Social Care for support whilst awaiting their operations especially those waiting for hip and knee surgery. Providers report staffing shortages and difficulties maintaining stable structures.</p> <p>The difficulties of recruitment and retention of staff is having an impact across Adult Social Care, resulting in the increased use of agency staff across the whole service. Due to the challenges of managing the budget consideration will need to be given to the creation of waiting lists for assessments this risks reputational damage to the council and an increase in complaints and LGO investigations.</p>	
Actions (Monitoring):	
ASC/ Commissioning and Communities, together with Public Health one Directorate continuing to work jointly to respond to challenges pertaining to prevention, health inequalities and our workforce.	
ASC/Commissioning and Communities developed a Standard Set of Fit for the Future Contracts – that set out specific measurable outcomes pertaining to each service area in driving prevention and key performance indicators that test the providers ability to retain a viable and sustainable business in responding to a population of changing need – higher levels of resident satisfaction and improved control.	
Continue to monitor and review preventative and support service activity.	
Continue to develop improved monitoring of people's outcomes	
Improved utilisation of public health JSNA and wider regional data sets informing future commissioning plans.	
Develop engagement with community groups and 3rd sector.	
Strengthen liquid logic and contract solutions to better map trend and demand.	
To monitor and review thresholds and gatekeeping processes.	
Review and strengthen partnership working with wider agencies.	
Restructured teams to ensure better integration with key partners.	
Continue to engage with leaders across teams – informing and influencing change.	
Continue with Connecting Leaders – through strong forward thinking visible leadership.	
Continued engagement with people who access services and the involvement of Healthwatch and independent advocacy	
Proactive engagement with the new Integrated Care Partnership (includes health partners)	

Ongoing response measures to COVID 19 pandemic
Maintaining Business Continuity across inhouse and external providers.
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> • ASC/Commissioning and Communities is engaged in the facilitation and forward planning of market engagement events, so to keep providers / people informed of preventative change as we progress with our People Live Well, for Longer Transformation Programme of Work. • ASC/Commissioning have in place a robust Contracts and Quality Monitoring Policy Framework – that makes clear – how quality is monitored in a person-centred way with a vast range of partners, when to activate a suspension protocol working with care quality commission and when/ how we are decommissioning services – keeping people at the centre of decision making regarding any service disruption or period of market failure. • ASC/Commissioning operate a monthly quality monitoring partnership forum that includes Police, Safeguarding, Care Quality Commission, ASC operations, Legal, CCG's and ASC lead commissioner – in the ongoing monitoring of quality and reporting and alerting of risk escalation that can be effectively managed – reports into relevant DMT's and Safeguarding Board. • ASC/Commissioning hold a provider risk register whereby we monitor and review risk pertaining to specific providers as part of our role working with Care Quality Commissioning pertaining to Market oversight. • ASC/Commissioning care sourcing/brokerage team support service and a local area co-ordination services- supporting vulnerable people to access wider community/ third sector services and wider more universal offers – diverting people away from care where appropriate. • ASC/Commissioning finance and planning resource allocation system to promote and engage more people to take direct payments and will enable people to identify against changing needs – an indicative robust budget thus reducing people reliance on traditional models of care. • ASC/Commissioning preventative policy framework that standardise of approach to prevention across adult social care “front door – whereby people will be directed away from traditional services towards a more empowering community solution, those accessing services will be fully assured working with providers – what our clear aim, vision and intentions are over the next three years. • ASC/Commissioning provider financial self-assessment accreditation tool – to assist with the monitoring and management of potential uplift and or additional funding. This will ensure that funding is robustly based on clear evidence, against demand / trends in market development and impact on provider/ council and people accessing the service. • ASC/Quarterly staff engagement groups are developed through leadership forums so to keep people informed and abreast of change as we progress to respond to demand and growth in the sector. Services operate regular staff conferences to address service specific developments and challenges. • ASC/Commissioning are involved in the North-West regional and local programme of work pertaining to health and care staff recruitment, retention, and selection – resulting in a robust career path being developed with key partners and in being clear pertaining to local strategy. • ASC/Commissioning influencing and working with Cheshire CCG pertaining to development of ICS and ICP plans • ASC/Commissioning/communities have developed a robust and responsive policy framework (People Helping People) with a vast range of third sector providers – thus reducing demand on adult social care. • To continue to develop with Children/families services joint commissioning and cross department work with adults – whereby risks can be better reduced together through a new joint commissioning management monthly working group. • ASC/Commissioning monitor performance and demand against capacity to ensure service meets demand where possible, developing robust action plans for service/market failure. • ASC performance monitoring reported on regular basis to CLT and Adult and Health Committee • Additional risks escalated as appropriate. • Consider the implementation of waiting lists to control demand and rising costs. <p>Lead Service Committee: Adults and Health Committee</p>

Risk Name: Increased Demand for Children's Services	Risk Owner: Executive Director of Children's Services
Risk Ref: SR1C	Risk Manager: Children's Services Directorate Management Team
<p>Risk Description: That Cheshire East's local social, economic and demographic factors, including the impact of the pandemic, lead to an increase in the level of need and demand for children's services, resulting in the capacity of the council's systems relevant to these areas being unable to continue to respond/ absorb the pressures presented. Children's services has a mitigated budget deficit of £3.5m as reported in the first financial review for 2022-23 due to an increase in the complexity of children and young people's needs and the increased costs of placements and services including transport.</p> <p>Nationally and locally there are challenges recruiting and retaining staff within specific areas of children's services, which is resulting in higher than average workloads and some delays in delivering services. There is a risk that this could result in children experiencing delays in receiving support leading to escalation of need and increased risk of poorer outcomes - including risk of harm and risk to life, a lack of continuity of workers for children and young people, and increased costs to the council. There is a risk that this impacts on our ability to deliver improvements in response to the joint targeted area inspection (JTAI).</p> <p>There is also a risk that if the number of cared for children and young people increase, or if the complexity of children's needs increases, or the availability of placements decreases, this could result in increased pressure on placements, which could lead to difficulty providing the right homes for children and increased financial cost to the council.</p> <p>There is a risk that the demand for education placements for children and young people with special educational needs and/ or disabilities (SEND) outstrips the number available, leading to children and young people needing to travel further, increasing travel costs, and requiring the use of more expensive provision. Changes proposed in the SEND Review could also have an impact on pressures within the SEND service if significant changes are required to working practices. This would mean that we would not achieve the council's desired outcomes for children and young people.</p>	
<p>Interdependencies (risks): This risk shares an interdependency with the risk relating to demand to adult social care and health services. If NHS services experience an increase in demand this could impact on demand to children's services or could impact on the quality of support delivered by children's services, as services rely on health input to ensure children's needs are assessed and met. The same social, economic and demographic factors will also impact on the demand to adult and health services so it is possible that both risks would escalate at similar points. Pressures on other parts of the public sector, for example for tier 4 mental health beds, places further pressure on council children's services.</p> <p>This risk is also affected by the risk to the council's financial resilience and lack of certainty about future funding, as increased funding may be required to enable services to meet increased demand. It is also affected by the UK economy, as rising inflation increases costs for providers, which results in increased costs of placements or services such as transport. There are also inter-relationships with the strategic risk on organisational capacity, as we need sufficient capacity to support recruitment and retention activity within children's services. Any capacity issues within support to this activity impacts children's services' ability to ensure our workforce can meet demand for services.</p> <p>If the risk as a result of increased demand is not effectively managed, this could cause damage to the council's reputation, and damage to the relationship with our partners. The quality of the council's work to support children and young people is inspected by Ofsted, and an inadequate rating by Ofsted would have a significant impact on the council's reputation, ability to recruit and retain staff, and would increase costs in order to deliver improvement activity.</p> <p>We do not have a large degree of control over our exposure to the risk as demand, and complexity of that demand, is driven by factors outside of our influence. Our appetite for the risk must remain low as the risk can result in children's needs not being met appropriately resulting in them experiencing poorer outcomes or harm. It can also impact on recruitment and retention, as an established and experienced workforce is crucial in delivering effective support to children and young people. To mitigate the risk we need to continue to monitor demand, take action to strengthen resilience within families and communities, for example through early help and prevention support, and to mitigate contributing factors which increase need, such as financial support to families made vulnerable to poverty as a result of the pandemic.</p>	
<p>Comments this quarter: Net score increased due to recruitment difficulties which are impacting service delivery.</p> <p>Children's services has a mitigated budget deficit of £3.5m as reported in the first financial review for 2022-23 due to an increase in the complexity of children and young people's needs and the increased costs of placements and services including transport as a result of inflation. An action plan is in place to mitigate the deficit which was received by the Corporate Policy Committee in October 2022.</p>	

Due to difficulties with recruitment and retention, which are also being experienced nationally, some teams within SEND and children's social care are experiencing higher than average workloads. This is impacting on our ability to deliver timely services to children, young people and families at the high quality we aspire to. Work is underway to improve recruitment and retention however this is a significant national pressure and challenge.
We are participating in the DfE's delivering better value (DBV) programme to support the council to achieve a more sustainable financial position in relation to SEND.
Actions (Monitoring):
Continue to deliver our Sustainable Futures Strategy and improve the quality of social work practice (Review through ED led Children's Transformation Board, and quarterly as part of the audit of quality of practice.)
We are exploring expanding our in-house residential provision and fostering sufficiency, learning from North Yorkshire's 'No Wrong Door' model. We have been granted a small amount of innovation seed funding to support developing this model locally (Children's Transformation Board to be developed to monitor progress in this area)
Develop and launch a new partnership Early Help Strategy to support good quality early help and prevention services (Progress against the strategy to be reviewed on a quarterly basis by the Early Help partnership. Impact on practice reviewed quarterly as part of the audit of quality of practice)
Continuing to support vulnerable children and young people through the Household Support Fund and the Holiday Activity Fund (Impact reports are produced on a regular basis to the DfE)
Continue to deliver the High Needs management plan to manage demand to SEND and the financial impact of demand (Progress against the plan reviewed on a quarterly basis by the SEND management group)
Participation in the DfE's delivering better value (DBV) programme to support the council to achieve a more sustainable financial position in relation to SEND
Continue to increase SEND provision in Cheshire East (Reviewed quarterly)
Continue to develop Bespoke Children's Homes and Mockingbird fostering model (Reviewed quarterly through the Fostering Development Board and Social Care Leadership meetings)
The Executive Director of Children's Services is co-leading a regional Cheshire and Merseyside workstream to look at regional solutions to recruitment and retention within children's services (Reviewed through the Cheshire and Merseyside workstream group)
HR and service areas are working together to develop a refreshed recruitment and retention strategy (Reviewed monthly through directorate management team meetings)
Key Mitigating Controls: <ul style="list-style-type: none"> In 2021/22, the council committed to growth bids for Children's Social Care, and for increased capacity in the SEND service to meet the continuing demands of the service. Additional business cases were agreed within the Medium Term Financial Strategy for further funding from 2022 onwards in these two areas to continue to meet the rising demand. We are closely monitoring the demand to services and the reasons that are driving demand so that we can be responsive and mitigate any risks to service delivery. Performance is monitored on a monthly basis by services. The children and families quarterly scorecard is reviewed at the Children and Families Committee and the Safeguarding Review Meeting attended by the chief executive and lead member for children and families. The Safeguarding Review Meeting includes discussion of workforce pressures and risks. We have a range of support available to families through early help and prevention services, including council, partner, voluntary, community, faith sector and commissioned services. These services support families and help prevent needs from escalating and requiring higher level intervention. We are continuing to develop our service offer through developing our partnership working and joint commissioning. We are currently reviewing our Early Help Strategy to ensure that we continue to strengthen our partnership offer moving forwards. The Cheshire East Safeguarding Children's Partnership and the 0-25 SEND Partnership Board meet on a regular basis and are sighted on changes to demand for services so there can be a partnership approach to meeting children and young people's needs. A strategy is in place to ensure only the right children come into care; this approach will reduce demand to Children's Social Care services. We are developing our in-house placement options through our Bespoke Children's Homes and Mockingbird fostering model. Our partnership Neglect Strategy was launched in July 2021 to ensure children at risk of neglect are identified early, which will reduce higher cost demand at a later stage. A robust governance structure is established for SEND. A strategy is in place to manage increasing demand and reinforce SEN Support in settings through our 'Access to SEND Services' strategy. Significant investment in local SEND provision to meets children's needs more locally but also reduce dependency on high cost independent school placements. High needs management plan in place to monitor the impact of demand to SEND services on financial pressures and monitor the delivery and impact of mitigations that have been put in place. We are participating in the DfE's delivering better value (DBV) programme to support the council to achieve a more sustainable financial position in relation to SEND. We have supported children and young people who were most vulnerable through the pandemic through the Covid Grant Scheme/ Household Support Fund and the Holiday Activity Fund. We are delivering a comprehensive partnership improvement plan to address the recommendations from the joint targeted area inspection of child exploitation.
Lead Service Committee: Children and Families Committee

Risk Name: NHS Funding	Risk Owner: Executive Director of Adults, Health and Integration
Risk Ref: SR2	Risk Manager: Director of Commissioning
<p>Risk Description: An NHS funding deficit reduces their health service delivery and places additional strain on the council's provision of adult social care</p> <p>The ability to meet the council's target of residents living well for longer can only be achieved by an effective and comprehensive joint programme of health and social care services.</p> <p>Detailed consequences: Additional pressure on social care may be realised in diverse and unexpected ways due to the complex and volume of interactions between the two services. Their symbiotic relationship means that one partner under or over performing has a corresponding effect on the other. An effective relationship would see reductions in health inequality and reduce the requirement for long-term care.</p> <p>Potential causes: A funding deficit would be caused by a mismatch in resource and demand. The relatively poor levels of national public health and wellbeing following the pandemic and limited expectations for economic growth are potential drivers of a mismatch. Ultimately however NHS funding is a political decision, currently an area of uncertainty</p>	
Interdependencies (risks): Increased Demand for Adult's Services, Increased Demand for Children's Services, Financial Resilience, Pandemic Virus	
Comments this quarter: The end of short-term grants such as the Hospital Discharge Fund and increasing costs of short stay bed provision is impacting on Care Capacity and increasing Adults Social Care costs.	
Actions (Monitoring):	
To continue to be a key player in the development of the integrated care system at a regional and local level (Via ICS review visits) bi-monthly) new Governance arrangements (Monthly), A&H Committee (bi-monthly), Health and Wellbeing Board (bi-monthly))	
The development of new local Integrated Governance arrangements (Via Health and Care Partnership Board (bi-monthly) Leadership Group (bi-weekly))	
Joint appointment of the Director of Commissioning as the Associate Director of Transformation and Partnerships (Via the Director of Place and Executive Director of Adults, Health and Integration)	
Key Mitigating Controls: <ul style="list-style-type: none"> A Health and Wellbeing Board is established with representation from Clinical Commissioning Groups and the Council, which provides a forum for these challenges to be addressed at a strategic level. In addition, a Cheshire East Health and Care Partnership Board has been created where system leaders are looking at integration and how to make the system more financially sustainable to achieve better outcomes for the residents of the Borough. Contract clauses are in place to address cessation of service and performance management arrangements should any failing performance materialise. Partnership working is in place and commissioning is informed through the JSNA. The H&WB is working with Cheshire Fire and Rescue, NHS and other partners on various schemes of intervention and prevention which are intended to decrease demand. The Adults, Health and Community Directorate has introduced a new model for helping people to retain control and maintain their independence and reduce additional strain on services. The Cheshire East Integrated Care Partnership has been in place since October 2020 and is developing implementation plans across a number of work streams designed to achieve quality improvement and financial efficiencies across the system. 	
Lead Service Committee: Adults and Health Committee	

Risk Name: Failure of Financial Management and Control	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR3	Risk Manager: Director of Finance and Customer Services (s151 Officer)
<p>Risk Description: The risk relating to the effective planning, recording, allocation, review and transacting of income and expenditure.</p> <p>Consequences: Misuse of public funds and a failure to ensure good value for money would result in poor resident services and infrastructure, ultimately a reducing the health and prosperity of the borough and its residents.</p> <p>Causes: This risk is particularly operational in nature; failure to develop and follow comprehensive and effective internal controls would result in the risk materialising.</p>	
Interdependencies (risks): Economy, External Funding	
Comments this quarter: Discussed that this was an operational risk and that with future development of the Finance service's internal risk register it could be removed from the strategic risk register. However for the moment it inclusion does reflect that any funding issues currently being experienced are not due to failures of internal controls.	
Risk description updated to draw out the consequences and causes, a number of completed actions moved to the controls section. Likelihood reduced; net score is equal to target.	
Actions (Monitoring):	
Training and briefing to Councillors (Committee Work Programmes)	
Action Plan on adherence to FM Code (Finance & Customer Services Departmental Plan)	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> Financial planning arrangements include preparation by the finance team, in liaison with senior operational managers, of detailed financial forecasts, based on the best available information and including prudent assumptions based on professional judgement and external advice Use of quality financial systems, with appropriate training and subsequent audit of their effectiveness to provide management and control of the Council's finances Balanced budget to put into effect the council's service plans for the forthcoming year, matched by available funding and including a risk assessment of the adequacy of general reserves MTFS sets out how the Council will deliver the Council's corporate plan including identification of budget gaps Use of a report format and report clearance process which ensures provision of relevant information on financial impact and risk exposure to the decision makers. Clear and effective communication of changes or updates to Finance and Contract Procedure Rules Sources of specialist advice and guidance Budget monitoring, comparing actual performance against approved budget, is undertaken throughout the financial year and reported to service committees. Outturn reporting and audit of statements supports in-year monitoring and future year planning Risk-based approach to the use of reserves, identifying appropriate reserve levels and ensuring that reserves are not depleted without first identifying a strategy to restore them to risk-assessed levels during the MTFS period. Where a residual deficit is forecast, a number of actions will be explored including: <ul style="list-style-type: none"> use of any service or non-specific underspends to offset pressures elsewhere within the budget accessing external funding ensuring compliance with any funding conditions use of reserves use of general balances Treasury management strategy to manage the council's cash flows, including an investment strategy focused on the security of principal sums and a borrowing strategy to manage interest payable and other charges A capital strategy that prioritises capital investment programmes, identifies the financial impact of investment in schemes and limits the amount of unsupported borrowing to be taken 	

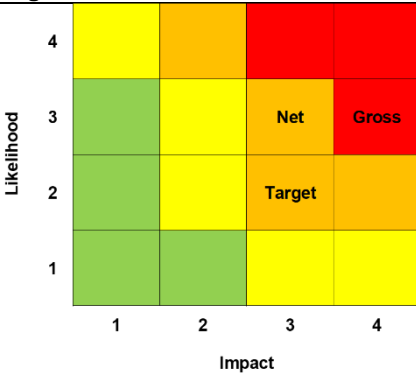
- Education and training for Officers and Councillor, includes Finance and Contract Procedure rules
- Engagement with government departments related to financial models and consultation

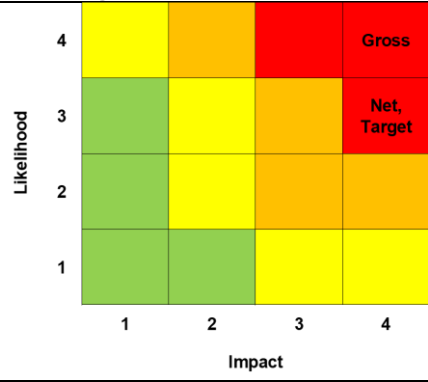
Lead Service Committee: Corporate Policy Committee

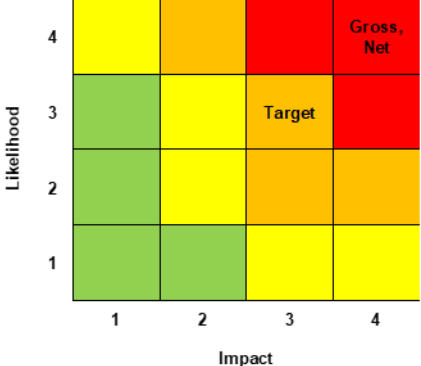
Risk Name: Information Security and Cyber Threat	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR4	Risk Manager: Head of Information Communication Technology and CIO
<p>Risk Description: (Cause) There is a risk that as the Council continues to move towards using new technology systems to reduce costs and fulfil communication, accessibility, and transaction requirements, (threat) it becomes increasingly vulnerable to a security breach, either maliciously or inadvertently from within the Council or from external attacks by cyber-criminals. (Impact) This could result in many negative impacts, such as distress to individuals, legal, financial, and reputational damage to the Council, in addition to the possible penetration and crippling of the Council's IT systems preventing it from delivering its Corporate Outcomes.</p>	<p>The risk matrix shows a risk level of 4 (High) based on the combination of Likelihood (4) and Impact (4). The cell is colored red and labeled 'Net, Target' and 'Gross'.</p>
<p>Interdependencies: This risk has interdependencies with corporate risk SR5 Business Continuity and SR13 Reputation. It also has links to the Financial Resilience risk, as funds for maintenance and replacement will be stretched, placing additional strain on assets and resilience of information security controls.</p>	
<p>Comments this quarter: Work continues to define the work plan and activities under the Security & Compliance Programme. Risk workshops have been held with managers in ICT Services to embed a risk approach to project and business activities.</p> <p>PSN accreditation has been achieved for 22/23. New tools to monitor and capture phishing exploits are being deployed with additional training for staff to raise awareness being made available. Enhanced security features secured from Microsoft are being rolled out to further protect the estate.</p> <p>An Information Security Steering Committee has been setup to co-ordinate activity across the Security and Compliance Programme, the DLUHC Cyber Funded projects and the security projects within ICT Services.</p>	
<p>Actions (Monitoring):</p> <p>Simplify and consolidate the ICT infrastructure (TDA runs on a weekly basis to ensure that solution adhere to ICT principles of standardisation)</p> <p>Reduction of the information storage, removal of duplicates information and validate that the asset register is being adhered to (The Information Asset Register (IAR) is continually under review, the Records Management Team contact services via the Virtual Information Governance Group to request the services review their areas on the IAR. Services voluntarily contact the team to make amendments)</p> <p>Enhancement of the Data Classification and technical controls to further protect information, project has re-scope with the introduction of e% licensing (Peer review)</p> <p>Enable Data Quality consistency across multiple service areas. Master Data Management which will standardise the format and structure of corporate data fields which are prevalent across the Authority relating to Resident, Employee, Address and Business Records. Phase 1 MDM scheduled live date end of December (use of and assessment against the IADM national data quality standards)</p>	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> The CIO is an advocate of and reports on Information Risk to the Corporate Leadership Team and the Audit and Governance Committee and makes the Annual Statement of Internal Control of Information Risk. The Council has a number of Information and Data Security policies which are published on the Centranet and help to protect from the Council from inappropriate and unauthorised access and communicates what to do in the case of an incident. Policies; Information Security Policy Overview, ICT Access Policy, ICT Communications and Operations Policy, ICT Computer, Telephone and Desk Use Policy, ICT Email and Messaging Policy, ICT Flexible and Mobile Device Policy, ICT Incident management Policy, ICT Infrastructure Policy, ICT Internet Policy, ICT Legal Responsibilities for Data Policy, ICT Personnel Standards for Information Security, ICT Protection Policy, ICT Removable Media Policy and ICT Software Policy. Policies review and guidance materials updated to strengthen advice to staff on how to manage various information types Progress on Information Risk and Information Security is monitored through the Information Security Steering Committee (ISSC), Strategic Information Governance Group (SIGG) and the Virtual IGG Task and Finish Group. The Council has an Incident Reporting process which has been communicated to staff, all incidents are scored and assessed by IGG to ensure that the breaches are minimised, and future breaches are reduced. 	

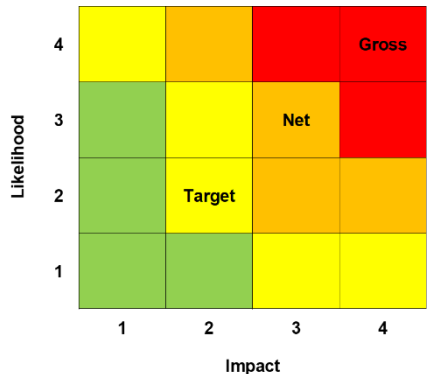
- The Council complies with the Public Services Network PSN Code of Connection, NHS Data Security and Protection Toolkit, DWP's MOU and NHS Digital controls, work continues with the consolidation and enhancement of elements of the security estate to meet the ever-developing threat profiles. This includes third party IT hardware and software tests undertaken by accredited security vendors, these validate that the network and hardware are secure and robust, if any vulnerabilities are found then a mitigation plan is drawn up and actioned.
- The Council has an Information Asset Register which is reviewed on an annual basis and has been published on the open data portal.
- There is also an Information Assurance Data Management (IADM) programme of activity to increase awareness and maturity of information assurance and governance across the Council. The programme is tasked with guiding the organisation to manage its information in a compliant and efficient way.
- Data Classification has been rolled out to the organisation; this allows the categorisation of information so that appropriate controls can be employed to protect the information.
- The Council provides security and compliance e-learning courses (which are mandatory for all employees) on the Learning Lounge and Metacompliance portal. This includes several modules of Data handling, Cyber Security, and Information Assurance.
- Controls are in place to restrict access to the data centres and network equipment and risk assessments of existing systems and networks are on-going.
- The Council has a Data Protection Officer who assists in ensuring compliance with GDPR and to specify the procedures to be adopted.
- The Council's ICT Services have a strategic direction to move to a "Cloud First" principle, whilst this enables an evergreen environment which is always up to date, additional controls are needed to prevent compromise or inappropriate use and access. This includes contract compliance and monitoring to ensure ongoing protection of information. In addition, the Council is looking to move to Zero Trust architecture, this is a direct result of increased threats posed to the working infrastructure. This shift is in line with the latest thinking and guidelines issued by the NCSC. In support of this a high-level business case was submitted and subsequently approved. This additional funding will be used to develop the necessary tools to start the implementation.
- An assessment was completed using the Council's insurance broker to understand current and future risks and whether any risks needed treating or could be offset through insurance cover.

Lead Service Committee: Corporate Policy Committee

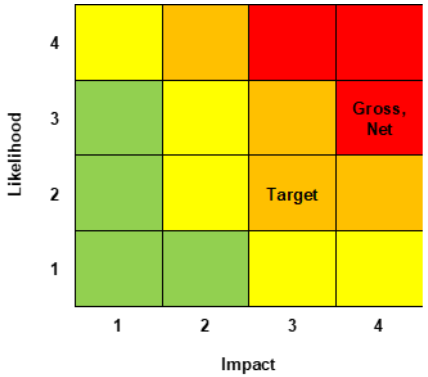
Risk Name: Business Continuity	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR5	Risk Manager: Head of Audit & Risk
<p>Risk Description: Failure to maintain business continuity after an unusual or unexpected, disruptive event or events</p> <p>The risk that, some or all, of the council's services, projects or initiatives are unable to resume operations within the expected timeframes after a disruption. A disruptive event, or multiple events, may occur either in isolation, or across the whole organisation.</p> <p>Detailed consequences: The council has a number of safeguarding obligations to its residents, a failure could result in it being unable to fulfil those obligations, and as such not protect them from mental or physical harm. Failures may also cause an unacceptable loss of local services.</p> <p>Detailed causes: The unavailability of staff, ICT systems, equipment or a suitable working environment are the most common causes of a material failure. Many different social, economic, environmental or public health factors can drive these causes to manifest themselves. Underlying this may also be a failure to reasonably allocate resources to eliminate single points of failure in these areas.</p>	
Interdependencies (risks): Information Security and Cyber Threat, Pandemic Virus, Fragility in the Social Care Market, Council Funding, Organisational Capacity & Demand	
Comments this quarter: Review of training materials to support use of ClearView use in progress. Exercise to ensure employee and users of ClearView system are current began in Q2 and continues into Q3. Working with ICT Services on refresh of Risk Registers is identifying a number of connection points into IT disaster recovery plans and areas to challenge service business continuity plans on in relation to their reliance on ICT, and expectations on sustained loss of service. These can be progressed through the refresh of the individual and organisation wide plans.	
Actions (Monitoring):	
Co-ordinate refresh of BC plans with specific focus on ICT systems (One off action)	
Review and refresh of the Business Continuity Framework (2-year review cycle)	
Development of training materials on Learning Lounge to support staff training and awareness (2-year review cycle)	
Introduce moderation of BC plans across a working group for internal challenge and support	
Work with Emergency Planning to hold regular scenario testing	
Assessment of BC software with ongoing organisational needs	
Key Mitigating Controls: <ul style="list-style-type: none"> Implementation of Clearview; Business Continuity Software for business continuity planning; Clearview provides the process in an easily understandable format to identify critical and serious priority activities Executive Directors, Directors and Heads of Service have received training in developing Business continuity plans First round completed Feb 2020 Awareness raising campaign by undertaking a Cyber Attack Awareness Exercise and fire in a public building (in addition to emergency planning colleagues and also included a community flooding and a fire scenario which had business continuity implications and the council's response) with colleagues from across various areas of the Council The Clearview system enabled staff to review and revise their BC plans for both Departmental and Service Level Plans with relevant templates for appendices (in line with the structure formats) All BC plans were uploaded to the system by March 2020 and have been asked to review in light of second wave COVID High level course on Business Continuity Management has been added to the Council's Learning Lounge ICT Shared Service also have a Crisis Recovery Plan that has been updated to take account of lessons learned as a result of ICT outage incidents. This Crisis recovery plan overview contains key information for the ICT Shared Service disaster recovery A corporate business continuity plan has been developed and is contained within Clearview 	
Lead Service Committee: Corporate Policy Committee	

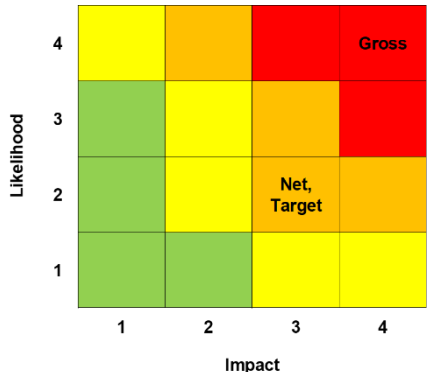
Risk Name: Organisational Capacity and Demand	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR6	Risk Manager: Head of HR
<p>Risk Description: Local demographic and external factors (including COVID and EU Exit) lead to increasing and changing demands on services. This, combined with ongoing financial pressures, an ageing workforce, staff turnover and skills shortages in key areas of the workforce, result in insufficient capacity and an inability to retain or attract staff. This results in a detrimental impact upon physical, emotional and mental wellbeing of staff, and impacts negatively on the Council's ability to deliver all of its intended objectives and outcomes. More recently increases to the cost of living also present risks to the resilience and wellbeing of our workforce and therefore the capacity to respond to demand.</p>	
Interdependencies (risks): Business Continuity, Pandemic Virus, Increased demand for Adults Services, Increased demand for Children's Services, Financial Resilience	
Comments this quarter: Gross scores remain the same. The labour market nationally remains challenging and additional pressures are being seen from the increases to the cost of living. Staff continue to work flexibly, alongside designing a future hybrid way of working. The development of a recruitment and retention is underway, with targeted actions to address any identified workforce gaps.	
Actions (Monitoring):	
Revised Council wide Workforce Strategy and Directorate /Service Workforce Plans (3-year strategy then rolling coverage and review)	
Equality, Diversity and Inclusion Strategy (3-year strategy then rolling coverage and review)	
Recruitment and Retention Programme and Steering Group. (Work of the programme overseen by Steering Group.)	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> In terms of the demand, work planning in advance has been improved. Significant increases in work pressures are being raised in advance, so that additional resource can be sourced for commissioned work. Improved HR data is being used to identify potential issues and service workforce plans developed to mitigate. The apprenticeship levy and talent management and succession planning frameworks are under development to help mitigate Work on a recruitment and retention programme progresses at pace to put in place any additional measures available to attract and retain staff to those areas that have identified gaps. This is alongside consideration being given to identifying controls and support that can be provided to retain existing staff. Ongoing work to reduce work on reliance on agency staff, for a more stable permanent workforce base and reduced costs A range of comprehensive measures are in place to support staff wellbeing and resilience and additional measures to offset cost of living pressures in place. Additional wellbeing and benefits measures are also being explored as the national cost of living crisis develops Labour and national markets are now seeing significant movement due to the impacts of Covid19. Locally, there are particular pressures, for example, on the care sector, social workers, planning and ICT with some neighbouring authorities are offering higher salaries which impacts on staff retention Agency staff are not always available to fill the roles. Additional work programmes and recruitment campaigns are also in place for areas such as Care4CE and social work. Redeployment of staff is being considered where services are stretched and agency staff are not available The council is moving to agile working as a permanent feature of future ways of working, which may attract a wider pool of candidates. Alongside service workforce plans, a recruitment and retention programme in place to ensure the Council addresses identified shortfalls with agreed actions and service specific solutions The Head of HR considers that the measures reduce the likelihood but not the impact 	
Lead Service Committee: Corporate Policy Committee	

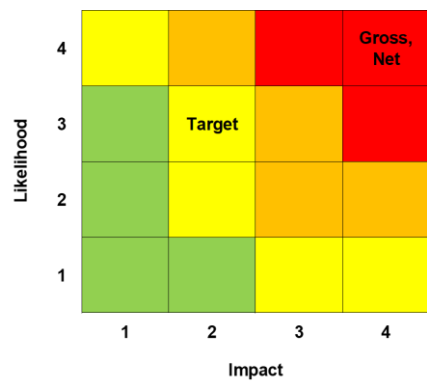
Risk Name: Failure of Council Funding	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR7	Risk Manager: Director of Finance and Customer Services (s151 Officer)
<p>Risk Description: The risk that the level of income is insufficient to support delivery of the Corporate Plan. This risk acknowledges that council reserves are not a sufficient, or intended, to support day-to-day operations for any meaningful period.</p> <p>Consequences: Based on an extreme but plausible worst-case scenario of funding cuts, the council's regulatory obligations would be maintained, although delivered by barebones services. Other services may see similar resources reductions or be closed altogether. A reduction in services would negatively affect the quality of life in the borough and the strength of the local economy. Regulatory breaches could also occur in relation to a number of different services, financial management being one of them. Some funding is specific to a service or outcome and cannot be redistributed, without the designated funding a service could not be provided.</p> <p>Causes: Significant reduction to local income generation or central government cuts would result in the worst-case scenario. The high levels of national debt, high inflation and weak national economy mean that the council is likely to have to prioritise its spending in the short to medium-term.</p>	
Interdependencies (risks): Financial Management and Control	
Comments this quarter: Risk description updated to draw out the consequences and causes, increase in the likelihood due to high levels of national debt, high inflation and a weak national economy. Budget balancing action added, funding for SEND services is also under review (also noted on SR1C Demand for children's services risk). Based on the external influences the target score has also been increased, reflecting the current pressures, there has been a reduction in the best-case scenario.	
Actions (Monitoring):	
Each directorate is required to develop an action plan to balance their budgets due to recent forecasts of financial pressure	
Children's Directorate is participating in the DfE's delivering better value (DBV) programme to support the council to achieve a more sustainable financial position in relation to SEND	
Key Mitigating Controls: <ul style="list-style-type: none"> Financial planning arrangements include preparation by the finance team of detailed financial forecasts, based on the best available information and including prudent assumptions based on professional judgement and external advice Balanced budget to put into effect the council's service plans for the forthcoming year, matched by available funding and including a risk assessment of the adequacy of general reserves Monitoring of grant funding formula, and engagement with consultants and government representatives to enhance local forecasting and access to funding. 	
Lead Service Committee: Corporate Policy Committee	

Risk Name: Governance & Decision Making	Risk Owner: Executive Director of Corporate Services
Risk Ref: SR8A	Risk Manager: Director of Governance and Compliance
<p>Risk Description: Failure to develop a robust corporate governance infrastructure and ensure aligned decision-making throughout the organisation</p> <p>The council is a complex public sector organisation with a broad range of objectives, some of which it is legally obligated to deliver, others are identified within its Corporate Plan. Formal reporting and decision-making within the council is prescribed by local authority regulation. The decision-making process at all levels, must comply regulatory requirements while also delivering those stated objectives.</p> <p>Detailed consequences: The failure of governance and decision-making may result in stated goals may not be met and, or public funds wasted. Ultimately these can result in a reduction of living standards and physical health and mental wellbeing of residents. Failure to provide a reasonable level of service to residents at an appropriate cost, or to follow legal decision-making protocols, can result in increased regulatory scrutiny and reputational damage. Possible outcomes of which may be, public censure, financial penalties or direct central government intervention.</p> <p>Detailed causes: The volume and complexity of the council's services and objectives, coupled with finite resources and differing stakeholder views, make the application of the Corporate Plan into 'good' decision-making, a challenge. Interpretation of 'good' decision-making may be inconsistent throughout the organisation without a holistic approach to guidance, reporting, oversight and challenge. Without comprehensive vertical reporting and challenge, senior management cannot effectively implement a robust level of accountability and drive positive change in their areas of responsibility.</p>	
Interdependencies (risks): Financial Resilience, Reputation, Capacity and demand, Political uncertainty	
<p>Comments this quarter: Consequences updated to include poor use of public funds and reputational damage, causes reworded for greater clarity. Control added for the officer adjustments before an election as per the Recommended Code of Practice for Local Authority Publicity. Constitutional updates this period have focused on routine administrative amendments, action moved to the control section, as has decision-making reporting for committee meetings. Action added for a review of shared service governance arrangements due two issues that have developed this quarter. The publication of the joint targeted area inspection (JTAI) on Cheshire East Safeguarding Children's Partnership's response to children at risk of criminal exploitation. Also, the Annual Governance Statement 21/22 includes the review of ASDV governance arrangements as a significant governance issue, recognising the need for the Council's arrangements to be reviewed and updated in light of updated CIPFA guidance and a number of related public interest reports.</p> <p>Two potential issues in relation to the upon coming local election are being monitored and managed, proposed changes to legislation in relation to voter ID and the close proximity to the coronation of the monarch. With due note to the above, the overall position on this risk remains unchanged. Issues remain but are being identified and addressed in a practical manner.</p>	
Actions (Monitoring):	
Review of shared service governance arrangements with specific actions to be identified	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> • Council's Constitution covers decision making processes, including finance and contract procedure rules. Following the change to Committee system, mechanisms are in place to capture learning form the use of the committee system from Members (Constitution Working Group) • Constitution is a publicly available document; guidance on the use of the decision-making processes is provided by enabling services including Legal, Finance, Democratic Services, and Audit and Risk. Constitutional updates are overseen (recommended and administrated) by the Director of Governance and Compliance (also the Monitoring Officer) in response to regulatory changes and Full Council decisions. • Administration of local elections and monitoring of behaviour in the period of heightened sensitivity beforehand. During which time, appropriate adjustments are made to the publishing or reporting of controversial issues or anything that seeks to influence voters. • Reports to Committees are developed and reviewed by senior officers and enabler sign off, briefings are arranged with Committee Members to address any further knowledge requirements ahead of the relevant meeting. All decisions are formally recorded in meeting minutes and administrated in line with delegated authorities as per the constitution. • Schemes of delegation; local and financial are in place to provide clarity on responsibilities ensure separation of duties is in place where required, and minimise the risk of management override • Assurance mechanisms on the organisations' compliance with its decision-making processes are provided through the external audit (Statement of Accounts) and the work of the internal audit team. There are other external inspections, such as Ofsted, which may examine elements of our decision-making processes through their work, although this I not usually the primary focus 	

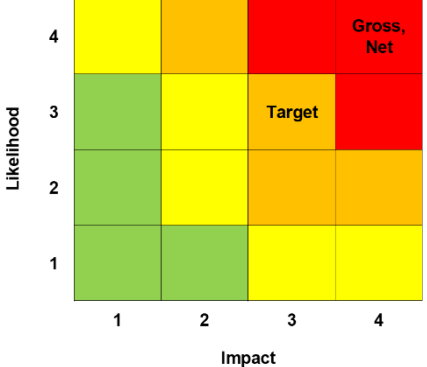
<ul style="list-style-type: none">The organisation publishes an Annual Governance Statement identifying significant governance issues which have occurred, any known areas which may cause issues if not managed effectively and updates on issues previously identified
Lead Service Committee: Corporate Policy Committee

Risk Name: Political Uncertainty	Risk Owner: Chief Executive
Risk Ref: SR8B	Risk Manager: Director of Governance and Compliance (Monitoring Officer)
<p>Risk Description: Failure to anticipate and manage local and national political uncertainty</p> <p>The Corporate Plan guides the council's decision-making, it informs what is considered a 'good' outcome and areas of priority. Political changes may result in stakeholders no longer being aligned with that current plan. Central government policy decisions can materially impact the council in many ways, while other risks might draw out specific changes and capture their direct impact, this risk brings together the total effect of political uncertainty for consideration.</p> <p>Detailed consequences: Unplanned changes in priorities or the introduction of new goals are likely to result in a budgetary overspend or previously agreed targets not to be met. A high level of uncertainty can create confusion, increased administrative overhead or delay planned initiatives. Changes in funding or the cancellation of infrastructure projects can undermine both the Corporate Plan and the MTFS.</p> <p>Detailed causes: The ever-changing social and economic situation in the UK and globally can result in swift changes in political views, leadership, public sentiment or regulatory requirements. National macroeconomic factors, such as GDP, interest and exchange rates, are key drivers of uncertainty.</p>	
Interdependencies (risks): Reputation, Council Funding, Governance & Decision-Making	
<p>Comments this quarter: Consequences, causes and controls updated, actions were in place and being repeated, so moved to controls section. No material change to the council and its operations. Uncertainty has increased and remains is high, no change to the rating. As at the end of Q2 a new Prime Minister has just be elected which is expected to bring about a degree of change, challenge and future clarity on policy.</p> <p>Current issues that are potentially disruptive is the level of uncertainty in central government policy and national financial instability. Notable, developing or slow burn issues are levelling up, ICS, social care, HS2, Great British Railways and devolution.</p>	
Actions (Monitoring):	
System for briefing and information exchange on white papers, levelling up, ICS and devolution solutions	
Preparation Elections 2023 and delivery of Corporate Plan Reprioritisation/new plan after elections.	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> • Engagement with national government, consultations and requests for feedback • Application for and funding agreement processes, governance process for ad hoc grants • Engagement with political administration of CEBC • Engagement with group leaders of CEBC parties • Training and briefing to CEBC members • Service Committee support and briefings for members and senior officers • Corporate Plan and MTFS regular and ad hoc (post material changes) review process, including contingency planning 	
Lead Service Committee: Corporate Policy Committee	

Risk Name: Capital Projects - Place	Risk Owner: Executive Director of Place
Risk Ref: SR9	Risk Manager: Place Directors and Business Managers as relevant to
<p>Risk Description: Failure to deliver major capital projects.</p> <p>The council delivers a broad range of capital projects in support of the aims and objectives of its Corporate Plan. The range of projects includes transport infrastructure, town centre regeneration, refurbishment and improvement of existing council assets such as schools and leisure centres, and renewable energy generation.</p> <p>Without a robust system for managing the capital programme and individual projects, the stated objectives may not be delivered. Projects could also fail to deliver to the time, cost and quality parameters set out in business cases. This could have significant financial and reputational implications for the Council.</p> <p>The scale and complexity of the overall capital programme is challenging. Appropriate governance and controls are important to ensure resources and funding are prioritized effectively, and where required agree adjustments to the time, cost and quality parameters set out in the business case. Where appropriate, members are updated on significant changes to agreed objectives through briefings to the relevant committee.</p> <p>The broad range of partners and stakeholders for individual projects and interdependencies between projects are also significant challenges that require effective management.</p>	 <p>The matrix shows a 4x4 grid of risk levels. The y-axis is labeled 'Likelihood' with values 1, 2, 3, 4. The x-axis is labeled 'Impact' with values 1, 2, 3, 4. The cells are color-coded: Green for (1,1), (1,2), (2,1), (2,2), (3,1), (3,2), (4,1), (4,2); Yellow for (1,3), (2,3), (3,3), (4,3), (1,4), (2,4), (3,4), (4,4); and Red for (3,4), (4,4). The cell (3,3) is labeled 'Net, Target' and the cell (4,4) is labeled 'Gross'.</p>
Interdependencies (risks): Climate change, Infrastructure Investment, Economy, Council Funding	
Comments this quarter: The existing controls for effective governance and management of major capital projects remain in place. Each major capital scheme has its own project or programme governance in place. Additional governance mechanisms include Assets Board and Place Board providing oversight on thematic programmes. The review of the inflationary impact on capital projects has been completed. Additional funding has been agreed for some projects, funded from allocations within the Capital Programme for Exceptional Inflation and Strategic Projects, subject to appropriate approval procedures.	
Actions (Monitoring):	
A new module within the Unit4 ERP system will improve financial monitoring to provide more regular information on actual and forecast spend	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> The Capital Strategy and overall Capital Programme is presented annually as part of the Medium-Term Financial Strategy at full Council. New projects and schemes are subject to the approval of detailed business cases in accordance with the Finance Procedure Rules The Assets Board provides strategic oversight of the Council's land and property assets including recommendations and reports on acquisition, disposal and development. The Capital Programme Board undertakes detailed appraisals of projects and business cases; undertakes gateway reviews and risk management reviews of major capital projects; and receives post project completion reports to assess benefit realisation and lessons learnt. Appropriate and proportionate governance has been established to oversee project delivery, including risk registers. This includes project boards to manage individual projects and thematic programme boards to provide additional strategic oversight and manage interdependencies, e.g. Carbon Neutral Programme Board, Leisure Investment programme Board, Place Board. This governance considers and makes practical decisions on the prioritisation of resources and funding including, where appropriate adjustments to agreed time, cost and quality parameters. The Place Board provides strategic oversight of all the major Crewe-centric and Macclesfield-centric projects, including HS2 and strategic housing sites, to ensure individual projects are fully aligned to the overarching vision and delivery plan for each town. Financial monitoring undertaken quarterly, with summary data reported to Finance Sub-Committee and appropriate service committee twice a year High level progress updates are reported to the appropriate service committee twice a year. More detailed progress reports on individual projects or programmes are provided on a periodic basis. Regular 121s between Executive Director and Directors which includes updates on major projects 	
Lead Service Committee: Economy and Growth, Environment and Communities, Highways and Transport	

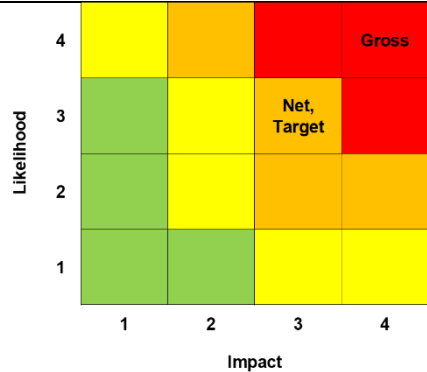
Risk Name: HS2 Infrastructure Investment	Risk Owner: Executive Director of Place
Risk Ref: SR10	Risk Manager: Director of Highways and Transport
<p>Risk Description: HS2 is a government led scheme, impacting Cheshire East Borough. HS2 services will call at Crewe station when Phase 2a opens between 2029 and 2033 with 2 HS2 trains per hour. Plans for Phase 2b include the Crewe North Connection that could enable up to 5/7 HS2 trains per hour calling at Crewe, in each direction. However, the business case for Phase 2b does not include any additional services, from the 2 HS2 trains per hour, calling at Crewe when Phase 2b opens between 2035 and 2040.</p> <p>Government's proposals for Crewe hub station fall far below those of other HS2 hubs and don't reflect its role as a rail super-hub and the first HS2 hub in the North. Current proposals are unlikely to unlock the regeneration, growth and levelling up potential for Crewe from the investment in HS2. Securing the required investment for the Crewe station is critical to the Council in delivering its Crewe hub vision, maximise cost and programme efficiencies and minimise disruption to rail passengers and local communities.</p> <p>The government is in control of the HS2 programme and its delivery timescales. Delays to the scheme have been announced as part of the Integrated Rail Plan, published in November 2021. Such delays, and the risk of further delays to HS2 Phase 2b, leads to uncertainty on the delivery and viability of the Council's wider ambitions for the Crewe hub. The Council has been developing its vision and plans for the Crewe hub alongside partners for several years, at significant cost to the Council, lack of firm commitments about timing, infrastructure and HS2 train services means there are uncertainties on the programme delivery and scope puts increasing risk on these costs being abortive</p>	
Interdependencies (risks): Economy and World Events, Organisational Capacity and demand, Council funding, Capital Projects	
Comments this quarter: Risk description updated to better define the risk, no change to the rating, actions updated.	
Actions (Monitoring):	
Tactical lobbying to Government, gaining support from local politician, MPs and neighbouring authorities (Business Case and Investment Integration Programme Board)	
Seeking necessary Crewe hub investments via petitioning of the Phase 2b hybrid bill (HS2 and Crewe Superhub Programme Board and Place Board)	
Decoupling investments from HS2 programme and seek funding from existing government funds	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> This risk will be reviewed by the Place Board (chaired by the Executive Director of Place) and the Business Case and Investment Integration Board (chaired by the Director of Finance) on a monthly basis and the chairs inform CLT accordingly. Day to day management of the actions in place to reduce the risk is a combination of the BCII: Business Case and Investment Integration, the Programme Director and the Programme Manager. The controls above will be used to monitor the risk. There have been no control failures to date. In fact, the controls in place today are probably stronger than at any point in achieving the objective. This is commensurate to the closing window of opportunity and the increase in work required by the Council to turn the outputs of the consultants Business Case work. Future issues may arise if the dedicated resource currently requested is not quickly put in place to release the efficiencies of working a close dedicated team brings. Ultimately, while the Council can control the technical evidence, business case formation and the technical level negotiation with Government Departments, the risk may be impacted on by changes Government policy and prevailing global economic factors. Value engineering of design and development of projects and Early Contractor Involvement where appropriate. Bringing forward elements of the vision through existing funding sources such as Levelling Up Fund Liaison with the contracting industry to identify the most efficient design solutions. Constant review and effective management arrangements of capital projects and programme budgets. Managing outward facing expectations on the scheme Ongoing cost review based on latest construction inflation forecasts 	
Lead Service Committee: Highways and Transport, Environment and Communities, Economy and Growth	

Risk Name: Pandemic Virus	Risk Owner: Executive Director of Adults, Health and Integration
Risk Ref: SR11	Risk Manager: Director of Public Health
<p>Risk Description: Ongoing risk of genetic shift resulting in rapidly spreading strain of influenza and other diseases previously unseen in humans for which there may be multiple Variants and no guaranteed preventative treatment available. In addition to the human health risks pandemic illnesses poses a risk to healthcare capacity and CEC business continuity.</p> <p>(Cause) The world-wide spread of COVID-19 in the early part of 2020 and the ongoing spread of the virus within the population, and the measures being introduced or in place to try to contain that spread and manage the impact of the virus, (threat) have a negative impact upon the health and wellbeing of the Cheshire East population, place significant pressures upon the health and care system and its workforce, threaten the viability of local business and further exacerbate the financial pressures faced by health and care organisations and the Council, (impact) resulting in serious illness and in some cases death, unmet health and care needs, interruption to education, economic down turn and business failure and a widening financial gap in health and care organisations.</p>	<p>The risk matrix shows a 'Net' risk of Orange and a 'Gross' risk of Red.</p>
Interdependencies (risks): Fragility in the social care market, Business continuity, Financial resilience	
Comments this quarter: This threat persists into winter 2022/23 with significant pressures being placed on NHS organisations within Cheshire East and consequent follow on pressures to adult social care. The medium to long term impacts of this pandemic will impact on our services and delivery.	
Actions (Monitoring):	
Initiating flu vaccination programme for all staff and communications supporting need for public vaccinations (reviewed monthly)	
Development of regional 'business as usual' approach for Cheshire and Merseyside (reviewed quarterly)	
Horizon scanning to understand long-term management of Covid-19, including the development of a Covid-19 'Early Warning System' and wastewater monitoring project with UKHSA (reviewed monthly)	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> Limited National Government advisory measures. Published guidance and advice is now only available in limited sectors. The primary universal guidance is now outlined in the HM Government 'Living with Covid-19' plan but all mandatory Legislation and restrictions have now been removed in the UK National Vaccine roll out Cheshire East Emergency Planning activity, reduced frequency - Local Outbreak Engagement Board, Health Protection Board, Operational meetings, Track and Trace Huddle Advice and guidance to schools, businesses and residents Track and Trace Team activity, proactive in supporting targeted individuals/communities/businesses as well as initiating a mobile health and wellbeing offer to improve individual health and resilience. TTCE Programme maintained until October 2022 Cheshire East organisational activity, managed return to the workplace, hybrid working option, public health advice, targeted LFT home testing for staff Vaccination tracing to target individuals not vaccinated to promote uptake Supporting NHS roll out of COVID 19 vaccination programme, established and operating including mobile offer. Spring programmes being supported by the public health and communities teams. Initiating flu vaccination programme for all staff and communications supporting need for public vaccinations 	
Lead Service Committee: Adults and Health Committee	

Risk Name: Fragility and Failure in the Social Care Market	Risk Owner: Executive Director of Adults, Health and Integration
Risk Ref: SR12	Risk Manager: Director of Adult Social Care, Director of Commissioning
<p>Risk Description: A failure of the local social care market</p> <p>The impact of the COVID-19 pandemic has exposed weaknesses in the national social care market which have yet to be resolved.</p> <p>Detailed consequences: The council is unable to deliver a robust adult social care package without the use of third-party providers, without these outsourced services the overall social adult care package would fail, and the council would not be able to achieve its objective of people living well and for longer.</p> <p>Detailed causes: The adult social care sector continues to experience financial strain, staffing costs are a high proportion of their overall expenditure while recruitment and retention remain a challenge. Traditionally the market suffers from small margins and has suffered from systemic challenges for years, which were further exposed by the COVID-19 pandemic. The impacts of inflation and the fair cost of care regulations have yet to be fully realised, although it is clear that additional costs will be passed on to the council.</p>	
Interdependencies (risks): NHS Funding Pressure, Financial resilience, Business Continuity, Pandemic Virus	
Comments this quarter: No change to the risk, still at the highest possible rating. We are seeing the impacts of inflation impacting on our Care budget, fee increases are having a major impact on our ability to manage the budget and this is having a further destabilising effect on the market. Providers report staffing shortages and difficulties maintaining stable structures. Some providers are now recruiting workers from abroad and this is beginning to have some limited benefit in areas of Care at Home	
Actions (Monitoring):	
Identify short term funding to support care providers to maintain sufficiently qualified workforce to meet need and reduce pressure on hospitals (Weekly via Market Oversight meetings)	
Establish a CEC crisis response team who can be called on at short notice to deliver care (Weekly via Market Oversight meetings)	
Expand the existing British Red Cross service to respond to crisis situations in the community by providing low level support over a 7-day period (Weekly via Market Oversight meetings)	
Undertake a review of care fees for all sectors of the market (Weekly meetings with contractor, findings reported to Health and Adult Committee)	
ASC/ Commissioning continues to respond to significant challenges pertaining to the acceleration of prevention (Twice weekly ASC meetings)	
ASC/Commissioning and Communities have a Standard Set of Fit for the Future Contracts – that set out specific measurable outcomes pertaining to each service area in driving prevention and key performance indicators that will test the providers ability to retain a viable and sustainable business in responding to a population of changing need – higher levels of resident satisfaction and improved control (Quarterly contract management meetings)	
Continue to monitor and review preventative and support service activity (Twice weekly ASC meetings)	
Improved utilisation of public health JSNA and wider regional data sets informing future commissioning plans (Monthly JSNA steering group)	
Develop engagement with community groups and 3rd sector (Twice weekly ASC meetings)	
Liquid logic and contrOCC solutions to better map trend and demand (Twice weekly ASC meetings)	
To monitor and review thresholds and gatekeeping processes (Twice weekly ASC meetings)	
Review and strengthen partnership working with wider agencies (Monthly Quality Monitoring Partnership Forum)	
Data intelligence is used to understand where and what kind of service demand needs are in order to commission appropriately and effectively (Monthly Care at Home Commissioning meetings)	
Continue to engage with leaders across teams – informing and influencing change (Twice weekly ASC meetings)	
Continued engagement with people who access services and the involvement of Healthwatch and independent advocacy (Twice weekly ASC meetings)	
Joint working with 'skills for care' to encourage individuals to take up employment within the care sector (Weekly via Market Oversight meetings)	
Ongoing support for care providers to assist in their response to the COVID-19 outbreak (Fortnightly Mutual Aid calls with providers)	
'Hidden Carer's' initiative launched through Carer's Hub to help identify and support carers not known to the system (Weekly via Market Oversight meetings)	
Key Mitigating Controls: <ul style="list-style-type: none"> ASC/Commissioning comply with the Care Act 2014, in holding a provider risk register whereby we monitor and review risk pertaining to specific providers as part of our role working with Care Quality Commissioning pertaining to Market oversight 	

- ASC/Commissioning have in place a robust Care Act compliant – Contracts and Quality Monitoring Policy Framework – that makes clear – how quality is monitored in a person-centred way with a vast range of partners, when to activate a suspension protocol working with care quality commission and when/ how we are decommissioning services – keeping people at the centre of decision making regarding any service disruption or period of market failure
- ASC/Commissioning operate a monthly quality monitoring partnership forum that includes Police, Safeguarding, Care Quality Commission, ASC operations, Legal, CCG's and ASC lead commissioner – in the ongoing monitoring of quality and reporting and alerting of risk escalation that can be effectively managed – reports into relevant DMT's and Safeguarding Board
- ASC/Commissioning have a care sourcing/brokerage team support service and a local area co-ordination services- supporting vulnerable people to access wider community/ third sector services and wider more universal offers – diverting people away from care where appropriate utilising People Healing People services
- ASC/Commissioning provider financial self-assessment accreditation tool – to assist with the monitoring and management of potential uplift and or additional funding. This will ensure that funding is robustly based on clear evidence, against demand / trends in market development and impact on provider/ council and people accessing the service. For providers at risk we are offering an open book accounting exercise to ascertain the level of risk within that service
- ASC/Quarterly staff engagement groups are developed through leadership forums so to keep people informed and abreast of change as we progress in order to respond to demand and growth in the sector
- ASC/Commissioning are influencing and working with Cheshire CCG pertaining to local ICS and ICP plans regarding the overall reduction in demand and systems redesign work supporting an improved community offer and redesigned front door
- ASC/Commissioning with communities are developing a robust and responsive policy framework (People Helping People) with a vast range of third sector providers – thus reducing demand on adult social care
- ASC/Commissioning working with partners across the North-West via ADASS to address the future market capacity and workforce issues.
- The Council is working with skills for care to see what support it can give to the market in terms of recruitment and retention and build knowledge.
- As part of the contract management and quality assurance processes we check each provider's Business Continuity plan for robustness and make recommendations for improvement if required
- The Council has commissioned a new offer for informal and formal carers to ensure the right level of support is received for them to maintain their caring duties
- An on-call rota has been established to address any issues that may arise at weekends such as external provider staffing shortages impacting on the ability to undertake care calls
- The Council has written to service users to advise of the current situation and to request their patience and understanding if there is some disruption to their usual routine of care calls
- Care providers are RAG rated according to the risk of business disruption and have been asked to RAG rate service users according to their level of need
- Weekly market oversight and risk management meetings have been established within the Contracts and Quality team to update the risk register and oversight report and escalate issues as appropriate

Lead Service Committee: Adults and Health Committee

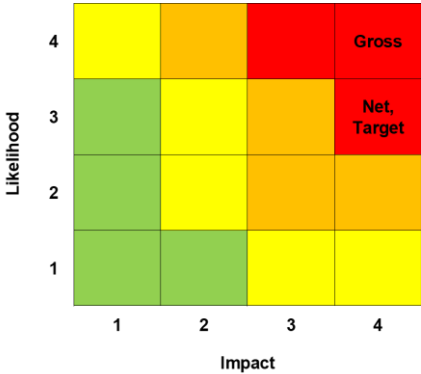
Risk Name: Reputation	Risk Owner: Chief Executive
Risk Ref: SR13	Risk Manager: Head of Communications, Head of Customer Services, Research and Consultation Team Leader
<p>Risk Description: That consideration is not given, and management action is not taken, to effectively manage the reputation of the Council, leading to a loss of public confidence, threatening the stability of the Council and our ability to meet the corporate priorities.</p> <p>The risk is managed primarily through the work in three different areas; Communication & Media, Customer Experience and Consultation.</p>	
Interdependencies: The emergence of any issue highlighted as a strategic risk has the potential to represent a strategic risk to reputation	
<p>Comments this quarter:</p> <p>Communication & Media: Corporate Policy Committee approved the draft Communications Strategy for Residents to go to public consultation ahead of consideration for approval and adoption at CPC in December 2022. During this period (Q2) we saw particular interest and activity in the following topics:</p> <ul style="list-style-type: none"> • HM Queen Elizabeth II • Great British Railway HQ bid • HS2 • South Macclesfield Development Area • Homes for Ukraine scheme • Crewe Town Centre regeneration • Best4Business programme • Middlewich petition • Roadworks • Public art projects • Recruitment and retention <p>Customer Experience: First phase of technology to enhance the management, monitoring and analysis of customer contact implemented October 2022. Further phases including the delivery of live chat functionality and the management of e mails to be delivered Q3. Revised process for managing the quality of complaints and formal correspondence approved and to be trialled within Planning Service Q3. Ongoing embedding and monitoring of the Customer Charter. Successful leadership session delivered and plans for further sessions to wider audience underway.</p> <p>Consultation: Instances of EIA being published without modification or amendment have been occurring. As a result, a review of the sign off process will be undertaken to ensure that this remains robust and reduces risk. WLT have undertaken Customer Experience training. Improving the Customer Experience is a focus of the Transformation Programme, to support this new customer satisfaction measures have been developed and are monitored and reported on a quarterly basis through performance monitoring arrangements</p>	
Actions (Monitoring):	
Communication & Media:	
Explore development of communication strategies to influence public awareness of and informedness about key universal services, inc: planning, highways, waste and recycling (Quarterly review)	
Further development of the communications approach to supporting decision making under the ctte system (On-going reviews)	
Review Media Relations Protocol (Annual review)	
Align developing communications strategy to customer experience and digital strategies and approach to consultation and engagement (Quarterly review)	
Continue to develop proactive direct comms to be issued via e-mail / SMS – we currently have 34,000 subscribers for 'push' notifications across a range of topics (On-going review)	

Include customer contact centre enquiries, MES and MP correspondence in reputation monitoring (On-going review)
Undertake a survey of residents to understand how they want to get information about council services, policies etc. To inform communications strategy(ies) and plans (Bi-annual review)
Use performance management reports for council services and programmes to identify reputational opportunities and risks at an early stage (On-going review)
Customer Experience
Improve the monitoring and analysis of customer contact and complaints to identify and resolve issues at an early stage
Introduce enhanced policies and procedures to improve the quality of responses to complaints and formal correspondence
Implement technology to enable front line staff to monitor the full end to end customer journey
Develop a new operating model for customer service delivery across the Council
Develop a policy for how the Council uses and engages with customers via social media
Consultation
Develop and introduce a One Council approach to consultation and engagement
Share and promote the new EIA template and guidance
The pilot of the Cheshire East People's Panel
Key Mitigating Controls: Communication & Media; <ul style="list-style-type: none"> • Effective monitoring and reporting of organisational reputation and sentiment. • Weekly reputation reporting to senior managers • Monitoring of social and traditional media • Communications and media function advised at an early stage of all future demand and emerging issues to enable effective planning • Providing a 24/7 emergency communications on call function • Communications strategies for key projects and issues developed agreed and reviewed with senior stakeholders and decision makers • Positive proactive communication across multiple channels to celebrate the council's successes and achievements, building positive reputation. • Comms programme planned and reviewed over short-term (daily) and long-term (monthly / annually) • Review communications business continuity, priorities and emergency / crisis comms protocols and plans • Media protocol and approvals process • Media training programme for key spokespersons • Senior member overview of COVID-specific communications activity through Local Outbreak Engagement Board • Regular COVID-specific comms activity reporting and planning as part of CEMART • Regular meetings with comms leads from public sector partner organisations to collaborate, share plans and intelligence • Values and behaviours for officers and members are established and organisational culture is monitored and supported through a range of initiatives under the culture programme. • Ensure that information about the Council, its services and how to access them is easily available in a range of formats for a wide range of audiences • Monitor public sector press (e.g. MJ and LGC) and maintain and develop relationships with these media outlets to maximise opportunities for positive coverage. Customer Experience Existing Controls and Evidence; <ul style="list-style-type: none"> • Consistency in standards of service and behaviours through the Customer Charter • Training for all staff and leaders to promote the importance of customer experience • Key performance measures on customer satisfaction and experience monitored • Random sampling and analysis of end to end customer journeys • Customer satisfaction and effort assessed post contact • Voice recording of all calls and ongoing performance management of Advisors • Regular liaison with services to ensure ongoing accuracy of advice and information provided and to plan for initiatives likely to generate high customer demand • Proactive identification of arising issues for customers and liaison with Communications Team to develop appropriate communications • Continuous improvement team tasked with root cause analysis of issues and identifying service improvements Consultation; <ul style="list-style-type: none"> • Ensure that consultation is undertaken when any proposals are still at a formative stage • Consultation must give sufficient reasons for any proposal or change to permit stakeholders to undertake intelligent consideration and response to the options • Ensure consultation and engagement activity informs our evidence-based decision-making approach and that adequate time is given between the end of a consultation to allow for consideration of and where required, a response to, the output of a consultation or engagement

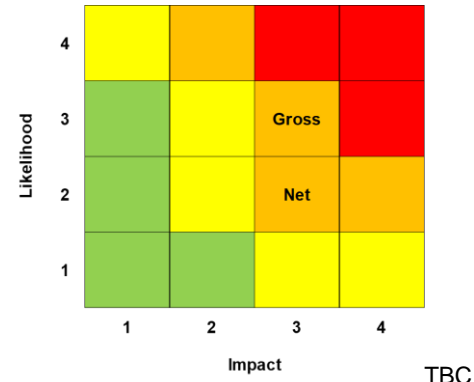
- Ensure that Equality Impact Assessments (EIA) are completed, appropriate for the purpose of use and that they are signed off before any consultation can begin
- When communicating about decisions, make it clear HOW consultation and engagement activity, EIA and other intelligence has been conscientiously taken into account when finalising the decision
- Evidence where are how output from consultation has been used to inform the decision-making process

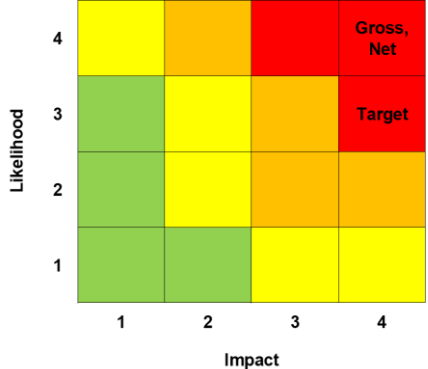
Lead Service Committee: Corporate Policy Committee

Risk Name: Climate Change (CEC Carbon Neutral Status 2025)	Risk Owner: Executive Director of Place																														
Risk Ref: SR14	Risk Manager: Director of Environment & Neighbourhood Services, Head of Environmental Services																														
Risk Description: Failure to achieve Carbon Neutral status for the Council by the 2025 milestone target as a result of ineffective planning and delivery of actions, will result in non-delivery of a key priority in the Council’s Corporate Plan. It will also contribute to climate change temperature rise and severe weather events which could have an impact on public health and safety. It could also have financial implications with increased need for adaptation of key infrastructure for severe weather events across the borough.	<div><div>Likelihood</div><div><table><tr><td>4</td><td></td><td></td><td></td><td>Gross</td></tr><tr><td>3</td><td></td><td></td><td>Net</td><td></td></tr><tr><td>2</td><td></td><td></td><td>Target</td><td></td></tr><tr><td>1</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td></td><td colspan="4">Impact</td></tr></table></div></div>	4				Gross	3			Net		2			Target		1						1	2	3	4		Impact			
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Interdependencies (risks): Economy and World Events, Organisational Capacity and demand, Council funding, Capital Projects																															
Comments this quarter: No material change to the risk in Q2, previously identified pressures remain a significant hurdle but existing controls and planned actions are being delivered as expected. No significant events to note since the last update.																															
Actions (Monitoring):																															
Secure land for tree planting and solar farm development for 2023/24 and 2024/25 planting seasons. (Final land agreements to be agreed with Assets and Rural Economy)																															
Assess mitigation for risk of Fleet and Heat decarbonisation projects failing to meet targets. (Annual progress update presented to Economy & Growth committee)																															
Key Mitigating Controls:																															
<ul style="list-style-type: none">• Risk is reviewed as part of the brighter futures transformation projects board, operational board and member steering group.• Carbon Neutral programme established with Programme Board reviewing progress and risks monthly• Member Advisory group overseeing its delivery• Annual update on progress reported to relevant committee• Climate change is a key consideration as part of our statutory planning duties as an authority and within the development of local planning policy• Planned natural offset set at 10% more than required to reduce risk of non-delivery in any one project area.																															
Lead Service Committee: Environment and Communities																															

Risk Name: Failure of the Local Economy	Risk Owner: Executive Director of Place
Risk Ref: SR15	Risk Manager: Director of Growth and Enterprise
<p>Risk Description: Failure of the local economy</p> <p>The risk that the local economy does not realise the expected level of growth due to an inability to attract, grow and retain commercial enterprises, residents and visitors. The borough has a strong local economy, an above average Gross Value Added (GVA), some areas of deprivation and is reliant on a number of different industries.</p> <p>Consequences: The failure of enterprises reduces the local money supply, reducing the standard of living for residents and council income. Secondary effects can include a reduction in public health and the loss of highly trained or skilled individuals. Consequences and causes, over the medium to long-term can have a symbiotic relationship, creating either an upward or downwards spiral. An example of this is shops closing in a town centre, then reduced footfall resulting in further closures.</p> <p>Causes: The local economy is significantly driven by changes in the national economy, taxation and other government policies. However the failure to maintain parity, or offer benefits above other boroughs, can lead to a relatively larger economic downturn. As noted above poverty and deprivation, like other issues, can be both a consequence and cause causing a snowball effect.</p>	
Interdependencies (risks): Capital Projects, HS2 Infrastructure Investment, Pandemic Virus, Climate Change	
Comments this quarter: Scope of the risk refined with a focus on the local economy rather than the national. Risk appetite, controls and interdependencies updated. No actions as net score is equal to target, indicating that the risk is being managed as well as possible given the level of influence available. As noted in the risk description, central government policy and the national economy are the main drivers. Recent political uncertainty and poor national economic performance have driven an increase in both net and target score although headroom remains for a further increase.	
Actions (Monitoring):	
N/A	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> • Employment support • Business forum to engage and plan future support • Investment plans to support regeneration and development • Place marketing and inward investment • Central government support and business grants 	
Lead Service Committee: Economy and Growth	

Risk Name: Integrated Care System (ICS) Integration	Risk Owner: Executive Director of Adults, Health and Integration
Risk Ref: SR16	Risk Manager: Director of Growth and Enterprise
<p>Risk Description: The failure to integrate communication and decision-making with the local ICS partnership</p> <p>The ICS develops strategies that improve public health, reduce health inequalities and ensure the health and care system across Cheshire and Merseyside is sustainable.</p> <p>Potential consequences: Without effective and timely communication to support decision-making all partners could struggle to deliver their services to the best of their ability. Public health and wellbeing would suffer in the Cheshire and Merseyside areas.</p> <p>Potential causes: Poor or incomplete governance arrangements and delayed transfer of care assessments impact on the efficiency of the council services.</p>	<p>The risk matrix shows a risk level of 12 (Likelihood 3, Impact 4), which is in the 'Gross, Net' (Red) category. The 'Target' (Orange) category is for risks with a likelihood of 3 or less and an impact of 3 or less.</p>
Interdependencies (risks): Increased demand for Adult's Services, Increased demand for Children's Services, Pandemic Virus	
<p>Comments this quarter: New Governance arrangements and section 75 have been approved and are now in place, including the Cheshire East Health and Care Partnership Board, which has met in shadow format, and will meet fully in Nov 22. The joint appointment of the Director of Commissioning within the ICB as the Associate Director Transformation & Partnerships /Cheshire & Mersey ICB Cheshire East will have an impact on communications from the ICS to the LA. Although Communications between the ICS and local 'Places' including the ICB are still limited while structures are still under developments, with ongoing mapping of programme at C&M and Place level.</p> <p>Visits are due on the 27th Oct and 7th Nov from the ICS (including Graham Urwin) with the Cheshire East Place to understand more about the progress and level of 'maturity' of the Cheshire East 'Place'. Our local self-assessments against the indicate that we have progressed against most of the domains within the C&M Maturing Framework. This is due to the development of our local integrated Governance arrangements, partnership working and strategic developments.</p>	
Actions (Monitoring):	
To continue to be a key player in the development of the integrated care system at a regional and local level (Via ICS review visits (bi-monthly) new Governance arrangements (Monthly), A&H Committee (bi-monthly), Health and Wellbeing Board (bi-monthly))	
The development of new local Integrated Governance arrangements (Via Health and Care Partnership Board (bi-monthly) Leadership Group (bi-weekly))	
Joint appointment of the Director of Commissioning as the Associate Director of Transformation and Partnerships (Via the Director of Place and Executive Director of Adults, Health and Integration)	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> The Cheshire East Integrated Care Partnership has been in place since October 2020 and is developing implementation plans across a number of work streams designed to achieve quality improvement and financial efficiencies across the system Progress on the ICP is reported to the Health and Wellbeing Board and Adults and Health Committee Evidence of progress and reporting is available via Full Council and Adults and Health Committee Self-Assessments have been undertaken against the C&M Maturing Framework, which provides evidence of progress towards health and care integration against four domains. Presentations on local integration progress have been delivered during regular review visits with the ICS <ul style="list-style-type: none"> Governance reports and minutes for newly formed Governance arrangements for integration including: <ul style="list-style-type: none"> Health and Care Partnership Board Strategic Planning and Transformation Group Operational Group Enabler Workstreams Programme Groups Care Communities 	
Lead Service Committee: Adults and Health Committee	

Risk Name: Local Planning Authority Modernisation Plan	Risk Owner: Executive Director of Place
Risk Ref: SR17 (NEW)	Risk Manager: Director of Environmental and Neighbourhood Services
<p>Risk Description:</p> <p>Following the completion and report of the Local Planning Authority Report, a modernisation plan is in place to achieve the transformation of the service. Failure to complete the actions of the modernisation plan will undermine the planned transformation of the service, perpetuating and potentially extending the issues identified and undermining the reputation of the organisation.</p> <p>Detailed consequences: Failure to achieve completion of the modernisation plan will undermine the performance of the Council in its Local Planning Authority role, result in non-compliance with statutory processes, and reputational damage to the Council. By not achieving the modernisation plan within agreed timescales, the potential for overspend increases.</p> <p>Detailed causes: Insufficiency of the relevant/necessary resource to ensure completion of actions in the required timescales (ICT, staff, and skills), failure to engage with internal and external stakeholders to affect necessary changes, lack of oversight from the Planning Transformation Board, lack of agreed change management process within the modernisation plan.</p>	 <p style="text-align: right;">TBC</p>
Interdependencies (risks): Organisational Capacity and Demand, Reputation, Council Funding,	
Comments this quarter: TBC	
Actions (Monitoring):	
TBC	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> • Environment and Communities Report 31/10/2022; Local Planning Authority Review and Service Transformation Report and Modernisation Plan. • Planning Services Transformation Plan • Monitoring of progress against modernisation plan by Transformation Board and Environment and Communities Board • Internal Audit reports on Community Infrastructure Levy and Section 106 will inform the scope of a member/officer working group 	
Lead Service Committee: Environment and Communities	

Risk Name: Delivery of the JTAI Improvement Plan	Risk Owner: Executive Director of Children's Services
Risk Ref: SR18 (NEW)	Risk Manager: Executive Director of Children's Services
<p>Risk Description: That as a safeguarding children's partnership, Cheshire East Council's children's services, health, and police, do not achieve the improvements needed at the necessary pace to address the recommendations from the joint targeted area inspection (JTAI) of child exploitation, including child sexual exploitation.</p> <p>This would mean that we would not achieve the council's desired outcomes for children and young people at risk of exploitation. There is also a reputational risk of not delivering the required improvements, as this could result in an inadequate rating by Ofsted. An inadequate rating by Ofsted would have a significant impact on the council's reputation, ability to recruit and retain staff, and would increase costs in order to deliver improvement activity.</p> <p>Significant work is required to deliver these improvements which requires sufficient capacity and resources. High quality work to support children and young people is dependent on being able to achieve a stable and experienced workforce. Nationally and locally there are challenges recruiting and retaining staff within specific areas of children's services, which is resulting in higher than average workloads and some delays in delivering services. There is a risk that this could result in children experiencing delays in receiving support leading to escalation of need and increased risk of poorer outcomes - including risk of harm and risk to life, a lack of continuity of workers for children and young people, and increased costs to the council.</p>	
<p>Interdependencies (risks): This risk shares an interdependency with the risk relating to demand to children's services, and demand to adult social care and health services. If adult services or NHS services experience an increase in demand/ complexity this could impact on the quality of support delivered by children's services, as services rely on adults and health input to ensure children's needs are assessed and met. Increased demand to children's services will result in increased workloads which will impact on the ability to release staff for training or to deliver high quality and timely work. Improving the quality of support to children and young people requires all three statutory partners (local authority, health and police) to work together effectively to develop services at pace. All three agencies are dependent on each other to work together as a partnership and provide robust scrutiny and challenge on the outcomes achieved for children and young people.</p>	
<p>Comments this quarter: This is a new risk following the joint targeted inspection of child exploitation in Cheshire East, and the publication of the inspection findings. A number of changes were made immediately following the inspection to ensure that children and young people at risk of exploitation were safe, and to improve processes to protect children and young people from harm. A comprehensive partnership improvement plan is now in place which addresses all of the recommendations from the inspection as detailed in the letter of findings. An Improvement Executive Board is in place to scrutinise progress against the plan and ensure that this is achieved at pace. Governance arrangements are currently being established to support effective delivery of the plan and scrutiny of its impact on outcomes for children and young people. There is strong partnership commitment to ensuring changes are achieved for children and young people.</p>	
<p>Actions (Monitoring):</p> <p>Establish robust governance structures to support the delivery and evaluation of the improvement plan (Improvement Group to review to ensure achieved by the completion date)</p> <p>Independent scrutineer to conduct a review of the LSCEP Executive and the sub-groups with recommendations on developments to enable the partnership to improve its effectiveness and impact for children and young people (Safeguarding Children's Partnership Executive to ensure achieved by the completion date)</p> <p>Deliver the improvement plan and scrutinise impact on outcomes for children and young people at risk of exploitation (Monthly by the Improvement Executive Board)</p>	
<p>Key Mitigating Controls:</p> <ul style="list-style-type: none"> A partnership review was completed immediately following the inspection to ensure that all children and young people at risk of exploitation had the right plans in place to support them. No child/ young person was identified as being at immediate risk. We have a comprehensive partnership improvement plan in place to address the recommendations from the JTAI inspection. An independent scrutineer has been recruited to provide scrutiny to the partnership. Meetings of the Executive Group of the Safeguarding Children's Partnership have been increased to bi-monthly from quarterly to support increased pace of change. An Executive Board is in place which consists of the Chief Executive of the council, Chief Constable and Chief Nurse, which scrutinises partnership progress against the improvement plan. A strategic improvement group is in place which is focused on delivery of the improvement plan. All exploitation screening tools received by the front door are now reviewed within 24 hours and managed as a contact. This involves partnership information gathering, analysis by an experienced social worker and management approval of the most appropriate course of action. A decision will be made on the same day either to progress to a referral to children's social care and allocated to a social worker or into early help and prevention and allocated to an early help practitioner. Statutory intervention commences immediately including a visit to the child and the initiation of a child and family assessment, and specific risk mitigation now begins without delay. 	

- The integrated front door meeting now retrospectively reviews the immediate safety planning for all children at risk of exploitation who have been referred into either children's social care or early help in the previous 7 days.
- Performance is monitored on a monthly basis by services. The children and families quarterly scorecard is reviewed at the Children and Families Committee and the Safeguarding Review Meeting attended by the chief executive and lead member for children and families. The Safeguarding Review Meeting includes discussion of workforce pressures and risks.
- Audits of practice are completed quarterly to evaluate the quality of practice and the effectiveness of service improvements.

Lead Service Committee: Children and Families Committee

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Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	09 March 2023
Report Title:	Six Monthly Complaints Report
Report of:	David Brown Director of Governance and Compliance / Alex Thompson Director of Finance and Customer Services
Report Reference No:	AG/03/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. This report aims to provide members with information and analysis of complaints and compliments and of the improvements undertaken by services to remedy issues identified.
- 1.2. The report provides a summary and analysis of the complaints considered under the complaints representations procedures between 1st July and 31st December 2022 and of the compliments received during that period.
- 1.3. It also 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.
- 1.4. The report contributes to the Corporate priorities of being "open and honest" and recognises the importance of complaints in driving the priority of improving customer experience.

2. Executive Summary

- 2.1. In September 2022 Audit & Governance Committee approved proposals to amend the frequency and content of reports received regarding complaints. It was agreed that reports would continue to advise of all maladministration

notices but also provide a more comprehensive view of all complaints, an analysis of lessons learned and details of the actions and improvements undertaken by Services. This is the first of these revised reports covering the 6 month period between July and December 2022.

- 2.2. During the 6-month period, the council received 1,345 complaints and 220 compliments. This compares to 1,608 complaints and 256 compliments received in the previous 6 monthly period of January to June 2022.
- 2.3. During the same period the Council recorded 265,776 contacts from customers received via the Corporate Contact Centre, on line or via e mail. Complaints received therefore represent 0.5% of all contact made to the Council and compliments represent 0.08%.
- 2.4. The number of complaints received has reduced from the previous 6 monthly period. This previous period was impacted by a peak in the volume of complaints arising from staffing issues within the Waste and Recycling service which has now stabilised.
- 2.5. A total of 40 new enquiries were received from the LGSCO during this period and 7 Decision Notices were received in which the Ombudsman concluded that there has been maladministration (fault) causing injustice. The complaints concerned Adult Social Care, Planning. Special Educational Needs and Disabilities (SEND) and Children's Social Care. A summary of these is included at paragraphs 6.10 to 6.28 and further details can be found in **Appendix 1**.
- 2.6. The Customer Services Team continue to raise the profile of complaints as a tool for service improvement. Quarterly reports have now been developed and have been shared with Directorate Management Teams within Children's Services and Adults, Health & Integration. Quarterly reports for Place and Corporate Directorates have been scheduled.
- 2.7. Training for those Officers responsible for complaints investigation has been arranged with the Ombudsman and procedures have been put in place to improve the quality of responses to complaints.
- 2.8. Systems for recording and reporting on complaints have been reviewed and further improvements agreed which should enable greater analysis of complaints in future reports.

3. Recommendations

- 3.1. That the Committee
 - 3.1.1. Notes the content of the report and acknowledges the Council's compliance with the Corporate Complaints Policy, and with the recommendations of the Ombudsman.
 - 3.1.2. Agrees that this report be provided to the Chair of each Service Committee.

4. Reasons for Recommendations

- 4.1. To ensure that the Committee is kept informed, at appropriate intervals, of the Ombudsman's findings and to provide assurance that the Council is complying with the Corporate Complaints Policy and any recommendations made by the Ombudsman.
- 4.2. To ensure that the Committee is provided with assurance of service departments' improvements to customer service to reduce the number of complaints referred to the Ombudsman.

5. Other Options Considered

- 5.1. Not applicable

6. Background

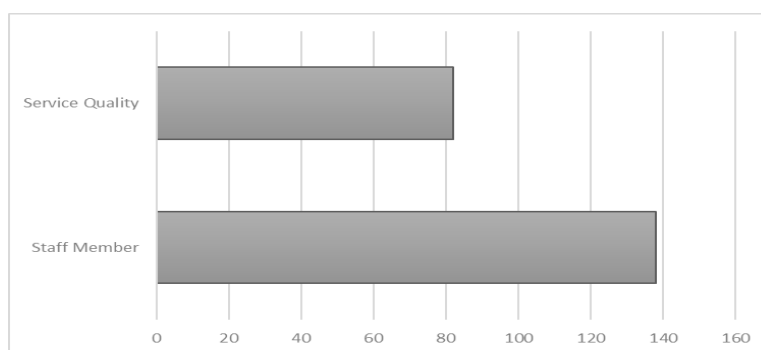
- 6.1. **Compliments:** During the period 1 July to 31 December 2022, 220 compliments were recorded corporately.
- 6.2. The Complaints Team record all compliments referred to them by services. It is worth noting however that during this period, not all departments have formally logged their compliments and reminders have been issued to all staff to ensure these procedures are followed.
- 6.3. Table 1 shows the number of compliments received by each directorate.

Table 1: Compliments received by Directorate

Directorate	Total
Adults	36
Children's	35
Corporate	63
Place	86

- 6.4. Data on the reasons for compliments is currently limited to compliments about the service or compliments about the member of staff. Work is ongoing to revise these categories to provide more informative analysis.

Table 2: Compliments by category.



- 6.5. Complaints:** During the same period, the Council received or escalated 1,345 complaints. Of these 239 were not progressed into the complaints process as they were withdrawn, rejected, suspended or not pursued by the complainant. Table 3 identifies the outcome of the remaining 1,106.

Table 3: Outcome of complaints received in period

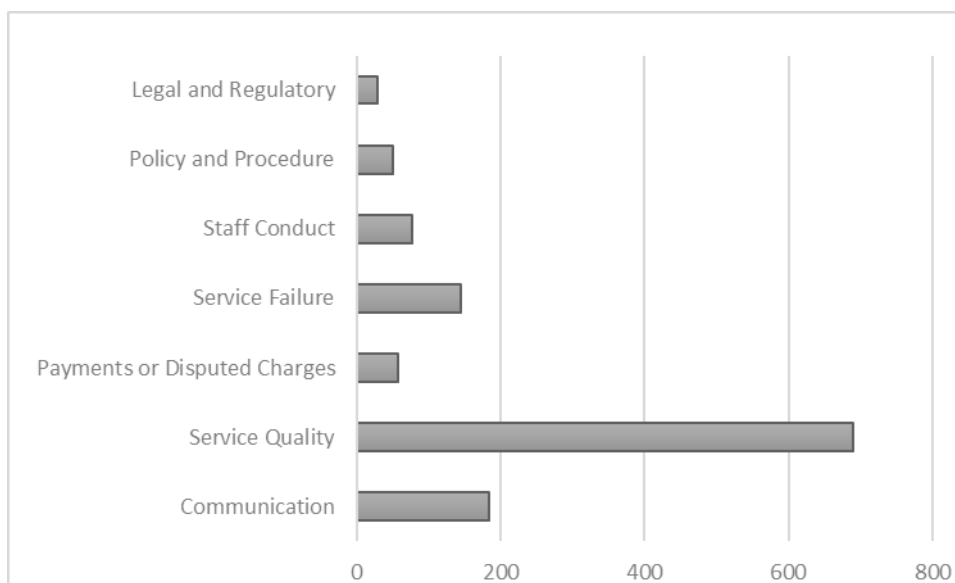
Directorate	Total		Fully Upheld	Partially Upheld	Not Upheld		Ongoing (overdue)	
Adults	73		20	9	44		0	
Children's	162		54	42	57		9	
Corporate	150		64	19	64		3	
Place	721		415	78	212		16	
Total	1106		553	148	377		28	

- 6.6.** Table 4 identifies how many complaints were at each stage in the Complaints process, by directorate.

Table 4: Number of complaints at each stage by directorate for the period

Directorate	Total		Stage 1	Stage 2	Stage 3
Adults	73		65	8	0
Children's	162		153	9	0
Corporate	150		142	8	0
Place	721		655	66	0
Total	1106		1015	91	0

- 6.7.** The most common reason for customers making a complaint was 'Service Quality'. Table 5 details the reasons why customers are making complaints and how many complaints were received for each category.

Table 5: Complaint Reasons (NB some complaints have multiple primary causes)

- 6.8. Local Government and Social Care Ombudsman (LGSCO)** - A total of 40 complaints were submitted to the LGSCO during this period. Table 6 summarises the outcomes of those complaints submitted and of those outstanding from previous periods.

Table 6: Outcome of complaints to LGSCO

Team	Raised this period	Ongoing investigation from prior periods	Final Decisions this period			
			Rejected	No Fault	Fault but no Injustice	Fault with Injustice
Adults	9	2	4	0	0	3
Children's	8	2	4	0	0	3
Corporate	3	0	1	0	0	0
Place	20	5	6	10	0	1
Total	40	9	11	10	0	7

- 6.9. Ombudsman Maladministration Cases.** During the period between 1 June and 31 December 2022, the Council received 7 Decision Notices in which the Ombudsman has concluded that there has been maladministration (fault) causing injustice. The complaints concern Adult Social Care, Planning, Special Educational Needs and Disabilities (SEND) and Children's Social

Care. A summary of these complaints is listed below with the details and actions taken found in **Appendix 1**.

6.10. Complaint 1 – Adult Social Care

The complaint was originally received in June 2021 via the Ombudsman and concerned the lack of care that the complainant said her father received in his care home before his death. The complainant had already complained to the care home before approaching the Ombudsman.

6.11. A Final Decision was issued by the Ombudsman on 15 June 2022. The Ombudsman found a number of failings with the care home as summarised in Appendix 1.

6.12. The Ombudsman recommended that the Council apologise to the complainant for the failings and recommended a payment of £500 of which half was paid by the Council and half by the care home. The Ombudsman also recommended that the Council amend its contract with care providers to request the care providers' routine complaints monitoring reports on a quarterly basis. This is so the Council has a greater awareness of complaints being made by service users direct to care providers which it has commissioned to provide care services.

6.13. Complaint 2 – Adult Social Care

The complaint was originally received in April 2022 via the Ombudsman and concerned the complainant's son's previous care provider who terminated the contract to look after him due to comments that the complainant was alleged to have said to carers. The complainant denied any wrongdoing and complained that the care provider did not follow the correct complaints procedures and had failed to communicate openly with her.

6.14. A Final Decision was issued by the Ombudsman on 7 November 2022. The Ombudsman found that the care provider had failed to follow its own complaints procedure when responding to the complainant.

6.15. The Ombudsman recommended that the Council apologise to the complainant for the failings identified and for the anxiety caused by the sudden change of his care provider. They recommended a total payment of £500. The Ombudsman also recommended the Council provide feedback to the care provider about the lessons learned from this complaint.

6.16. Complaint 3 – Planning

The complaint was originally received in October 2021 and concerned a lack of planning enforcement. A Stage 1 response was issued on 4 November 2021 followed by a Stage 2 response on 22 February 2022. The complaint responses apologised for the fact that the latest version of a Habitat Land Management Plan (HLMP) was not available on the Council's website, however found no breach of planning conditions relating to the land in question.

- 6.17.** The complainant remained dissatisfied and took his complaint to the Ombudsman. The Ombudsman issued a Final Decision on 22 November 2022. The Ombudsman found fault with the service failure that led to the non-publication of the revised HLMP on its planning portal and with delayed responses to the complainant.
- 6.18.** The Ombudsman recommended an apology and a payment of £300 to the complainant. They also recommended a timely progression of the Council's planning enforcement investigation.
- 6.19.** Complaint 4 – SEND
- This complaint was made in March 2022 and related to the complainant's daughter's Education, Health & Care Plan (EHCP) and the fact that she had not received a copy of the Education Psychologist's report. The Complainant complained about the delay in issuing the EHCP.
- 6.20.** A Stage 1 response was issued on 29 March 2022 apologising for the delay in sending the complainant a copy of the Education Psychologist's report. However, the complainant remained unhappy with the subsequent delay in issuing an updated EHCP.
- 6.21.** A Stage 2 review was declined and the complainant took her complaint to the Ombudsman. A Final Decision was received on 24 November 2022. The Ombudsman found the Council was at fault for its delay in issuing an updated EHCP. The Ombudsman recommended a letter of apology and a payment of £100.
- 6.22.** Complaint 5 – Children's Social Care
- This complaint was originally received in April 2019 and concerned how the complainant felt he had been treated by Children's Services staff who were involved with his daughter. A Stage 1 response was issued on 24 June 2019. The complainant remained unhappy with the response and requested escalation to Stage 2 of the children's statutory complaints process.
- 6.23.** The independent investigator's Stage 2 report was received in September 2020 and the Council's response issues to the complainant in October 2020. The complainant initially requested escalation to the Stage 3 review panel, however following discussion with his advocate, he agreed for an early referral to the Ombudsman instead.
- 6.24.** The Ombudsman issued its Final Decision on 14 December 2022. The Ombudsman found fault with the lack of guidance provided to parents concerning the child protection process, the failure to appoint an advocate for the complainant and the failure to take into account reasonable adjustments due to the complainant's disability. The Ombudsman recommended a payment of £550 to the complainant along with reviews of its policies on appointing advocates, managing parents with communication difficulties and improving guidance on the child protection process.

6.25. Complaint 6 – SEND

This complaint was made in March 2022 and concerned the complainant's son's EHCP. The complainant complained that in the EHCP her son remained on roll at a school he no longer attended and that she had not received any information about personal budgets. A formal Stage 1 response was not issued in this case and the complainant requested to escalate to Stage 2. A Stage 2 response was issued on 19 May 2022. The complaint was partly upheld.

6.26. The complainant pursued her complaint with the Ombudsman and a Final Decision was issued on 14 December 2022. The Ombudsman found fault with the failure to provide the complainant with the information about personal budgets and to arrange a meeting to discuss this. The Ombudsman recommended an apology and a payment of £100.

6.27. Complaint 7 – Adult Social Care

This complaint was originally made in November 2021 as the complainant was dissatisfied with the outcome of a safeguarding investigation carried out by the Adult Safeguarding Provider Team, into the care provided by a care provider to her brother. A complaint response was issued on 17 December 2021.

6.28. The complainant subsequently took her complaint to the Ombudsman. A Final Decision was issued on 20 December 2022. The Ombudsman found fault with the Council for failing to ensure the care provider had completed a thorough investigation into the complaint. The Ombudsman recommended an apology and that the Council order the care provider to complete a new investigation into the original complaint.

7. Lessons Learnt and future actions

7.1. The SEND Service has an action plan for improvements in their department and the lessons learnt from complaints will be incorporated into the action plan.

7.2. In relation to the upheld complaints about Adult Social Care, contracts for care providers are to be changed to require them to submit details of complaints received by each provider to the Council on a quarterly basis. The service also intends to require care providers to pay any financial penalty imposed by the Ombudsman where the fault identified lies with the provider and not the Council.

7.3. In response to Complaint 5 the Corporate Complaints Policy on the use of advocates to support vulnerable customers has been revised.

7.4. A pilot involving complaints relating to the Planning department began in January 2023, where the Complaints Team will be monitoring and quality checking complaint responses before they are issued to the customer. This is to ensure that the complaint has been responded to fully and prevent

escalations to Stage 2. If successful, this will be rolled out to other services during 2023.

- 7.5.** Training is being commissioned from the Ombudsman to improve the quality of written responses that are issued by the Council. This will be taking place from April 2023, with colleagues from the Complaints and Planning teams attending the first session. The Customer Services Team is also working on preparing training to deliver to staff internally on writing effective complaint responses.
- 7.6.** There will be a push in the next period and beyond to ensure that all compliments received by colleagues or service areas are logged corporately, to ensure that the hard work of council staff is recognised and celebrated.

8. Implications

8.1. Legal

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

8.2. Finance

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 £1800.00.

8.3. Policy

There are no direct implications to policy from this report, however, whilst the primary purpose of this report is to inform Members of the Ombudsman's findings, and to seek to secure improvements in performance, resource implications arise from high numbers of Ombudsman findings. These primarily relate to the increased demand upon officers in researching the background to, and in administering complaints. However, if a high volume of complaints were received about a specific policy, a review of the relevant policy could be triggered and referred to the relevant service committee.

8.4. Equality

When responding to complaints, the Council must ensure that people are treated fairly and that we comply with the Equality Act 2010, making reasonable adjustments where necessary. This may include providing responses in large font, using coloured paper or communicating by specific means such as email only.

8.5. Human Resources

Whilst the primary purpose of this report is to inform Members of the Ombudsman's findings, and to seek to secure improvements in performance, resource implications arise from the high numbers of complaints. These

relate to the increased demand upon officers in researching the background to complaints and responding appropriately. Where complaints relate to specific staff members, for example because of behaviour or attitude, these are escalated to the appropriate manager.

8.6. Risk Management

If recommendations made by the Ombudsman are not followed, this could trigger a public report.

8.7. Rural Communities

There are no direct implications for rural communities

8.8. Children and Young People/Cared for Children

Children and young people are affected by complaints to SEND, particularly in cases where their needs are not being met. Reference to children's issues is made earlier in the report.

8.9. Public Health

There are no direct implications for Public Health

8.10. Climate Change

There are no direct implications for climate change

Access to Information	
Contact Officer:	Helen Gerrard Helen.gerrard@cheshireeast.gov.uk
Appendices:	Appendix 1 - Ombudsman Decisions where Maladministration with Injustice has Taken Place
Background Papers:	

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

June 2022 to December 2022

	Summary and Ombudsman's Final Decision	Agreed Action	Action Taken	Comments from Service
Complaint 1 – Adult Social Care	<p>The Ombudsman's Final Decision – 15.6.2022</p> <p>Summary: Ms B complained on behalf of Mr & Mrs C about the care they received from Four Seasons (No 9) Ltd when it operated a care home they were both resident at; in Mrs C's case with that care provided on behalf of the Council. We uphold the complaints, finding no evidence the Care Provider considered Mr or Mrs C's need for contact with each other (or between Mr C and his wider family), after they moved to rooms on different floors of the care home. The Care Provider also failed to sufficiently communicate a decline in Mr C's health before he died. There were also some failings in its management of Mrs C's diet and nutrition. These failings have caused distress. The Council and Care Provider accept these findings. At the end of this statement, we set out the action they have agreed to take to remedy that injustice.</p>	<p>Agreed action</p> <p>76. The Council and Care Provider accept the findings set out above. To remedy the injustice identified at paragraph 65 and 66 it is agreed that within 20 working days:</p> <ul style="list-style-type: none"> • both the Care Provider and the Council will provide a written apology to Ms B and Mrs C accepting the findings of this investigation; • both the Care Provider and the Council will pay Mr C's family of £500 in recognition of their distress; I suggest each contribute £250 to this; the Council and Care Provider can check with Ms B to whom this payment should be made. <p>77. To remedy the injustice identified at paragraph 72 the Council has agreed that within 20 working days:</p> <ul style="list-style-type: none"> • it will ensure Mrs C receives a payment of £250 in recognition of the failure of the Care Provider to always ensure her dietary needs and preferences were met. This payment may be made direct by the Council or from the Care Provider subject to discussion between both. Should the Council make the 	<p>Apology Letter issued to Mrs c on 26.7.2022.</p> <p>A Payment of £250 was made to Mrs C.</p> <p>Paid by the care provider.</p>	

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		<p>payment it will not be prevented from seeking recovery of the amount from the Care Provider if it believes it was contractually at fault for not meeting Mrs C's dietary needs and preferences.</p> <p>78. In addition, the Council has said it will learn wider lessons from this complaint. Within 20 working days of a decision on this complaint it will:</p> <ul style="list-style-type: none"> • brief the current operators of the care home to advise of our findings; it will encourage the new owners ensure they are keeping adequate records around residents wishes for social interactions with family and nutrition/dietary needs; the new provider will also be encouraged to offer a meeting with Ms C, with a member of her family present if she wishes this, to discuss any ongoing concerns about her diet and nutrition; <p>79. The Council has also said that three months of a decision on this complaint it will amend its contract with care providers to request providers' routine complaints monitoring reports on a quarterly basis as part of the Council's provider monitoring process. It will also ask providers to provide this information quarterly, albeit on a non-contractual basis with effect from Quarter 1 (April to June 2022).</p> <p>This is so the Council has more awareness of complaints being made by users of services and that it can better monitor complaint outcomes.</p>	<p>A response was sent to the Ombudsman with a copy of an email from the Director of Commissioning confirming this action has been actioned.</p>	
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Complaint 2 – Adult Social Care	<p>The Ombudsman's Final Decision – 7.11.2022</p> <p>Summary: Mrs X complained about the way a care provider, commissioned by the Council, ended its contract to provide care for her son. There was fault in the care providers actions, for which the Council is responsible. This caused Ms X considerable distress. The Council should apologise, make a symbolic payment to Mrs X to recognise the injustice caused, and take appropriate action to prevent recurrence.</p>	<p>Agreed action</p> <p>41. When a council commissions another organisation to provide services on its behalf it remains responsible for those services and for the actions of the organisation providing them. So, although I found fault with the actions of the care provider, I have made recommendations to the Council.</p> <p>42. Within one month of the date of the final decision, the Council will:</p> <ul style="list-style-type: none"> • apologise to Mrs X for the care provider's failure to follow its own process when allegations were made, and for failings in its complaints handling; • pay Mrs X, for the benefit of Y, £100 to acknowledge the anxiety caused by the sudden changes to his routine as a result of the change in his care package at short notice; and • pay Mrs X £400 to acknowledge the considerable distress caused to her by the failings identified. <p>43. Within three months of the date of the final decision, the Council will:</p> <ul style="list-style-type: none"> • provide guidance to the care provider about the lessons learned from this complaint. This should include the need to be open about concerns and take reasonable steps to try to resolve them before ending a care contract, and to ensure it reminds staff about the need to follow its own processes, including its complaints process, in line with regulation 16. 	<p>Letter of apology issued 14.11.2022.</p> <p>A payment of £500 was made to Mrs X.</p> <p>To be completed by 7 Feb 2023.</p>	
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Complaint 3 – Planning	<p>The Ombudsman's Final Decision – 22.11.2022</p> <p>Summary: Mr X complains about the Council's handling of the planning application process relating to his home and subsequent enforcement action. There was service failure which meant the correct information was not published on the Council's planning portal. The Council also took too long to respond to Mr X's concerns and complaints. The Council has agreed to apologise and make a payment to Mr X for the delay and uncertainty caused. It will also ensure its ongoing planning enforcement investigation is progressed in a timely way and will keep Mr X regularly updated on its progress.</p>	<p>Agreed action</p> <p>37. Within one month of my final decision, the Council has agreed to:</p> <ul style="list-style-type: none"> • apologise to Mr X for the service failure that led to the non-publication of the revised HLMP on its planning portal and for the frustration caused by its delayed responses; • pay Mr X £300 for the uncertainty, time and trouble caused by the faults identified in this decision statement; and, • ensure timely progression of its planning enforcement investigation into the maintenance of the pond in front of Mr X's home and commit to providing Mr X with regular updates on its progress and details of its decision on conclusion. 	<p>Letter of apology issues 16.12.2022.</p> <p>A payment of £300 was made to Mr X.</p> <p>An update on the planning enforcement investigation was provide in our letter of 16.12.2022.</p>	
Complaint 4 – SEND	<p>The Ombudsman's Final Decision – 24.11.2022</p> <p>Summary: Miss X complained that the Council failed to issue her daughter's Education, Health and Care plan within the statutory timeframe. She also complained that the Council failed to deal with her complaint in line with its policy. Miss X said this meant a delay in her daughter getting provision she needed. She also said it caused her unnecessary distress and frustration. We find the Council at fault for delays issuing the plan. This fault caused Miss X injustice. The Council has agreed to apologise and make a payment to reflect the injustice caused. We do not find the Council at fault for its complaint handling.</p>	<p>Agreed action</p> <p>45. Within four weeks of this decision, the Council has agreed to apologise to Miss X for the uncertainty, undue significant stress, and frustration caused by failing to issue C's EHC plan within the timeframe set out in the Regulations. The Council has also agreed to apologise to Miss X because the delay issuing the EHC plan denied her right to appeal (which is injustice).</p> <p>46. Within four weeks of this decision, the Council has agreed to make a payment to Miss X of £100 to remedy the uncertainty, undue significant stress, and frustration caused.</p> <p>47. In arriving at this figure, I have considered the Ombudsman's published guidance on remedies. I have considered the length of time involved. I have also</p>	<p>Letter of apology issued 23.12.2022.</p> <p>A payment of £100 has been made to Miss X.</p>	

		<p>considered the Council's efforts to chase the educational psychology service and keep Miss X informed regularly about progress, delays, and managing her expectations, which I consider somewhat mitigated the injustice.</p> <p>48. I therefore consider a payment of £100 is an appropriate and proportionate remedy for the injustice caused.</p>		
Complaint 5 – Children's Social Care	<p>The Ombudsman's Final Decision: 14.12.2022</p> <p>Summary: Mr B complained about the actions of the Council in responding to his complaint about children's services. We found some fault including a failure to appoint an advocate to assist Mr B with his complaint, failing to implement agreed reasonable adjustments for him and a failure to provide a personal remedy to Mr B and C to recognise the impact of the fault on them as part of the complaints process. The Council has agreed to pay £550 to Mr B, including £250 for the benefit of his daughter C, and to improve its procedures for the future.</p>	<p>I recommended the Council within one month of the date of my final decision:</p> <ul style="list-style-type: none"> • pays Mr B £550 (£300 for his distress and time and trouble in pursuing a complaint to us and £250 for the benefit of C, for the distress caused by the danger statement and the failure to holistically explore her case); • explains what progress it has made with guidance for parents about the child protection process; and • explains what steps it has taken to ensure Mr B's reasonable adjustments are met in the future. <p>50. I also recommended that the Council, within three months:</p> <ul style="list-style-type: none"> • works with Mr B's advocate to consider what steps it could take to improve its response to disabled (particularly neurodivergent) parents interacting with both children's services and the complaints process; and • reviews its guidance for complaints staff in when and how to appoint advocates for complainants. 	<p>Awaiting bank details from Mr B.</p> <p>The Corporate, Adults and Children's Complaints Policies are to be reviewed in 2023. The provision of advocates for complainants with communication difficulties will be included in this review.</p>	
Complaint 6 – SEND	<p>The Ombudsman's Final Decision: 14.12.2022</p> <p>Summary: Miss X complained her son remains on roll at a school he does not attend and that the Council has failed to provide information</p>	<p>Agreed action</p> <p>34. The Council has agreed to apologise to Miss X and pay her £100 in recognition of the frustration and distress she has</p>	<p>Letter of apology issued on 13.1.2023</p>	

	about personal budgets. Miss X also complained the Council has delayed in securing the provision set out in her son's EHC plan. There is no evidence of fault in the way the Council has secured Y's educational provision. However, the Council's failure to provide the information Miss X requested and the delay in arranging a meeting to discuss a personal budget is fault. This fault has caused Miss X an injustice.	experienced and the time and trouble she has been put to by the delay in providing information and in arranging a meeting to discuss a personal budget. 35. The Council should take this action within one month of the final decision on this complaint and provide us with evidence it has complied with the above actions.	Awaiting bank details from Miss X.	
Complaint 7 – Adult Social Care	The Ombudsman's Final Decision: 20.12.2022 Summary: Mr X complained about the quality of care provided by a Council commissioned care provider, Safe Hands Care and Support Service. Mr X also complained about Safe Hands Care and Support Service's handling of his complaint and accusations that he was racist. We found fault with the Council for failing to ensure the care provider completed a suitable investigation into Mr X's complaint. The Council agreed to our recommendation to apologise to Mr X and ask the care provider to complete a suitable investigation in line with its policy.	Agreed action 35. Within one month of the Ombudsman's final decision the Council should: • Apologise to Mr X for failing to ensure Safe Hands Care and Support Service provided a suitable complaint response in line with its policy. • Instruct Safe Hands Care and Support Service to complete a full investigation into Mr X's complaint, in line with its policy, and provide a suitable written response to Mr X's complaint. This written response should include a summary of the issues, details of the evidence relied on, a presentation of Safe Hands' findings including an explanation and conclusion.	Letter of apology issued 20.1.2023 Ongoing – to be reviewed 20.3.2023	



Working for a brighter future together

Audit & Governance Committee

Date of Meeting:	09 March 2023
Report Title:	Inspection by Investigatory Powers Commissioner's Office
Report of:	David Brown, Director of Governance & Compliance
Report Reference No:	AG/06/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. To provide Audit and Governance Committee with details of the outcome of a remote inspection by the Investigatory Powers Commissioner's Office (IPCO) in relation to the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA).

2. Executive Summary

- 2.1 Cheshire East Council was inspected in November 2022 by the Investigatory Powers Commissioner's Office (IPCO). The previous inspection was during October 2019 which resulted in several actions, all of which have been discharged. This was the subject of a previous report to Committee in December 2019.
- 2.2 This report provides a summary of the findings and suggested improvements from the inspection in November 2022, together with an action plan to put the improvements into effect.
- 2.3 The inspection outcome shows a much-improved position for the Council and makes some very positive comments on the staff involved in the process. The improvements relate to some of the wording of the RIPA Policy and Procedure and the Online Investigations Policy to align with the guidance contained in the Covert Surveillance and Property Interference Code of Practice (2018).

- 2.4 The inspector also suggests reviewing retention periods for investigation files and the central register to ensure a single comprehensive review and destruction of surveillance records.
- 2.5 Another action involves the updating of the list of Authoring Officers in line with staff changes and training accordingly.
- 2.6 Appendix 1 is the letter from the IPCO dated 5 December 2022 setting out the findings from the inspection and suggested improvements.
- 2.7 Appendix 2 details the suggested improvements identified by the inspection and the actions required to address them.

3. Recommendations

- 3.1. To note the outcome of the IPCO's inspection.
- 3.2. To agree the action plan to address the suggested improvements arising from the inspection and that the changes to policies and procedures will be undertaken.
- 3.3. To receive a report at a future Committee regarding amendments to relevant policies and procedures arising from the inspection when finalised policies will be made available.

4. Reasons for Recommendations

- 4.1. The Audit & Governance Committee has a key role in overseeing the Council's risk management, control and corporate governance arrangements. This report seeks to ensure that the Committee is informed of the IPCO's inspection and to provide assurance that the Council is complying with the requirements of the RIPA legislation and any recommendations made by the inspector.
- 4.2. To provide the Committee with assurance of the actions in place to address the recommended improvements to RIPA policies and procedures.

5. Other Options Considered

- 5.1. This report is for information and no other options are considered necessary to implement the recommended improvements.

6. Background

- 6.1. The IPCO provides independent oversight and authorisation of the use of investigatory powers by intelligence agencies, police forces and other public authorities. Its purpose is to oversee how these powers are used, taking account of the public interest, and ensuring that investigations are conducted in accordance with the law.
- 6.2. Cheshire East Council was inspected remotely in November 2022. The last inspection was during October 2019 and was also a remote desktop

inspection which resulted in several actions, all of which have been discharged. This was the subject of a previous report to Committee in December 2019.

- 6.3.** The remote inspection is intended to be a lighter touch approach, given the low volume of RIPA authorisations approved by most local authorities. Since the changes in the legislation brought about by the Protection of Freedoms Act 2012, Councils are now only able to authorise surveillance under RIPA if it is for the purpose of preventing or detecting crime or preventing disorder subject to the 'serious offence' test, carrying a custodial sentence of six months or more. The volume of authorisations has also reduced since the Department for Work and Pensions took over responsibility for the identification of Benefit fraud.
- 6.4.** Since the last inspection, the COVID pandemic affected the Council's enforcement activity and subsequently further reduced the use of RIPA. Only one RIPA application was authorised in the period since the last inspection. This concerned a test purchase operation relating to the underage sale of prohibited goods.
- 6.5.** The Council uses directed surveillance and obtains communications data to carry out its enforcement functions effectively, e.g. planning enforcement, licensing enforcement, trading standards, environmental health, and community enforcement. RIPA provides a regulatory framework to enable public authorities to obtain information using certain covert investigatory techniques. It is imperative that certain conditions are met in each to ensure successful prosecutions can be made. It is essential that covert surveillance is only used when it is necessary and proportionate to do so. Therefore, this must be properly authorised and recorded, the tests of necessity and proportionality must be satisfied and the potential for collateral intrusion must be considered and minimised.
- 6.6.** With the increase in the use of social media, the Council introduced an Online Investigations Policy. Online research and investigation have become a useful tool for officers and investigators to prevent, detect and investigate suspected criminal activity, harm to residents and businesses and to carry out internal investigations (non-criminal).
- 6.7.** Access to communications data is now obtained under the Investigatory Powers Act 2016. The Council is required to nominate a Single Point of Contact (SPOC), to ensure that data is obtained lawfully and to facilitate access to the data with the communication service providers. The Council uses NAFN (National Anti-Fraud Network) to perform this role. Accordingly, any inspection of the Council's use of the powers to access communications data is carried out via NAFN rather than directly with the Council.
- 6.8.** Once authorised, all applications need the approval of a Justice of the Peace/Magistrate, as required by the Protection of Freedoms Act 2012. The Director of Governance & Compliance is the Council's Senior Responsible

Officer (“SRO”) for the purposes of RIPA in accordance with the Home Office Codes of Practice. They have responsibility for the integrity of the process to ensure that the Council complies with the legislation and Codes of Practice. The Council’s Information Rights Manager and Data Protection Officer is the RIPA Co-ordinator with responsibility for maintaining the central record of authorisations and compliance with the process.

- 6.9.** The Council’s Authorising Officers/Designated Persons under RIPA have been nominated at Director level from each directorate by the Chief Executive. Current trained Authorising Officers are:

Place

Director of Growth & Enterprise

Corporate

Director of Finance & Customer Services

Children’s

Director of Children’s Services

Adults

Director of Adult Social Care Operations
Director of Commissioning

Following the departure of two Directors in Place, additional authorising officers are to be nominated and trained.

- 6.10.** Use of Covert Human Intelligence Source (CHIS)

Covert human intelligence sources may only be authorised if there are certain additional arrangements in place, including an employee of the Council being responsible for the source’s security and welfare and a Senior Officer with general oversight of the use made of the source. Use of a CHIS must be authorised by the Chief Executive before it is approved by a Justice of the Peace/Magistrate.

7. Implications

7.1. Legal

- 7.1.1.** The Council’s use of its powers under Part II of RIPA in respect of directed surveillance is subject to annual reporting by the Monitoring Officer to provide assurance to Audit & Governance Committee. Inspection by IPCO is carried out every three years to ensure the lawful use of the Council’s powers and that effective policies and procedures are in place.

7.2. Finance

- 7.2.1.** There are no financial implications arising directly from this report.

7.3. Policy

- 7.3.1.** The inspection made suggested improvements to the RIPA Policy and Procedure as well as the Online Investigations Policy. These policies will be amended to reflect the changes suggested and will be brought to a future Audit & Governance Committee.

7.4. Equality

- 7.4.1.** There are no equality issues arising directly from the content of this report.

7.5. Human Resources

- 7.5.1.** There are no direct implications for human resources arising from this report.

7.6. Risk Management

- 7.6.1.** The Monitoring Officer provides assurance that the Council has arrangements in place to ensure lawful use of RIPA powers and manage the risks of non-compliance. The Monitoring Officer has regular oversight of RIPA applications and signs off the central register of authorisations on a quarterly basis.

7.7. Rural Communities

- 7.7.1.** There are no direct implications for rural communities arising from this report.

7.8. Children and Young People/Cared for Children

- 7.8.1.** There are no direct implications for children and young people arising from this report.

7.9. Public Health

- 7.9.1.** There are no direct implications for public health arising from this report.

7.10. Climate Change

- 7.10.1.** There are no direct implications for climate change arising from this report.

Access to Information	
Contact Officer:	Julie Gibbs, Information Rights Manager (DPO) julie.gibbs@cheshireeast.gov.uk 01270 686606
Appendices:	Appendix 1 - Letter from the IPCO dated 5 December 2022 setting out the findings from the inspection and suggested improvements. Appendix 2 – Action plan to address the improvements identified by the inspection.
Background Papers:	None



PO Box 29105, London, SW1V 1ZU

Ms Lorraine O'Donnell
Chief Executive
Cheshire East Council
By email

5 December 2022

Dear Ms O'Donnell,

IPCO Surveillance and CHIS Inspection of Cheshire East Council

Please be aware that IPCO is not a "public authority" for the purpose of the Freedom of Information Act (FOIA) and therefore falls outside the reach of the FOIA. It is appreciated that local authorities are subject to the FOIA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: info@ipco.org.uk), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.

Your Council was recently the subject of an inspection by [REDACTED], who examined your use of powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) in relation to directed surveillance and CHIS. This process was facilitated by the Senior Responsible Officer (SRO) for RIPA matters, David Brown – Director of Governance and Compliance and Monitoring Officer. Also present was Julie Gibbs - Information Rights Manager and Data Protection Officer (and RIPA Compliance Officer), Josie Griffiths - Head of Audit and Risk, and Rick Hughes – Trading Standards (and RIPA Training).

Cheshire East Council was last inspected during October 2019 which resulted in a number of actions. The most critical of these related to the quality of authorisations granted for directed surveillance; specifically, the need for Authorising Officers to articulate why they believe the proposed surveillance to be necessary and proportionate. I understand that your Council has used RIPA powers to authorise directed surveillance once since the last inspection, and this concerned a test purchase operation concerning the underage sale of prohibited goods. [REDACTED] has examined the application, authorisation and cancellation documents and found them to be of a high standard. [REDACTED] was content with the level of detail provided by the AO and noted that your authority has complied with the guidance contained within paragraph 3.33 of the Covert Surveillance and Property Interference Code of Practice (2018). Further action points concerning the need to update the RIPA policy have been completed, allowing all outstanding action points to be discharged.

With regard to the RIPA and social media policies and the plan to revise them in due course, it is suggested that the following paragraphs be reviewed and amended for clarity:

- 5.11 – it is not just 'good practice' for Council Members to undertake a formal scrutiny role in respect of the use of RIPA powers and corresponding policy, it is a legal requirement, as set out in paragraph 4.47 of the Covert Surveillance and Property Interference Code of Practice (2018).

- The retention period of entries on the Central Record of authorisations set out in paragraph 6.8, differs to that relating to investigation records which may include RIPA material, as per paragraph 6.2. It would seem sensible to align these periods in order to perform a single comprehensive review of case material.
- Paragraphs 3.6, 3.7 and 6.2 are somewhat contradictory and do not always align with the guidance contained within the Covert Surveillance and Property Interference Code of Practice (2018).
- The OSC Guidance (as cited at the end of the social media policy) has been withdrawn in favour of the updated Code, and should no longer be referred to.
- I note that the list of nominated Authorising Officers is to be updated in accordance with staffing changes and training requirements.

It is pleasing to see that RIPA awareness training has been delivered to key personnel since the last inspection and that there are further courses planned for early 2023. The use of RIPA powers by local government continues to be low, but it is important to maintain the necessary knowledge and processes should the need arise. The use of operational scenarios as outlined in your course material is a helpful way of developing skills, however it is advised that the amended application forms now available on the Home Office website be used, as they have been updated to remove references to the urgency provisions no longer in use by local authorities (<https://www.gov.uk/government/collections/ripa-forms--2>).

██████████ was content with the arrangements the Senior Responsible Officer has in place to maintain his oversight of the use of RIPA powers, and was impressed by the knowledge of your RIPA Co-ordinator, Ms Gibbs. It was noted that she is responsible for updating and maintaining the Central Record of authorisations on the Council's behalf and plays a key role in the functioning of the RIPA system.

The matter of data assurance and the requirement to have a robust system of retaining, reviewing and deleting RIPA material was also discussed. As I have already mentioned in relation to the RIPA policy, differing retention periods are specified for RIPA case records and entries to the Central Record. It is important that any review process is sufficiently joined up, to ensure that all relevant material is assessed to ensure that no records are missed and retained unnecessarily. I would be grateful for an update on how this may be resolved in your response to this letter.

Paragraph 4.47 of the 2018 Covert Surveillance and Property Interference Code of Practice requires that Elected Members be provided with a regular update on the use of RIPA powers and the Council's policy. I am pleased to see that regular communication concerning the use of RIPA powers is made to Members of the Council via the Audit and Governance Committee through the Monitoring Officer's reporting mechanism. It is pleasing to hear that Council Members play an active role in scrutinising RIPA processes.

I hope that you and your colleagues have found the inspection process helpful in focusing on what activity must be undertaken in order to maintain compliance and readiness to use RIPA powers. If you require any further assistance or wish to provide feedback, my Office is available to you; otherwise I would ask you respond to this letter within two months of receipt.

I look forward to hearing from you.

Yours sincerely,

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The Rt. Hon. Sir Brian Leveson
The Investigatory Powers Commissioner

IPCO INSPECTION NOVEMBER 2022

RECOMMENDATIONS AND ACTION PLAN

IDENTIFIED IMPROVEMENT	ACTION	ACTION OWNER	DUE DATE	EVIDENCE
RIPA Policy and Procedure – Version control would be helpful to ensure correct version used with most recent changes	Add version control page to policy and procedure document	Information Rights Manager (DPO)	End February 2023	
RIPA Policy and Procedure – Para 5.11 – it is not just ‘good practice’ for Council Members to undertake a formal scrutiny role in respect of the use of RIPA powers and corresponding policy, it is a legal requirement, as set out in para 4.47 of the Covert Surveillance and Property Interference Code of Practice (2018)	Review and amend para 5.11 in accordance with CoP	Information Rights Manager (DPO)	End February 2023	
RIPA Policy and Procedure - The retention period of entries on the Central Record of	Review retention schedule and consult Information Asset Register. Carry out deletion exercise and	Information Rights Manager (DPO)	End March 2023	

authorisations set out in paragraph 6.8, differs to that relating to investigation records which may include RIPA material, as per paragraph 6.2. It would seem sensible to align these periods in order to perform a single comprehensive review of case material.	ensure process in place for review and destruction of all case files. Amend paras 6.2 and 6.8 accordingly.			
Online Investigations Policy – Paras 3.6, 3.7 and 6.2 are somewhat contradictory and do not always align with the guidance contained within the Covert Surveillance and Property Interference Code of Practice (2018)	Review wording of paragraphs to ensure message is clear about one look being acceptable but more could be considered monitoring.	Information Rights Manager (DPO) with input from Trading Standards & Community Protection Manager and Acting Audit Manager	End March 2023	
Online Investigations Policy – Para 6.3 refers to ‘befriending’. Review wording to ensure not straying into CHIS.	Review wording of paragraph to ensure clear message not to stray into CHIS unless individual has relationship.	Information Rights Manager (DPO) with input from Trading Standards & Community Protection Manager and Acting Audit Manager	End March 2023	
Online Investigations Policy – The OSC Guidance (as cited at the end of the social media	Review policy and remove references to OSC Guidance	Information Rights Manager (DPO) with input from Trading	End March 2023	

policy) has been withdrawn in favour of the updated Code and should no longer be referred to.	and amend to updated Code of Practice	Standards & Community Protection Manager and Acting Audit Manager		
RIPA Policy and Procedure – surveillance for non-statutory activity, e.g. Family Court Proceedings. Non-RIPA surveillance can be used where no criminal link, e.g. care proceedings. Maintain central record and SRO oversight	<p>Include guidance regarding use of non-RIPA surveillance and bring to attention of other service areas, e.g. Children’s Services.</p> <p>Restore central register of approved non-RIPA risk assessments</p>	<p>Information Rights Manager (DPO)</p> <p>Information Rights Manager (DPO)</p>	End March 2023	
List of nominated Authorising Officers is to be updated in accordance with staffing changes and training requirements.	<p>Review list and update with approved Authorising Officers.</p> <p>Arrange relevant training.</p> <p>Amended application forms to be used in training materials.</p>	<p>Information Rights Manager (DPO)</p> <p>Trading Standards and Community Protection Manager</p>	<p>End March 2023</p> <p>End March 2023</p>	

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Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Internal Audit Update Report Q3 2022/23
Report of:	David Brown, Director of Governance and Compliance
Report Reference No:	AG/11/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. The purpose of this report is for the Committee to receive an update on work undertaken by Internal Audit between October and December 2022 and how this, along with planned work for the remainder of the financial year will contribute to the Annual Internal Audit Opinion for 2022/23.

2. Executive Summary

- 2.1. The report details work undertaken by Internal Audit during quarter 3 of 2022/23 and sets out work underway at the end of the period along with planned work for the remainder of the financial year.

3. Recommendations

- 3.1. That the Committee notes and considers the contents of the Internal Audit Update Report (Appendix A).

4. Reasons for Recommendations

- 4.1. The Public Sector Internal Audit Standards (PSIAS) require the Council's Chief Audit Executive (Head of Audit and Risk) to regularly report on emerging issues in respect of the whole range of areas to be covered in the annual report.
- 4.2. In order to meet this requirement, the Committee receives regular reports on Internal Audit's performance to support the effectiveness of the internal audit process.

5. Other Options Considered

5.1. Not applicable.

6. Background

6.1. The Public Sector Internal Audit Standards (PSIAS) Local Government Application Note states that, “in addition to the annual report, the Chief Audit Executive should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the annual report and hence support a ‘no surprises’ approach, as well as assist management in drafting the Annual Governance Statement”.

6.2. The interim report contains the following:

6.2.1. a summary of the audit work carried out in Quarter 3 2022/23

6.2.2. a summary of work that is currently ongoing along with work planned to be undertaken by the end of the financial year

6.3. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council, via the Audit and Governance Committee, that these arrangements are in place and operating properly. The annual internal audit opinion informs the Annual Governance Statement. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council’s objectives.

6.4. It should be noted that Internal Audit’s risk-based approach includes focussing on areas where issues are known or expected to exist. Clearly this approach adds value to the organisation, but, by its nature, may also result in lower overall assurance levels.

6.5. A report summarising the work undertaken, the issues identified, and the actions required is produced for each review undertaken. The process of reviewing the report from draft to final ensures that the findings are confirmed to be factually accurate, and that the management actions will result in improvements to the control environment. Draft reports are agreed with the appropriate managers, and the Final reports are shared with the relevant Executive Director. The implementation of agreed actions is monitored through the follow up process, and performance in this area is reported regularly to the Corporate Leadership Team and the Committee.

6.6. The Internal Audit Charter has been reviewed and updated to reflect that the Head of Audit and Risk is now also responsible for the Information Rights team, in addition to Internal Audit, Insurance, Health and Safety, and Risk Management and Business Continuity. Given these areas of operational responsibility, the Charter sets out the arrangements and safeguards in place to protect the independence and objectivity of Internal Audit.

7. Implications

7.1. Legal

- 7.1.1.** All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 7.1.2.** The guidance accompanying the Regulations recognises that with effect from 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) represent “proper internal audit practices”. The PSIAS apply to all internal audit service providers within the UK public sector.

7.2. Finance

- 7.2.1.** In accordance with the PSIAS, the Audit and Governance Committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 7.2.2.** The Internal Audit Plan 2022/23 was prepared, based on known resources, to cover the core areas of work required to deliver an annual audit opinion. Resource availability is subject to regular review as part of monitoring progress against the plan.
- 7.2.3.** If an imbalance between the two arises the Committee will be informed of proposed solutions. Matters that jeopardise the delivery of the audit plan or require significant changes to it will be identified, addressed and reported to the Committee.

7.3. Policy

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

7.4. Equality

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

7.5. Human Resources

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

7.6. Risk Management

- 7.6.1.** Delivery of an appropriately balanced and focused Internal Audit Plan supports the Council’s ability to effectively and efficiently identify and manage its risks, with the implementation of recommended actions designed to deliver improvements in governance and the control environment.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications for public health.

7.10. Climate Change

7.10.1. 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
Appendices:	Appendix A – Internal Audit Update Report Q3 2022/23
Background Papers:	N/A

Internal Audit Interim Update Report 2022/23 Internal Audit Plan

October – December 2022

1. Introduction

- 1.1. In accordance with the Public Sector Internal Audit Standards, the Internal Audit Interim Update Report contains “emerging issues in respect of the whole range of areas to be covered in the annual report”.
- 1.2. Internal Audit is required to form an annual opinion on the overall adequacy and effectiveness of the organisation’s control environment, which includes consideration of any significant risk or governance issues, and control failures which have been identified.

2. Summary of Audit Work to Date

- 2.1. During this period, audit work was undertaken on the whole of the control environment comprising risk management, key control and governance processes. This work comprised a mix of risk-based auditing, regularity, investigations and the provision of advice to officers. The following sections explain the variety of audit work undertaken to support the annual audit opinion.
- 2.2. In addition to the provision of assurance work, the Head of Audit and Risk has been supporting the completion of the work being undertaken by Grant Thornton in fulfilling their responsibilities under the Local Audit and Accountability Act 2014. This has involved locating and managing documentation requested by Grant Thornton, liaison and discussion, and has required the support of other colleagues, including the Audit Manager.

Assurance Work

- 2.3. A summary of the final reports issued to the end of December 2022, by the audit assurance opinion given is included in **Table 1**. Reports issued to this point are similar to this point in the previous year; it is usual for the majority of the audit plan reports to be issued in the last half of the year.
- 2.4. Details of work in progress, covering draft reports issued for agreement with managers, fieldwork in progress and terms of reference stages, is covered in Table 5. It is anticipated that sufficient work in terms of quantity and coverage will be undertaken to deliver the annual opinion for 2022/23, with the number of final reports issued expected to exceed the total number issued in 2021/22.
- 2.5. Figures relating to 2021/22 and 2020/21 have been included in the table below to assist with comparison.

Table 1: Reports to date by assurance level

Assurance Level	2022/23 (to 31/12/2022)	2021/22 (to 31/12/2021)	2021/22 Full Year	2020/21 (to 31/12/2020)	2020/21 Full Year
Good	0	0	2	0	6
Satisfactory	2	2	4	0	4
Limited	3	2	8	0	3
No Assurance	1	0	1	0	0
Total	6	4	15	0	13

2.6. Details of the reports produced to the end of December 2022 are included in Table 2, which includes details of the audit assurance opinion given in each report. Where the opinion given was Limited or No Assurance, a summary of key findings and actions has been provided.

2.7. Those reports included in the previous Q1/Q2 update have been annotated as such.

Table 2: Summary of Final Assurance Reports 2022/23 to 31 December 2022

Audit Report	Reason for Review	Audit Assurance Opinion	Management Response	Summary of Findings
Deprivation of Liberty Safeguards - detailed follow up	Identified via Audit Plan	Satisfactory	All actions agreed	Included in Q1/Q2 Update
Journey First	At the request of management to provide assurance on the operation of this ESF funded project that works with anyone over the age of 15 who face barriers into education, employment, or training	Satisfactory	All actions agreed	Included in Q1/Q2 Update
ANSA – review of gritting arrangements	To seek assurance around the arrangements to manage gritting services	No Assurance	All actions agreed	The review identified the following issues: <ul style="list-style-type: none"> • Additional public highway gritting activities were undertaken without seeking advice or approval from the Council • Potential that this activity was not covered by the Council's insurers

Audit Report	Reason for Review	Audit Assurance Opinion	Management Response	Summary of Findings
				<ul style="list-style-type: none"> • Potential for challenge from Town and Parish Councils who have not received this service • Delays in initiating gritting activity due to not having access to real time information • Gritting records did not contain sufficiently detailed information <p>It was recommended that the additional gritting activities on public highways are not continued.</p> <p>Included in Q1/Q2 Update</p>
Gifts and Hospitality - Members	Identified via Audit Plan	Limited	All actions agreed	<p>The review concluded that improvements could be made to the process but acknowledged that the updated Code of Conduct would address most of the issues raised.</p> <p>Included in Q1/Q2 Update</p>
Declarations of Interest - Members	Identified via Audit Plan	Limited	All actions agreed	<p>The review concluded that improvements could be made to the process but acknowledged that the updated Code of Conduct would address most of the issues raised.</p> <p>Included in Q1/Q2 Update</p>
Schools Consolidated Report 2021/22	Identified via Audit Plan	Limited	All actions agreed	<p>The report identified common issues identified during the school audit</p>

Audit Report	Reason for Review	Audit Assurance Opinion	Management Response	Summary of Findings
				programme to be shared with all schools

- 2.8. The assurance levels reported include a combination of opinions at a broad level for the Council as a whole (macro-level opinion) and opinions on individual business processes or activities within a single organisation, department or location (micro-level opinion).
- 2.9. Where control weaknesses are identified, recommended actions are agreed with management to ensure that the control environment is improved to an acceptable level. Through the follow up process, Internal Audit continues to obtain assurance that actions have been implemented, especially those deemed high priority.
- 2.10. It should be noted that Internal Audit's risk-based approach includes focussing on areas where issues are known or expected to exist. Clearly this approach adds value to the organisation, but, by its nature, may also result in lower overall assurance levels.
- 2.11. Where a final report is issued with a "Limited" or "No Assurance" opinion, improvement recommendations will be made. When implemented these will address the identified weaknesses and improve the control environment.
- 2.12. All actions from these audits have been agreed with management and progress on implementation will be monitored through the follow up process. Draft reports are agreed with the appropriate managers, and Final reports are shared with the relevant Executive Director and the Chief Executive.
- 2.13. The issues arising from the reports and the implementation of associated recommendations will be considered as part of the Annual Governance Statement process.
- 2.14. The Audit Plan is subject to regular review to reflect the current resources available to the team. The team continue to employ a temporary Principal Auditor and it is hoped that a permanent Auditor post will be filled shortly to support the delivery of the school audit programme. With these additional resources it is anticipated that the team will complete sufficient direct assurance work supported by assurances gained through other areas of internal audit work to deliver the Annual Internal Audit Opinion for 2022/23.

Schools

- 2.15. The Department for Education requires the Council's Section 151 Officer to sign off an Annual Assurance Statement. That statement confirms:

- the number of School's Financial Value Standard (SFVS) self-assessment returns received; and
 - that an appropriate audit programme is in place to provide adequate assurance over the standard of financial management, and the regularity and propriety of spending in schools.
- 2.16. The School's Audit Programme for 2022/23 has been agreed by both the Director of Finance and Customer Services (Section 151 Officer) and the Director of Education and 14-19 Skills and will cover procurement, including the use of purchase cards, and HR arrangements including payroll.
- 2.17. The work is planned to be completed during quarters 4 of the current year and quarter 1 of 2023/24 and is timed to provide assurance to the Section 151 Officer and facilitate the signing of the Annual Assurance Statement in May 2023.
- 2.18. Individual reports are produced and issued to schools detailing any areas of weakness identified and any actions required to address these weaknesses and improve the control environment. School reports include an assurance opinion on the arrangements, in line with other audit reports.
- 2.19. Consolidated findings and recommended actions and improvements are shared with all maintained schools through the "Schools Bulletin" and the "Director's Report".
- 2.20. Findings from all areas inform a consolidated schools report which provides assurance to the Director of Finance and Customer Services (Section 151 Officer) and the Director of Education and 14-19 Skills.

Supporting Corporate Governance

- 2.21. In accordance with Regulation 6 of the Accounts and Audit Regulations 2015 the Council is required, each financial year, to conduct a review of the effectiveness of the system of internal control and publish an Annual Governance Statement (AGS).
- 2.22. During this financial year, and as previously reported in the 2021/22 Internal Audit Annual Report, Internal Audit has coordinated, on behalf of Management, the production of the Council's AGS for 2021/22.
- 2.23. Audit and Governance Committee approved the Draft AGS 2021/22 at their September meeting, in line with statutory deadlines. The Final AGS 2021/22 will be presented to a future meeting of the Audit and Governance Committee along with the Statement of Accounts.

Counter Fraud and Investigations

- 2.24. Internal Audit has continued to keep abreast of the latest fraud threats, and where appropriate coordinated awareness raising via the Council's social media streams.
- 2.25. Internal Audit has coordinated the Council's participation in the biennial National Fraud Initiative (NFI) exercise and ensured that services have uploaded the required data sets in accordance with deadlines. Matches were received in January 2023 and services are being supported to investigate matches and record the results on the NFI website.

Consultancy and Advice

- 2.26. During the year, Internal Audit has continued to support management with the provision of advice - at the specific request of management. The nature and scope of these engagements are generally aimed at improving governance, risk management and control and contribute to the overall audit opinion as well as building good relationships across the Council.
- 2.27. In the year so far, advice and guidance has been provided on:
- Suspected scams and attempted frauds.
 - Design and application of controls in new/proposed systems.
 - Interpretation of Finance and Contract Procedure Rules.
- 2.28. By providing this service, internal audit can ensure that processes are supported by appropriate controls to mitigate identified risks associated with the particular activity at the outset of change or development, providing far more valuable input to the service and wider control environment overall.

Grant certifications

- 2.29. Internal Audit is often required to certify statutory returns and grant claims. This may be related to funding provisos or similar. In most cases the work required is either an audit or an assurance statement on a specific programme/project.
- 2.30. In 2022/23 to date, this has included work on the following grants, which were successfully signed off and submitted to the appropriate funding body:

Table 3: Grants Certified during 2022/23 as at 31 December 2022

Grant Certified	Funding Body	Amount
Family Focus (year to date)	DLUHC	£195,200.00
CWLEP Growth Hub Grant	BEIS	£462,000.00
CWLEP Peer Network Grant	BEIS	£150,000.00
Bus Service Operators Grant	DfT	£347,865.00
Local Transport Capital Block Funding	DfT	£15,051,000.00
Energy Efficiency – Green Homes (Phase 1)	BEIS	£2,135,885.00
Energy Efficiency – Green Homes (Phase 2)	BEIS	£1,523,750.00
Disabled Facilities Grant	DLUHC	£2,342,241.00
Contain Outbreak Management (COVID)	DHSC	£11,195,670.48
Test and Trace Service Support (COVID)	DHSC	£1,533,331.15
Self-Isolation Support Payment (COVID)	DHSC	£2,213,620.60
COVID-19 Bus Service Support Grant	DfT	£1,219,984.52
Protect & Vaccinate (COVID)	DLUHC	£81,005.00
Total		£38,451,552.75

- 2.31. It should be noted that the level of work required to complete grant sign offs is not always proportionate to the value of the grant; grant funding conditions are set by the funding body, and it is this which determines the amount of testing and validation required to inform the sign off.
- 2.32. Over the past two years, the level of testing required to provide assurance that grants have been used in accordance with the grant conditions has increased. This is taking up an increasingly large amount of Internal Audit resource and in order to manage this demand, Internal Audit has coordinated a grant register that details the nature of each grant and any reporting and sign off details. Lead officers have been identified for each of the grants and work undertaken to ensure that all returns have been completed within deadlines.
- 2.33. Work is continuing in this area to ensure that the Council is aware of all requirements and deadlines associated with the many grants that it receives and administers. Work is also planned in the 23/24 audit plan to examine arrangements where sign off from Internal Audit is not required ahead of the submission to the funding body, in order to ensure all grants are subject to appropriate management and scrutiny.

Work for Other Bodies

- 2.34. Since 2013, Cheshire East Council has been the host authority for the PATROL (Parking and Traffic Regulations Outside London) Adjudication Joint Committee and Bus Lane Adjudication Joint Committee, and as part of this, we provide an Internal Audit service.
- 2.35. Having carried out this work remotely during the pandemic, it was possible to return to an on-site audit for the current year. The outcome of the internal audit work is reported to the PATROL Committees directly and does not inform the annual internal audit opinion for Cheshire East Council.
- 2.36. The work was completed, and a report issued during June 2022, which is then considered by the Patrol Committee.
- 2.37. Cheshire East also provide internal audit services to the Cheshire and Warrington Local Enterprise Partnership. This involves the completion audit work to facilitate the sign off and submission of grant funding returns along with assurance as to the effectiveness of the local assurance framework.
- 2.38. Work is undertaken throughout the year and regular updates presented to the CWLEP Finance and Audit Committee.

Implementation of Audit Recommendations

- 2.39. Internal Audit continually carries out a range of follow up exercises to ensure recommendations are implemented. This work is done in a number of different ways:
 - Major pieces of audit work, such as the AGS have detailed action plans which are monitored and reported separately to the Committee.
 - Investigations – follow up work is usually dependent on both the nature of the investigation and any recommendations made e.g. a follow up audit may be done at the request of management.
 - Formal assurance audits: recommendations are monitored in line with our follow up process.
- 2.40. Audits with 'limited' or 'no' assurance are subject to more detailed review. In addition, key systems (e.g., Payroll, Accounts Payable) are audited on a regular, cyclical basis with recommendations followed up as part of the work.
- 2.41. The Committee have previously been advised of the work undertaken by Internal Audit, supported by senior management to raise the profile of audit recommendations. This has included the agreement of "SMART" recommendations and the inclusion of performance measures in the Corporate Scorecard.

- 2.42. The implementation of agreed recommendations for reports issued in 2020/21, 2021/22 and the current year to date is detailed in the table below.

Table 4: Implementation of agreed recommendations as at 31 December 2022

On time	After the agreed date	Total implemented	In progress, or overdue	Agreed actions subsequently not implemented
2020/21				
100%	0%	100%	0%	0%
2021/22				
100%	0%	100%	0%	0%
2022/23				
100%	0%	100%	0%	0%

- 2.43. These high implementation figures over several years have been achieved as a result of significant effort by the Internal Audit team in carrying out follow ups with managers along with support from senior managers in raising the profile of audit actions.
- 2.44. In agreeing implementation dates, managers are encouraged to be realistic with regards to when actions can be completed whilst ensuring that issues are addressed in a timely manner. It is pleasing to report that senior management have continued to support Internal Audit by challenging their service managers around implementation of actions.
- 2.45. The timely implementation of audit recommendations is a good indicator of both the effectiveness of Internal Audit in securing action and the Council's commitment and capacity to improve.

Ongoing Work

- 2.46. The following audits were ongoing at the time of reporting:

Table 5: Ongoing Internal Audit Assignments as at 31 December 2022

Audit	Scope of Review	Status
Community Infrastructure Levy	To review the processes and controls around the requests, collection, management, implementation, and expenditure on CIL schemes.	Draft Report agreed but on hold pending completion of Section 106 audit
Safeguarding Children Partnership	To review the adequacy of funding and budget management arrangements of the partnership to ensure it meets statutory	Draft report with management to agree actions

	requirements of the partnership as defined in Working Together 2018.	
Gifts and Hospitality – Officers	To review the processes and controls in place to manage the officers register of gifts and hospitality	Draft report with management to agree actions
Declarations of Interest - Officers	To review the processes and controls in place to manage declarations of interest from officers.	Draft report with management to agree actions
Land Transactions	To review the effectiveness of current arrangements in place to manage the sale and disposal of land assets taking into account historic police referrals and subsequent internal audit work in this area.	Fieldwork underway with report to be issued during quarter 4.
Management of Commissioned Services	A review of the arrangements in place to manage the domiciliary care contract	Report being drafted
Adult Mental Health Professional Standards	To review the adequacy and effectiveness of the policies, systems, and procedures in place to demonstrate compliance with the service standards and provide assurance that the Council's legal responsibilities are fulfilled	Report being drafted
Section 106	To review the arrangements for the agreement, collection, management, implementation, and expenditure of S106 schemes, including the strategic oversight of the schemes.	Fieldwork nearing completion
ERP Replacement – post implementation reviews	Work is ongoing to ensure that appropriate key controls are in place within the Unit 4 system. Additional work is also ongoing in relation to governance of business-as-usual activity.	Fieldwork underway with CWAC colleagues
Accounts Payable	To review the use of Exception Payment Forms for raising	Terms of reference issued

	payments and to ensure that this is appropriate and in accordance with policies and procedures	
Council Tax Discounts and Eligibility	To review the processes and controls around the application and award of discounts	Terms of reference issued
Non-Domestic Rates Discounts and Eligibility	To review the processes and controls around the application and award of discounts	Terms of reference issued
Use of Agency Workers	To ensure that the use of agency workers is subject to approval and that they are subject to the same policies and procedures as CEC employees	Terms of reference issued

Table 6: Planned work not yet started as at 31 December 2022

Audit	Scope of Review
Key Financial Systems	This will involve several reviews which will be undertaken during quarter 4. It will cover key systems such as Council Tax and Non-Domestic Rates.
CWLEP	Completion of the internal audit plan for the Local Enterprise Partnership will take place during February and March 2023 in line with reporting requirements. This does not directly inform the Annual internal audit opinion and is undertaken as Cheshire East are the accountable body.
School Audit Programme 2022/23	A series of school audits undertaken to provide assurance to the Section 151 Officer and Director of Education as to the effectiveness of financial management within Cheshire East schools. To commence in quarter 4 and conclude in quarter 1 of 2023/24.
HR/Payroll	To examine and review the effectiveness of the arrangements in place for new starters, changes to contractual terms and leavers.
Debt Management and Recovery	To review the effectiveness of arrangements for the management and recovery of debt across the whole of the Council.

2.47. It is also possible that other, unplanned reviews may be undertaken at the request of management.

3. Internal Audit Performance

- 3.1. Internal Audit's performance is measured against a number of performance indicators which are detailed in Table 8.
- 3.2. The performance relating to the implementation of recommendations is detailed earlier in this report.

Table 7: Performance Indicators to date

Performance Indicator	2022/23 Actual (as at 31/12/22)	2022/23 Target	2021/22 Actual	Comments on 2022/23 Actuals
% of Audits completed to user's satisfaction	96%	95%	95%	Above target
% of significant recommendations agreed	100%	95%	100%	Above target
Draft report produced promptly (per Client Satisfaction Form)	95%	95%	90%	On target

4. Compliance with the Public Sector Internal Audit Standards

- 4.1. Regulation 6 of the Accounts and Audit Regulations 2015 requires relevant bodies to conduct an annual review of the effectiveness of its internal audit and for a committee of the body to consider the findings.
- 4.2. This review is carried out by self-assessing compliance with the Public Sector Internal Audit Standards (PSIAS) which were updated with effect from 1 April 2017. The PSIAS require Internal Audit to have in place a quality assurance and improvement programme which must include both internal and external assessments.
- 4.3. The self-assessment for 2022/23 is scheduled for completion within Quarter 4 and the results will be reported to the Committee following its completion.

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Audit & Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Internal Audit Plan 2023/24
Report of:	David Brown, Director of Governance and Compliance
Report Reference No:	AG/10/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. The purpose of this report is for the Committee to receive and approve the Summary Internal Audit Plan for 2023/24 (Appendix A).

2. Executive Summary

- 2.1. The preparation and delivery of the annual Internal Audit Plan, the annual opinion on the organisation's arrangements for governance, risk and internal control, and the assurances these provide to the Annual Governance Statement (AGS) are key indicators and contributors for the Council's corporate objectives as an open and enabling organisation.
- 2.2. The Council's Internal Audit Charter, which has been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS), requires the preparation of a risk based internal audit plan which takes into account the need to produce an annual internal audit opinion. The opinion is a key source of assurance for the AGS which is approved by the Audit and Governance Committee and signed by the Council's Chief Executive and Leader.

3. Recommendations

3.1. That the Committee:

3.1.1. Approve the Internal Audit Plan 2023/24.

3.1.2. Note that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4. Progress against the plan, and the priorities for the last 6 months will be reported back as part of the regular updates to the Committee.

4. Reasons for Recommendations

4.1. The Council's Internal Audit Charter, developed in accordance with the PSIAS requires the production of an annual internal audit plan. This plan sets out the anticipated range and volume of work which is required to deliver the annual internal audit opinion on the organisation's arrangements for governance, risk and internal control.

4.2. The authority to approve the annual internal audit plan is within the Audit and Governance Committee's Terms of Reference.

5. Other Options Considered

5.1. There is no "do nothing" option. Failure to approve an internal audit plan would mean significant non-compliance with the PSIAS. Approval of the proposed audit plan ensures that the work of Internal Audit during 2023/24 is focused upon and contributes to the annual opinion.

6. Background

6.1. All principal local authorities subject to the Accounts and Audit Regulations 2015 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards. The Standards state that the provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Head of Audit and Risk (as "Chief Audit Executive") to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

6.2. The planning process and risk assessment is detailed in Appendix A. Through this additional and thorough consultation we look to ensure that internal audit resources continue to focus on areas where assurance provides the most value, particularly during periods of change.

6.3. For planning purposes, the 2023/24 plan will be based on the current team structure with adjustments made where necessary to reflect any changes in resource during the year.

6.4. Proposed audit activities identified through the development and consultation process are matched against the internal audit resources available and

prioritised accordingly; the proposed risk-based summary internal audit plan for 2023/24 is included in Appendix A.

- 6.5. In accordance with PSIAS, the plan is fixed for a period of no longer than one year. It details the assignments to be carried out, their respective priorities, (by differentiating between core assurance work and other work), and the estimated resources required. The Corporate Leadership Team has been consulted on the plan prior to presentation to the Audit and Governance Committee.
- 6.6. The Plan will continue to be reviewed and refined during the year. Minor changes to the plan will be discussed with the Executive Director of Corporate Services, and any significant matters impacting upon the completion of the plan or the ability to provide the annual opinion will be reported to the Corporate Leadership Team and the Audit and Governance Committee.
- 6.7. In accordance with the Council's Internal Audit Charter, the Audit and Governance Committee is asked to review and approve the summary internal audit plan 2023/24. In doing so, Members should consider whether the:
 - 6.7.1. Scale and breadth of activity is sufficient to allow Internal Audit to provide an independent and objective audit opinion that can be used to inform the AGS.
 - 6.7.2. Level of resources in any way limits the scope of Internal Audit, or prejudices the ability to deliver a service consistent with the PSIAS.
 - 6.7.3. Level of non-assurance work has an adverse impact on the core assurance work.

7. Consultation and Engagement

- 7.1. In preparing the Summary Plan, there has been consultation to identify the expectations of senior management, external audit and other key stakeholders. This is covered in Appendix A.

8. Implications

8.1. Legal

- 8.1.1. All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

- 8.1.2. The guidance accompanying the Regulations recognises that with effect from 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) represent “proper internal audit practices”. The PSIAS apply to all internal audit service providers within the UK public sector.

8.2. Finance

- 8.2.1. In accordance with the PSIAS, the Audit and Governance Committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors. A small contingency allocation has been included at this stage.
- 8.2.2. The Internal Audit Plan 2023/24 has been prepared, based on current resources, to cover the core areas of work required to deliver an annual audit opinion. This will be compared to resource availability as part of establishing the plan and in monitoring progress against the plan.
- 8.2.3. If an imbalance between the two arises the Committee will be informed of proposed solutions. Matters that jeopardise the delivery of the audit plan or require significant changes to it will be identified, addressed and reported to the Committee.

8.3. Policy

- 8.3.1. There are no direct policy implications.

8.4. Equality

- 8.4.1. There are no direct implications for equality and diversity.

8.5. Human Resources

- 8.5.1. To ensure that the Internal Audit team can continue to deliver the necessary levels of assurance to the organisation, the opportunity is being taken to reflect on the requirements of the organisation and ensure that sufficient resource is available to deliver this.
- 8.5.2. The Internal Audit team currently has two vacancies: a Principal Auditor and Senior Auditor. A recent recruitment exercise to recruit an Auditor has been completed, and the successful candidate is expected to join in April 2023. Capacity to cover the Principal Auditor and Senior Auditor vacancies will be sought through temporary resource whilst the further development of the Internal Audit team is completed.

8.6. Risk Management

- 8.6.1. Delivery of an appropriately balanced and focused Internal Audit Plan supports the Council's ability to effectively and efficiently identify and manage its risks, with the implementation of recommended actions designed to deliver improvements in governance and the control environment.

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 rural communities.

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:	Josie Griffiths, Head of Audit & Risk Email: Josie.griffiths@cheshireeast.gov.uk Tel: (01270) 685860
Appendices:	Appendix A: Summary Internal Audit Plan for 2023/24
Background Papers:	Public Sector Internal Audit Standard (PSIAS) The Accounts and Audit Regulations 2015

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Internal Audit Plan 2023/24

Audit and Governance Committee 9th March 2023

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OFFICIAL

1. Introduction

- 1.1. This document sets out Cheshire East Council's Internal Audit Plan for 2023/24. It also covers how the service will be delivered and developed in accordance with the Internal Audit Charter and how the plan links to the Council's objectives and priorities.
- 1.2. The provision of assurance is the primary role for Internal Audit. This role requires the Head of Audit and Risk as the Chief Audit Executive, to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control (i.e. the control environment).
- 1.3. The objectives in producing the Internal Audit plan each year are to ensure that the scale and breadth of activity is sufficient to allow the Chief Audit Executive to provide an independent and objective opinion to the Council on the control environment and that audit activity focuses on areas where assurance is most needed.
- 1.4. This plan, detailed in Table 3, has been produced based on the known, current, resource available. In developing the plan, we have looked to recognise the context of strategic and operational change affecting the Council and providing assurance that previously identified significant control weaknesses have been effectively and efficiently addressed and improved.
- 1.5. This summary plan has been drawn up on the basis that the control environment and risk profile of the Council will continue to change during 2023/24, and the plan will be monitored and re-aligned during the year to ensure it remains responsive, adaptable and resource is directed to those areas where assurance is most required.
- 1.6. Therefore, the plan identifies the level of resource available for the full year and details the priority work intended to be carried out over the first 6 months. This will allow Internal Audit to be agile in responding to emerging risks and issues.
- 1.7. Progress updates, consideration of the ongoing priorities for internal audit and where necessary, revisions to the plan will be brought back to the Audit and Governance Committee. By working closely with services to regularly assess areas of risk and weakness we will ensure that Internal Audit continues to add value to the organisation in an efficient and effective manner.

2. Responsibilities and Objectives of Internal Audit

- 2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council that these arrangements are in place and operating properly.
- 2.2. Internal Audit is described in the Public Sector Internal Audit Standards (PSIAS) as an "independent, objective assurance and consulting service designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined

approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

- 2.3. Internal Audit’s primary function is the provision of assurance. This is delivered through the provision of the annual internal audit opinion, which informs the Annual Governance Statement (AGS) and is based on an objective assessment of the framework of governance, risk management and control.
- 2.4. Subject to the availability of resources, and there being no impact on the core assurance work, non-assurance work, including fraud related, and consultancy work may be undertaken at the request of the organisation.
- 2.5. The responsibility for the prevention and detection of fraud rests with management, but the potential for it to occur is considered in each Internal Audit assignment. It is the responsibility of the organisation to create an environment of no tolerance, and ensure adequate controls are in place to prevent and detect fraud.
- 2.6. The Council’s response to internal audit activity should lead to the strengthening of the control environment and therefore positively contribute to the achievement of the Council’s objectives.

3. Standards, Ethics, and Independence

- 3.1. Our Internal Audit Charter is designed to conform to the PSIAS which came into effect from 2013 and were revised with affect from 1st April 2017. All internal audit work will be delivered in line with the requirements of the Standards.
- 3.2. All Internal Audit staff comply with the mandatory local Code of Ethics, which is based upon the Code included in the PSIAS. Internal Audit staff are also bound by the requirements of their respective professional bodies.
- 3.3. Declarations of Interest in line with the Council’s Code of Conduct are made by the Internal Audit team; these are considered in the allocation of every engagement to ensure there are no conflicts of interest.
- 3.4. To provide effective assurance on the Council’s arrangements for governance, risk, and internal control across all aspects of service delivery, Internal Audit is independent of all the activities of the Council. Internal Audit’s rights of access are outlined in the Internal Audit Charter and the Finance Procedure Rules.
- 3.5. As the Head of Audit and Risk as Chief Audit Executive has operational responsibilities for other services, assurance work in this area is reported to the Director of Governance and Compliance or Executive Director Corporate Services to maintain independence and objectivity.

4. Planning Methodology

- 4.1. The planning process undertaken recognises and complies with the requirements of the PSIAS in relation to planning. In accordance with the Standards, the plan is fixed for a period of no longer than one year.

- 4.2. In accordance with the Charter, the annual Internal Audit Plan for 2023/24 has been developed using a risk-based methodology to prioritise the audit universe, consistent with the organisation's goals. The risk-based plan considers the requirement to produce an annual internal audit opinion and the assurance framework.
- 4.3. The starting point for preparing the Plan is to consider the adequacy and outcomes of the Authority's assurance processes, including its risk and performance management arrangements.
- 4.4. As the Council has recognised its current level of risk maturity as between "risk aware and risk defined" and is working towards its target of becoming "risk managed"¹, additional work has been undertaken by the Internal Audit team to inform and develop the Internal Audit plan.
- 4.5. The Internal Audit Plan needs to be flexible to be able to reflect the changing risks and priorities of the organisation. It is, therefore, presented at a summary level. The plan is monitored regularly throughout the year to ensure that it addresses key areas of risk and emerging issues.
- 4.6. Internal Audit's own risk assessment considers issues at an organisation, regional and national level as well as the results of previous audit work. The assessment considers materiality, sensitivity and significance of each. This prioritises areas for inclusion in the plan.
- 4.7. Factors considered in the risk assessment are listed below,
- Objectives from the Cheshire East Council's Corporate Plan 2021-25
 - Risks and opportunities recognised on the Strategic Risk Register
 - The need to provide assurance for the organisation on the implementation of any actions arising from the ongoing work on Land Transactions, following the publication of the Public Interest Report.
 - Items in the current year Plan which are in train at the year end, or need to be rolled forward into the new plan
 - Coverage from previous internal audit plans and the outcome of follow up work
 - Consultation with key internal stakeholders; Corporate Leadership Team, Senior Management including Strategic Risk Owners/Managers and Internal Audit staff
 - External stakeholders and other assurance providers; External Audit, Cheshire West and Chester Internal Audit (for Shared Services hosted by this Council), the North West Chief Audit Executive Group and other inspectorate agencies and providers of assurance.

¹ <http://moderngov.cheshireeast.gov.uk/ecminutes/ieListDocuments.aspx?CId=241&MIId=5685>

- 4.8. The Plan will be reviewed and refined during the year, to ensure the following processes are considered:
- Outcomes from the Strategic Risk Management Process.
 - Outcomes from the business/commissioning planning process, including key organisational objectives and priorities and risks to achieving them.
 - Outcomes from the Annual Governance Statement process.
 - Continuing consultation with key stakeholders.
 - The outcome of consultation on a new structure for Internal Audit
 - The continuing assessment of an Assurance Framework, to ensure existing sources of assurance provision are captured and understood, ensuring effective planning and efficient deployment of resources.
- 4.9. In delivering the 2023/24 Plan, there will be a need to take account of the following:
- The requirement to use specialists, e.g. ICT or contract and procurement auditors
 - Development of the Internal Audit function
 - Self-assessment against the Quality Assurance and Improvement Programme (QAIP) and self-assessment against the PSIAS
 - Clarification on any requirements for internal audit support to the Council's Alternative Service Delivery vehicles, and any other organisations where the Council acts as host or accountable body.
- 4.10. Minor changes to the plan will be discussed with the Executive Director of Corporate Services, and any significant matters impacting upon the completion of the plan or the ability to provide the annual opinion will be reported to the Corporate Leadership Team and the Audit and Governance Committee.

5. Key Themes and Outputs

- 5.1. In developing the plan we have identified priorities for the first 6 months of 2023/24, this is in line with the approach to the 2022/23 plan and allows flexibility of approach and responsiveness to new developments.
- 5.2. These priorities will be subject to review throughout the year thus enabling Internal Audit to respond to emerging risks and issues and continue to add value to the organisation. Changes to the Plan will be reported to future meetings of Audit and Governance Committee.
- 5.3. Key themes within the 2023/24 Internal Audit Plan include:
- Assurance around the operation of Key Financial Systems since the introduction of Unit 4.
 - Assurance around the operation of the Council's governance arrangements, including oversight of the decision-making processes and procedures.
 - Assurance on the effective and efficient use of resources in key areas of service delivery to residents
- 5.4. The outputs from the plan fall into two main areas:

Assurance Audits

On completion of an assurance audit an opinion report will normally be issued, in line with the Internal Audit Charter, on the risks and controls of the area under review. The overall opinions used are “Good”, “Satisfactory”, “Limited” and “No Assurance”. Reports are shared with the Council’s External Auditors.

The opinions given on individual assurance reports inform the annual audit opinion on the control environment that is reported to the Audit and Governance Committee.

Consulting Services

These are advisory in nature and generally performed at the specific request of the organisation. The nature and scope of the consulting engagement should aim to improve governance, risk management and control and should still contribute to the overall opinion.

In some cases, it may not be appropriate or proportionate to provide a full report and opinion. In these instances, advice may be documented by email or a formal memo or email reference and a short note will be made in the annual report.

- 5.5. The main areas of the plan that will deliver an opinion on the risks and controls of the area under review and will inform the Head of Audit and Risk’s Annual Internal Audit Opinion include:

- Key Financial Systems
- Corporate Core and Cross Service Systems
- Service Specific Systems
- Anti-Fraud and Corruption – Proactive reviews
- Project/contract audit
- ICT/Computer audit
- Investigations
- Continuous auditing/monitoring
- Probity/compliance audit
- External clients

- 5.6. The main areas of the plan that will not deliver an opinion report but will help inform the Annual Internal Audit Opinion include:

Corporate Governance and Risk

- Support to and co-ordination of the production of the Annual Governance Statement (AGS).
- Attendance at officer working groups such as the Information Governance Group.

Statutory Returns

- Internal Audit may be required, as a stipulation of funding or similar, to carry out an audit/give assurance on the programme/project or aspects, thereof, and report back to the statutory/funding body.

Anti-Fraud & Corruption

- National Fraud Initiative – results are recorded on the Cabinet Office secure website.

Follow Up

- Monitoring the effective implementation of agreed audit recommendations to provide assurance that improvements in the control environment are being realised.

Advice and Guidance

- The exact nature and scope of any internal audit work is agreed in advance with the manager.

- 5.7. Other work undertaken by the Head of Audit and Risk and the Internal Team, but that will not necessarily inform the annual opinion includes:

Corporate Work

- Supporting the Audit and Governance Committee including production of reports
- External Audit liaison
- Support and contribution to corporate initiatives and working groups.
- Regional Collaboration

Anti-Fraud and Corruption and Whistleblowing Reports

- At the request of management, Internal Audit may assist with the investigation of suspected fraud and corruption in response to reports and referrals received under the Council's Whistleblowing Policy
- Awareness raising
- Supporting the production and development of Corporate Policies and Procedures

- 5.8. In accordance with CIPFA guidance² the Head of Audit and Risk, as Chief Audit Executive, should be made aware of major new systems and proposed initiatives to help ensure risks are properly identified and evaluated and appropriate controls built in.
- 5.9. In addition, time has been allocated in the plan for the service to be developed and improved.
- 5.10. Internal Audit also provides services to PATROL³, as Cheshire East Council is the host Council. Reports on this area provide assurance to the management body of PATROL and do not contribute to the Annual Internal Audit Opinion.

² "The Role of the Head of Internal Audit in Public Sector Organisations", CIPFA, 2010

³ The Joint Committee of England and Wales for the Civil Enforcement of Parking and Traffic Regulations outside London.

- 5.11. As Accountable Body for the Cheshire and Warrington Local Enterprise Partnership (CWLEP), Cheshire East Council is required to undertake assurance on the use of specific funding streams administered by CWLEP, and to provide assurance to the Council's Section 151 Officer, in support of their own reporting requirements in relation to CWLEP.
- 5.12. During the year, Internal Audit may be able to undertake assurance work for other external clients, subject to being able to prioritise the delivery of the annual audit opinion for the Council.

6. Resource and Delivery

- 6.1. The Internal Audit Plan 2023/24 has been prepared, based on current resources, to cover the core areas of work required to deliver an annual audit opinion. The resources currently available are outlined in Table 1 below:

Table 1: 2023/24 Resource compared to previous years

Audit Year	2023/24	2022/23	2021/22
Maximum Days	1,823	1,738	1,883
Unavailable Working Days <i>Annual Leave, Bank Holidays, Estimated Sick Leave, Estimated Special Leave</i>	347	292	351
Available Working Days	1,476	1,446	1,532
Non-Chargeable Sub Total <i>Training, Planning, Team Management and Service Development</i>	177	172	175
Chargeable Days	1,299	1,274	1,357

- 6.2. The Internal Audit team currently has two vacancies: a Principal Auditor and Senior Auditor. A recent recruitment exercise to recruit an Auditor has been completed, and the successful candidate is expected to join in April 2023. Capacity to cover the Principal Auditor and Senior Auditor vacancies will be sought through temporary resource whilst the further development of the Internal Audit team is completed.
- 6.3. There is a slight increase in the number of chargeable days available in comparison to the previous year, and as referenced earlier, preparations to restructure the team are expected to be completed this year. However, the proposed resource outlined above will ensure that sufficient evidenced work can be completed to inform the Annual Internal Audit Opinion.
- 6.4. The allocation of days to areas of the plan as shown in Table 3 is indicative. During the scoping of individual assignments, auditors will work with relevant managers to refine the risks and controls upon which assurance is required, and the allocation will be amended if appropriate.
- 6.5. A contingency figure is included to recognise that the plan needs to be flexible to be able to reflect the changing risks and priorities of the Council. The plan

does include a small amount of time for advice and guidance in addition to a specific contingency for reactive fraud investigation, which may be undertaken or supported by Internal Audit after appropriate risk assessment.

- 6.6. If there is an imbalance between the work plan required to deliver an annual opinion and the resources available, the Audit and Governance Committee will be informed of this, and of proposed solutions. Significant matters which jeopardise the delivery of the plan or require changes to the plan will be identified, addressed, and brought to the attention of the Corporate Leadership Team and the Audit and Governance Committee.
- 6.7. In further defining the audit plan for delivery, areas of work may be highlighted which the Internal Audit function is not currently sufficiently staffed/skilled to provide assurance on, for example, specialist ICT audits. In these cases, there will be a need to consider procuring external resource to provide the necessary assurance.
- 6.8. Internal Audit's key priority will always be to deliver the assurance programme of work to provide the Council with an informed annual audit opinion.

7. Progress Reporting

- 7.1. During the year, Internal Audit will produce interim progress reports for the Audit and Governance Committee, detailing key issues arising from audits and progress made against the Audit Plan. Any significant matters affecting the delivery of the plan or requiring changes to the plan will also be reported to the Committee.
- 7.2. At the end of the year, an Annual Report, containing the Internal Audit Opinion, is presented to the Audit and Governance Committee to provide assurance or otherwise on the effectiveness of the internal control framework of the Council. This will be based on the findings of the work carried out during the year.

8. Quality Assurance and Improvement

- 8.1. Internal Audit undertakes quality assurance and improvement activity to support all aspects of its service delivery. This includes evaluation of Internal Audit's compliance with the PSIAS, reviewing compliance with internal auditor's application of the Code of Ethics, and an assessment of the efficiency and effectiveness of Internal Audit, identifying opportunities for improvement.
- 8.2. The outcomes of this activity are reported to the Corporate Leadership Team and the Audit and Governance Committee, including results of ongoing internal assessments and external assessments conducted at least every five years.
- 8.3. The external assessment against PSIAS was carried out under the peer review arrangement with the North West Chief Audit Executive Group and reported to the Audit and Governance Committee in September 2018. This external assessment should be completed every 5 years and our assessment will be undertaken later this year, with the outcome being reported back to the Committee.

Performance Indicators

- 8.4. Internal Audit has several existing Performance Indicators that are reported to the Audit and Governance Committee through the year via interim reporting and the Annual Report.

Table 2: Internal Audit Performance Indicators

Performance Indicator	2023/24 Target	2022/23 Actual to date	2021/22 Actual	2020/21 Actual
Percentage of Audits completed to user's satisfaction	95%	96%	83%	97%
Percentage of significant recommendations agreed	95%	100%	100%	99%
Productive Time (Chargeable Days)	85%	88%	82%	80%
Draft report produced promptly (per Client Satisfaction Form)	95%	95%	93%	95%
Percentage of agreed audit recommendations implemented	90%	100%	100%	100%
Percentage of agreed audit recommendations implemented within agreed timescale	75%	100%	100%	75%

Collaboration

- 8.5. The Head of Audit and Risk continues to participate in the North West Chief Audit Executive Group, which meets regularly and acts as a discussion group on various local and national developments affecting Internal Audit, Corporate Governance, Risk Management and Counter Fraud. The Group also conducts peer reviews for the required external review of Internal Audit against PSIAS every 5 years.
- 8.6. The group also has several sub-groups, including Schools, Counter Fraud and Contract Management which are attended and supported by members of the Internal Audit team. These are extremely useful for sharing best practice and learning from colleagues' experiences and provide informal benchmarking opportunities.
- 8.7. Where practical and beneficial, audit work may be undertaken with other partner authorities. The benefits of participation should be to increase the level of assurance available for all partners, to develop strong working relationships and to provide positive learning experiences. Careful consideration is given to the practicalities of undertaking fieldwork and the reporting of findings as part of developing the scope of each engagement.
- 8.8. Internal Audit work around post implementation assurance of the Unit 4 ERP system (B4B/Unit4) has been undertaken with Cheshire West and Chester Council's Internal Audit team during 2022/23, and consideration will be given to

the further opportunities for collaboration with Cheshire West around ICT Shared Services and the Transactional Service Centre.

Service Priorities

- 8.9. A key focus for Internal Audit during the year ahead is to ensure that our initial follow up activity on the implementation of actions is supplemented by a further assessment of whether those actions have achieved the intended improvements to the control environment.
- 8.10. A review of our approach to assurance mapping will also be undertaken, in line with the “three lines of defence”⁴ model; this can assist in providing oversight and assurance to the organisation that controls and processes are in place and operating effectively.

⁴ **First Line of Assurance** – functions that own and manage risks, usually areas of service delivery, assurance from performance reporting

Second Line of Assurance – functions that oversee or specialise in the compliance or the management of risk, assurance from monitoring reports

Third Line of Risk – functions that provide independent assurance, such as external or internal audit or other regulatory bodies.

Table 3: Summary Internal Audit Plan 2023/24 including Q1/Q2 Priorities

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Priorities and Strategic Risks</i>	Context	2023/24 Planned Audit Days	2023/24 Planned %
Chargeable Days			1,476	
Less: Corporate Work			177	
<i>Includes:</i> <ul style="list-style-type: none"> Corporate Requirements: Corporate Management Duties, Performance Development Review Process. Corporate Groups and Assurance: Annual Governance Statement, Assurance Framework development and maintenance Audit and Governance Committee: Committee Support and Administration, Member Liaison, Induction Training and Development. 	<ul style="list-style-type: none"> CP1: An open and enabling organisation 	Activities which the Internal Audit function are required to participate in corporately or have direct responsibility for providing.		
Available Audit Days			1,299	
Corporate Governance and Risk			130	10
<i>Includes:</i> <ul style="list-style-type: none"> Audit and Governance Committee: Internal Audit reports to Committee. Support to the continual assessment and development of Corporate Governance External Audit Liaison Regional Collaboration - Working with regional internal audit partners 	<ul style="list-style-type: none"> CP1: An open and enabling organisation SR06: Organisational Capacity and Demand SR08A: Governance and Decision Making 	Statutory requirements Work supporting the overall provision of assurance and the annual internal audit opinion.		

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Priorities and Strategic Risks</i>	Context	2023/24 Planned Audit Days	2023/24 Planned %
<ul style="list-style-type: none"> Reviewing corporate and operational risk management arrangements 				
Anti-Fraud and Corruption - Proactive Reviews			52	4
National Fraud Initiative	<ul style="list-style-type: none"> CP1: An open and enabling organisation SR3: Failure of Financial Management and Control SR13: Reputation 	Statutory requirement – NFI/Responding to fraud trends/Awareness raising.		
Anti-Fraud and Corruption - Reactive Investigations			52	4
Specific contingency for reactive investigations in response to demand.	<ul style="list-style-type: none"> CP1: An open and enabling organisation SR3: Failure of Financial Management and Control SR13: Reputation 	Undertaken/supported as necessary after appropriate risk assessment.		
Key Financial Systems			260	20
<u>Q1/Q2 Priorities:</u> Payroll Debt Management Purchase Cards Capital Budget Monitoring <u>Q3/Q4 – likely areas of work</u> General Ledger Accounts Receivable Housing Benefits	<ul style="list-style-type: none"> CP1: An open and enabling organisation SR3: Failure of Financial Management and Control SR06: Organisational Capacity and Demand SR07: Failure of Council Funding SR08A: Governance and Decision Making 	<p>These are areas which have not been reviewed since the implementation of Unit 4 or have not been subject to recent review in the Internal Audit Plan.</p> <p>Reviews will evaluate and test the effectiveness of the key controls within each financial system, including the management of the risk of fraud and error, and the potential for material mis-statement in the financial statements.</p>		
Corporate Core and Cross Service			195	15

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Priorities and Strategic Risks</i>	Context	2023/24 Planned Audit Days	2023/24 Planned %
<u>Q1/Q2 Priorities</u> Grant Administration and Management Travel Booking System Establishment Audits ICT Security Decision Making: Schemes of Delegation and Officer Decision Recording <u>Q3/Q4 – likely areas of work:</u> Compliance with the CIPFA Financial Management Code Treasury Management Oversight and Effectiveness of Partnership Working Arrangements LEP (S151 Assurance)	<ul style="list-style-type: none"> • CP1: An open and enabling organisation • CP2: A council which empowers and cares about people • CP3: A thriving and sustainable place • SR1a: Increased Demand for Adult Services • SR1b: Increased Demand for Children's Services • SR3: Failure of Financial Management and Control • SR4: Information Security and Cyber Threat • SR5: Business Continuity • SR6: Organisational Capacity and Demand • SR8a: Governance and Decision Making • SR11: Pandemic Virus 	Key Corporate and Cross service risks. Provision of assurance on the effectiveness of the Council's internal control and governance arrangements in respect of these arrangements.		
Adults, Health, and Integration			130	10
<u>Q1/Q2 Priorities</u> Occupational Therapy Direct Payment - Policy and Support Systems Purchase Cards	<ul style="list-style-type: none"> • CP2: A council which empowers and cares about people 	Key Corporate and Cross service risks. Outcome from reviewing key departmental and service risk areas; arrangements for key service delivery areas, reviewing performance management and the achievement of outcomes.		

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Priorities and Strategic Risks</i>	Context	2023/24 Planned Audit Days	2023/24 Planned %
<u>Q3/Q4 – likely areas of work:</u> Integrated Care System Deprivation of Liberty Arrangements	<ul style="list-style-type: none"> SR1a: Increased Demand for Adult Services SR2: NHS Funding SR11: Pandemic Virus SR12: Fragility and failure in the social care market 	Provision of assurance relating to specific service areas, including arrangements for key service delivery areas and assurance on management and delivery of key projects.		
Children's Services			130	10
<u>Q1/Q2 Priorities:</u> Fostering Purchase Cards <u>Q3/Q4 – likely areas of work:</u> Resource Allocation Panel Schools Financial Value Standard	<ul style="list-style-type: none"> CP2: A council which empowers and cares about people SR1b: Increased Demand for Children's Services SR2: NHS Funding and Integrated Care System SR12: Fragility and failure in the social care market SR18: Delivery of the JTAI Improvement Plan 	<p>Key Corporate and Cross service risks. Outcome from reviewing key departmental and service risk areas; arrangements for key service delivery areas, reviewing performance management and the achievement of outcomes.</p> <p>Provision of assurance relating to specific service areas, including arrangements for key service delivery areas and assurance on management and delivery of key projects.</p>		
Place			104	8
<u>Q1/Q2 priorities:</u> Safeguarding Responsibilities - Transport Highways <u>Q3/Q4 – likely areas of work:</u> Enforcement Activity Land Transactions	<ul style="list-style-type: none"> CP3: A thriving and sustainable place SR7: Failure of Council Funding SR9: Capital Projects (Place) 	<p>Outcome from reviewing key departmental and service risk areas.</p> <p>Assurance on arrangements for key service delivery areas and reviewing performance management in front line service area.</p>		

Audit Theme/Area <i>Identified Key Areas</i>	Drivers <i>Corporate Priorities and Strategic Risks</i>	Context	2023/24 Planned Audit Days	2023/24 Planned %
	<ul style="list-style-type: none"> SR10: HS2 Infrastructure Investment) SR14: Climate Change (CEC Carbon Neutral 2025) SR15: Failure of the Local Economy SR17: LPA Modernisation Plan 			
Providing Assurance to External Organisations			26	2
<i>Includes:</i> PATROL <i>Other organisations may request assistance in year, subject to available resource</i>	<ul style="list-style-type: none"> Host Authority arrangement 	Provide assurance in agreed format, similar to former Small Bodies Annual Return		
Advice and Guidance			90	7
<i>Includes:</i> Provision of ad-hoc advice and guidance to services	<ul style="list-style-type: none"> <i>This could cover any/all Corporate Priorities and Strategic Risks</i> 	<p>Add value and improve overall governance, risk management and control processes within the organisation.</p> <p>Consultancy for specific projects, particularly the achievement of MTFS proposals during 2023/24</p>		
Other Chargeable Work			130	10
<i>Includes:</i> Certification of grants arising in year Follow up and additional reporting on the implementation of agreed audit actions	<ul style="list-style-type: none"> <i>This could cover any/all Corporate Priorities and Strategic Risks</i> 	<p>Specific requests from services</p> <p>Follow up implementation of recommendations, including further testing or additional work where necessary.</p>		
Total Audit Days			1,299	100



Working for a brighter future together

Audit and Governance Committee

Date of Meeting:	9 March 2023
Report Title:	Update Report – CIPFA Review of Audit and Governance Committee
Report of:	David Brown, Director of Governance and Compliance
Report Reference No:	AG/07/22-23
Ward(s) Affected:	All Wards

1. Purpose of Report

- 1.1. In July 2022, following the publication of an updated position statement for Audit Committees from CIPFA (Appendix 1), the Audit and Governance Committee endorsed a review of the Audit and Governance Committee to be undertaken by CIPFA, against their updated guidance "Audit committees: practical guidance for local authorities and police."
- 1.2. This report provides an update for the Audit and Governance Committee on the progress of this review, and the proposed next steps.

2. Executive Summary

- 2.1. CIPFA's consultant, Elizabeth Humphrey, has now completed her review, which included meetings with members of the Committee and officers who regularly attend the Committee, as well as observing recent meetings and reviewing documentation relating to the Committee, the terms of reference, agenda packs and minutes.
- 2.2. The report is in the process of being finalised, and the Committee are asked to nominate Committee members to attend a workshop where the report will be presented by Elizabeth, with members and officers then working through the findings to agree a set of actions to be proposed to the Committee.

3. Recommendations

- 3.1.** That the Committee nominate 5 members on the proportionality basis of 2:2:1 to attend a workshop to receive the report findings and to propose actions back to the Committee.

4. Reasons for Recommendations

- 4.1.** The Committee's current Terms of Reference were informed by the 2018 CIPFA guidance, which has subsequently been updated. The composition and Terms of Reference were updated as the Council moved to the Committee systems of governance, with the Audit and Governance Committee recommending changes in March 2021.
- 4.2.** The independent assessment of the Committee carried out by CIPFA will usefully inform further changes to the Committee, including training and officer engagement, to support the Committee into the next electoral cycle.
- 4.3.** The member workshop will consider the final report and will be able to make suggestions on improvements to take forward to the next Committee.

5. Other Options Considered

- 5.1.** Self-assessment against the guidance could have been carried out, but this would have required significantly more internal resource, and would have meant that the organisation didn't benefit from the independence, expertise and access to other examples that CIPFA offered.
- 5.2.** Failing to undertake an assessment of the Committee's arrangements, and to consider the updated CIPFA guidance for the Council's committee would have effectively undermined the effectiveness of the Committee.

6. Background

- 6.1.** In July 2022, following the publication of an updated position statement for Audit Committees from CIPFA (Appendix 1), the Audit and Governance Committee endorsed a review of the Audit and Governance Committee to be undertaken by CIPFA, against their updated guidance "Audit committees: practical guidance for local authorities and police."
- 6.2.** CIPFA's consultant, Elizabeth Humphrey, met with members of the Committee and officers who regularly support the committee during January 2023, and was also provided with documentation such as the Committee work programmes and agenda packs.
- 6.3.** The report is now being finalised, and the Committee are asked to nominate Committee members to attend a workshop (provisional date 17th April). This will be a face to face workshop, taking place over an afternoon, supported by officers, where the report will be presented by Elizabeth, with members and officers then working through the findings to agree a set of actions to be proposed to the Committee.

- 6.4. To have a politically proportionate attendance at the workshop, a total of 5 members is suggested; (2:2:1).

7. Consultation and Engagement

- 7.1. Members of the Committee and officers who regularly support the Committee met with the consultant in individual meetings to inform the review.

8. Implications

8.1. Legal

- 8.1.1. The position statement, Appendix 1, represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt.
- 8.1.2. The review of the Council's Audit and Governance Committee has been carried out against the position statement, and the detailed supporting guidance.
- 8.1.3. Any suggestions for changes to the composition and purpose of the Committee would need to be proposed back to the the Audit and Governance Committee.

8.2. Finance

- 8.2.1. There are no changes to the Council's medium term financial strategy arising from this report.

8.3. Policy

- 8.3.1. The review of the Council's Audit and Governance Committee has been carried out against the position statement, and the detailed supporting guidance; any changes arising from the review will seek to ensure the Committee adopts and acts in accordance with best practice guidance.

8.4. Equality

- 8.4.1. There are no equality implications arising from this report.

8.5. Human Resources

- 8.5.1. There are no human resources implications arising from this report.

8.6. Risk Management

- 8.6.1. Any changes arising from the review should manage the risk that the Council's Audit and Governance Committee is ineffective.

8.7. Rural Communities

- 8.7.1. There are no rural communities implications arising from this report.

8.8. Children and Young People/Cared for Children

8.8.1. There are no Children and Young People/Cared for Children implications arising from this report.

8.9. Public Health

8.9.1. There are no public health implications arising from this report.

8.10. Climate Change

8.10.1. There are no climate change implications arising from this report.

Access to Information	
Contact Officer:	Josie Griffiths Josie.griffiths@Cheshireeast.gov.uk
Appendices:	Appendix 1 – CIPFA Position Statement
Background Papers:	Not applicable.



CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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Work Programme – Audit and Governance Committee – March 2023 to May 2024

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/17/21-22	9 Mar 2023	Audit Completion Report 2021/22	To receive the Audit Completion Report from the external auditors for 2021/22 year of accounts and consider their findings.	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	N/A
AG/09/22-23	9 Mar 2023	Annual Governance Statement 2021/22	To receive and approve the proposed final Annual Governance Statement 2021/22.	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	N/A
AG/45/21-22	9 Mar 2023	Certification of Claims and Returns 2021/22	To review the Certification of Claims and Returns 2021/22.	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	N/A
AG/22/21-22	9 Mar 2023	Risk Management Update	To update the Committee on Risk Management and Business Continuity activity in the Council.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/03/22-23	9 Mar 2023	Six Monthly Complaints Report (July - Dec 2022)	To provide an update on complaints and customer contact for the period July to December 2022 and to provide assurance that actions arising from complaints and improvements identified are actioned.	Director of Finance and Customer Services (s151 Officer), Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
EG/05/22-23	9 Mar 2023	Public Interest Report	To discuss with the current external auditors whether there are any matters arising from the Public Interest Report that should be addressed by statutory external audit process.	Chief Executive/ Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A

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/06/22-23	9 Mar 2023	Inspection by Investigatory Powers Commissioners' Office (IPCO)	To receive the outcome of a remote inspection by the Investigatory Powers Commissioner's Office in relation to the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/07/22-23	9 Mar 2023	CIPFA Review of the Audit and Governance Committee	To receive a verbal update on the outcome and recommendations following the review of the Audit and Governance Committee against the 2022 CIPFA Guidance on Audit Committees.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/11/22-23	9 Mar 2023	Internal Audit Plan 2022/23 Update Report	To receive the final update report on progress against the 2022/23 Internal Audit Plan.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/10/22-23	9 Mar 2023	Internal Audit Plan 2023/24	To receive the Internal Audit Plan for 2023/24 for consideration and approval ahead of the commencement of the 2023/24 year.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/24/21-22	9 Mar 2023	Work Programme	To consider the Committees Work Programme.	Executive Director Corporate Services		No	No	Open	N/A
AG/25/21-22	9 Mar 2023	Compliance with Contract Procedure Rules	To update the Committee on Waivers and Non-Adherences	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	No
AG/26/21-22	9 Mar 2023	Compliance with Contract Procedure Rules (WARNs)	To consider the on Waivers and Non-Adherences (WARNs):	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	Yes Para 3
AG/02/23-24	May 2023	Land Transactions - Internal Audit Review	To receive the findings and actions arising from the review of Land Transactions being undertaken by Internal Audit.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A

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/01/23-24	May 2023	CIPFA Review of the Audit and Governance Committee - Outcomes and Recommendations	To receive the outcome and recommendations following the review of the Audit and Governance Committee against the 2022 CIPFA Guidance on Audit Committees.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/04/22-23	July 2023	Annual Complaints Report	To provide an update on Complaints and customer contact for period 1 April 2022 to 31 March 2023 and to provide assurances that actions arising from complaints and improvements identified are actioned.	Director of Finance and Customer Services (s151 Officer), Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/15/21-22	July 2023	Whistleblowing Policy	To consider the Whistleblowing Policy and recommend to Council for approval.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/28/21-22	July 2023	Draft Conflict of Interest Policy	To consider the Draft Conflict of Interest Policy following the adoption of the Code of Conduct.	Director of Governance and Compliance (Monitoring Officer)		No	No	Open	N/A
AG/02/22-23	Nov 2023	Customer Experience Evaluation Report (Consultation and Engagement)	As requested by the Committee, to receive an evaluation report outlining the implementation progress of the last 12-18 months on the new approach to consultation and engagement (July 2022) the draft Action Plan and the outcomes of the work, including the toolkit and programme of activities.	Director of Policy and Change		No	No	Open	N/A
AG/03/23-24	Nov 2023	Six Monthly Complaints Report (April 2023 to September 2023)	To provide an update on complaints and customer contact for the period April – September 2023 and to provide assurance that actions arising from complaints and improvements identified are actioned.	Director of Governance and Compliance (Monitoring Officer), Director of Finance and Customer Services (s151 Officer)		No	No	Open	N/A

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/16/21-22	Within 3 months of ACR rating being received	Value For Money Report from External Auditors	To receive the Value for Money report from the External Auditors in relation to the Statement of Accounts.	Director of Finance and Customer Services (s151 Officer)		No	Yes	Open	N/A



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Audit and Governance Committee

Date of Meeting:	9 th March 2023
Report Title:	Contract Procedure Rules
Report of:	Alex Thompson, Director of Finance and Customer Services - S151 Officer
Report Reference No:	AG/25/21-22
Ward(s) Affected:	All

1. Purpose of Report

- 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 November 2022 to the 31st January 2023.

2. Executive Summary

- 2.1. 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 November Audit and Governance Committee is 6 (consisting of 4 waivers, 2 non-adherences).
- 2.2. 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.

3. Recommendation/s

That the Audit and Governance Committee:

- 3.1. Notes the reason for 4 waivers approved between 1st November 2022 and 31st January 2023 (22 in total in 2022/23).

- 3.2. Note the reason for 2 non-adherences between 1st November 2022 and 31st January 2023 (3 in total in 2022/23).
- 3.3. Notes that the Finance Sub-Committee, on the 8th March 2023, has reviewed the Waivers for this period as part of their responsibility for the pipeline of procurement activity.

4. Reasons for Recommendation/s

- 4.1. 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.
- 4.2. 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.
- 4.3. 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 has followed an appropriate approval process.

5. Other Options Considered

- 5.1. N/A

6. Background

- 6.1. 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 November 2022 to the 31st January 2023, (22 waivers and 3 non adherences).

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

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	April 2022 – January 2023
Waivers							
	40	20	16	17	25	37	22

6.2 The number of waivers has increased in the past two years because of COVID and the impacts it has had on the care market. So far this year 13 of the waivers approved have been care related.

6.3 So far during 2022 – 2023 financial year there have been 110 procurements (these include tenders, request for quotations above £25k and call offs from frameworks) with 529 contracts awarded.

Table 2: Non-Adherences

	2016-2017	2017-2018	2018-2019	2019 - 2020	2020-2021	2021-2022	April 2022 - January 2023
Non-Adherence							
	33	10	5	1	3	3	3

7. Consultation and Engagement

7.1 Consultation and engagement have been undertaken with Cheshire East Council staff who have a role within Commission, Procuring and Contract Managing goods, services or works for the Council.

8. Implications

8.1. Legal

8.1.1. 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.

8.1.2. 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.

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

8.1.4. 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.

8.2. Finance

8.2.1. 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.

8.2.2. 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

8.3. Policy

8.3.1. N/A

8.4. Equality

8.4.1. All Cheshire East Council contracts have a clause stating "the supplier shall perform its obligations under the Contract in accordance with all applicable equality Law and the Council's equality and diversity policy as provided to the Supplier from time to time"

8.5. Human Resources

8.5.1. There are no direct implications for human resources.

8.6. Risk Management

8.6.1. 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.

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	
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Appendices:	Appendix 1 Part 2 items
Background Papers:	

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.

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