

Audit and Governance Committee

Agenda

Date:	Monday, 29th September, 2025
Time:	10.30 am
Venue:	Capesthorne Room, Macclesfield Town Hall, SK10 1EA

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

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

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

1. **Apologies for Absence**

To receive apologies for absence from Members.

2. **Declarations of Interest**

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

3. **Minutes of Previous Meeting** (Pages 5 - 14)

To approve as a correct record the minutes of the meeting held on 28 July 2025.

For requests for further information

Contact: Nikki Bishop, Democratic Services Officer

Tel: 01270 686462

E-Mail: CheshireEastDemocraticServices@cheshireeast.gov.uk

4. **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.

5. **Audit and Governance Committee Action Log** (Pages 15 - 16)

To receive an update on the committee action log.

6. **Final Statement of Accounts 2023-24 (report to follow)**

To receive the Final Statement of Accounts 2023-24.

7. **Final Annual Governance Statement 2023-24** (Pages 17 - 62)

To receive the final AGS 2023-24.

8. **Statement of Accounts 2023-24 External Audit Opinion**

To receive a verbal update from the External Auditors.

9. **Provisional Audit Planning Report (Update) of Ernst & Young LLP - 2024/25**
(Pages 63 - 116)

To consider the report which provides an update on the proposed audit approach and the scope for the 2024/25 audit.

10. **Annual Report of the Audit and Governance Committee 2024-25** (Pages 117 - 132)

To consider the Annual Report of the Audit and Governance Committee 2024-25.

11. **Audit and Governance Committee Self-Assessment** (Pages 133 - 150)

To consider the report on the Committee Self-Assessment.

12. **Information Governance and Security - Review of 2024/25** (Pages 151 - 170)

To receive the report which provides an update on the arrangements for information management, information security, and requests for information during 2024/25.

13. **Regulation of Investigatory Powers Act (RIPA) - Review of Policy and Procedure**
(Pages 171 - 212)

To receive an update on the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) during 2024/25.

14. **Work Programme** (Pages 213 - 216)

To consider the Work Programme.

Membership: Councillors S Adams, M Beanland (Chair), J Bird, L Braithwaite, B Drake (Vice-Chair), R Fletcher, A Heler, P Redstone, J Snowball, Mr R Jones and Mrs J Clark.

This page is intentionally left blank

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Monday, 28th July, 2025 in The Capesthorne Room - Town Hall,
Macclesfield, SK10 1EA

PRESENT

Councillor M Beanland (Chair)
Councillor B Drake (Vice-Chair)

Councillors S Adams, L Braithwaite, R Fletcher, P Redstone, J Snowball,
R Jones and J Clark

OFFICERS IN ATTENDANCE

Josie Griffiths Head of Audit, Risk and Assurance
Janet Witkowski, Acting Governance, Compliance and Monitoring Officer
Ashley Hughes, Executive Director of Resources and S151 Officer
Sal Khan, Interim Director of Finance
Tracy Baldwin, Finance Manager
Michael Todd, Acting Internal Audit Manager
Julie Gibbs, Information Rights Manager
Kim Evans, Customer Service Manager
Helen Charlesworth-May, Executive Director of Adults, Health and Integration
Nikki Bishop, Democratic Services Officer

ALSO IN ATTENDANCE

Hassan Rohimun, Ernst & Young Ltd – External Auditor

The Chair paid tribute to the late Councillor Chris Hilliard who had served on the Audit and Governance Committee. The Chair asked all to stand for a minute of silent reflection in memory of Councillor Hilliard.

10 APOLOGIES FOR ABSENCE

Apologies were received from Councillor A Heler.

11 DECLARATIONS OF INTEREST

There were no declarations of interest.

12 MINUTES OF PREVIOUS MEETING

The committee considered the minutes of the previous meeting. A typing error was highlighted on Page 7. Officers agreed to correct this.

The committee noted that in relation to the recruitment of co-opted Independent Members, Full Council had approved the recommendations of the Audit and Governance Committee and Mr R Jones had agreed to continue in the role until 2027. The Chair thanked Mr R Jones.

RESOLVED:

That the minutes of the meeting held on Thursday 29 May 2025 be approved as a correct record.

13 PUBLIC SPEAKING TIME/OPEN SESSION

There were no registered speakers.

14 ACTION LOG

The committee received an update on the action log. The following was noted:

- CIPFA Standards committee briefing: It was reported that this would be arranged after the summer period.
- Accounts Payable Unit4 Report – this had now been circulated/shared with all committee members in confidence.
- Whistleblowing Policy – it was agreed that this would be added onto the Work Programme for September 2025.

RESOLVED:

That the committee action log and updates provided be received and noted.

15 CQC LOCAL AUTHORITY ASSURANCE OUTCOME

The committee received the report which provided an overview of the outcome of a recent assurance visit by the Care Quality Commission (CQC) of the delivery of adult social care functions. The committee were pleased to learn that the Council had received a 'Good' rating score of 75% and that this was one of the highest scores for Council's deemed 'Good'.

It was noted that the Council had undertaken a self-assessment which was reflective of the findings of CQC. It was evident that the service knew itself well, was clear on areas for improvement and its strengths, as well as staff feeling supported by leaders and safe to practice within a culture of learning.

The committee noted the areas of improvement which had been identified and queried what arrangements were in place to learn from authorities with even higher ratings. It was reported that CQC and the Association of Directors of Adult Social Care had undertaken a significant amount of work to identify things that stood out as being different/excellent practice. It was likely that the authority would next be inspected in four-years. An improvement framework had been developed and put in place, focussing upon the key areas of improvement which would allow the service to regularly measure levels of improvement.

The committee congratulated the Executive Director – Adults, Health and Integration and all her staff on the inspection outcome and all their hard work. The committee were supportive of the ambition to achieve a future rating of 'Outstanding'.

RESOLVED:

That the Audit and Governance Committee

1. Note and support the rating and feedback of the Cheshire East Council CQC LA Assurance Assessment of Adults Social Care and the initial response from the directorate.

16 VERBAL UPDATE FROM THE EXTERNAL AUDITORS ON PROGRESS ON 2023/24 STATEMENT OF ACCOUNTS FINALISATION AND PROGRESS ON 2024/25 STATEMENT OF ACCOUNTS AUDIT PLAN

The committee received a verbal update on the 2023-24 Statement of Accounts and 2024-25 Statement of Accounts Plan from External Auditors, Ernst & Young (EY).

EY provided an update on the progress of the four objections that had been received in relation to the 2023-24 Statements and reported that this process was nearing conclusion. A draft response to each objection had now been shared with the Public Sector Audit Appointments Ltd (PSAA). It was anticipated that EY would be in a position to issue responses to objectors and the Council, in the next couple of weeks. Once responses had been issued a 28-day period would then commence allowing either party to respond seeking clarification. Following this period EY would undertake closing procedures to conclude the 2023-24 audit.

EY reported that the 2024-25 audit plan had previously been presented to the Audit and Governance Committee in May. The time schedule had been amended, pushing back the final plan from July to November, with a view to completing in time for the February 2026 backstop date. It was requested that an updated timeline be shared with the Committee for the 2024-25 audit.

It was highlighted that the provisional audit plan for 2024-25 presented to the committee in May 2025 highlighted the valuation of land and buildings, including investment property, as a significant risk. It was confirmed by EY that if a full evaluation of assets was undertaken, this would assist in building back assurance quicker.

RESOLVED:

That the Audit and Governance Committee note the verbal update provided.

17 DRAFT PRE-AUDITED STATEMENT OF ACCOUNTS 2024/25 AND OUTTURN UPDATE 2024/25

The committee considered the report which provided an update on the draft pre-audited Statement of Accounts 2024-25 and Outturn Update 2024-25. It was noted that the publication of the pre-audited Statement of Accounts for the year ended 31 March 2025 had been delayed and would be published on the Council website on 31 July 2025.

The committee noted the pre-audited outturn position 2024-25 which had been presented to the Finance Sub Committee on 2 June 2025. The committee noted the Capital Programme underspend. It was confirmed that a review of the capital programme was undertaken during the 2024-25 financial year, this included projects that would be funded through borrowing, and some work was undertaken

to reprofile capital expenditure into 2025-26 and later years. This was a planned approach to reduce borrowing however not all expenditure was funded through borrowing, this included a mixture of grant funding and external contributions. The committee requested a detailed breakdown of the capital programme and the profiling of expenditure. Officers agreed to providing a written response.

RESOLVED:

That the Audit and Governance Committee

1. Note the summarised position of the accounts for year ended 31 March 2025 based on the information provided at this meeting.
2. Note the dates in relation to the approval process for the Statement of Accounts.
3. Note the overall financial performance of the Council in the 2024/25 financial year, as contained within the report, as follows: A Net Revenue Overspend of £17.6m against a revised budget of £365.8m (4.8% variance) funded by (£17.6m) conditional Exceptional Financial Support (Capitalisation Direction) via borrowing. b) General Reserves closing balance of £6.3m. c) Capital Spending of £88.4m against an approved programme of £215.8m (59% variance).
4. Note the public inspection period where local taxpayers can inspect the accounts and request further information on any invoices, contracts, income received etc in the period will commence on 1 August 2025 to 12 September 2025 subject to publication on 31 July 2025.

18 DRAFT FINANCIAL STATEMENTS – WHOLLY OWNED COMPANIES 2024/25 AND OUTTURN UPDATE 2024/25

The committee considered the Wholly Owned Companies 2024-25 draft financial statements and outturn update.

The committee noted that, for Orbitas Bereavement Services Limited, there had been an increase in the cost of sales during 2025 which was reflected in a reduction in gross-profit. For ANSA Environmental Services Limited, the costs of sales had reduced by 2%, gross profit had increased by 2% and administration costs had also increased by 2%. The committee sought assurance that these variances were monitored and managed by the company Directors. Officers committed to seeking a written response from the WOCs.

RESOLVED:

That the Audit and Governance Committee

1. Note the summarised position of the WOC Financial Statements for year ended 31 March 2025 based on the information provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Financial Statements.
3. Note the overall financial performance of the WOC's in the 2024/25 financial year, as contained within the Appendix 1, as follows:

- a. ASDV Reserves increased by £0.334m, retained reserves are £0.848m
- b. Wholly Owned Companies Net Core Contract Spending was £43.611m.

19 MEMBER TRAINING AND DEVELOPMENT PLAN

The committee considered the report which set out a revised Member Training and Development Plan, which in part addressed the Local Government Association Corporate Peer Challenge of the Council, undertaken in March 2024; three of the LGA's recommendations related directly to Member training.

The committee queried the council's capacity to deliver the programme and the potential costs. It was clarified that both would be regularly reviewed, some training would be funded by the relevant service area; others could be done without additional cost. Officers committed to providing a written response to provide clarity on the budget implications.

It was queried if the training proposed within the plan would comply with the Equalities Act 2010 and if adjustments had been made to ensure neurodiverse Members were properly considered, particularly in regard to online learning. It was confirmed that officers would seek to ensure that all Members were able to take-up the training offer fully and that any specific Member concerns or requests for additional support should be raised directly with Democratic Services.

The committee and officers agreed that consideration should be given to joint Member and Officer development/training to allow both officers and members to come together.

A friendly amendment was proposed and supported by the committee, in relation to Recommendation 4, as summarised below.

'Invite the Constitution Working Group to consider changing the Constitution, to make the mandatory elements of the committees' training programmes compulsory for its membership, *and to ensure that Democratic Services assist with any accessibility issues that occur*'.

Resolved (unanimously):

The Audit and Governance Committee

1. Approve the Cheshire East Council Member Training and Development Plan, supplementary Committee training programmes, and the Member Development Strategy 2025- 2027, and that these documents be adopted with immediate effect.
2. Grant delegated authority to the Governance, Compliance and Monitoring Officer to make changes to the Member Training and Development Plan and/or Member Development Strategy 2025- 2027 as they consider are required, to ensure that future training priorities/training needs are addressed.

3. Agree that periodic reviews of the Member Training and Development Plan and the Member Development Strategy be carried out by the Audit and Governance Committee, such reviews to be included in the Committee's work programme.
4. Invite the Constitution Working Group to consider changing the Constitution, to make the mandatory elements of the committees' training programmes compulsory for its membership, and to ensure that Democratic Services assist with any accessibility issues that occur.
5. Agree that an annual report be submitted to the Audit and Governance Committee for the purpose of monitoring compliance with any key performance indicators set out in the Member Development Strategy.
6. Agree that individual Member attendance at mandatory training events (including non-attendance) be recorded and published annually on the Council's website, recording to commence in July 2025 for publication by end July 2026.

20 INTERNAL AUDIT OPINION 2024-25

The committee considered the report which set out the Internal Audit Opinion on the overall adequacy and effectiveness of the Council's control environment. The committee noted that the Internal Audit Opinion for 2024-25 was assessed as 'Limited'.

The committee noted that, during the programme of Internal Audit Reviews, that of the 80 actions raised, 31% related to a failure to apply existing controls, with a further 36% relating to design controls that could be improved/strengthened and 9% identifying an absence of an expected or actual control. The committee queried that steps that were being undertaken by management to address this and noted that the Internal Audit team regularly attended Directorate Management Team meetings to ensure effective engagement to achieve the desired impact from internal audit reviews. It was clarified that 94% of all due internal audit actions had been implemented.

The committee requested an update on the completion of the Audit Report of Officer Decision Records. It was confirmed that the draft report was nearing conclusion, and a briefing/summary would be shared with the committee at the earliest opportunity.

RESOLVED:

That the Audit and Governance Committee

1. Note and consider the contents of the Internal Audit Opinion Report 2023-24 (Appendix A).
2. Note the Internal Audit Opinion on the Council's framework of risk management, governance, and internal control for 2024-25.

21 RISK MANAGEMENT REPORT 2024-25

The committee considered the report which provided a summary of risk management activities during 2024-25 and details of current risk profiles.

The committee queried a number of Strategic Risk, including the Dedicated School Grant Deficit, which had an end of year net score of 16 in both 2023-24 and 2024-25. It was clarified that the Strategic Risk Register was in a transitional phase and strategic risks needed to be refreshed following the publication of the Cheshire East Plan 2025-29. Significant changes to the register were anticipated which would provide assurance to the Audit and Governance Committee that the Council was proactively ensuring that its Risk Register remained relevant and proportionate.

RESOLVED:

That the Audit and Governance Committee.

1. Note the report as a summary of risk management activities during the year 2024-25.

22 DRAFT ANNUAL GOVERNANCE STATEMENT 2024-25

The committee received the draft Annual Governance Statement (AGS) for 2024-25 and noted that the draft AGS would be further updated to cover activity up to the date of approval of the Council's Statement of Accounts.

The committee considered the proposal to remove the significant governance issue of 'ASDV Governance'. It had been proposed that this issue be removed from the AGS as a result of significant progress being made in this area. An amendment was proposed, seconded and subsequently carried by a majority in relation to recommendation 3. It was agreed that retaining this governance issue was important to ensuring oversight until such a time that the final accounts were received.

Amendment – Recommendation 3 (proposed by Cllr Beanland)

That the Audit and Governance Committee agree to retain the significant governance issue in relation to ASDV Governance in future statements until the final accounts are received.

RESOLVED (unanimously):

That the Audit and Governance Committee

1. Note the draft AGS 2024/25, noting that the final proposed AGS will be provided to a future meeting of the committee for approval.
2. Approve the proposed changes to the significant issues detailed in Sections 7 and 8 of the draft Statement.

RESOLVED (by majority):

That the Audit and Governance Committee

3. Agree to retain the significant governance issue in relation to ASDV Governance in future statements until the final accounts are received.

23 COMPLAINTS AND COMPLIMENTS ANNUAL REPORT 2024-25

The committee received the Annual Report which provided an overview of the complaints and compliments received by the Council during the period 1 April 2024 – 31 March 2025.

The committee noted that satisfaction surveys were issued following the completion of a formal complaint. However; the response rates were not significant, and this was often influenced by the outcome of the complaint and individual perceptions.

The committee were pleased to note the number of compliments received by the Council, particularly the Adults and Health Directorate which had received 472 compliments during 2024-25.

RESOLVED:

That the Audit and Governance Committee

1. Note the complaints and compliments data, and the briefing material in this report relating to 2024/25.
2. Note the issues raised and improvements made in respect to the management of complaints across the Council contained within the briefing material in this report.
3. Note the Council's compliance with the Corporate Complaints Policy, and with the recommendations of the Ombudsman.

24 REGULATION OF INVESTIGATORY POWERS ACT (RIPA) – OUTCOME OF IPCO INSPECTION

The committee received the report which set out the outcome of a remote inspection by the Investigatory Powers Act 2000 (RIPA).

The committee were pleased that the inspection, which inspected the local authorities use of RIPA powers every three years, did not identify any areas for improvement or non-compliance. No further inspection would be required until 2028.

The committee queried the use of the powers by the Council, noting that the Council had limited use of powers and most uses were by the Council's Trading Standards team, typically, once a year.

RESOLVED:

That the Audit and Governance Committee

1. Note the outcome of the IPCO inspection and the assurance that the Council is compliant with RIPA legislation.

25 WORK PROGRAMME

Consideration was given to the Committee Work Programme. It was agreed that the next meeting should be held in Crewe, subject to room availability.

RESOLVED:

That the Work Programme be received and noted.

This page is intentionally left blank

Audit and Governance Committee - Action Log

Committee Date	Action	Lead Officer	Update on Progress
March 2025	The committee queried the new changes arising from the recently introduced CIPFA standards for internal audit. It was agreed that this issue would be best covered through an all-committee briefing however a number of the key principles remained the same. Officers committed to arranging a briefing session for the committee	Head of Audit, Risk and Assurance	Completed: Briefing arranged for 17 October.
July 2025	Whistleblowing Policy to be added back onto the Work Programme for September 2025.	Head of Audit, Risk and Assurance	
July 2025	Updated 2024-25 External Audit Plan timeline to be shared with committee members.	Executive Director of Resources and S151 Officer	To be provided at September 2025 meeting.
July 2025	Detailed breakdown of the capital programme and the profiling of expenditure to be circulated to the committee (breakdown of % grant funding, external contributions and borrowing).	Executive Director of Resources and S151 Officer	Update September 2025: Provided to Finance Sub-Committee 10/9/25. Link to Capital here: Annex 2 for First Financial Review of 202526.pdf
July 2025	The committee sought assurance relating to the steps being taken by management (Wholly Owned Companies) in relation to variances identified in the draft financial statements 2024-25 and outturn update 2024-25. Officers committed to seek a response from the WOCs.	Executive Director of Resources and S151 Officer	Completed: response circulated
July 2025	Clarity on member training and development plan budget / costs / capacity to deliver to be circulated to the committee.	Governance, Compliance and Monitoring Officer	Completed: response circulated

This page is intentionally left blank

OPEN

Audit and Governance Committee

29 September 2025

Final Annual Governance Statement 2023/24

Report of: Interim Director of Law & Governance (Monitoring Officer)

Report Reference No: AG/27/25-26

Ward(s) Affected: All Wards

For Decision

Purpose of Report

- 1 The purpose of this report is for the committee to review and approve the final Annual Governance Statement (AGS) 2023/24 for signature by the Leader of the Council and the Chief Executive. Once approved and signed, the AGS will accompany the Statement of Accounts and be published on the council's website.
- 2 In accordance with the Accounts and Audit Regulations 2015, the AGS should be approved by members of the council meeting, or by a committee, at the same time as the Statement of Accounts is approved. The Audit and Governance Committee has delegated authority to approve the AGS.

Executive Summary

- 3 The first draft of the AGS 2023/24 was provided to the July 2024 meeting of the committee. Updated versions were subsequently provided to the December 2024 and February 2025 committee meetings.
- 4 The external auditors have now indicated that they have completed their work on the 2023/24 financial statements and as such the proposed final AGS can now be presented for approval and publication on the Council's website alongside the statement of accounts.
- 5 The proposed final AGS 2023/24 at Appendix 1 is unchanged from the version presented to the committee in February 2025.

- 6 Once agreed by the committee, the Statement will be signed by the Leader of the Council and the Chief Executive, and the AGS will accompany the Statement of Accounts and be published on the council's website.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Approve the Annual Governance Statement 2023/24.

Background

- 7 The council is required to prepare and publish an 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.
- 8 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.
- 9 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.
- 10 Members will be aware that due to delays in external audit completing their work on the financial statements for both 2022/23 and 2023/24, there have been delays in producing the AGS for both years. As a result, there is an element of duplication between the two Statements.
- 11 It should also be noted that whilst the 2023/24 Statement was last updated and presented to Committee in February 2025, the draft AGS for 2024/25 has subsequently been produced and presented to the committee at the July 2025 meeting. The 2024/25 AGS presents the latest position on the council's governance arrangements and will be finalised and presented to the committee in due course.

Consultation and Engagement

- 12 The proposed final AGS for 2023/24 has been considered by the Corporate Leadership Team (CLT) and senior managers to ensure all issues impacting the council have been considered.

Reasons for Recommendations

- 13 In accordance with the Accounts and Audit Regulations 2015, the AGS should be approved by Members of the Council meeting, or by a committee, at the same time as the Statement of Accounts is approved. The Audit and Governance Committee has delegated authority to approve the AGS.

Other Options Considered

- 14 None applicable.

Option	Impact	Risk
Do nothing.	The Annual Governance Statement is not approved by Members of a Council meeting or committee.	Failure to comply with the Accounts and Audit Regulations 2015.

Implications and Comments

Monitoring Officer/Legal/Governance

- 15 The production of the AGS is required by Regulation 6(1)(b) of the Accounts and Audit Regulations 2015. The Accounts and Audit (Amendment) Regulations 2024 came into force on 30 September 2024 and set the timescales for the publication of the accountability statements, which sets out the timescales by which it must be published.
- 16 For the financial year beginning in 2023, after approving the statement of accounts, the authority should publish its accountability statements on or before the 28 February 2025. As detailed at the February 2025 Audit and Governance Committee, it was not possible to publish the accountability statements by the backstop date. This was due to the external auditor not being in a position to conclude that the financial statements were free from material and pervasive misstatement and receiving a number of objections from a local elector.
- 17 The external auditors have indicated that they have now completed their work on the 2023/24 financial statements and as such, the AGS can now be presented for approval and subsequent publication as part of the accountability statements.

- 18 The preparation of the AGS 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)”.

Section 151 Officer/Finance

- 19 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.

Human Resources

- 20 There are no direct implications for human resources.

Risk Management

- 21 The authority is required to prepare and publish an AGS to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015. Failure to do so could result in non-compliance with the requirements of the Regulations.

Impact on other Committees

- 22 There are no impacts on other committees.

Policy

- 23 There are no direct implications for policy. The production of the AGS provides assurance on the council’s governance arrangements.

Commitment 3: An effective and enabling council
--

Equality, Diversity and Inclusion

- 24 There are no direct implications for equality, diversity and inclusion.

Other Implications

- 25 There are no other implications.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	16/09/25	16/09/25
Kevin O'Keefe	Interim Director of Law and Governance (Monitoring Officer)	16/09/25	16/09/25
<i>Legal and Finance</i>			
Steve Reading	Finance Manager	16/09/25	17/09/25
Julie Gregory	Acting Head of Legal Services	19/09/25	18/09/25

Access to Information	
Contact Officer:	Josie Griffiths, Michael Todd Head of Audit Risk and Assurance, josie.griffiths@cheshireeast.gov.uk, michael.todd@cheshireeast.gov.uk
Appendices:	Appendix 1 – Final Annual Governance Statement 2023/24
Background Papers:	N/A

This page is intentionally left blank

Annual Governance Statement 2023/24

Final

Working for a **brighter future**  together



1. Executive Summary and Approval

- 1.1. Each year the Council produces an Annual Governance Statement that explains how it operates its corporate governance arrangements, makes decisions, manages its resources, and promotes values and high standards of conduct and behaviour.
- 1.2. The Annual Governance Statement reports on:
- How the Council complies with its own governance arrangements
 - How the Council monitors the effectiveness of the governance arrangements
 - Improvements or changes in governance arrangements proposed for the forthcoming year.
- 1.3. The Council's Section 151 Officer, has reviewed this statement together with the more detailed assessments that support its conclusions and endorses the Internal Auditor's opinion on the Council's control environment:

The Council's framework of risk management, control and governance is assessed as Limited for 2023/24

- 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 2023/24 and up to the time of its approval.
- 1.6. To date, our assessment of the effectiveness of our governance arrangements for 2023/24 has identified three arising significant governance issues relating to Children's Services Response to Ofsted Inspection, Governance and Internal Control and Partnership Working, which can be found in Section 8.
- 1.7. Five issues from the 2022/23 Statement; Council Funding, Health and Social Care Integration, Planning, ASDV Governance and Executive and Wider Leadership Team Capacity are included again as continuing areas of concern for 2023/24.
- 1.8. Of the five continuing areas of concern, the Council Funding issue has been restated for 2023/24 to reflect the latest issues and proposed actions to address the challenges. This issue has been included in the Statement for several years and although the overarching issues remain, the detail has developed and required updating to ensure it presents an accurate picture to the Council and its stakeholders.

- 1.9. 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.

Rob Polkinghorne Chief Executive	Cllr Nick Mannion 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.

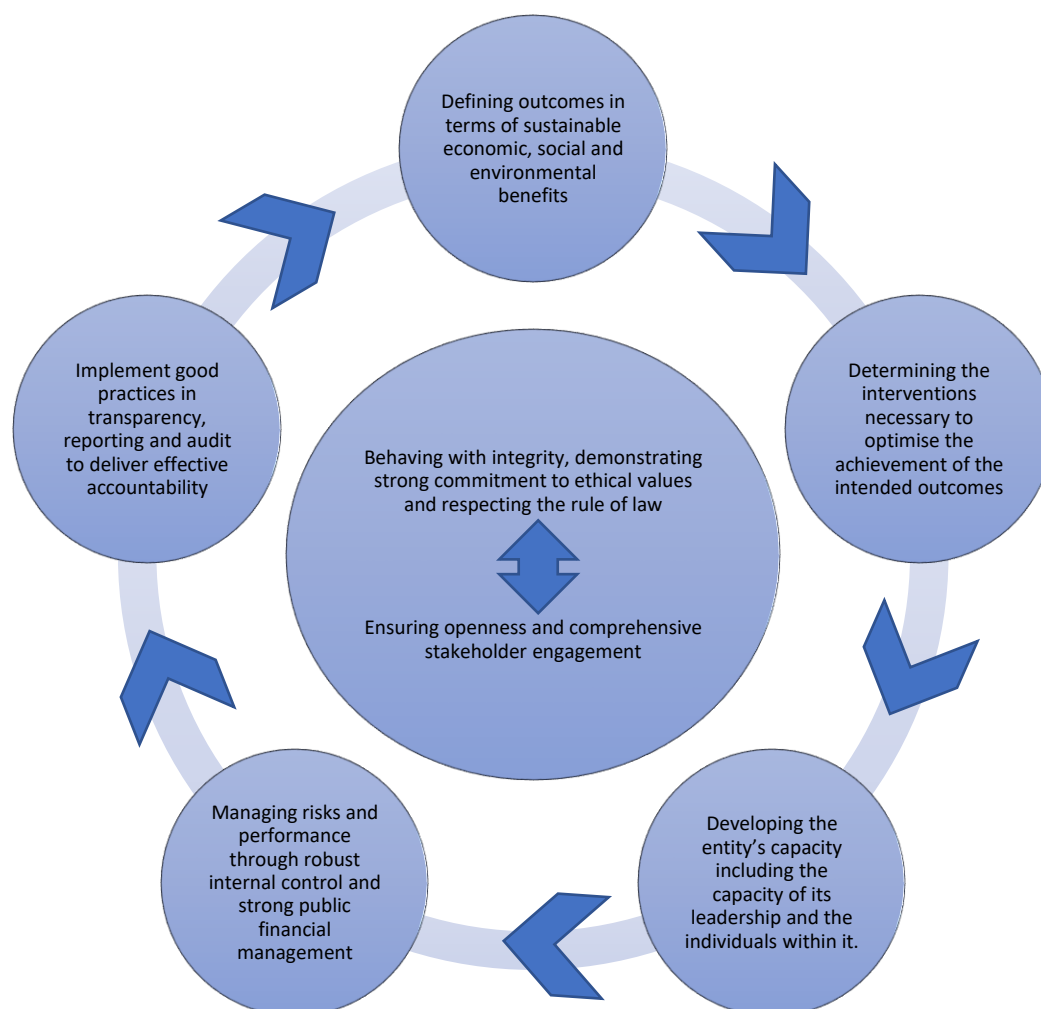
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

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 Annual Governance Statement was published in July 2024 and has been updated as necessary to ensure this Statement remains current for when the Audit and Governance Committee considers it as final in February 2025.
- 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 2023/24 which are set out below.
- 5.2. The Governance Framework described below and shown in Appendix 2 has been in place since 4 May 2021, when the committee system model of governance took effect. A diagram explaining the committee system can be found at Appendix 3.

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

- 5.3. Cheshire East Council's vision and priorities are outlined in the Council's Corporate Plan 2021-2025. The Corporate Plan 2021-2025 was approved by full Council on 17 February 2021 and sets out the priorities of the administration, within the context of the needs of the borough, the views of residents and the resources available.
- 5.4. The Medium-Term Financial Strategy (MTFS) 2023-2027 was agreed at the 22 February 2023 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. The MTFS 2024/25 – 2027/28 was agreed by Council on 27 February 2024. The MTFS 2025/26 – 2028/29 will be put to Council on 26 February 2025.
- 5.5. The Corporate Plan 2021-25 is reviewed by the Corporate Policy Committee as part of the Council's performance management accountability framework. Quarter 3's performance for 2023/24 was considered at the meeting on 21 March 2024. Quarter 4's performance for 2023/24 was considered at the 13 June 2024 meeting.
- 5.6. In June 2024, Corporate Policy Committee approved the development of a new strategic plan for Cheshire East for 2025 onwards. The Committee also recommended an update to the current Corporate Plan 2021-25 for the final year which was put to and approved by Council on 17 July 2024. The new Cheshire East Plan 2025-29 was presented to and agreed by Corporate Policy Committee on 6 February and will be presented to Council for approval on 26 February 2025. The Committee also agreed that it will receive at least quarterly updates on progress with the Cheshire East Plan and delivery plan.
- 5.7. The 2022/23 provisional financial outturn was reported to the Finance Sub Committee on 7 June 2023. The final outturn 2023/24 was reported to the Finance Sub Committee on 25 June 2024. The draft Statement of Accounts 2023/24 was reported to the Audit and Governance Committee on 29 July 2024. The External Auditors will provide an interim report on the Council's accounts for 2023/24 to the Audit and Governance Committee on 24 February 2025 pending the completion of their work on the objection to the 2023/24 accounts.
- 5.8. The Council delivered and progressed several infrastructure improvements and developments across the Cheshire East area. These major schemes are critical elements in delivering the ambitions of the Council. This includes the refurbishment of Congleton Leisure Centre, which reopened in July 2023, and the completion of the North West Crewe Package highways improvements, which completed mid-2024.

- 5.9. As recognised in previous Statements, the sustained and increasing financial pressures on services continue to present challenges to the Council. These are recognised as high scoring risks in the Council's Strategic Risk Register.

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

- 5.10. The Council's Constitution sets out the rules for conducting business undertaken by the Council, including executive arrangements, committee structures, finance and contract procedure rules and schemes of delegation.
- 5.11. The Council undertook extensive pre-budget consultation, setting out change proposals for consideration over the period 2023/24 to 2026/27. Stakeholders were invited to comment on the Council's pre-budget report using an online survey during January 2023 and a summary of the responses formed part of the consideration of the MTFS 2023/27 by Council at the meeting held 22 February 2023.
- 5.12. The MTFS clearly identifies how resources will be matched against the delivery of priorities established in the Council's Corporate Plan.
- 5.13. The Strategy also provides information on delivering financial stability, the budget setting process, and the Council's Capital, Investment and Reserves Strategies.

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

- 5.14. The Chief Executive, Executive Directors and Statutory Officers met regularly during 2023/24 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 2.
- 5.15. In March 2024, Corporate Policy Committee received a paper setting out three preliminary activities required to allow the development of the Council's future transformation programme. The activities considered and approved by the Committee relate to:
- The creation and implementation of Council-wide officer boards
 - A Local Government Association (LGA) review of decision-making accountability
 - LGA peer challenge

- 5.16. The Corporate Peer Challenge report and draft action plan were presented to Council on 17 July 2024 where the report was noted, and the action plan agreed. Council also delegated authority to the Chief Executive to finalise the action plan and arrange for its publication by the LGA deadline of 28 August 2024.
- 5.17. The Corporate Policy Committee at its meeting on 3 October 2024 considered a report which set out the proposed new senior management structure that had been created following a period of formal consultation. The proposed structure had been designed to respond to the recommendations within the peer challenge and meet the requirements to achieve financial stability, deliver the Children's Services Improvement Plan and the Council's Transformation Programme. The Committee agreed the senior management structure to be presented at Council for approval. On 16 October 2024, Council approved the senior management structure to take effect from 1 November 2024. The next phase of review is currently being planned.
- 5.18. On 6 February 2025, Corporate Policy Committee received a report in response to the recommendations of the LGA Peer Challenge Report and to a Notice of Motion submitted to Full Council on 16 October 2024. The report presented the options in respect of the Council's decision-making and governance arrangements. The Committee resolved that a politically proportionate Task and Finish Group be established to drive forward the Council's review of its decision-making and governance arrangements and that updates and improvements be reported to the Committee.
- 5.19. 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.
- 5.20. In May 2023, a comprehensive programme of events was held to welcome newly elected members to the authority and provide support for them in their role as a Cheshire East Councillor.
- 5.21. The programme covered subjects such as, an introduction to Cheshire East Council, the Councillor's code of conduct and working effectively as a Cheshire East Councillor in May 2023, committee procedures and service committee briefings in June 2023 and scrutiny skills, financial management and ICT support in July 2023. Out of the new cohort of 38 members, every member attended at least one event.
- 5.22. As the induction programme includes subjects which are of key importance to a members' role, attendance is mandatory, but numbers were affected by a significant increase in members with daytime commitments. Accordingly, twilight

sessions, which commence at 4pm or later, are now scheduled on a routine basis to make the programme more accessible.

- 5.23. At its meeting on 27 February 2024, Council resolved that “each Service Committee, including the Finance Sub-Committee, arrange one twilight meeting over the course of its scheduled cycle of meetings during 2024/25. Furthermore, the Corporate Policy Committee at its meeting on 6 February 2025 received a report recommending that each committee determines whether their meetings during the 2025/26 municipal year should include twilight meetings.
- 5.24. To promote the importance of members’ core skills, a supplementary online induction programme was launched in September 2023, which includes mandatory modules on Safeguarding Children and Adults, Equality, Diversity and Inclusion and General Data Protection Regulations (GDPR).
- 5.25. 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.
- 5.26. Interim arrangements remained in place to cover the Executive Director - Corporate Services and the Executive Director - Place during 2023/24. A permanent Executive Director – Place has been appointed and joined the Council in December 2024. The former Chief Executive left the Council in October 2023 with interim arrangements put in place with immediate effect. In December 2023, Council appointed a permanent Chief Executive who took up post in January 2024.
- 5.27. In February 2024, it was announced that the Section 151 Officer would be leaving the Council in May 2024. Subsequently, an Interim Section 151 Officer was appointed, and this arrangement continues into 2024/25. In August 2024, the Director of Governance and Compliance (Monitoring Officer) left the Council. The Head of Legal (and Deputy Monitoring Officer) has been appointed as the Acting Director of Governance and Compliance (now Governance, Compliance and Monitoring Officer) to cover this role, pending appointment to the role on a permanent basis.
- 5.28. Since June 2024, interim arrangements have been in place to cover the role of Director of Family Help and Children’s Social Care. In July 2024, the Executive Director for Children’s Services left the Council, and an Interim Executive Director for Children’s Services joined the Council in October 2024 along with an Interim Director of Improvement for Children’s Services.
- 5.29. Following the implementation of the new senior management structure on 1 November 2024, recruitment to senior roles has commenced.

- 5.30. 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 2023/24 Pay Policy Statement was recommended to Council from the Corporate Policy Committee. The Policy was approved on 22 February 2023 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. The 2024/25 Pay Policy Statement was put to the Corporate Policy Committee on 18 January 2024 and approved by Council on 27 February 2024. The Pay Policy Statement 2025/26 was put to Corporate Policy Committee on 6 February 2025 and recommended for approval at Full Council on 26 February 2025.
- 5.31. 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. The Corporate Policy Committee received an update report on progress against the Strategy in November 2023.
- 5.32. All staff are required to undertake mandatory training on protecting and managing information, dignity at work and equality in the workplace. Completion and compliance are 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

- 5.33. During 2023/24, the Corporate Policy Committee received quarterly updates on the Council's Strategic Risk Register, alongside reports on the financial position of the organisation, and the performance management. The co-ordinated delivery of these updates supports a cohesive commentary to the Committee. The risk update reports also include the identification of emerging risks and horizon scanning across global and local risk updates to provide useful context and background to the Council's register.
- 5.34. Operational risk registers are included in the directorate and service business plans. These are reviewed by the team plan owners, and risks are considered for escalation to the Strategic Risk Register as necessary.
- 5.35. The Audit and Governance Committee received regular risk management updates during 2023/24 and the 2023/24 Annual Risk Management Report was received at the 29 July 2024 meeting.
- 5.36. 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.

- 5.37. Scrutiny powers under Section 21 of the Local Government Act 2000 are fulfilled through the Children and Families, Adults and Health, Environment and Communities and Corporate Policy Committees.
- 5.38. Each of the service committees scrutinised quarterly performance scorecards and budget proposals for the 2023/24 period relevant to their area of focus.
- 5.39. The Strategic Information Governance Group (SIGG) met regularly throughout 2023/24, 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 via the SIRO (Senior Information Risk Owner), to the Corporate Leadership Team.
- 5.40. The Contract Management System has been rolled out across the Council with 250 contract managers trained. A new contract handover procedure has been developed to formally hand contracts back to services once a procurement is complete. This details the role and responsibilities and links to the contract management framework. Performance data is being added by services and contracts can now be signed via DocuSign through Atamis. The contracts register is included within Heads of Service business plans and performance dashboards are being created to monitor performance at a service level. Procurement reports are regularly provided to Finance Sub-Committee which include pipeline, contracts, waivers, and relevant procurement updates.
- 5.41. Cabinet Office Contract Management and Procurement Act 2023 training is live and available on learning lounge. Modification, extension, and Contract Procedure Rules training is also available as eLearning packages which provide an overview of what is required from contract managers and the wider procurement community. Regular updates are provided in the procurement bulletin to ensure services are kept up to date with the latest information. New processes and procedures have been developed and are available on the CEntranet.
- 5.42. 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.
- 5.43. During 2023/24, the Audit and Governance Committee received or approved a broad range of reports and assurances, including:
 - Approval of the Internal Audit Plan, subsequent progress reports and the Annual Internal Audit Opinion
 - The Committee's Annual Report

- The External Audit Plan and progress reports, and a summary of the key findings identified during the External Auditors certification process
- The Annual Risk Management Report and updates on Risk Management
- The Annual Governance Statement and associated progress update reports
- 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. Regular updates on the use of Waivers is provided to the Finance Sub Committee as part of the "Procurement Pipeline" report.
- 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
- Information Governance Reports
- The Annual Monitoring Officer Report which includes Maladministration Decision Notices from Local Governance and Social Care Ombudsman

5.44. The *Audit Committees – Practical Guidance for Local Authorities and Police* was released by CIPFA in September 2022. Furthermore, CIPFA were engaged to undertake an independent review of the effectiveness of the Audit and Governance Committee during 2022/23. The Committee received a progress report on 9 March 2023 and attended a workshop in April 2023 to receive the CIPFA report findings and to propose actions back to the Committee. The CIPFA review findings report, and proposed action plan was subsequently taken to the Audit and Governance Committee on 8 June 2023. An update on progress against the action plan was reported to the Committee on 7 December 2023 and 29 July 2024.

5.45. The 2022/2 Annual Report of the Audit and Governance Committee was presented to the Committee on 28 September 2023. The draft 2023/24 Audit and Governance Committee Annual Report was presented to the 30 September 2024 Committee where it was agreed that the final report would be deferred to the December 2024 Committee to consider the comments raised by Members. The updated Annual Report was put to and agreed by the Committee at the December 2024 meeting. The 2023/24 Annual Report will be presented to Council in February 2025.

5.46. The Audit and Governance Committee received a progress update on the significant governance issues in the 2022/23 AGS at their meeting in May 2024. The draft AGS for 2023/24 was received by the Audit and Governance Committee

in July 2024, with further updates provided to the December 2024 and February 2025 meetings.

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

- 5.47. 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 2023/24 which was received by the Audit and Governance Committee on 29 July 2024 and is as follows:

Internal Audit Opinion

The Council's framework of risk management, control and governance is assessed as Limited for 2023/24

- 5.48. The Head of Audit and Risk Management's opinion as the Chief Audit Executive on the Council's framework for governance, risk management and internal control for 2023/24 has been given as "limited". This is the first time since 2009 that there has been a limitation on this opinion.
- 5.49. This reflects a number of factors, including the outcome of the 2023/24 internal audit programme, where a significant number of the overall findings related to a failure to apply existing controls, or the absence of expected or actual controls. A significant "No Assurance" report was also provided during the year in relation to the arrangements of Section 106 funds, which has subsequently had delays in implementing actions within agreed timescales.
- 5.50. Despite the challenges highlighted above, Internal Audit are satisfied that there has been appropriate engagement for Internal Audit across the organisation, through assurance work, consultancy and advice, and the understanding of the assurance taken from other sources to assess the framework of risk management, control, and governance as Limited for 2023/24. The delivery of the "Limited" opinion for 2023/24 contributes to the "Governance and Internal Control" significant governance issue which is described in Section 8.
- 5.51. Counter Fraud activity is reported to the Audit and Governance Committee through the regular Internal Audit progress reports. The latest updates were provided to the December 2023 and May 2024 meetings.
- 5.52. The Council has a number of wholly owned companies. Several changes were made following an independent review of these Alternative Service Delivery Vehicles (ASDVs).
- 5.53. The following ASDVs were in operation during 2023/24:
- Orbitas Bereavement Services Limited

- ANSA
- Tatton Park Enterprises Limited

- 5.54. 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.
- 5.55. The Finance Sub-Committee is responsible for the management of the Council’s involvement in ASDV’s. In September 2023, the Sub-Committee considered a report setting out the key findings and recommendations of the Shareholder Working Group in relation to the governance of the Council’s wholly owned companies. In March 2024, the Sub-Committee received a presentation on the progress made in relation to the Ansa review. In June 2024, the Finance Sub-Committee considered the Wholly Owned Companies Strategic Options Review – Outcomes report and the decision taken that the services delivered by both Ansa and Orbitas are to be brought back in house to be directly delivered by the Council by the end of March 2025. In November 2024, the Committee received an update on the review of Alliance Environmental Services.
- 5.56. 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.
- 5.57. 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.
- 5.58. The Shared Services Joint Committee has also received regular progress reports during 2023/24 on the Hybrid ICT Programme – Project Gemini. A new model for ICT Services was agreed by both Councils in February 2023. The new model involves the retention of a shared network and data centre and separation of the other ICT functions that are currently shared.

- 5.59. 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.
- 5.60. The Accounts and Audit Regulations legislation prescribes the format and timescale of the production of the Annual Governance Statement and the Statement of Accounts for local authorities. The Accounts and Audit (Amendment) Regulations came into force on 30 September 2024 to set the timescales for the publication of accountability statements. For the financial year beginning in 2023, after approving the statement of accounts, the authority must publish its accountability statements on or before 28 February 2025.
- 5.61. The Audit and Governance Committee reviewed the final AGS 2022/23 at the meeting held on 7 March 2024. The delay in presenting the final AGS to the Committee was as a result of the external auditors not completing their work on the financial statements.

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

- 5.62. 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.
- 5.63. 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.
- 5.64. In September 2023, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2022/23, 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 Monitoring Officer Annual Report 2023/24 was put to the Audit and Governance Committee on 5 December 2024.
- 5.65. Section 151 responsibilities for 2023/24 were covered by the Director of Finance and Customer Services. The Director of Finance and Customer Services left the Council on 6 May 2024. An Interim Director was appointed and joined the Council on 29 April 2024 to allow for a handover period. These arrangements complied with the arrangements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010). From 1 November, the Section 151 responsibilities have been included in the Executive Director, Resources role.

- 5.66. The Monitoring Officer responsibilities were covered by the Director of Governance and Compliance Services until their departure in August 2024. Subsequently, in September 2024, the Head of Legal (and Deputy Monitoring Officer) was appointed as the Acting Director of Governance and Compliance, now Acting Governance, Compliance and Monitoring Officer.

Ensuring openness and comprehensive stakeholder engagement

- 5.67. The Council's open data portal 'Insight Cheshire East' holds most 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.
- 5.68. 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.
- 5.69. Committee meetings continued to be audio cast throughout 2023/24. 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.
- 5.70. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.71. 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.
- 5.72. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings.
- 5.73. Weekly Manager Share and Support sessions were provided throughout 2023/24. 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. Furthermore, monthly "in the know" sessions are held to keep staff updated with what's going on around the Council and to allow feedback from staff.
- 5.74. Wider Leadership Team and Wider Leadership Community sessions were held during the year which facilitated briefing, networking, and development opportunities across the senior officer leadership cohort. Key messages from

these sessions are cascaded through department and team management sessions.

- 5.75. Since 2020, the Chief Executive has provided regular video updates to staff via a Vlog. The videos and transcripts are available on the CEntranet.
- 5.76. 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 2024 and again in February 2025. The recognition panel itself includes volunteers from across the organisation.
- 5.77. The Council’s Corporate Leadership Team has continued to meet with staff groups from across the organisation and offer regular opportunities for staff to raise any questions or issues they have directly with their Senior Managers.
- 5.78. 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 2.
- 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 throughout 2023/24.

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 issues are included again as continuing areas of concern for 2023/24 in the updates in Section 7. This recognises the continuing significance of these specific areas, at national and local levels:

- Council Funding
- Health and Social Care Integration
- Planning
- ASDV Governance
- Executive and Wider Leadership Team Capacity

- 6.8. For 2023/24, the Council Funding significant issue has been reviewed and restated to reflect the latest issues and proposed actions to address the challenges. The issue has been included in the Statement for several years and although the overarching issues remain, the detail has developed and required updating to ensure it presents an accurate picture to the Council and its stakeholders.
- 6.9. The Council's assessment of its governance arrangements has identified three additional significant issues arising during 2023/24 relating to the areas listed below. Details of these can also be found in Section 8:
- Children's Services Response to Ofsted Inspection
 - Governance and Internal Control
 - Partnership Working
- 6.10. The review has considered the effectiveness of the Council's governance arrangements against the principles set out in the Code of Corporate Governance.
- 6.11. **Whilst the Council generally has appropriate systems and processes in place to ensure effective governance is maintained, areas of concern have been identified in preparing the 2023/24 draft and the proposed final. These specific areas are identified in Sections 7 and 8.**

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

Council Funding <i>Recognised as a Continuing Governance Issue since 2015/16 but revised and restated in 2021/22 and 2023/24 to reflect the change in the nature and potential impact of the issue</i>	
Description of issue at the time	<p>The Council, like all Councils, is dealing with significant uncertainty around its funding levels for future years at the same time as dealing with growing demand for services due to demographic changes.</p> <p>Planning finances over the medium-term has been more difficult over recent years given the sector has received single-year financial settlements from Central Government as well as a significant number of one-off grants linked to specific Government priorities, rather than core funding certainty. This means that at times, short-term decisions are necessary to live within our means.</p> <p>The Council has set a legally balanced budget each February, although in February 2024 this included having to use one-off sources of funding to achieve this position including an in-principle capitalisation directive as part of exceptional financial support. General level of reserves has been decreasing due to over-spends within financial years, partly driven by the uncertainty of future funding aligned with growth in demand lead services.</p> <p>The other main source of funding for the Council is through Council Tax and Business Rates which following a period of significant volatility throughout Covid and the Covid recovery period, this has stabilised to a degree. There is still uncertainty over any structural changes to these income sources.</p> <p>Material funding issues remain within the High Needs funding block in the DSG, and Cheshire East Council took part in the Delivering Better Value Scheme, although it is clear this will not resolve the material deficits in this area.</p>
Responsibility	<p>Executive Director of Resources, Section 151 Officer</p>
Action proposed	<p>Addressing national funding levels can only be achieved through discussion and lobbying through engaging with government officials and professional bodies such as County Council Network (CCN), CIPFA, LGA, Society of County Treasurers (SCT), and Rural Services Network (RSN).</p> <p>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</p>

Cheshire East Council Annual Governance Statement 2023/24

	also reviewed estimates in detail. This includes estimates within all financial strategies that make up the over-arching Medium Term Financial Strategy.
Progress update for 2023/24 AGS	<p>The outturn figures for 2023/24 showed a slightly smaller overspend than was forecast in the Third Financial Review, overall, with a greater adverse variance in Adult Social Care spending being more than offset by favourable variances across other Services. The outturn position was analysed through specific line by line reviews to understand the effects of one-off 'windfall' events/savings during the first quarter of 2024/25, as distinct from any further cost pressures (or reductions) which will continue to have an effect in the 2024/25 year, and so vary our forecasts going forward.</p> <p>The smaller overspend, whilst helpful, did not alleviate the pressure in future years especially given one-off sources of funding have been used to achieve that position that will no longer be available in future years. The Council received notification from Government of the potential to utilise 'Exceptional Financial Support' – of up to £11.6m relating to 2023/24 items, and up to £6m in respect of 2024/25 – but as expected this is only in the form of capitalisation direction (which will cost us to deploy, in the form of premium interest rates and additional borrowing costs). This was not required in 2023/24 but is being considered as part of 2024/25.</p> <p>The Transformation Programme noted as required in the MTFS is underway, with a transformation partner being appointed during 2024/25; work has commenced with a plan submitted to MHCLG by 27 August as part of the criteria for final approval of Exceptional Financial Support.</p> <p>Our plan needs to present a version of Cheshire East Council that spends £100m less over the next four years.</p>

Health and Social Care Integration

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

Description of issue at the time of inclusion in 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>
---	---

Cheshire East Council Annual Governance Statement 2023/24

	<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 • 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>
Progress update for 2023/24 AGS	The governance arrangements set out above have been enacted and are functioning well locally. The joint outcomes framework, strategy implementation plan and performance framework are

	<p>progressing well and have been developed in co-production with partners.</p> <p>The Cheshire East partnership is flourishing and a recent review of hospital discharge arrangements, carried out in Cheshire and Merseyside by the national discharge team, has commented on the strength of Cheshire East leadership and partnership arrangements.</p> <p>However, concerns about the centralisation of decision making at a regional level remain. Late engagement with local authority partners in areas of legitimate interest to local authorities is common practice.</p> <p>A number of specific interventions have been made, including a letter from the Leader setting out the Council's concerns.</p> <p>We will continue to use the formal governance arrangements available to scrutinise the ICS whilst continuing to strengthen local partnership arrangements to deliver local priorities.</p> <p>Council approved the Health and Care Partnership Terms of Reference on 18th October 2023.</p> <p>The governance arrangements set out above have been enacted and are functioning well locally. The joint outcomes framework, strategy implementation plan and performance framework are progressing well and have been developed in co-production with partners.</p>
--	---

<u>ASDV Governance</u>	
Description of issue at the time of inclusion in AGS	<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</p>

Cheshire East Council Annual Governance Statement 2023/24

	assurance. Improvement in the reporting and assurance can be achieved which will mitigate these risks and bring Cheshire East's arrangements in line with best practice.
Responsibility	Governance, Compliance and Monitoring Officer
Action proposed at the time of inclusion in the AGS	<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>
Progress update for 2023/24 AGS	<p>At the Finance Sub Committee in June 2024, the committee received the outcomes of the wholly owned companies' strategic options review and determined that the services provided by Ansa and Orbitas are to be brought back in house and delivered directly by the Council. This process is now well progressed with Orbitas Bereavement Services staff and services having transferred back to the Council in February 2025 and the same from Ansa on target to transfer by 1st April 2025.</p> <p>As such the services in question will no longer be delivered by an arm's length company and will be under direct council governance processes and procedures.</p> <p>This report included recommendations related to strengthening and regularising the Member and Officer led oversight and monitoring aspects of remaining wholly owned company interests. A follow up report to seek approvals to the detail of the new agreements and governance procedures required is planned for the March meeting of the same committee.</p>

Planning

Description of issue at the time of inclusion in AGS	<p>In November 21, the Chief Executive and Environment and Communities Committee requested an objective review, prompted by the planning application backlog in Planning Services be undertaken.</p> <p>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</p>
---	--

	<p>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>
Responsibility	Executive Director of Place
Action proposed at the time of inclusion in the AGS	<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>
Progress update for 2023/24 AGS	<p>Progression on the Service Improvement Plan (Modernisation Plan) has continued under the oversight of the related officer Board.</p> <p>The timely delivery of the various aspects of the Improvement Plan is now being overseen by the Interim Director of Environment and Neighbourhoods.</p> <p>To ensure its continued momentum the SIP has recently been relaunched collecting related recommendation from the original review aligned to the following seven key 'task and finish' workstreams. Ownership of development and delivery of these workstreams has been clearly assigned to those officers best placed to undertake the roles, working closely together to ensure the cross overs are fully understood.</p> <ol style="list-style-type: none"> 1. Customer Experience and Communications 2. IT Systems and Processes (nearing completion) 3. Performance and Governance

	<ol style="list-style-type: none"> 4. Training and Development 5. Service Restructure (closed) 6. Culture and Leadership (closed) 7. Section 106 Audit 8. Tree Risk Management Strategy (now complete and closed) 9. Building Control – HSE Inspection <p>It should be noted that since the last update two new workstreams have been added listed as 8 and 9 above. Two workstreams have reached their natural ends in terms of oversight of change with this now becoming business as usual activity.</p> <p>Significant progress has been made across all workstreams since the last update with several now considered as closed, however several will take longer to conclude.</p> <p>It is likely that there will be others which are brought online to continue to drive the wider service improvements needed.</p> <p>There continues to be a need to carefully prioritise the available resources to deliver the required changes in a managed way.</p> <p>The format, attendance and leadership of the related officer service improvement board has also been reviewed and refreshed and is now chaired by the Interim Director, ensuring actions are progressed in line with agreed timescales.</p> <p>A brief summary of progress against each workstream is as follows:</p> <p>Workstream 1 – Customer and Communications</p> <p>A significant level of work has already been delivered as regards the customer experience improvements. These new approaches are now embedded across the service which has assisted in reducing correspondence and complaints.</p> <p>More recent focus has been around the relaunch of the Planning Service dedicated webpages and support to the recent recruitment campaign.</p> <p>As well as more general work across the wider service this workstream continues to support the effective delivery of other workstreams such as the s.106 audit response and Tree Risk Management, as the need arises.</p> <p>Workstream 2 – IT Systems and Processes</p> <p>The implementation of the IT system for Planning has been substantially complete, with a number of post implementation issues being worked through with the supplier.</p> <p>Following initial reports by customers of initial difficulties in using the new system which is different from the previous unsupported version the number of enquiries has reduced significantly.</p>
--	---

	<p>This workstream will be maintained to oversee the various updates and user interface improvements to the Planning software now it is live and in use.</p> <p>The Land Charges module as the final element of the new IT system and its implementation is nearing completion.</p> <p>Workstream 3 – Performance and Governance The initial performance scorecard has been subject to a further degree of development to include performance indicators relating to S.106/CIL (as noted in the relevant Procedures Documents) and Tree Risk Management (as noted within the recently updated Strategy)</p> <p>Logs for lessons learned and the development of a “knowledge hub” is ongoing. This is to drive consistency and quality of decision making across the development management area of the service.</p> <p>Workstream 4 – Training and Development In parallel with other workstreams a training and development offer for the service is being developed in conjunction with the corporate training offer. This will specifically focus on;</p> <ul style="list-style-type: none"> • Developing training plans for both officers and Members and how we can automate these for some of the more common themes, using the likes of Learning Lounge modules. • Defining a clear training programme for staff seeking career development opportunities <p>In January 2025 training has been offered to E&C Committee, planning committee chairs, all Members and Officers on the recently announced reforms to National Planning Policy Framework and the associated impacts and implications for Cheshire East. This will be rolled out to Town and Parish Councils in the coming months.</p> <p>Further updates and training is planned on subjects such as the new Local Plan alongside cyclical updates for Members who are on one of the three planning committees.</p> <p>Workstream 5 – Service Restructure and Resources – complete and closed External recruitment for a number of roles within the service has now closed with interviews and appointments underway.</p> <p>As this workstream has now moved to business as usual it is considered closed.</p> <p>Workstream 6 – Culture and Leadership – complete and closed</p>
--	---

	<p>As the key action within this workstream has now moved to business as usual it is considered closed.</p> <p>Workstream 7 – Section 106 Audit Progress has taken place on the s106 audit recommendations, with updates offered to the Member Working Group in early November. There are now a total of 2 audit recommendations outstanding with works underway to close these out. A further update was issued to Audit and Governance Committee in December.</p> <p>The publication of the Infrastructure Funding Statement was achieved by the end of November.</p> <p>Addressing issues with legacy agreements is considered as the next stage of the review process, with a provisional target completion date of Q1 2025/26.</p> <p>Workstream 8 – Tree Risk Management Strategy (TRMS) – closed A new workstream incepted in August 2024 which has overseen the development of a refreshed TRMS for the organisation, replacing the previous version and inbuilding enhanced practice and driving consistency around;</p> <ul style="list-style-type: none"> - A clear governance structure and monitoring reporting - Performance management across all Services involved and; - Quality assurance <p>The TRMS was subject to a wide ranging internal consultation and has now been adopted and implemented across all relevant services.</p> <p>As the governance, reporting and quality assurance processes are now established under the scrutiny of the Tree Risk Management Officer Board this task and finish workstream has been closed.</p> <p>Workstream 9 – Building Control HSE Inspection A new workstream incepted in November 2024 to oversee the LABC response to new requirements on all building control services in relation to key performance indicator reporting, quality assurance and potential inspection by the HSE.</p> <p>A briefing for Place DMT and the relevant committee was delivered in early December and will be in early 2025 respectively, to raise awareness of the challenges and constraints.</p> <p>Member updates</p>
--	---

Cheshire East Council Annual Governance Statement 2023/24

	<p>A full update on an informal basis to the Environment and Communities Committee in early 2025 and thereafter at 6 monthly intervals or more frequently if a specific need arises.</p> <p>This is in addition to the reporting already established for S.106 audit and through other governance channels.</p>
--	---

<u>Executive and Wider Leadership Team Capacity</u>	
Description of issue at the time of inclusion in AGS	<p>The Council's Corporate Leadership Team (CLT) comprises the Chief Executive as Head of Paid Service, with the most senior officers of the organisation; Executive Directors for each of the Council's 4 Directorates and the Council's Statutory Officers, S151 Officer and Monitoring Officer. CLT meetings are also regularly attended by the Cheshire East Place Director (Cheshire and Merseyside Integrated Care Board).</p> <p>During 2022/23, interim arrangements were introduced to manage the absence of the Executive Director, Place, ensuring that there is senior leadership capacity in the Directorate. In October 2023, the Executive Director, Place left the Council, and it was confirmed that the interim arrangements have continued. However, these interim arrangements are not subject to backfill which impacts upon the wider management capacity within the Place directorate.</p> <p>In May 2023, the Executive Director, Corporate Services left the organisation, and interim management arrangements are in place for this Directorate, which ensures direct reporting lines between the Head of Paid Service and the Section 151 and Monitoring Officer roles.</p> <p>In July 2023, the former Chief Executive was announced as the preferred candidate for the Chief Executive role at Bradford Council and was subsequently confirmed in that post. The former Chief Executive left Cheshire East Council on the 13 October 2023.</p> <p>On the 18 October 2023, Council appointed an Interim Chief Executive with immediate effect whilst the ongoing recruitment process for a permanent candidate took place.</p> <p>On 13 December 2023, Council appointed a permanent Chief Executive who took up post on 3 January 2024.</p> <p>In February 2024, it was announced that the Section 151 Officer will be leaving the Council in May 2024 and interim arrangements are being put in place pending a permanent appointment to the role.</p> <p>Ensuring that there are sufficient and stable senior management arrangements for an organisation the size and complexity of Cheshire East Council must always be balanced against ensuring the arrangements are proportionate and offer effective and efficient use of resources.</p>
Responsibility	Chief Executive

Action proposed at the time of inclusion in the AGS	To review the Corporate Leadership Team and wider senior management structure to ensure sufficient capacity to meet statutory responsibilities and deliver the transformation programme required to meet the objectives and address the financial position of the Council.
Progress update for 2023/24 AGS	<p>The Local Government Association (LGA) has undertaken a Decision-Making Accountability (DMA) review to examine current senior management roles to help ensure a stable senior management structure is in place. This provided recommendations for a revised organisational structure to ensure effective decision making, with clear accountabilities and roles, and efficient use of management resources.</p> <p>A series of development sessions for Corporate Leadership Team (CLT) and Wider Leadership Community (WLC) has been developed, with the first of these sessions held on 12th April. Additional sessions have been delivered to CLT and WLC by Inner Circle and Solace, with a development programme scheduled to commence early in the new year.</p> <p>Recruitment to a number of key senior interim roles has taken place to provide cover for the Director of Finance and Customer Services & s151 Officer, Director of Policy and Change, Director of Commissioning, Director of Environment and the Director of Transformation.</p> <p>In June 2024 an Interim Director of Family Help and Children's Social Care was appointed. In July 2024, the Executive Director for Children's Services left the Council, and an Interim Executive Director for Children's Services joined the Council in October along with an Interim Director of Improvement for Children's Services. The Chief Executive briefed members of Audit & Governance Committee in relation to this issue on 18 July prior to their meeting on 29 July 2024.</p> <p>A permanent Executive Director of Place has been appointed and joined the Council in December 2024.</p> <p>In response to the recommendations arising from the DMA review, a permanent senior management structure was developed. A consultation process on a proposed new senior management structure has been conducted and subsequently approved by Full Council on 16 November with implementation on 1 November 2024. The recruitment to the new senior management structure will increase leadership capacity across the organisation. The recruitment process will start in November.</p> <p>Senior interim arrangements will remain in place until recruitment has taken place and postholders take up their new positions. An Interim Executive Director of Children's Services and an interim Improvement Director joined CEC in October 2024. An Interim Director of People joined the Council in December 2024.</p>

Cheshire East Council Annual Governance Statement 2023/24

	<p>Senior management roles have been advertised in phases from December 2024, with closing dates starting in early January 2025 onwards. Interview processes have begun on the roles first advertised.</p> <p>The Workforce Programme Board is considering options for the next phase of the organisation, and will consider how the DMA is used, and a timeline for next steps.</p> <p>The successful delivery of the Council's Transformation Plan is reliant upon having the right skills and capacity in place, and the completion of this considerable recruitment exercise in the early stages of 2025 will see a key milestone achieved.</p>
--	---

8. Significant Governance Issues 2023/24

- 8.1. The significant governance issues the Council recognises as arising during 2023/24 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.

<u>Children's Services Response to Ofsted Inspection</u>	
Description of issue at the time of inclusion in AGS	<p>Cheshire East Council received an Ofsted inspection of local authority children's services (ILACS) between 19 February and 8 March 2024. The inspection findings are set out in a report which was published on 16 May 2024.</p> <p>The inspection found that despite improvements identified in some areas of practice, services required improvement as the quality of services children experienced was too variable, and for care leavers services were inadequate.</p> <p>When an authority receives a judgement of inadequate in any area, they can only receive an overall 2 judgement of inadequate. As care leavers was judged inadequate, the overall rating is therefore inadequate.</p> <p>As a result of the inadequate rating, Cheshire East is required to submit an action plan (to be referred to as an improvement plan thereafter) to Ofsted 70 working days after publication of the report. Cheshire East will also be subject to monitoring from Ofsted, with monitoring visits focussing on where improvement is needed the most. The first monitoring visit will take place 6 months after the publication of the report.</p>

	<p>The DfE issued an Improvement Notice, which required an independently chaired Improvement Board. A DfE improvement advisor has been appointed to work with Cheshire East to support us to improve outcomes for children and young people and will chair the Improvement Board.</p> <p>Cheshire East currently has an Improvement Board to drive the improvements identified within previous inspection reports and other identified areas for improvement and this is chaired by the DfE improvement advisor appointed to support the JTAI improvement, which was signed off by the DfE in December 2023. This will continue to meet to scrutinise and support the development of the new improvement plan and to oversee improvement activity. This meets monthly and membership includes senior officers, the lead member, and the Chief Executive.</p> <p>Draft terms of reference for a new Improvement Board were agreed by Children & Families Committee on 3 June 2024 with the board established in July 2024.</p> <p>The leadership team has developed a draft of a new improvement plan, in response to the inspection findings, and this was discussed at the Improvement Board held on 30 May 2024. This was further discussed and developed with Ofsted and the DfE in an action planning meeting on 19 June as part of ILACS framework. The plan was submitted to Ofsted by 23 August 2024. Prior to this, the plan was subject to Children and Families Committee approval on 8 July and approval at full Council on 17 July 2024.</p>
Responsibility	Executive Director of Children's Services
Action proposed at the time of inclusion in the AGS	<ul style="list-style-type: none"> • An Improvement Plan has now been devised and endorsed by Ofsted and the DfE • The Improvement Board is overseeing the progress and delivery of the improvement actions and is independently chaired by a DfE advisor • Additional governance arrangements have been implemented to facilitate rigour around the process and sign off to agree when actions can be marked as completed after impact is evidenced • Children and Families Committee has been reviewing the progress updates and offers scrutiny and challenge on the progress and impact of the improvement plan • An additional RAG rating (Amber E) has been added to allow actions to be embedded into practice before turning any action green, this will ensure the improvement has achieved the intended impact before we show as completed • As part of the enhanced oversight to deliver the improvement plan, additional work has been taking place to understand the interdependencies that require actions to be sequenced for

	<p>partnership and corporate contributions, therefore some actions timescales have been reviewed accordingly</p> <ul style="list-style-type: none"> • A practitioner reference group is in place to ensure that practitioners' views inform our improvements. Practitioners are represented on all the improvement groups as part of the new governance arrangements • Improvement Director in post since October 2024, providing additional capacity and driving improvements and is also overseeing the newly approved additional director post of QA, Safeguarding and Commissioning pending recruitment. • A family feedback strategy has been developed to ensure that children, young people and families' views inform how we shape and evaluate services • An external review was commissioned to understand the effectiveness of our Front Door arrangements and those findings identified good decision making by Children's Services. However, it identified the need to develop the partnership working arrangements to better support multi agency decision making. As a result, an action plan has been devised and partnership commitment to improving has been agreed • Any additional improvement actions identified as part of ongoing service wide improvements are now being added as an appendix to the improvement plan • The service is now preparing for its first monitoring visit by Ofsted as part of the Inadequate inspection pathway this will take place on 27/28 February 2025. Ofsted will test and examine in more detail various parts of the system over the course of 4-6 monitoring visits to test if improvements are being achieved and we know our services well prior to a full re-inspection • To stabilise the service and facilitate improvements required, the workforce group has been refreshed to have a strong focus on recruitment, retention and development and a revised strategy has been produced with some new innovative ways to reduce the need for agency staff • Vacancies that were being held due to reported recruitment freeze have now been resolved and vacant posts are being recruited to and uncovered vacancies has reduced • Additional service capacity has been funded to support the delivery of the improvement plan.
--	--

Governance and Internal Control

Description of issue at the time of inclusion in AGS	The outcome of the Corporate Peer Challenge, taken alongside other matters recognised in the AGS as significant governance issues all encapsulate the significant challenges for the organisation.
---	--

	<p>This was also demonstrated by the Head of Audit, Risk & Assurance's opinion as the Chief Audit Executive on the Council's framework for governance, risk management and internal control for 2023/24 being given as "limited". This is the first time since 2009 that there has been a limitation on this opinion.</p> <p>The opinion reflects a number of factors, including the outcome of the 2023/24 internal audit programme, where a significant number of the overall findings related to a failure to apply existing controls, or the absence of expected or actual controls. A significant "No Assurance" report was also provided during the year in relation to the arrangements of Section 106 funds, which has subsequently had delays in implementing actions within agreed timescales.</p> <p>Whilst the organisation is committed to transformational change and improvement in order to address the issues it faces, to deliver substantial and sustained change, there also needs to be a balance to ensure that changes to the control environment are proportionate and do not exceed appropriate measures, which would risk the organisation being exposed unacceptably in its decision making and statutory responsibilities.</p>
Responsibility	Chief Executive
Action proposed at the time of inclusion in the AGS	<p>The approach to the follow up on agreed internal audit recommendations has been reviewed, and a number of changes introduced. This will ensure that progress on implementation is being reviewed by senior management, the Corporate Leadership Team and the Audit and Governance Committee more regularly.</p> <p>As well as improving visibility and accountability, it provides the opportunity to identify emerging challenges to completing planned actions as soon as possible, and for engagement between internal audit and responsible managers to agree either alternative actions, or re-position timescales with the agreement of the relevant CLT member.</p> <p>Progress updates provided by Internal Audit on the delivery of the 2024/25 internal audit plan will include an indication of whether there is improvement against the previous year's opinion.</p> <p>The Council's response to the Corporate Peer Challenge, and the plans for change are set out in the Corporate Peer Challenge Action Plan. A progress revisit by the LGA planned for February 2025, will further inform the progress made to date and priorities for improvement. Corporate Policy Committee will receive an update on delivery of the action plan in March 2025.</p> <p>The Transformation Plan was approved by Corporate Policy Committee in August 2024. A progress update was provided to the Corporate Policy Committee in October 2024.</p>

	<p>The Council is supported on its improvement journey by an externally chaired, independent Assurance Panel, which was one of the recommendations of the Peer Challenge. The terms of reference and membership of the Panel were agreed at Council in July 2024, the panel has been established and is meeting regularly. The Assurance Panel reports progress to Council twice a year and the first progress letter is expected in May 2025.</p> <p>At its meeting in February 2025, the Corporate Policy Committee agreed the draft Cheshire East Plan 2025-2029 and recommended it to Council for approval; performance against the Plan and annual delivery plan will be reported to the Corporate Policy Committee on at least a quarterly basis. One of the aspirations of the plan is to support effective and responsive governance, compliance and evidence-based decision making across the council.</p> <p>At the same meeting, the Committee considered a report in response to the Notice of Motion submitted to the October Council meeting relating to the governance and decision making of the council. The recommendation of the report was to establish a politically proportionate Task and Finish Group to drive the review of the council's decision making and governance arrangements, as per the terms of reference, scope and design principles set out in the appendices to the report. Recognising that work is ongoing to improve existing arrangements, such as scrutiny work programming, training and officer reporting, progress reports from the task and finish group and further immediate improvements will be brought to future meetings of the Corporate Policy Committee.</p>
--	--

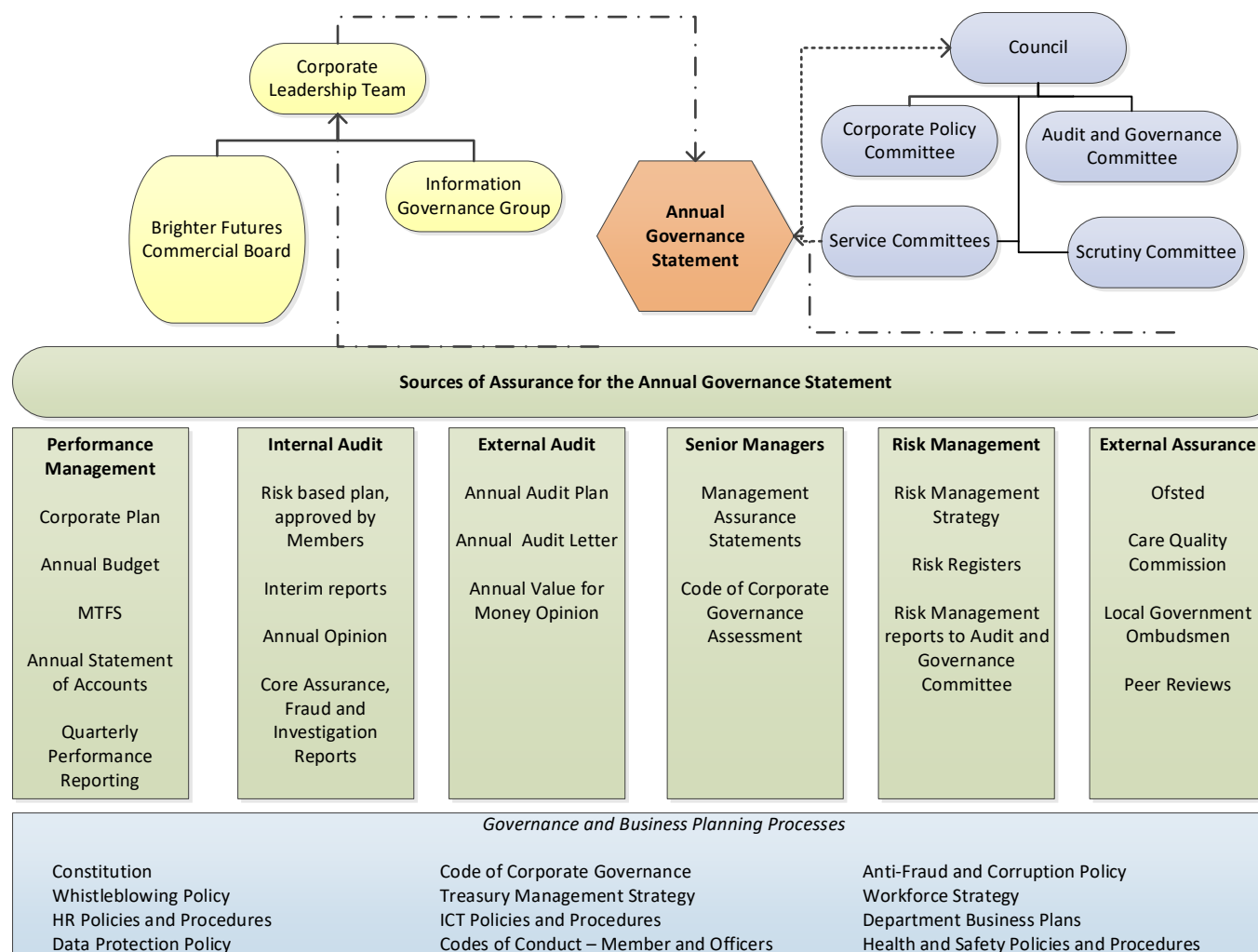
Partnership Working

Description of issue at the time of inclusion in AGS	<p>The Council has a number of important partnerships which, whilst long established, continue to develop. These partnerships exist at local and neighbourhood level, with town and parish councils, schools, housing providers and care communities and at regional and supra-regional level with the neighbouring boroughs, the Cheshire and Merseyside Integrated Care System, Enterprise Cheshire and Warrington, and Cheshire Police. These partnerships will become increasingly important as part of the Council's transformation programme and improvement journey, for its long-term economic stability and to ensure success in addressing strategic ambitions. They will be a pre-requisite for ensuring the Council is able to fully engage with and benefit from the opportunities presented by devolution. Additional partnerships could emerge through new legislative requirements and national policy direction.</p> <p>As part of the transformation plan, the Council is developing its aspirations for the type of organisation it wants to be and the new</p>
---	--

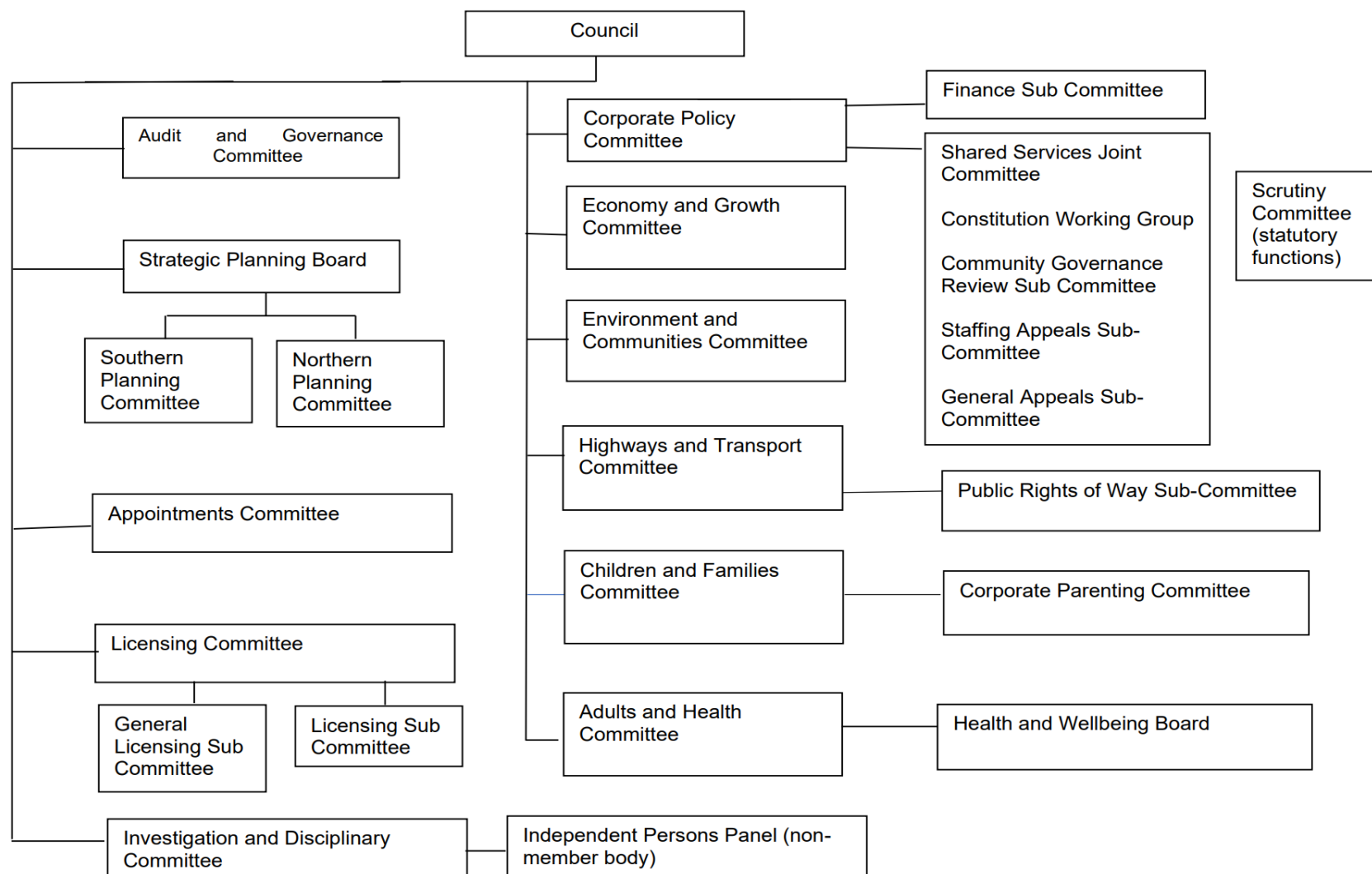
Cheshire East Council Annual Governance Statement 2023/24

	<p>operating framework it will adopt. This includes a focus on being more collaborative and working in partnership.</p> <p>In this context it is timely to ensure that the Council's governance arrangements for partnership working are robust, transparent and appropriately led with sufficient scrutiny and over-sight, as well as facilitating co-production and joined up delivery of outcomes for the benefit of Cheshire East residents.</p> <p>There is an opportunity to consider the approach to partnerships and engagement with key stakeholders as we develop a new Cheshire East Plan for 2025 and beyond.</p>
Responsibility	Executive Director of Adults, Health & Integration Assistant Chief Executive
Action proposed at the time of inclusion in the AGS	<p>The key activities that that will be undertaken are:</p> <ul style="list-style-type: none"> • Mapping of current formal partnership arrangements • Review of formal governance arrangements in place to support individual partnerships (E.g. Section 75 for the Better Care Fund has been reviewed and the latest agreement approved by the Adults and Health Committee on 23 September 2024) • Review of membership and leadership of formal partnership arrangements • Recommendation for revised partnership structures aligned to strategic aims and the revised organisational operating model • Partnership arrangements are reflected in the council's overarching communication and engagement strategy • Partnership working is reflected in the new Cheshire East Plan and delivery of outcomes for residents <p>The primary actions will be undertaken as part of the implementation of the target operating model. In the interim, arrangements already in place are operating as normal.</p>

Appendix 2: The Governance Framework 2023/24



Appendix 3: The Committee Structure



This page is intentionally left blank

OPEN

Audit and Governance Committee

29 September 2025

Provisional Audit Planning Report (Update) of Ernst & Young LLP - 2024/25

**Report of: Ashley Hughes, Executive Director of Resources
(Section 151 Officer)**

Report Reference No: AG/23/25-26

Ward(s) Affected: All

Purpose of Report

- 1 The purpose of this report is to provide the Audit and Governance Committee with an updated provisional audit planning report by Ernst & Young LLP (EY) which aims to provide the Committee with a basis to review the proposed audit approach and the scope for the 2024/25 audit.
- 2 The report is provided for the Committee's responsibilities in ensuring assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.

Executive Summary

- 3 In May 2025, EY - the Council's external auditor, reported the Provisional Audit Planning Report to the Audit and Governance Committee setting out the 2024/25 audit strategy set against the context of timely and high-quality financial reporting and audits being essential for effective decision-making, transparency, and accountability in local bodies. (Link to Report: [Provisional Audit Planning Report 2024/25 - Audit & Governance Cttee 29052025](#) and appendix: [Appendix A - CEC Audit Planning Report 2024-25.pdf](#))
- 4 The updated Provisional Audit Planning Report, see Appendix A, received 12 Sept 2025, sets out a revised timeline (See Appendix A – page 37) showing the key stages of the audit and the deliverables. The main change being that the substantive testing work will now take place in the period November to February, with a pause between 12

December 2025 and 5 January 2026 instead of September – November and indicates that the backstop date for local government audits, meaning the latest date an auditor can issue a disclaimed or modified opinion for the 2024/25 financial year, is 27 February 2026.

- 5 Due to the change in the testing period there is a potential risk that not all of the testing work will be completed in the timeframe. Some interim work has been undertaken in August/September and further interim preparation work will continue subject to resource availability in EY and the Finance team ahead of the agreed November testing/audit fieldwork period.
- 6 As detailed in EY's Interim Audit Results Report presented to the Audit and Governance Committee on 20/02/2025, EY anticipate issuing a disclaimed audit opinion on the Council's 2023/24 financial statements.
- 7 The Planning Report sets out EY's approach to the 2024/25 audit, as a result of the implications of a disclaimed audit. In addition, EY highlight that they expect to again issue a disclaimed audit opinion in 2024/25 having not gained assurance over the closing balances in 2023/24.
- 8 The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025.
- 9 To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. Where these conditions are not met, EY will report back to the Committee.
- 10 As the Council's appointed auditors, representatives of EY will attend the Committee to present their report on the Audit Plan directly to Members.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the updated Provisional Audit Planning report by Ernst & Young (LLP) for 2024/25 and that following completion of their planning procedures, EY will update the Committee on any changes in identified audit risks.

Background

Audit of Accounts

- 11 The auditors are responsible for giving an opinion on:
- (a) Whether the accounts give a true and fair view of the financial position of the Council and the Group as at 31st March 2025 and of the Council's and the Group's expenditure and income for the years then ended;
 - (b) Whether they have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25;
 - (c) 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.

Provisional Planning Report 2024/25 - update

- 12 The updated EY report at Appendix A is substantially the same as the report to the Audit & Governance Committee in May 2025 – See link in Paragraph 3).
- 13 This report sets out a revised timeline (See Appendix A – page 37) showing the key stages of the audit and the deliverables. The main change being that the substantive testing work will now take place in the period November to February, with a pause between 12 December 2025 and 5 January 2026 instead of September – November and indicates that the backstop date for local government audits, meaning the latest date an auditor can issue a disclaimed or modified opinion for the 2024/25 financial year, is 27 February 2026.
- 14 As detailed in EY's Interim Audit Results Report presented to the Audit and Governance Committee on 24/02/2025, EY anticipate issuing a disclaimed audit opinion on the Council's 2023/24 financial statements.
- 15 Having not gained assurance over the closing balances in 2023/24, EY report that they do not have assurance over the opening balances for 2024/25. Hence, this means EY do not have assurance over in-year movements and some closing balances for 2024/25.
- 16 As reported in February to the Committee, the implications of receiving a disclaimed audit in one year means that it is unlikely that the external auditor will have sufficient evidence to gain reasonable assurance over all closing balances for 2024/25 and therefore EY indicate that they expect to again issue a disclaimed audit opinion in 2024/25.
- 17 As per the previous report, this update further sets out the following:
- Audit risks and areas of focus

- Group and Council Materiality levels for Planning, Performance (testing) and Audit differences reported upon.
- Value for money
- Timeline (updated) and Audit team
- Group Audit Scope

18 As the Council's appointed auditors, representatives of EY will attend the Committee to present their report on the Audit Plan directly to Members.

Consultation and Engagement

19 In accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements, EY is required to report to those charged with governance, the audit approach and scope for the 2024/25 audit.

Reasons for Recommendations

20 The appointed auditors are required to report to those charged with governance. The Audit Planning Report sets out the proposed audit approach and the scope for the 2024/25 audit for the Committee to ensure assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.

Other Options Considered

21 Not applicable.

Implications and Comments

Monitoring Officer/Legal

22 The remit of the Committee includes the subject matter of the report.

23 There are no legal implications identified.

Section 151 Officer/Finance

24 As covered in the report.

Human Resources

25 There are no human resources implications identified.

Risk Management

- 26 The audit plan is prepared 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.

Impact on other Committees

- 27 There are no other Community implications.

Policy

- 28 There are no policy implications identified.

Equality, Diversity and Inclusion

- 29 There are no equality implications identified.

Consultation

Name of Consultee	Post held	Date sent	Date returned
Statutory Officer (or deputy):			
Ashley Hughes	Executive Director of Resources (S151)	15/09/2025	15/09/2025
Kevin O'Keefe	Monitoring Officer	15/09/2025	15/09/2025
Legal and Finance			
Chris Benham	Director of Finance	15/09/2025	15/09/2025
Julie Gregory	Head of Legal	15/09/2025	16/09/2025

Access to Information	
Contact Officer:	Ashley Hughes Executive Director of Resources (S151) Ashley.hughes@cheshireeast.gov.uk 01270 685593
Appendices:	Appendix A – CEC 225UK Audit Planning Report 29092025
Background Papers:	None.

Cheshire East Council

PROVISIONAL Audit planning report

Year ending 31 March 2025

12 September 2025



The better the question. The better the answer. The better the world works.



Shape the future
with confidence



Audit and Governance Committee
Cheshire East Council
Westfields
Middlewich Road
Sandbach
CW11 1HZ

12 September 2025

Dear Audit and Governance Committee

Provisional audit planning report

Attached is our provisional audit planning report for the upcoming meeting of the Audit and Governance Committee. This report aims to provide the Audit and Governance Committee of Cheshire East Council (the Council) with a basis to review the proposed audit approach and scope for the 2024/25 audit. This is in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report summarises our evaluation of the key issues driving the development of an effective audit. We have aligned our audit approach and scope accordingly. The report also addresses the broader impact of Government proposals aimed at establishing a sustainable local audit system.

As the Council's body charged with governance, the Audit and Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support a timely and efficient audit. Failure to achieve this will affect the level of resources required to fulfil our responsibilities. We will assess and report on the adequacy of the Council's external financial reporting arrangements, as well as the effectiveness of the Audit and Governance Committee in fulfilling its role within those arrangements as part of our Value for Money assessment. We will also consider invoking other statutory reporting powers to highlight any weaknesses in these arrangements if deemed necessary. We direct Audit and Governance Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) for expectations on preparing financial statements (see Appendix A).

This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties. Following the completion of our planning procedures we will update the committee on any changes in identified audit risks. We welcome the opportunity to discuss this report with you on 29 September 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Hassan Rohimun

For and on behalf of Ernst & Young LLP
Enc

Contents

1 Overview of our
2024/25 audit strategy

2 Audit risks

3 Value for Money
risks

4 Audit
Materiality

5 Scope of
our audit

6 Audit team

7 Audit timeline

8 Independence

9 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment and further guidance (updated July 2021)' issued by the PSAA (<https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit and Governance Committee and management of Cheshire East Council**. Our work has been undertaken so that we might state to the **Audit and Governance Committee and management of Cheshire East Council** those matters we are required to state to them in this 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 Audit and Governance Committee and management of Cheshire East Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 2024/25 audit strategy overview

2024/25 audit strategy overview

Context

Timely, high-quality financial reporting and audit of local bodies play a crucial role in our democratic system. It aids in effective decision-making by local bodies and ensures transparency and accountability to local taxpayers. There is a consensus that the delay in publishing audited financial statements by local bodies has reached an unacceptable level, and it is acknowledged that cooperation among all stakeholders in the sector is necessary to address this issue. The reasons for the backlog are well-documented and include: Insufficient capacity within the local authority financial accounting profession; Increased complexity of reporting requirements within the sector; Insufficient capacity within audit firms with public sector experience; and Heightened regulatory pressure on auditors, leading to an expanded scope and extent of audit procedures performed.

The Ministry for Housing, Communities and Local Government (MHCLG) has collaborated with the Financial Reporting Council (FRC) and other system partners to develop and implement measures to address the backlog. SI 2024/907, along with the NAO Code and the Local Authority Reset and Recovery Implementation Guidance, have been created to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). In February 2025, responsibilities for leadership of the local audit system transferred from the FRC back to MHCLG. This change follows the December 2024 launch of the Government’s strategy for reforming the local audit system in England, which includes plans to establish a Local Audit Office. The approach to addressing the backlog consists of three phases:

- **Phase 1: Reset;** clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This is largely complete.
- **Phase 2: Recovery from Phase 1;** from 2023/24, use backstop dates to prevent a recurrence of the backlog and allow assurance to be rebuilt over multiple audit cycles. The backstop date for the audit of the 2024/25 financial statements is 27 February 2026. Auditors are waiting for guidance from the system leader to effectively, efficiently and consistently build back assurance over disclaimed audit periods.
- **Phase 3: Reform;** involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As detailed in our Interim Audit Results Report presented to the Audit and Governance Committee on 20/02/2025, we anticipate issuing a disclaimed audit opinion on the Council’s 2023/24 financial statements. Having not gained assurance over the closing balances in 2023/24, we do not have assurance over the opening balances for 2024/25. This means we do not have assurance over in-year movements and some closing balances for 2024/25. In the absence of guidance from the System Leader, we will not be undertaking procedures to rebuild assurance in 2024/25 ahead of the backstop date. As a result, we will not be able to obtain sufficient evidence to have reasonable assurance over all closing balances. We therefore expect to again issue a disclaimed audit opinion in 2024/25.

Rebuild of assurance – current position

The National Audit Office issued Local Audit Reset and Recovery Implementation Guidance (LARRIG) 05 on 10 September 2024, detailing the principle of returning to a state where auditors can issue audit opinions on local authority financial statements with sufficient audit evidence. This process will take several years to achieve. Restoring assurance will need local authorities and auditors to work together. We are waiting for guidance from the National Audit Office and Financial Reporting Council to ensure a consistent approach for restoring assurance for disclaimed periods. Until then, we are unable to commence the rebuilding work programme. We will audit the 2024/25 closing balance sheet and in-year transactions, as well as performing additional risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position for 2024/25. Updates on rebuilding assurance for the historical position will be provided as guidance is issued and its implications for the Council are evaluated taking into consideration the outcome of our risk assessment procedures. As the Council’s financial statements for 2023/24 were subject to a disclaimer of opinion, it is highly probable that our risk assessment procedures to assess the likelihood of a material misstatement in the opening reserve position will conclude that an elevated risk of material misstatement is associated with the reserve balances, because of the way in which they accumulate over successive years.

2024/25 audit strategy overview (cont'd)

Responsibilities of management and those charged with governance

The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025. To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. The Audit and Governance Committee has an essential role in ensuring that it has assurance over both the quality of the financial statements and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this conditions are not met, we will:

- Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements, where deemed necessary.
- Assess the impact on available audit resource and where additional resources are deployed, seek a fee variation from PSAA. We have set out the factors that will lead to a fee variation at Appendix B, together with, at Appendix A, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.

2024/25 audit strategy overview (cont'd)

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit and Governance Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Management Override: Misstatement due to fraud or error	Fraud risk	No change in risk	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Overstatement of Fees, Charges and Other Service Income. Overstatement of Short-term Debtors	Fraud Risk	No change in risk	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider this risk to be relevant to those significant revenue streams, other than taxation receipts and grant income, where management has more opportunity to manipulate the period in which the income is reported. Specifically, our risk is focused on the occurrence of other income (including fees and charges, rentals and other income), where management may have overstated income in the current financial year. This is likely to occur around the end of the financial year (i.e. bringing forward income from the subsequent year) and would also lead to an overstatement of Debtors (excluding collection fund debtors), therefore we also associate this risk to this balance too.
Understatement of other operating expenditure and associated accrual balances Inappropriate allocation of revenue expenditure to unusable reserves	Fraud Risk	No change in risk	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We assess that this risk manifests itself in: <ul style="list-style-type: none">The understatement of expenditure (completeness of expenditure and associated accruals balances) and could also extend to non-recognition of required provisions in order to manage the Council's financial position. We consider this risk does not apply to payroll.The inappropriate capitalisation of revenue expenditure, or through inappropriate reallocation of expenditure to either the Capital Adjustment Account or Dedicated Schools Grant Reserve.
Valuation for Pension assets / liabilities and disclosures	Significant risk	No change in risk	The Local Authority Accounting Code of Practice and IAS19 require the Council to disclose its membership in the Local Government Pension Scheme in its financial statements. Due to the significant estimation and judgement involved, an actuary is engaged to undertake the calculations required for the IAS19 disclosures. ISAs (UK) 500 and 540 mandate procedures on using management experts and assumptions for fair value estimates.

2024/25 audit strategy overview (cont'd)

Audit risks and areas of focus (cont'd)

Risk/area of focus	Risk identified	Change from PY	Details
Valuation of Land and Buildings including Investment Property	Significant risk	No change in risk	<p>Land and buildings represent significant balances in the Council's financial statements and are subject to valuation on a periodic basis. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet. We will specifically focus on assets where a higher degree of estimation uncertainty exists:</p> <ul style="list-style-type: none"> ▪ Depreciated Replacement Cost (specialised operational assets for which an active market does not exist); ▪ Fair Value (surplus assets valued at the price that would be received to sell an asset); and ▪ Existing Use Value (operational assets for which there is an active market to provide comparable evidence). <p>The Council engages external property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements</p>
Implementation of IFRS 16: Leases	Significant risk	Change in area of focus	<p>The Local Authority Code Board, CIPFA LASAAC, has confirmed that local authorities need to implement IFRS 16 Leases from 1 April 2024. The standard introduces a single lease definition for all lessee arrangements, the impact of this is that the arrangements previously classified as operating leases will now be treated in the same way as finance leases were under the previous standard (with a few exceptions). Consequently, the balance sheet will now need to recognise 'right of use' assets and lease liabilities in respect of the transitioned arrangements. In addition, in respect of the PFI schemes the Council will need to remeasure the lease liability from 1 April 2024 and subsequently where there are changes to the capital elements of the underlying PFI payment profiles. Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g. RPI-based) lease terms where forecasts need to be updated annually based on prevailing indices.</p> <p>We will review the Council's approach to and application of IFRS16 to ensure that it has been correctly implemented, including detailed testing of the most significant transitioned arrangements and the disclosures made in relation to this change in the financial reporting framework.</p>
Minimum revenue provision	Higher Inherent risk	No change in risk	<p>Local authorities are required to charge a Minimum Revenue Provision (MRP) to the General Fund in each year. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP but need to ensure the calculation is 'prudent'. With significant capital investment at the Council, there is a risk that the MRP has not been calculated in line with CIPFA guidance and does not consider or include all relevant balances</p>

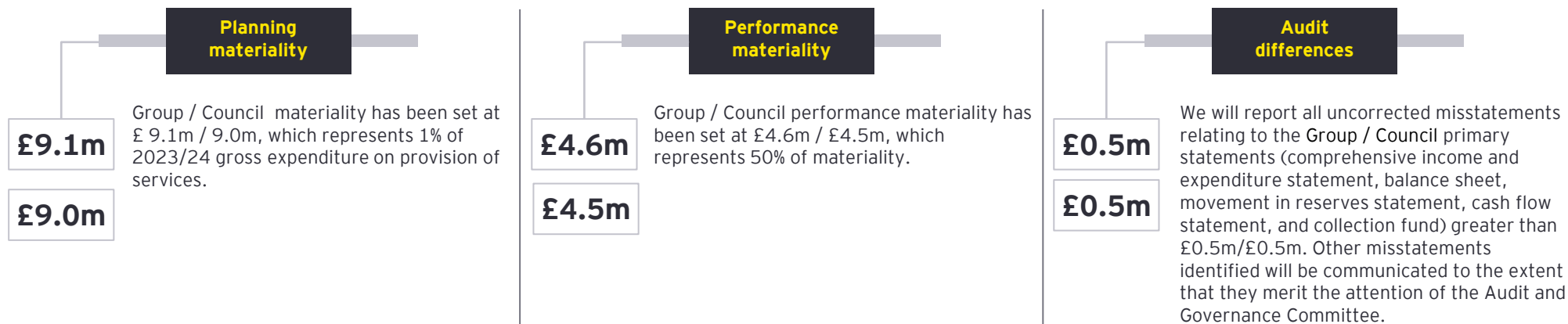
2024/25 audit strategy overview (cont'd)

Audit risks and areas of focus (cont'd)

Risk/area of focus	Risk identified	Change from PY	Details
Preparation of Group Financial Statements	Higher Inherent risk	No change in risk	The Council has a controlling interest in several organisations, the most significant being Ansa Environmental Services and Alliance Environmental Services. The Local Authority Accounting Code of Practice requires the Council to prepare group financial statements to consolidate the Council's interests, unless these interests are considered not material. The Council conducts an annual review to consider its group boundary and whether its interest in private companies are material; and consequently, whether group financial statements are required.
Private Finance Initiative	Higher Inherent risk	No change in risk	The Council has a Private Finance Initiative (PFI) arrangement jointly with Cheshire West and Chester councils in respect of Extra Care Housing, the 2023/24 year-end liability in respect of this was £33m. Accounting for the PFI involves complex, material transactions and there is a risk that the PFI model is incorrect and therefore the associated accounting treatment and disclosures are not correctly reflected in the financial statements.
Going concern	Higher Inherent risk	No change in risk	The Council exceeded budget by £6m in 2022/23 and £8.5m in 2023/24 with general fund balances reducing from £81.1m at the 31 March 2023 to £43.2m at the 31 March 2024. The financial position of the Council remains challenging. The Council will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation of the accounts. It will also need to make an appropriate disclosure in the financial statements of the going concern assessment which has been undertaken
Migration of cash receipting system	Area of focus	No change in area of focus	In 2024/25, the Council migrated its CRIM cash receipting system to a cloud storage solution. As part of this exercise, the Council has migrated historical transactions dating back to 2019. As with any significant financial system, there is a risk that data could be lost in the period of transition. There is also a risk around the completeness of the data subject to migration or that transactions may be duplicated.

2024/25 audit strategy overview (cont'd)

Group and Council Materiality



We will update our materiality calculation on receipt of the 2024/25 draft financial statements and we will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.

Audit scope

This audit planning report covers the work that we plan to perform to provide you with:

- our audit opinion on whether the financial statements give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended; and
- our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on the value for money arrangements in Section 3.

We also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return. Our audit will include the required mandatory procedures in accordance with applicable laws and auditing standards. In planning our audit, we consider several key inputs to ensure our audit is focussed on the areas that matter and so that our feedback is more likely to be relevant:

- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and
- management's views on all the above.

Considering the above, our professional duties require us to independently assess audit risks and take appropriate actions. The Terms of Appointment with the PSAA permit fee adjustments based on 'the auditor's assessment of risk and the work needed to meet their professional responsibilities'. Therefore, we outline these risks in this audit planning report and will discuss any impact on the proposed scale fee with management.

2024/25 audit strategy overview (cont'd)

Audit scope (continued)

Effects of climate-related matters on financial statements

Public interest in climate change is growing. We recognize that climate-related risks may span a long timeframe, and while these risks exist, their impact on the current financial statements may not be immediately significant. However, it remains essential to understand these risks to conduct a proper evaluation. Additionally, comprehending climate-related risks may be pertinent in the context of qualitative disclosures in the notes to the financial statements and in assessing value-for-money arrangements. We inquire about climate-related risks during every audit as part of our understanding of the entity and its environment. As we continually re-evaluate our risk assessments throughout the audit, we consider the information obtained to help us assess the level of inherent risk.

Audit scope and approach

We plan to adopt a substantive audit approach.

Value for Money

We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The value for money planning and related risk assessment aims to collect enough evidence to document our evaluation of the Council's arrangements, allowing us to prepare a commentary based on three reporting criteria. This process includes identifying and reporting any significant weaknesses in those arrangements and making suitable recommendations. We will provide a commentary on the Council's arrangements against three reporting criteria:

- 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.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This should be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Timeline

An audit timetable has been agreed with management. In Section 7 we include a provisional timeline for the audit. It is essential that all parties collaborate to ensure compliance with this timeline.

Key Audit Partner and senior audit team

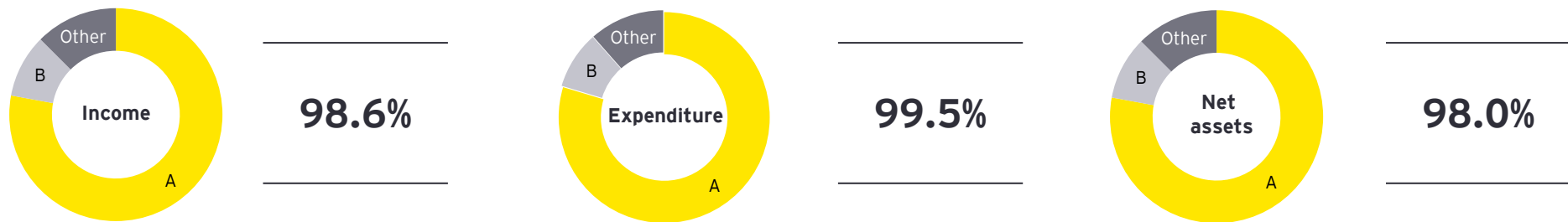
Hassan Rohimun is the partner responsible for the external audit of the Council. Hassan is an experienced public sector audit specialist during his career he has worked with all forms of local government bodies including unitary authorities. Dan Spiller (Senior manager) together with Lesley Moya (Manager) will be lead the audit team and be the primary contact for the Council's finance team, both Dan and Lesley are experienced public sector specialists working across a number of local government and NHS bodies.

2024/25 audit strategy overview

Group Audit scope

The scoping of the group audit addresses the risks of material misstatement in the Council’s financial statements, including those noted under 'Audit risks' and 'Other areas of audit focus'. For the year-end audit, aligned with ISA (UK) 600 (Revised), effective for periods starting on or after 15 December 2023, we have tailored our audit scope to respond to these identified risks. This has influenced our choice of locations and the extent of procedures undertaken.

Through our on-site work we will cover the following percentages, by full scope (A) and specific scope (B) audits, of of Income, Expenditure and Net Assets. All components are based in the UK. Figures are based on the most recent sets of published statements (i.e. 31st March 2024) therefore there are no changes from the prior year where our planning report was prepared after those statements had been prepared.



- We have specifically considered the scope of our audit in response to the identified risks above, which has impacted the locations in which we performed our work, and the extent of procedures performed in these areas.
- For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.
- Section 5 of this report sets out more detail on our proposed approach and the subsidiaries covered by our testing.
- We intend to take a fully substantive audit approach.



02 Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.



What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

- Identifying fraud risks during the planning stages.
- Inquiring of management about risks of fraud and the controls put in place to address those risks.
- Understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Considering the effectiveness of management's controls designed to address the risk of fraud.
- Determining an appropriate strategy to address those identified risks of fraud.
- Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertaking procedures to identify significant unusual transactions.
- Considering whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required.

Our response to significant risks (cont'd)

Overstatement of Fees, Charges and Other Service Income. Overstatement of Short-term Debtors*

Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue recognition could affect the income and expenditure accounts.

These accounts had the following balances in the 2023/24 draft financial statements:

- Fees, charges and other service income: £84.5m
- Short-term Debtors : £79.4m

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider the risk to be relevant to those significant revenue streams other than taxation receipts and grant income, where management has more opportunity to manipulate the period in which the income is reported. Specifically, our risk is focused on the occurrence of other income (including fees and charges, dwelling rentals and other income), where management may have overstated income in the current financial year.

This is likely to occur around the end of the financial year (i.e. bringing forward income from the subsequent year) and would also lead to an overstatement of Debtors (excluding collection fund debtors), therefore we associate this risk to that balance too.

At the 31 March 2024 of the £79.4m (short term debtors balance) £49m were categorised as "other". On receipt of the 2024/25 financial statements, we will review the degree of estimation uncertainty associated with this balance to complete our assessment of the risk of overstatement of short-term debtors.

What will we do?

In order to address this risk, we will carry out a range of procedures including:

- Reviewing the analysis of "other" debtors to assess the risk of fraud in revenue recognition.
- Understanding and challenging management on any accounting estimates or judgements on income recognition for evidence of bias;
- Performing overall analytical review procedures to identify any unusual movements or trends for further investigation;
- Performing testing on Debtor and Income transactions either side of the year-end to test the cut-off of those transactions;
- Using our data analytics tool to identify and test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, specifically those that manually move income from the subsequent year;
- Undertaking a monthly trend analysis using our data analytics tools in the performance of our Journal Entry Testing, to identify any unusual movements in balances for further analysis and testing. The analysis shall be disaggregated for the different income streams.

Our response to significant risks (cont'd)

Understatement of other operating expenditure and associated accruals balances*

Financial statement impact

Misstatements that occur in relation to the risk of fraud in expenditure recognition could affect the expenditure accounts and associated liability (accruals) balance.

- Non-pay operating expenditure (Other service expenses) : £590.7m
- Creditors: £159.9m

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We assess that this risk manifests itself in the understatement of expenditure (completeness of expenditure and associated accruals balances) and could also extend to non-recognition of required provisions in order to manage the Council's financial posi

At the 31 March 2024 of the £159.9m (year end creditors balance) a £114m was categorised as "other". On receipt of the 2024/25 financial statements,, we will review the degree of estimation uncertainty associated with this balance to complete our assessment of the risk of overstatement of short-term debtors.

What will we do?

We will carry out substantive procedures in response to this risk. The procedures designed to address the identified risk are set out below:

- Reviewing the analysis of "other" creditors to assess the risk of fraud in expenditure recognition.
- Reviewing and discussing with management any accounting estimates or judgements on income recognition for evidence of bias;
- Performing analysis with data analytics workpapers to identify any unusual movements or trends for further investigation;
- In our journal entry testing, perform an analysis on manual accrual balances as well as balances of provisions year on year to identify any unusual movements and trends;
- Performing unrecorded liabilities testing to identify payments occurring after the year end, which will address the completeness of the expenditure;
- Performing testing on completeness of provisions based on our understanding of the Council; and
- Performing cut-off testing with populations of Purchase Order invoices around year end to determine whether transactions have been correctly recorded within the correct period.

Our response to significant risks (cont'd)

Inappropriate allocation of revenue expenditure to unusable reserves*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

- Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.
- Expenditure being classified as revenue expenditure financed as capital under statute (REFCUS) when it is inappropriate to do so.
- Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.
- Expenditure being allocated to the ring-fenced Dedicated Schools Grant Reserve that is not appropriate.

If this were to happen it would have the impact of understating revenue expenditure and overstating Property, Plant and Equipment (PPE)/Investment Property (IP) additions and/or REFCUS in the financial statements or through overstating the deficit balance on the Dedicated Schools Grant Reserve

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk may occur through the inappropriate capitalisation of revenue expenditure or through inappropriate allocation of expenditure to the Dedicated Schools Grant Reserve.

What will we do?

- Test Property, Plant and Equipment (PPE)/Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Consider whether any development or other related costs that have been capitalised are reasonable to capitalize, i.e., the costs incurred are directly attributable to bringing the asset into operational use.
- Test REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.
- Perform a walkthrough of expenditure charged to the Schools' budget through the CIES codes and perform substantive testing of a sample of transactions that have been re-allocated from the General Fund to the Dedicated Schools Grant Reserve to review their appropriateness.
- We will test a sample of expenditure allocated to DSG and determine whether it is appropriate to be allocated to the DSG reserve.

Our response to significant risks (cont'd)

Valuation of land and property, including investment property

Financial statement impact

Misstatements that occur in relation to the valuation of land and property could affect the balance sheet by materially misstating the valuation of these assets; and the income and expenditure account via the impact on depreciation charges.

Amounts reported in the 2023/24 draft financial statements (per Note 14) were:

- Land and buildings: £481.5m;
- Investment Property: £25m;
- Surplus assets: £38.9m.

What is the risk?

Land and buildings represent significant balances in the Council's financial statements and are subject to valuation on a periodic basis. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet. We will specifically focus on assets where a higher degree of estimation uncertainty exists:

- Depreciated Replacement Cost (specialised operational assets for which an active market does not exist);
- Fair Value (surplus assets valued at the price that would be received to sell an asset); and
- Existing Use Value (operational assets for which there is an active market to provide comparable evidence).

The Council engages external property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements.

The Council's asset base is significant, and the outputs from the valuer are subject to estimation, therefore there is a risk that fixed assets may be under/overstated impacting on their valuation in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying estimates.

What will we do?

We will:

- Test that assets have been classified and valued on an appropriate basis.
- Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work, to ensure these are consistent with accounting standards and that the scope of the work is appropriate.
- Perform appropriate tests over the completeness and appropriateness of information provided to the valuer.
- Sample test and challenging the key asset information and assumptions used by the valuers in performing their valuation; for example, floor plans based on price per square metre.
- Consider the annual cycle of valuations to ensure that assets have been valued within an appropriate timescale.
- Consider any specific changes to assets that have occurred and that these have been communicated to the valuer.
- Review assets not subject to valuation in 2024/25 to confirm that the remaining asset base is not materially misstated.
- Consider changes to useful economic lives as a result of the most recent valuation.
- Test accounting entries have been correctly processed in the financial statements.

We will be engaging EY valuation specialists to assist the audit team on a sample of assets. This sample will be based on our assessment of the assets that are subject to a higher degree of risk for their valuations as at 31 March 2025, for example, material assets which are valued at market based fair value.

Our response to significant risks (cont'd)

Valuation for Pension assets / liabilities and disclosures

Financial statement impact

Misstatements that occur in relation to the Pension liability could affect the balance sheet by materially misstating the size of the liability; and also the related income and expenditure accounts.

The net pension liability amounting to £84,542k of the council is a material estimated balance, and the Code requires that this liability be disclosed on the Council's balance sheet.

This is made up of the following material balances:

- Teachers' Pensions Unfunded Scheme Liability: £16.2m
- Local Government Pension Scheme obligation: £1,383.8m
- Fair value of Local Government Pension Scheme plan assets: £1,315.5m.

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. The Council is an admitted body of the Cheshire Pension Fund (CPF).

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Council's pension fund surplus is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet.

In the 2023/24 draft financial statements there were material transactions relating to IFRIC 14 asset ceiling adjustments. The calculation of these transactions are complex and based on information provided by the Council's actuary.

What will we do?

We will liaise with the auditors of Cheshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.

- Assess the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- Evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19
- We will consider engaging EY specialists to assess the Council's reported IFRIC 14 asset ceiling adjustments; and
- We will consider outturn information available at the time we undertake our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Our response to significant risks (cont'd)



Financial statement impact

- Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.
- Lease liabilities and right of use assets will be subject to more frequent remeasurement.
- Other amendments have been made to the CIPFA Code to expand the definition of donated assets to include right-of-use assets and on accounting for leases provided at below market rate, including peppercorn and nil consideration.

What is the risk?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee, these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our prior year work the Council had made little progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements.

In addition, in respect of the PFI schemes the Council will need to remeasure the lease liability from 1 April 2024 and subsequently where there are changes to the capital elements of the underlying PFI payment profiles.

What will we do?

- Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- Review the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- Gain assurance over the right of use asset included in the 2024/25 financial statements
- Sample test leases to ensure that transition arrangements have been correctly applied.
- Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Minimum revenue provision</p> <p>If the Minimum Revenue Provision (MRP) were understated, it would have the impact of overstating the General Fund balance and understating the capital adjustment account. Local authorities are required to charge MRP to the General Fund in each financial year. The calculation of this charge is based on the Capital Financing Requirement. Local authorities have flexibility in how they calculate MRP, providing the calculation is 'prudent'. In calculating a prudent provision, local authorities are required to have regard to statutory guidance. With significant capital investment at the Council, there is a risk that provision has not been calculated in line with CIPFA guidance and does not consider or include all relevant balances.</p>	<ul style="list-style-type: none">▪ Understand the MRP Policy in place at the Council and review the policy against CIPFA's guidance to ensure compliance. We will also perform procedures to gain assurance that the Council is applying the policy correctly.
<p>Private Finance Initiative</p> <p>The Local Authority Accounting Code of Practice requires that PFI schemes should be accounted for on the basis of IFRIC 12 "Service Concessions". The Council's liability of £33m in relation to its PFI schemes is derived from complex models which reflect a number of assumptions which may change over the life of the contract. These are complex, material transactions and there is a risk that the PFI model is incorrect and therefore the associated accounting treatment and disclosures are not correctly reflected in the financial statements.</p>	<ul style="list-style-type: none">▪ Confirm our understanding of the process of how the PFI models are maintained and updated; including how the output of the models are included within the Council's financial statement closing processes.▪ Perform checks to ensure that any changes in the PFI arrangements and associated assumptions are reflected as updates to the financial models.▪ Identify those inputs to the model which are estimates and undertake audit procedures to gain assurance over the reasonableness of these estimates.▪ Engage EY's internal specialists to review the PFI model to ensure the inputs and accounting are in line with our expectations.▪ Confirm that year end journal entries in relation to the PFI schemes have been processed accurately.▪ Consider the impact of the implementation of IFRS 16 on the Council's PFI disclosures.
<p>Preparation of Group Financial Statements</p> <p>The Council has material group undertakings for its subsidiaries. Under the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom the Authority is required to prepare group accounts as its interests are material in aggregate.</p>	<ul style="list-style-type: none">▪ Consider the Council's assessment of its group boundary and consider the significance of the components to the group financial statements.▪ Review and test the Council's process for consolidation, consistency of accounting policies and quality review, and consider the appropriateness of inter-company elimination.▪ Review the completeness of the disclosures in the group financial statements to ensure they are materially accurate and complete.

Other areas of audit focus (cont'd)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement
<p>Going Concern disclosure</p> <p>The financial landscape for local authorities remains challenging; the Council will need to undertake a going concern assessment covering a period up to 12 months from the expected date of final authorisation of the accounts. It will also need to make an appropriate disclosure in the financial statements of that consideration and assessment. In addition, the revised auditing standard on going concern requires additional challenge from auditors on the assertions being made by management.</p> <p>The Council faces a significant short-term challenge to set a balanced budget. The Council has been in regular liaison with MHCLG to ensure that there is access to Exception Financial Support (EFS) when required, fulfilling the conditions directed by the Minister to have in-place, a transformation plan.</p>	<p>We will consider the requirements of the auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:</p> <ul style="list-style-type: none">▪ Challenging management's identification of events or conditions impacting going concern.▪ Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).▪ Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.▪ Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.▪ Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties. <p>Due to the proximity of the Council to exhausting its General Fund reserves, it is likely that we will need to consider the form of our opinion in respect of going concern.</p>
<p>Data migration to new cash receipting system</p> <p>In 2024/25, the Council migrated its CRIM cash receipting system to a cloud storage solution. As part of this exercise, the Council has migrated historical transactions dating back to 2019. As with any significant financial system, there is a risk that data could be lost in the period of transition. There is also a risk around the completeness of the data subject to migration or that transactions may be duplicated.</p>	<p>We will:</p> <ul style="list-style-type: none">▪ Gain an understanding of the process and walkthrough on the old and new system to better understand the data migration process.▪ Obtain and review reconciliations of the data transferred from old to new systems to obtain assurances as to completeness.▪ Sample test the data to gain assurance that it has been completely and accurately migrated.▪ Undertake ISA 315 (Revised) risk assessment procedures for the new systems that have been implemented.▪ Obtain and consider the latest Internal Audit Report review of the data migration process to identify if there were exceptions that we should consider in our approach.▪ Evidence that the Council has undertaken procedures to ensure compliance with relevant laws and regulations, for instance complying with data security and retention requirements.



03 Value for Money risks

Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

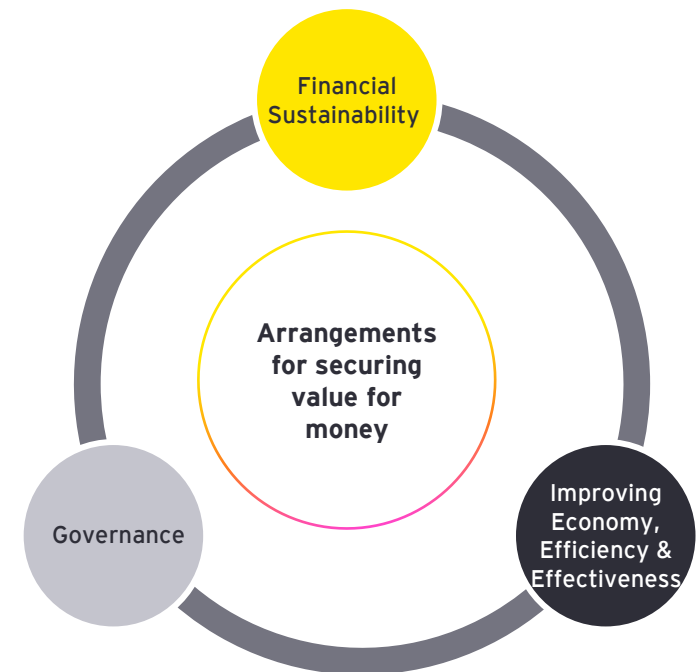
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor Responsibilities

Under the NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified 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.



Value for Money (cont'd)

Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes require us to conduct a risk assessment that collects sufficient evidence to document our evaluation of the Council's arrangements, allowing us to draft a commentary under the three reporting criteria. This involves identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. In considering the Council's arrangements, we consider:

- The governance statement;
- Evidence of arrangements during the reporting period;
- Evidence obtained from our audit of the financial statements;
- The work of inspectorates and other bodies; and
- Any other evidence that we deem as necessary to facilitate the performance of our statutory duties.

We then evaluate whether there is evidence indicating significant weaknesses in arrangements. According to the NAO's guidance, determining what constitutes a significant weakness and the extent of additional audit work required to address the risk is based on professional judgment. The NAO indicates that a weakness can be considered significant if it:

- Exposes, or could reasonably be expected to expose, the council to significant financial loss or risk;
- Leads to, or could reasonably be expected to lead to, significant impact on the quality or effectiveness of service or on the council's reputation; or unlawful actions;
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on improvement plans.

Responding to identified risks of significant weakness

When planning work identifies a risk of significant weakness, the NAO's guidance requires us to consider the additional evidence needed to verify whether there is a significant weakness in arrangements. This involves conducting further procedures as necessary. We are required to report our planned procedures to the Audit and Governance Committee.

Reporting on VFM

If we determine that the Council has not made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, the NAO Code mandates that we reference this by exception in the audit report on the financial statements. Additionally, we are required to provide a commentary on the value for money arrangements in the Auditor's Annual Report. The NAO Code specifies that this commentary should be clear, readily understandable, and highlight any issues we wish to draw to the Council's or the wider public's attention. This may include matters that are not considered significant weaknesses in arrangements but should still be brought to the Council's awareness. It will also cover details of any recommendations from the audit and the follow-up of previously issued recommendations, along with our assessment of their satisfactory implementation. Our 2024/25 Auditor's Annual Report requires to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code.

Status of our 2024/25 VFM planning

We have yet to complete our detailed value for money planning. However, due to issues that have been previously reported by the Council's predecessor auditor, and work performed in our audit for 2023/24, we have identified the risks set out on the following pages. We will update the next Audit and Governance Committee meeting on the outcome of our value for money planning and our planned response to any additional identified risks of significant weaknesses in arrangements.

Value for Money (cont'd)

Value for Money Risks

The table summarises the risk of significant weaknesses identified during our planning. We will review arrangements and risks regularly, updating our work if new risks arise and inform you of any additional significant weaknesses.

What is the risk of significant weakness?	What arrangements does this impact	Change from PY	Details and what we will do
<p>Peer Review</p> <p>In March 2024 Cheshire East Council invited the Local Government Association to undertake a corporate peer challenge. The report identified that the Council needs to address a number of significant issues, the most immediate being the organisation's financial sustainability which is in jeopardy. Following the peer review the Council has established an action plan, comprising 73 actions, across the areas of: Financial Sustainability; Transformation; Leadership and Culture; Strategic Purpose and Performance; Good Governance; and Service Improvement</p> <p>Whilst the Council is responding positively to the issues identified, the findings of the peer review represents a risk of significant weaknesses in arrangements for 2024/25.</p>	<p>Financial sustainability</p> <p>Governance</p> <p>Improving economy, efficiency and effectiveness</p>	<p>No change in risk or focus</p>	<p>We will build on the work performed in 2023/24 and:</p> <ul style="list-style-type: none"> Review progress made against the Council's action plan to address the recommendations made by the peer review team. Update our review of arrangements in place to monitor the delivery of the action plan in accordance with agreed time scales.
<p>Medium Term Financial Strategy</p> <p>The Council's Medium Term Financial Strategy is not sustainable without central Government support and the Council is at risk of issuing a S114 notice in the future.</p>	<p>Financial sustainability</p>	<p>No change in risk or focus</p>	<p>We will:</p> <ul style="list-style-type: none"> Review the Council's: budget setting; forecasts; and budget reporting Review savings plans and the arrangements for monitoring the delivery of savings Review the proposed plans to secure future financial sustainability and actions that are being developed to mitigate any areas of non delivery
<p>Head of Internal Audit Opinion</p> <p>For 2023/24 Internal Audit (IA) concluded that the overall opinion on the Council's framework of risk management, governance and internal control was "Limited", with the opinion for Risk Management, Governance and Internal Control being "Adequate". "Limited" and "Limited" respectively. The findings and conclusions of IA is evidence of a risk of significant weaknesses in arrangements for 2024/25.</p>	<p>Governance</p> <p>Improving economy, efficiency and effectiveness</p>	<p>New risk or focus</p>	<p>We will:</p> <ul style="list-style-type: none"> Review IA 2024/25 audit reports and the action plan which the Council plans to respond to the weaknesses identified in the 2023/24 AGS.

Value for Money (cont'd)

What is the risk of significant weakness?	What arrangements does this impact	Change from PY	Details and what we will do
<p><u>Children's Services</u></p> <p>On the 24 July 2024 the Secretary of State issued an improvement notice to the Council following the significant concerns highlighted by the publication of OFSTED's inspection report of the Council's Children's Social Care Services on 16 May 2024. The Secretary of State chose to retain the support of an Improvement Adviser in Cheshire East, to provide advice to the Department for Education and the Council. The Council were required to work with the Adviser and establish an improvement plan, that will deliver appropriate and sustainable improvement, to cover the areas identified in the OFSTED report as well as recommendations made by the appointed Improvement Adviser. The findings of OFSTED and the improvement notice issued by the Secretary of State is evidence of significant weaknesses in arrangements for:</p> <ul style="list-style-type: none"> ▪ How the Council ensures that it makes informed decisions and properly manages risks. ▪ How the Council uses information about its costs and performance to improve the way it manages and delivers its services. 	<p>Governance</p> <p>Improving economy, efficiency and effectiveness</p>	<p>No change in risk or focus</p>	<p>Building on the work performed in 2023/24, we will:</p> <ul style="list-style-type: none"> • Review the progress reports of the appointed independent advisor and the Department of Education; and • Review the arrangements which the Council has in place for monitoring the delivery of agreed improvement actions.
<p><u>Insourcing</u></p> <p>The Council announced it is redesigning the way in which it delivers its waste, recycling, and bereavement services. This has involved a review of two of its wholly owned companies, Ansa Environmental Services and Orbitas Bereavement Services Ltd. Following the latest stage of that review, and a decision made by the Council's finance sub-committee on 25 June 2024, the services provided by Ansa and Orbitas are to be brought back-in house and delivered directly by Cheshire East Council. This includes bin collections, street cleansing, maintenance of green spaces, fleet, social transport, bereavement services and the handyperson service.</p>	<p>Governance</p> <p>Improving economy, efficiency and effectiveness</p>	<p>No change in risk or focus</p>	<p>We will review the governance and oversight processes that the Council has put in place to manage the process of bringing the services provided by Ansa and Orbitas back in-house.</p>
<p><u>Annual Governance Statement</u></p> <p>The 2023/24 Annual Governance Statement (AGS) identified the significant governance issues for 2023/24 in respect of:</p> <ul style="list-style-type: none"> ➤ Children Services (OFSTED inspection) ➤ Governance and Internal Control, reflecting the findings of IA and the Peer Review. ➤ The need to improve governance arrangements for partnership working. ➤ Financial sustainability 	<p>Governance</p> <p>Improving economy, efficiency and effectiveness</p>	<p>New risk or focus</p>	<p>We will:</p> <ul style="list-style-type: none"> • Review the arrangements for monitoring and delivering identified actions to respond to the weaknesses identified in the 2023/24 AGS.

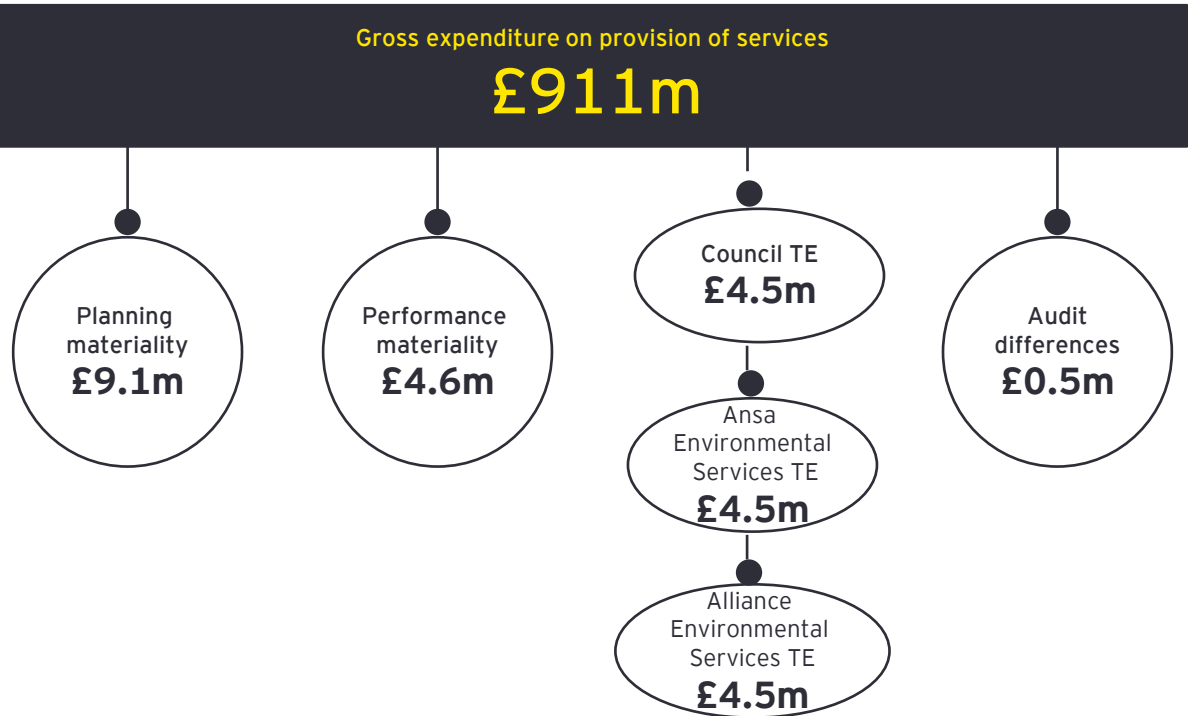


04 Audit materiality

Materiality

Group materiality

For planning purposes, Group materiality for 2024/25 has been set at £ 9.1m. This represents 1% of the Group's 2023/24 gross expenditure on provision of services. It will be reassessed throughout the audit process.



We will keep the Audit and Governance Committee updated on any changes to materiality levels as the audit progresses.

We request that the Audit and Governance Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £4.6m/£4.5m which represents 50% of group materiality.

We have opted for a lower percentage of group materiality due to the inability to assess a reduced likelihood of misstatements. This is influenced by the fact that the previous year audit (2023/24) was our first year of audit and was incomplete.

Component performance materiality – we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the audit and governance committee, or are important from a qualitative perspective.



05 Scope of our audit

Audit process and strategy

Objective and Scope of our Audit scoping

In accordance with the NAO Code, our primary objectives are to conduct work that supports the delivery of our audit report to the Council. Additionally, we aim to ensure that the Council has established proper arrangements for securing economy, efficiency, and effectiveness in its use of resources, as mandated by relevant legislation and the requirements of the NAO Code. We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

- Whether the financial statements give a true and fair view of the financial position of the group and its expenditure and income for the period in question; and
- Whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- whether other information published together with the audited financial statements is consistent with the financial statements.

Other procedures required by the Code:

- Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.
- Reliance on the work of other auditors where appropriate;
- Reliance on the work of experts in relation to areas, such as pensions and property valuations.

Our initial assessment has not identified any key processes where we will seek to test key controls, either manual or IT. Our audit strategy will follow a fully substantive approach. This will involve testing the figures within the financial statements rather than looking to place reliance on the controls within the financial systems. We assess this as the most efficient way of carrying out our work and obtaining the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use a data driven approach to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Scope of our audit

Group scoping

Our audit strategy for performing a group audit is risk based. We identify components as:

1. **Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
2. **Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

This scoping is subject to change once updated figures are available for the 2024/25 balances.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope further scope details on the next page

1 A Full scope audits

2 B Specific scope audits

1 C Review scope audits

0 D Specified procedures

4 E Other procedures

Scope definitions

Full scope: locations involving the design and performance of audit procedures on a significant proportion of the financial information of the component. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the scope of work, materiality used and any additional procedures required to comply with local laws and regulations. **(Council)**

Specific scope: locations involving the design and performance of audit procedures on one or more classes of transactions, account balances, or disclosures of the financial information of the group. The accounts included in the scope are not a significant proportion of the financial information of the component. **(Alliance Environmental Services and ANSA Environmental Services)**

Review scope: components where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally. **(Orbitas bereavement services)**

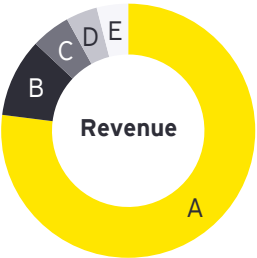
Specified Procedures: locations where the component team performs procedures specified by the Group audit team to obtain audit evidence for one or more elements of the group financial statements and/or to respond to identified risks of material misstatement.

Remaining components: Based on our planned audit scope, there may exist residual amounts of balances and accounts of the group financial statements which are not included in the group scope. These amounts have been evaluated as not presenting a risk of material misstatement to the group financial statements and may comprise balances at multiple location where the balances may be material in aggregate. Components/locations that are not assigned a scope of work nor subject to centralised procedures, and comprise amounts solely contributing the residual amounts are described as 'remaining components'. We update and perform further risk assessment procedures as necessary to conclude our assessment that there is no risk of material misstatement in those amounts. Individually, these components do not exceed more than 0.02% of the Group's Gross Revenue Expenditure. In aggregate, the total contribution of these components is less than 0.1% of Group Gross Revenue Expenditure.

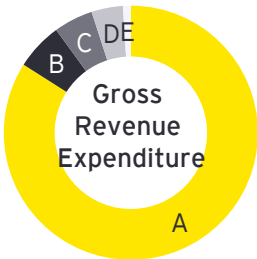
Scoping the group audit

Coverage of Revenue/Gross Revenue Expenditure/Total assets

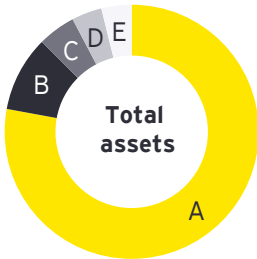
Based on the group's prior year results, our scoping is expected to achieve the following coverage of the Gross Revenue Expenditure, group's revenue and total assets.



98.6% of the group's forecast revenue will be covered by full and specific scope audits.



99.8% of the group's forecast Gross Revenue Expenditure will be covered by full and specific scope audits.



98% of the group's forecast total assets will be covered by full and specific scope audits.

Our audit approach is risk based and therefore the data above on coverage is provided for your information only.

Details of [specified procedures and] other procedures performed centrally

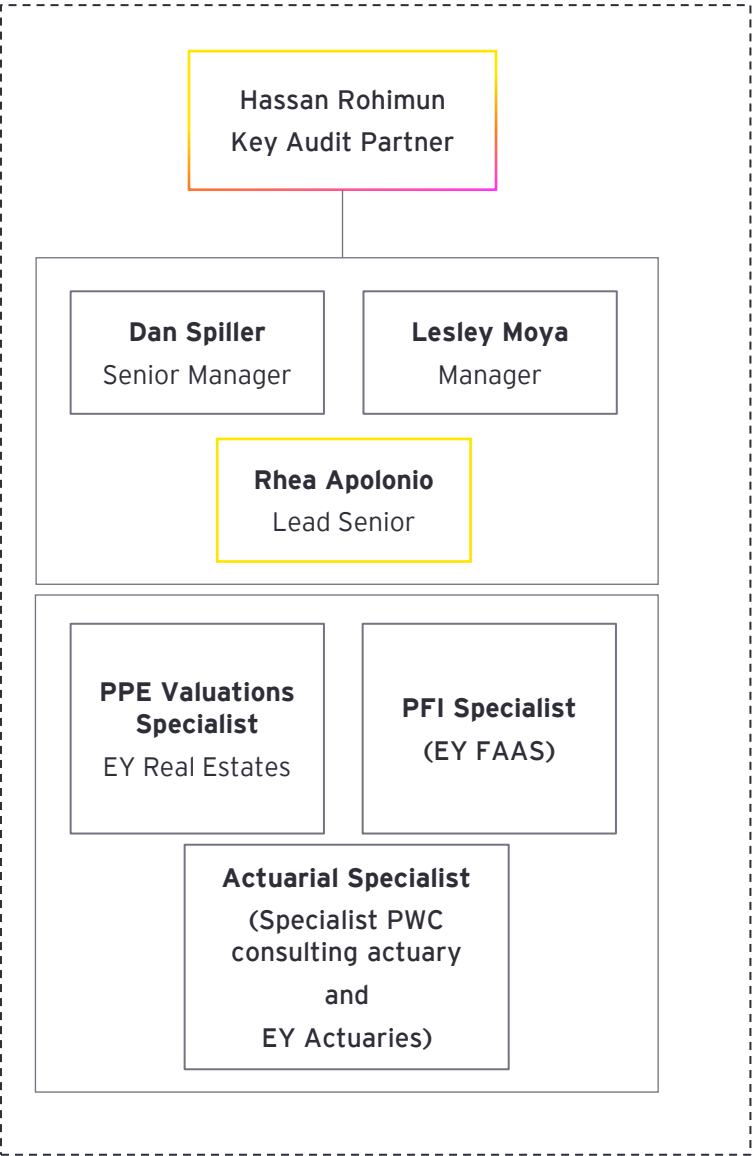
- Ansa Environmental Services is significant by risk as a result of balances above the group TE. (Expenditure of £43.6M, Income of £50.5M, and Liabilities of £11.4m). EY will perform specific procedures on these relevant accounts. The team will design procedures to obtain assurance over these accounts. No other factors were present to indicate that it should be concluded as significant based on risk.
- Alliance Environmental Services is significant by risk as a result of has balances above the group TE. (Expenditure of £6.7M and Income of £7.8M). EY will perform specific procedures on these relevant accounts. The team will design procedures to obtain assurance over these accounts. No other factors present to indicate that it should be concluded as significant based on risk.
- For all other non-significant components and associates we will perform "other procedures" which will include a review of financial statements and performance and analytical procedures.

Throughout the audit, we will determine whether the group audit strategy needs to be updated to reflect new information. The group audit strategy is an iterative process, and we will continuously consider information throughout the group audit and reassess the group audit strategy, which includes re-assessing group scoping, and updating it as necessary.



06 Audit team

Audit team and use of specialists



- Our approach to the involvement of specialists, and the use of their work
- When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations team
Pensions disclosure	EY Actuaries
PFI	EY FAAS (EY Internal PFI Specialist)

In accordance with Auditing Standards, we will evaluate each specialist’s professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Group’s business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable
- Assess the reasonableness of the assumptions and methods used
- Consider the appropriateness of the timing of when the specialist carried out the work
- Assess whether the substance of the specialist’s findings are properly reflected in the financial statements

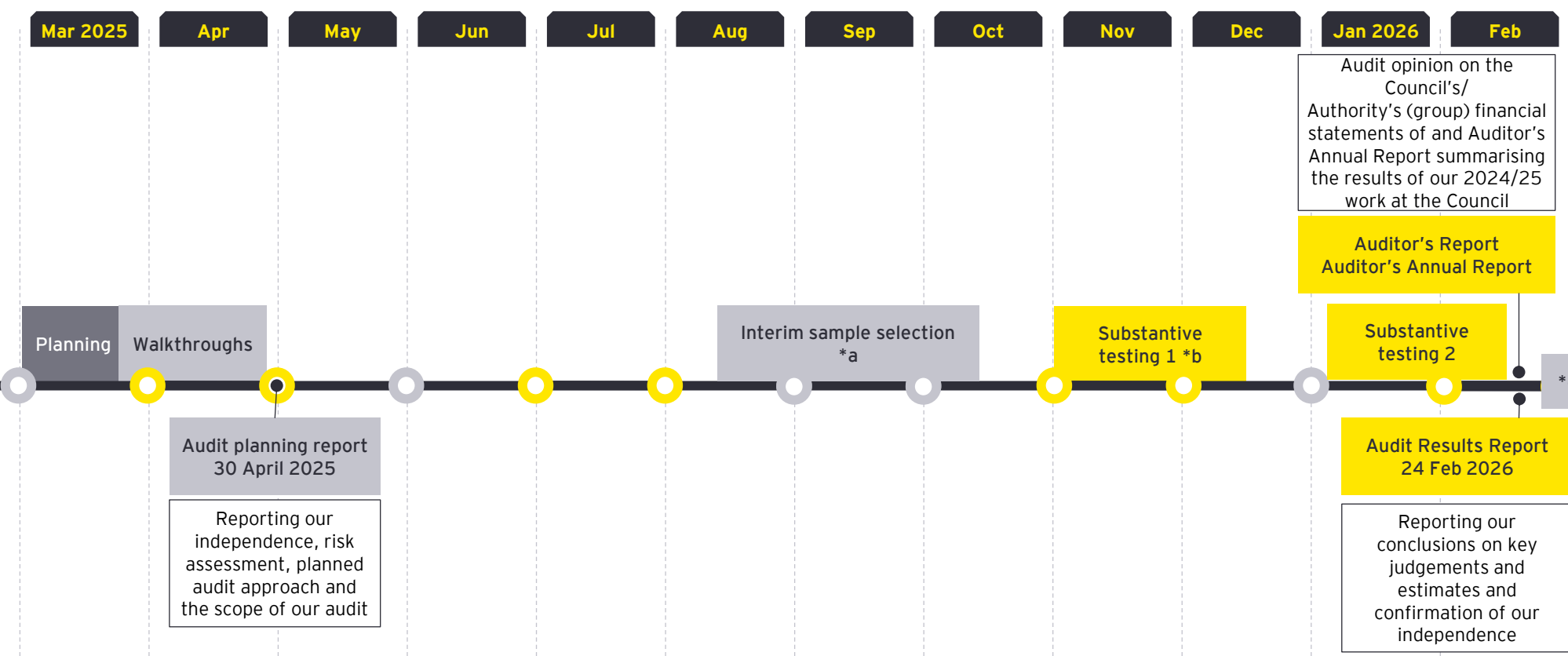


07 Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time-to-time matters may arise that require immediate communication with the Audit and Governance Committee, and we will discuss them with the Audit and Governance Committee Chair as appropriate.



- a) We have agreed with management to select, where possible, a number of interim samples, in areas including: Fees and Charges, service expenditure, PPE additions and PPE Valuations, which we will then leave with management the opportunity, prior to our work commencing in November, for evidence to be collated.
- b) Our audit will pause between 12 December 2025 and 5 January 2026.
- c) The backstop date for local government audits, meaning the latest date an auditor can issue a disclaimed or modified opinion for the 2024-25 financial year, is 27 February 2026.



08 Independence

Introduction

The FRC Ethical Standard 2019 and ISA (UK) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none">▪ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;▪ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;▪ The overall assessment of threats and safeguards;▪ Information about the general policies and process within EY to maintain objectivity and independence▪ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Audit and Governance Committee /those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a ‘pre-approval’ to provide the service).	<ul style="list-style-type: none">▪ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;▪ Details of non-audit/additional services provided and the fees charged in relation thereto;▪ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;▪ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;▪ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and▪ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services. We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: **EY UK 2024 Transparency Report.**

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Hassan Rohimun your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you.

We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



09 Appendices

Appendix A – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the plan;
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;
- ▶ our financial statement opinion and value for money conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council;
- ▶ an effective control environment; and
- ▶ compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	2024/25	2023/24
	£	£
Scale Fee	397,671 Note 3	368,905 Note 1
Scale Fee Variations	Note 4	Note 2
Other	0	0
Total fees	0	0

All fees exclude VAT

1. As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2023/24 audits.
2. The 2023/24 work is yet to be completed in undertaking the audit there are areas where additional work was required which are not included within the scale fee set by the PSAA these include:
 - Consideration of correspondence from the public and formal objections.
 - VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.Following the conclusion of our work we will inform the Council of the level of additional fees and then submit a fee variation to the PSAA for approval.
3. Scale fees for 2024/25 have been increased by PSAA to cover additional work under revised standards and contractual inflationary increase payable to audit firms. The new work relates to revised auditing standards ISA (UK) 315 (risk of material misstatement) and linked work on ISA (UK) 240 (fraud). Further information on the scale fee can be found on PSAA's website at [2024/25 auditor appointments and audit fee scale - PSAA](#)
4. The scale fee may be impacted by a range of factors which will result in additional work, which include but are not limited to:
 - Consideration of correspondence from the public and formal objections.
 - New accounting standards, for example full adoption or additional disclosures in respect of IFRS 16.
 - Non-compliance with law and regulation with an impact on the financial statements.
 - VFM risks of, or actual, significant weaknesses in arrangements and related reporting impacts.
 - The need to exercise auditor statutory powers.
 - Prior period adjustments.
 - Modified financial statement opinions
 - Modified financial statement opinions

Any scale fee variations are subject to review and approval by the PSAA.

Appendix C – Required communications with the Audit and Governance Committee

We have detailed the communications that we must provide to the Audit and Governance Committee .

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit and Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ Any limitations on the planned work to be undertaken ▪ The planned use of internal audit ▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Audit planning report - May 2025
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process ▪ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	<ul style="list-style-type: none"> ▪ Audit results report - Exp. Dec 2025
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The adequacy of related disclosures in the financial statements 	Audit results report - Exp. Dec 2025
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	Audit results report - Exp. Dec 2025

Appendix D – Required communications with the Audit and Governance Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> Enquiries of the Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> Management; Employees who have significant roles in internal control; or Others where the fraud results in a material misstatement in the financial statements The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud Any other matters related to fraud, relevant to Audit and Governance Committee responsibility 	Audit results report - Exp. Dec 2025
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> Non-disclosure by management Inappropriate authorisation and approval of transactions Disagreement over disclosures Non-compliance with laws and regulations Difficulty in identifying the party that ultimately controls the entity 	Audit results report - Exp. Dec 2025
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> The principal threats Safeguards adopted and their effectiveness An overall assessment of threats and safeguards Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report - May 2025</p> <p>Audit results report - Exp. Dec 2025</p>
External confirmations	<ul style="list-style-type: none"> Management's refusal for us to request confirmations Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report - Exp. Dec 2025

Appendix D – Required communications with the Audit and Governance Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur Enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of 	Audit results report - Exp. Dec 2025
Internal controls	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit 	Audit results report - Exp. Dec 2025
Group audits	<ul style="list-style-type: none"> An overview of the work to be performed at the components and the nature of the group audit team's planned involvement in the work to be performed by component teams Instances when the group audit team's review of the work of a component team gave rise to a concern about the quality of that team's work, and how the group audit team addressed the concern Any limitations on the ability to obtain sufficient appropriate audit evidence in support of the group audit opinion, for example, where the group audit team's access to people or information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements Significant deficiencies identified in the group's system of internal control 	<p>Audit planning report - May 2025</p> <p>Audit results report - Exp. Dec 2025</p>
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - Exp. Dec 2025
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report - Exp. Dec 2025
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - Exp. Dec 2025
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - Exp. Dec 2025

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2025 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

UKC-038566 (UK) 03/25. Creative UK.
ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk

This page is intentionally left blank

OPEN

Audit and Governance Committee

29 September 2025

Annual Report of the Audit and Governance Committee 2024-25

Report of: Interim Director of Law and Governance (Monitoring Officer)

Report Reference No: AG/24/25-26

Ward(s) Affected: All Wards

For Decision

Purpose of Report

- 1 The purpose of this report is for the Committee to consider the draft Annual Report of the Audit and Governance Committee 2024/25 and agree the final version of the report that will go to the next meeting of Council in October 2025
- 2 The report is produced in line with the requirements of the Council's Constitution and the Audit and Governance Committee's Terms of Reference whereby the Committee will report to Council on a regular basis on its performance and effectiveness of meeting its purpose.

Executive Summary

- 3 Producing an annual report on the work of the Committee ensures compliance with best practice requirements and the Council's Constitution. The report also provides assurances to wider stakeholders on the continuing improvements of the Council's governance arrangements.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Review the draft Annual Report of the Audit and Governance Committee 2024/25 and agree the final version which will be presented at the October 2025 meeting of Council.

Background

- 4 The Chartered Institute of Public Finance & Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022 states the Committee should report annually on how it has complied with the position statement, discharged its responsibilities, and include an assessment of its performance

Consultation and Engagement

- 5 The Annual Report of the Audit and Governance Committee 2024/25 has been drafted in conjunction with the Chair and Vice-Chair of the Committee, with support from the Head of Audit Risk and Assurance, and the Internal Audit Manager.

Reasons for Recommendations

- 6 To report in line with the requirements of the Council's Constitution and the Audit and Governance Committee's Terms of Reference, which require a report to full Council on a regular basis

Other Options Considered

- 7 Not applicable.

Option	Impact	Risk
Do nothing	Audit and Governance Committee do not share the work and report on their performance to Council	Failure to meet the Committee terms of reference and non-compliance with the CIPFA Position Statement

Implications and Comments

Monitoring Officer/Legal/Governance

- 8 The Council's Constitution gives responsibility to the Audit and Governance Committee for overseeing the Council's roles and

responsibilities in respect of corporate governance and audit and specifically for submitting an annual report to Council. Production of the report ensures compliance with this requirement.

Section 151 Officer/Finance

9 The annual report of the Audit and Governance Committee outlines the assurances received by the Committee on the adequacy of the Council's governance arrangements, including the integrity of financial reporting processes.

10 There is no direct impact on the Medium-Term Financial Strategy.

Human Resources

11 There are no direct human resources implications.

Risk Management

12 The annual report of the Audit and Governance Committee outlines the assurances received by the Committee on various aspects of the Council's governance arrangements, including the adequacy of the risk management framework.

Impact on other Committees

13 There are no impacts on other committees.

Policy

14 The production of the annual report and its presentation to Council ensures compliance with CIPFA best practice guidance.

15 Reporting on the effectiveness working of the Audit and Governance Committee supports the "Open" aim in the Corporate Plan; ensuring there is transparency in all aspects of decision making.

Commitment 3: An effective and enabling council
--

Equality, Diversity and Inclusion

16 There are no direct equality, diversity and inclusion implications.

Other Implications

17 There are no other implications.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	16/09/25	16/09/25
Kevin O'Keefe	Monitoring Officer	16/09/25	16/09/25
<i>Legal and Finance</i>			
Steve Reading	Finance Manager	16/09/25	17/09/25
Julie Gregory	Acting Head of Legal Services	16/09/25	18/09/25

Access to Information	
Contact Officer:	Josie Griffiths, Michael Todd Head of Audit Risk and Assurance, josie.griffiths@cheshireeast.gov.uk, michael.todd@cheshireeast.gov.uk
Appendices:	Appendix 1: Audit and Governance Committee Annual Report 2024/25
Background Papers:	N/A

Audit and Governance Committee Annual Report 2024/25

Working for a **brighter future**  together



Introduction

As the Chair of the Audit and Governance Committee, I am pleased to present this detailed report on the work of the Committee during 2024/25.

The report informs full Council of the broad range of work which has been considered over the year to support the Committee in fulfilling its Terms of Reference and provides assurance on the effectiveness of the Committee in meeting its purpose.

This report helps to demonstrate the key role which is undertaken by the Audit and Governance Committee and the positive contribution it makes to the Council's overall governance.

The Committee's current Terms of Reference were developed in accordance with the CIPFA guidance, and the detailed Committee Work Programme, designed to ensure that they are fulfilled, is subject to review at each meeting of the Committee.

I would like to thank all those who have contributed to the Committee meetings over the last year, supporting the Committee's work with varied reports and presentations, which are the culmination of much more preparation and work undertaken 'behind the scenes'.

I look forward to future meetings of the Committee, and to working with the members and officers who support the Committee to ensure that we continue to provide independent assurance on the control environment and the governance framework, especially as the Council continues to tackle the significant financial pressures through its transformation journey.

Councillor Michael Beanland

Chair of the Audit and Governance Committee



Contents

1.	Role of the Audit and Governance Committee	Page 4
2.	Meetings and Membership	Page 5
3.	How the Committee discharged its responsibilities during 2024/25	Page 6
4.	Governance, Risk and Control	Page 9
5.	Internal Audit	Page 9
6.	External Audit	Page 10
7.	Annual Statement of Accounts	Page 10
8.	Related Functions	Page 10
9.	Standards Arrangements	Page 11
10.	Hearing Sub Committee	Page 11
11.	Audit and Governance Committee Priorities for 2025/26	Page 11

1. Role of the Audit and Governance Committee

The Audit and Governance Committee is a key component of the Council's corporate governance arrangements. The Committee provides independent assurance to the Council through:

- Promotion of high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Councillors and co-opted Members (including other persons acting in a similar capacity).
- An independent and high-level focus on audit, (internal and external) assurance and reporting arrangements that underpin good governance and financial standards.
- Independent review and focus on the adequacy of the Council's governance, risk management, and control frameworks and oversees the financial reporting and annual governance processes.

The role and responsibilities of the Council's Audit and Governance Committee are set out in written terms of reference which are regularly reviewed by the Committee to ensure compliance with relevant legislation and recommended good practice. The terms of reference are set out in the Council's Constitution which is published on the website along with all the agendas, minutes and supporting papers.

Constitution:

[Cheshire East Council Constitution 2025](#)

Audit and Governance Committee Meetings:

[Browse meetings - Audit and Governance Committee | Cheshire East Council](#)

The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Council:

- Oversight of governance, risk management and internal control frameworks
- Oversight of the integrity of the Council's financial statements
- Oversight of the external auditor's performance, objectivity and independence
- Oversight of the performance of the internal audit function

To help the Committee meet its responsibilities, each year, management provide training sessions for the Committee on subject areas within their remit. During 2024/25, this included induction training for substitute/new members as required through the year.

A session was provided to members of the Committee in May 2024 on internal audit, external audit, annual governance statement, risk management, whistleblowing and the code of conduct. Furthermore, in October 2024, members of the Committee attended a detailed workshop session on internal audit. In February 2025, the

Committee received training on the annual governance statement and the role of the Committee.

2. Meetings and Membership

During the 2024/25 municipal year, the Audit and Governance Committee met on 6 occasions and was comprised of 11 members:

- Councillor Michael Beanland (Chair)
- Councillor Ken Edwards (Vice-Chair)
- Councillor Sue Adams
- Councillor Brian Drake
- Councillor Alison Heler
- Councillor Chris Hilliard
- Councillor Garnet Marshall
- Councillor Patrick Redstone
- Councillor Judy Snowball
- Mr Ron Jones (Independent Co-opted Member)
- Ms Jennifer Clark (independent Co-opted Member)

The Audit and Governance Committee meetings were well attended with substitutes occasionally used when a member could not be present. All substitutes were provided with training prior to attending meetings, and during 2024/25, substitute members were used on 4 occasions:

- Councillor Andrew Kolker
- Councillor Dawn Clark
- Councillor Mike Sewart
- Councillor Rachel Bailey

Committee Attendance statistics:

[Committee attendance - Audit and Governance Committee, 1 April 2024 - 31 March 2025 | Cheshire East Council](#)

The Committee was also routinely attended by the following officers and external parties:

- Governance, Compliance and Monitoring Officer
- Executive Director of Resources, Section 151 Officer
- Director of Finance (Deputy Section 151 Officer)
- Finance Manager (Strategic Finance & Accounting)
- Head of Audit, Risk & Assurance
- Internal Audit Manager
- Democratic Services Officers
- External Auditors (Ernst & Young)

3. How the Committee discharged its responsibilities during 2024/25

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
Governance, Risk and Control						
Received a report on Information Governance and Security – Review of 2023/24			•			
Received a progress update on the Annual Governance Statement actions	•			•		
Received and approved the draft Annual Governance Statement 2023/24 (Updated version received February 2025)		•			•	
Received the Monitoring Officer Annual Report 2023/24				•		
Reviewed the Audit and Governance Committee Annual Report 2023/24			•	•		
Considered the Annual Risk Management Report 2023/24		•				
Received a Risk Management Update	•					
Received the Bi-Annual Update on Information Requests						•
Received a report on Progress against CIPFA Review Actions		•				
Received a report on Whistleblowing Arrangements – 2023/24 Update and Policy Development			•			•
Internal Audit						
Reviewed Internal Audit plan progress reports and Internal Audit Charter	•				•	
Received the Internal Audit Annual Opinion Report 2023/24		•				
Received and approved the Internal Audit Plan 2025/26						•
Received a verbal update on progress against actions raised in the Section 106 audit report		•		•		

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
External Audit						
Received the External Audit Planning Report 2023/24				•		
Received the Interim Completion Report				•		
Considered the Certification of Housing Benefit Subsidy Claim and Teachers Pensions Return 2023/24						•
Annual Statement of Accounts						
Received the 2023/24 Draft Pre-audited Statement of Accounts and Outturn Update		•				
Received the Draft Pre-audited Financial Statements – Wholly Owned Companies 2023/24 and Outturn Update 2023/24		•				
Received the Companies Audited Financial Statements, External Audit Findings and Action Plan 2022/23	•					
Received the Companies Audited Financial Statements, External Audit Findings and Action Plan 2023/24						•
Received the updated Draft Statement of Accounts 2023/24	•				•	
Related Functions						
Received a report on the Localism Act 2011 – General Dispensations			•			
Received the Annual Complaints and Compliments Report 2023/24		•				
Standards Arrangements						
Received an update on Standards related matters via the Annual Monitoring Officer Report				•		

Key Committee Activities	May 2024	July 2024	Sept 2024	Dec 2024	Feb 2025	Mar 2025
Other Matters						
Update on the Governance Arrangements of the Dedicated Schools Grant Management Plan 2024/25 to 2030/31	•		•			
Received an update on the Revised 0-25 Partnership Governance Structure and Strategy			•			
Received a B4B/Unit 4 Health check Update			•			•
Received a report on School Catering – Decision of Children and Families Committee						•

4. Governance, Risk and Control

The Audit and Governance Committee oversaw the production of the Council's Annual Governance Statement (AGS) and received updates regarding progress on the AGS significant issues.

The Committee reviewed and approved the final 2022/23 AGS in March 2024 and approved the removal of the significant governance issue related to the Safeguarding Children's Partnership from future Statements.

As part of the production of the 2023/24 AGS, the Committee reviewed and approved the draft AGS at the July 2024 meeting. The Committee received an update on progress made with the significant issue actions at the December 2024 meeting. During discussion on the AGS, the Committee agreed that the significant governance issues in relation to Health and Social Care Integration, and Planning should remain to ensure that the Committee retained oversight of these areas.

The 2023/24 AGS remained in draft at the end of 2024/25 pending the completion by the external auditors of their work on the financial statements.

The Committee considered the effectiveness of the Council's risk management arrangements, the control environment, and associated anti-fraud and anti-corruption arrangements through the regular review of risk management update reports along with receiving the Annual Risk Management Report.

The Committee received updates on counter fraud arrangements and investigations via the internal audit updates and the annual internal audit report.

During 2024/25, full Committee briefings were established to facilitate open conversations in relation to agenda items prior to the formal meeting. This allows Members to raise any questions that they may have and ensure a clear understanding of the often-complex papers being presented to them. Furthermore, post Committee debriefs are held between the Chair, Vice Chair, and key officers to reflect upon what went well and what could be improved upon.

These developments have been beneficial to the Committee which has clarity of purpose and is fully focussed on its assurance role and associated responsibilities. There is regular engagement between Members and officers in the form of training and confidential briefings on sensitive matters, which has helped to develop and build trust and support.

5. Internal Audit

The Audit and Governance Committee reviewed and approved the annual internal audit plan for 2024/25 at its March 2024 meeting. The plan closely aligns with the Council's strategic risk register and corporate plan and identified priority work to be completed in the first half of the year along with additional areas for consideration in quarters 3 and 4.

The Committee received regular update reports from the Head of Audit, Risk & Assurance. Such reports enable the Committee to monitor the progress of the internal audit plan, discuss key findings and the plans to address them.

The Committee also considered the 2023/24 Annual Opinion of the Head of Audit, Risk & Assurance on the adequacy and effectiveness of the control environment and reviewed the effectiveness of internal audit at its July 2024 meeting.

In addition to the regular internal audit items, the Committee also received updates during the year on the progress made in relation to the implementation of the Section 106 audit recommendations following the issue of a 'no assurance' opinion report in September 2023.

6. External Audit

Ernst and Young were appointed as the Council's external auditor commencing for the 2023/24 audit period. The Audit and Governance Committee received progress reports from the external auditor throughout the 2024/25 year.

The Committee received the external audit planning report for 2023/24 in December 2024 along with the interim completion report.

In February 2025, the Committee received the external audit interim completion report where they presented their interim findings.

7. Annual Statement of Accounts

The Audit and Governance Committee received and reviewed the draft Statement of Accounts 2023/24 along with a presentation on the accounts by the S151 Officer in June 2024. The Committee received an updated draft Statement of Accounts along with the external audit interim completion report for 2023/24 in February 2025.

The external auditor confirmed they had not been in a position to obtain sufficient evidence to conclude the financial statements of the council were free from material and pervasive misstatement before the backstop date, therefore, anticipating a disclaimed audit opinion for 2023/24 would be issued. In addition, at the February 2025 meeting, the external auditor also confirmed they had received four objections from a local elector on the 2023/24 financial statements and until these had been considered, the final audit opinion could not be given.

8. Related Functions

The Audit and Governance Committee received the 2023/24 Annual Complaints report in July 2024 which included a summary of actions from decision notices issued by the Local Government and Social Care Ombudsman.

The Committee received a report in September 2024 providing an update on the council's arrangements for information management, information security and requests for information received under relevant legislation during 2023/24.

9. Standards Arrangements

The Committee received assurance on key aspects of the Monitoring Officer's responsibilities in the annual Monitoring Officer report which was received in December 2024. The 2023/24 annual report covered areas including but not limited to the Members' Code of Conduct, register of gifts and hospitality and training and development.

10. Hearing Sub-Committee

No meetings of the Hearing Sub-Committee were held during 2024/25.

11. Audit and Governance Committee Priorities for 2025/26

There are several key areas that the Committee will need to consider and progress during 2025/26 in addition to its core business.

- During 2025/26 the committee will complete a self-assessment against the CIPFA Position Statement 2022 along with a skills assessment of Committee members to identify any training and development needs.
- The Committee are engaged with the Children and Families committee to receive assurances over its plan to develop an effective SEND (Special Educational Needs and Disabilities) Policy and management of the DSG (Dedicated Schools Grant) deficit.
- Support the review and refresh of the Council's arrangements for raising concerns/whistleblowing, resulting in an updated policy and wider communication and engagement of the arrangements.
- The Committee will continue to consider the Council's Transformation Programme, its impacts and any implications this may have for the Committee in relation to governance, risk, and financial control.
- The Committee has an ongoing interest in financial controls and will consider how the effectiveness of these controls can be reported to them.

This page is intentionally left blank

OPEN

Audit and Governance Committee

29 September 2025

Audit and Governance Committee Self-Assessment

Report of: Interim Director of Governance and Law (Monitoring Officer)

Report Reference No: AG/08/25-26

Ward(s) Affected: All Wards

For Decision

Purpose of Report

- 1 The aim of this report is to support the Audit and Governance Committee in performing effectively and facilitate compliance with CIPFA's Position Statement 2022: Audit committees in local authorities and police.

Executive Summary

- 2 The report sets out the results of an initial self-assessment of the effectiveness of the Audit and Governance Committee, carried out by the Chair and Vice Chair using the CIPFA publication "CIPFA's Position Statement 2022: Audit committees in local authorities and police".
- 3 The report also sets out actions identified by the assessment.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Consider the self-assessment (Appendix A) and determine any required additions or amendments.
2. Endorse the actions arising from the self-assessment and agree any additional actions that may be required.

Background

- 4 The process for conducting the review of the Audit and Governance Committee's effectiveness, is based on best practice guidance, and uses the "Self-Assessment of Good Practice" and "Evaluating the Effectiveness of the Audit Committee" models provided in the CIPFA's Position Statement 2022: Audit committees in local authorities and police.
- 5 The details of the initial self-assessment are provided in Appendix 1, with summaries of the outcomes provided in Table 1 and Table 2 below.
- 6 As the results of the Audit and Governance Self-Assessment will be reported to this Committee for consideration as part of the Annual Governance Statement (AGS) process, it is important that Members are comfortable with the draft Audit and Governance Committee self-assessment and actions, prepared following discussion and assessment by the Chair and Vice Chair.
- 7 The assessment identified the following 4 actions:
 - (a) Consideration to be given to carrying out a survey of all elected members to seek assurance around the level of understanding of the role and purpose of Audit and Governance Committee.
 - (b) To undertake a knowledge and skills assessment of Committee members during 2025/26 to identify training and development needs.
 - (c) For the Committee to consider opportunities for working with partner audit committees.
 - (d) To consider what assurance the Committee requires in relation to partnership working.

Table 1: Self-Assessment of Good Practice

Self-Assessment against Good Practice 2025/26		
Meeting recommended practice	Number	Actions Arising
Yes	22	
Partly	6	
No	1	
Total	29	2

Table 1: Evaluating the Effectiveness of the Audit Committee

Assessment Key: Level	Assessment Key: Criteria	Outcome of 2025/26 Draft Assessment
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.	4
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.	20
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps	4
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.	0
1	No evidence can be found that the audit committee has supported improvements in this area.	1
Actions Arising		2

Consultation and Engagement

- 8 The initial assessment process was supported by the Head of Audit, Risk and Assurance and the Internal Audit Manager and the results were subsequently shared with Committee members for consideration and comment.

Reasons for Recommendations

- 9 A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for the Audit and Governance Committee to be effective.
- 10 Regular self-assessments against best practice, as outlined in the CIPFA's Position Statement 2022: Audit committees in local authorities and police can be used to support the planning of the Committee's work programme, training plans and inform the annual report.

Other Options Considered

- 11 Not applicable

Option	Impact	Risk
Do Nothing	Failure to undertake an assessment of the effectiveness of the Committee	The Committee may not fulfil its roles and responsibilities in line with best practice guidelines.

Implications and Comments

Monitoring Officer/Legal/Governance

- 12 The self-assessment forms part of the review of the system of internal control as required by Regulation 6 of the Accounts and Audit Regulations 2015 and which supports the production of the Annual Governance Statement (AGS).

Section 151 Officer/Finance

- 13 Any actions identified from the Audit and Governance Committee self-assessment will be resourced from existing capacity and budgets. There are no implications for the Council's medium term financial strategy

Human Resources

- 14 There are no direct implications for Human Resources.

Risk Management

- 15 The process of self-assessment, the discussion of it by the Audit and Governance Committee and the actions arising from this process are vital in reviewing the effectiveness of the Audit and Governance Committee and contributing to the continuing improvement of the Council's assurance mechanisms.

Impact on other Committees

- 16 The Committee is required to report its performance and effectiveness to Council in its Annual Report. This assessment contributes to that reporting requirement.

Policy

- 17 There are no direct implications for policy, however the report supports the commitment to an effective and enabling council.

Commitment 3: An effective and enabling council
--

Equality, Diversity and Inclusion

18 There are no direct implications for equality, diversity, and inclusion.

Other Implications

19 There are no other implications.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	16/09/25	16/09/25
Kevin O'Keefe	Monitoring Officer	16/09/25	16/09/25
<i>Legal and Finance</i>			
Steve Reading	Finance Manager	16/09/25	17/09/25
Julie Gregory	Acting Head of Legal Services	16/09/25	18/09/25

Access to Information

Contact Officer:	Josie Griffiths - Head of Audit Risk and Assurance, Michael Todd – Internal Audit Manager josie.griffiths@cheshireeast.gov.uk, michael.todd@cheshireeast.gov.uk
Appendices:	Appendix 1 – Self Assessment Detail

Background Papers:	N/A
--------------------	-----

Audit and Governance Committee Self Assessment – 2025/26

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication (Practical Guidance for Local Authorities and Police, CIPFA, 218). Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Section 1 – Self Assessment of Good Practice

Good practice question		Yes	Partly	No	Comments/Actions
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?		x		<i>Committee has responsibility for Standards matters in addition to his core functions</i>
2	Does the audit committee report directly to full council?	x			<i>Annual Report to Full Council</i>
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	x			<i>Small number of delegations in relation to meeting the terms of reference</i>
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?				<i>TOR were updated following the external review of the Committee by CIPFA and were based on the model TOR</i>
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	x			ACTION: <i>Consider repeating survey of understanding across all members</i>
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	x			<i>This was demonstrated though audit action implementation concerns and additional briefings in relation to the S106 audit</i>

Audit and Governance Committee Self Assessment – 2025/26

Good practice question		Yes	Partly	No	Comments/Actions
7	Does the governing body hold the audit committee to account for its performance at least annually?	x			<i>Annual Report of the Committee was considered by Council in December 2024</i>
8	Does the Committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> • compliance with the CIPFA Position Statement 2022 • results of the annual evaluation, development work undertaken and planned improvements • how it has fulfilled its terms of reference and the key issues escalated in the year? 		x		<i>No self-assessment was carried out due to CIPFA review action plan being implemented</i>
Functions of the Committee					
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	x			
	Governance arrangements				
	Risk management arrangements				
	Internal control arrangements, including: <ul style="list-style-type: none"> • financial management • value for money • ethics and standards • counter fraud and corruption 				
	Annual Governance Statement				
	Financial reporting				
	Assurance framework				
	Internal Audit				
	External Audit				
10	Over the last year, has adequate consideration been given to all core areas?	x			

Audit and Governance Committee Self Assessment – 2025/26

Good practice question		Yes	Partly	No	Comments/Actions
11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	x			<i>Advice has been provided to the Committee during meetings when considering whether requests for reports meets the scope of the TOR</i>
12	Has the committee met privately with the external auditors and head of internal audit in the last year?	x			<i>Chair and Vice Chair have these meetings before every Committee</i>
Membership and support					
13	Has the committee been established in accordance with the 2022 guidance as follows?	x			<i>Covered in the CIPFA review and action plan</i>
	■ separation from the executive				
	■ A size that is not unwieldy and avoids use of substitutes				
	■ a size of committee that is not unwieldy				
	■ Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation				
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	x			
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?			x	<i>No skills assessment was completed due to the CIPFA review of the effectiveness of the Committee. ACTION: Undertake a knowledge and skills assessment of Committee members during 2025/26</i>

Audit and Governance Committee Self Assessment – 2025/26

Good practice question		Yes	Partly	No	Comments/Actions
16	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?		X		<i>The CIPFA review included an action plan to ensure that the requirements of the 2022 guidance were met. The action plan was implemented.</i>
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	X			ACTION: see above action re undertaking a skills assessment of Committee members
18	Is adequate secretariat and administrative support provided to the committee?	X			
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	X			
Effectiveness of the Committee					
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	X			
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	X			
22	Are meetings effective with a good level of discussion and engagement from all the members?	X			
23	Has the committee maintained a non-political approach to discussions throughout?	X			
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	X			<i>Various officers have attended Committee meetings and private briefings throughout the year</i>
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	X			<i>Demonstrated in challenges applied to reports and by not agreeing to the removal of AGS items</i>

Audit and Governance Committee Self Assessment – 2025/26

Good practice question		Yes	Partly	No	Comments/Actions
26	Do audit committee recommendations have traction with those in leadership roles?	x			
27	Has the committee evaluated whether and how it is adding value to the organisation?		x		<i>Not in a specific discussion but in considering the work programme this is taken into account</i>
28	Does the committee have an action plan to improve any areas of weakness?		x		<i>Implementation of the CIPFA review action plan and actions will be taken forward from this self-assessment.</i>
29	Has this assessment been undertaken collaboratively with the audit committee members?	x			<i>Shared with all Committee members for comments prior to publication and discussion at Committee</i>
		22	6	1	

Audit and Governance Committee Self Assessment – 2025/26

Section 2: Evaluating the effectiveness of the Audit Committee

Assessment Key

- | | |
|---|--|
| 5 | Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable. |
| 4 | Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area. |
| 3 | The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps. |
| 2 | There is some evidence that the committee has supported improvements, but the impact of this support is limited. |
| 1 | No evidence can be found that the audit committee has supported improvements in this area. |

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
Promoting the principles of good governance and their application to decision making	Supporting the development of a local code of governance	The Audit and Governance Committee were involved in the development of the current Code of Corporate Governance and will also be involved in future iterations.	4
	Providing robust review of the AGS and the assurances underpinning it	The AGS is provided to the Committee and a training session	4

Audit and Governance Committee Self Assessment – 2025/26

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
	Working with key members to improve their understanding of the AGS and their contribution to it	held for Members, prior to the Committee approving it in.	4
	Supporting reviews/audits of governance arrangements	The Committee have received additional briefings on audit findings in key areas	4
	Participating in self- assessments of governance arrangements	Self assessments of governance arrangements have previously been included in the Annual Governance Statement process.	4
	Working with partner audit committees to review governance arrangements in partnerships	Action: For the Committee to consider opportunities for working with partner audit committees.	1
Contributing to the development of an effective control environment	Actively monitoring the implementation of recommendations from auditors	Audit and Governance Committee receives regular updates on the implementation of audit recommendations	4
	Encouraging ownership of the internal control framework by appropriate managers	The Committee continues to monitor the implementation of actions raised by the External Auditors and the AGS Action Plan. Internal Audit Interim and Annual reports include	4

Audit and Governance Committee Self Assessment – 2025/26

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
		information relating to implementation of audit actions and provide details of all limited or no assurance reports issued.	
	Raising significant concerns over controls with appropriate senior managers	Senior Managers attend Committee to discuss lessons learned – for example in response to LGO findings, and in relation to significant audit findings	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking	The Committee receive regular updates on risk management and have received briefings from risk owners when requested.	4
	Monitoring improvements		4
	Raising significant concerns over controls with appropriate senior managers		4
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance	The Work Plan presented to Committee demonstrates how the assurance reports enable the Committee to meet its terms of reference. The Work Plan is a standing item on each agenda and the Committee are proactive in	4
	Seeking to streamline assurance gathering and reporting		4
	Reviewing the effectiveness of assurance providers, e.g. internal		4

Audit and Governance Committee Self Assessment – 2025/26

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
	audit, risk management, external audit	requesting reports and assurances from the Council. The Committee receive annual reports on the effectiveness of Internal Audit as part of the AGS process and also receive an annual Monitoring Officer report.	
Supporting the quality of the internal audit activity particularly by underpinning its organisational independence	Reviewing the audit charter and functional reporting arrangements	The Committee approves the Internal Audit Plan and Charter, and receives interim updates on progress against the Annual Plan, which include updates on the Quality Assurance Improvement Plan and self assessment of effectiveness.	5
	Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements		5
	Actively supporting the quality assurance and improvement programme of internal audit.		5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	Reviewing how the governance arrangements support the achievement of sustainable outcomes	The Committee receives update reports on the work of Internal Audit including key findings, issues of concern, and action in response to the findings and recommendations. The reports include relevant information regarding Internal	4
	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place		4

Audit and Governance Committee Self Assessment – 2025/26

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
	Reviewing the effectiveness of performance management arrangements	Audit reviews of projects and programmes. The Committee has also received briefings in relation to matters such as Unit4 implementation and DSG Management Plan	4
Supporting the development of robust arrangements for ensuring value for money	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee	The Committee considers the annual external audit opinion on value for money. The Committee receives regular reports on progress against the Internal Audit Plan and implementation of actions These reports inform the Annual Governance Statement.	4
	Considering how performance in value for money is evaluated as part of the AGS		4
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)	The Committee receive regular updates on counter fraud matters in the Internal Audit update reports. The Council receive the annual report of the Monitoring Officer and an update on the Council's Whistleblowing Policy during the year.	3
	Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks		3
	Assessing the effectiveness of ethical governance		3

Audit and Governance Committee Self Assessment – 2025/26

Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self evaluation examples, areas of strength and weakness	Overall assessment: 5-1 See key above
	arrangements for both staff and governors		
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English	The Committee approves a number of public facing documents and reports, and as part of producing these documents considers any changes needed to improve transparency. The Council's Monitoring Officer report includes information on the Council's performance under the Data Protection Act (2018), the Freedom of Information Act (2000) and the Environmental Information Regulations.	4
	Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency	Action: The Committee will consider what reports they wish to receive in this area.	3
	Publishing an annual report from the committee	Council received the annual report of the Committee in December 2024.	5

This page is intentionally left blank

OPEN

Audit and Governance Committee**29 September 2025****Information Governance and Security - Review of 2024/25****Report of: Executive Director of Resources (S151 Officer) and
Interim Director of Law and Governance (Monitoring Officer)****Report Reference No: AG/01/25-26****Ward(s) Affected: All wards****Purpose of Report**

- 1 This report provides an update on the Council's arrangements for information management, information security, and requests for information during 2024/25.
- 2 The report provides assurance on the adequacy of governance, risk and control arrangements in these areas, informing the Committee's oversight and understanding, and supporting the Committee in their overall assessment of arrangements.

Executive Summary

- 3 Information is a critical asset for local authorities, where information is held in trust for its residents and the types of information processed are diverse, varying in levels of sensitivity and risk. Secure and appropriate creation, storage and use of information, and efficient and effective responses to requests for information are essential to ensuring that the organisation can meet its strategic objectives and ethical and legal responsibilities. This report provides the Committee with a summary of the organisation's arrangements to achieve this over the last year.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Receive the update paper.
2. Identify any further briefings which may support the Committee's understanding of the assurance provided.

OFFICIAL

Background

4 Information Management

- 4.1. Information is a critical asset to many organisations, particularly so for local authorities where information is held in trust for its residents and the types of information processed are so diverse, varying in levels of sensitivity and risk. Handling of information and its assurance is essential to ensuring that the organisation can meet its strategic objectives and ethical responsibilities.
- 4.2. The report to the committee for 2023/24 provided the background to Information Management and the work of the Information Assurance and Data Management (IADM) Programme. The detail in this report relates to activities and updates on progress.
- 4.3. The IADM programme is leading key projects which not only underpin the safeguarding of information but also enhance the use of information which will enable the organisation to use information to its full potential where it is appropriate to do so. The programme is focussed on improving ensuring that information is managed throughout the lifecycle, from creation to destruction. A key objective is also the quality of data and layering innovation across this to enable smart reporting, analytics, Artificial Intelligence and other emerging technologies.
- 4.4. The Programme has used the Gartner's Enterprise Information Management (EIM) Maturity assessment tool to monitor progress and to provide an assessment for future workloads to increase the organisations maturity. The Programme has conducted the self-assessment of its maturity and has also sought external assurance. However, the maturity assessment tool has been updated, so we are now collaborating with them to carry out the new assessment and plan for the review in the coming year.
- 4.5. This enables the programme to commission projects and stimulate strategic thinking in areas that require focus. The programme uses this assessment tool at the end of every delivery year, so comparisons can be made, reprioritisation and focus can take place where appropriate and the programme business case can be aligned accordingly.
- 4.6. The tool assesses maturity over seven themes:
 - Vision – clear definition of business goals with the vision and initiatives in place to deliver against them.

- Strategy - the level of clarity, outline and communication related to the organisations attitude and approach to information and how this generates benefit.
- Metrics - demonstration of value beyond ICT teams, level of EIM alignment and support of enterprise performance improvements.
- Governance - frameworks and accountability for the processing of information.
- Organisation and Roles - an established organisation and structure which is accountable for EIM, a cross section of expertise focused on attaining enterprise goals.
- Lifecycle - the proper flow and management of information from creation to deletion.
- Infrastructure - components, information architecture and application needs.

4.7 IADM has self-assessed with the following outcomes, all scores are out of 5, and the assessment is made by aligning back to strategy, commissioning, delivery, business engagement and the effectiveness of business change.

	Balance	Level	Overall Score	Vision	Strategy	Metrics	Governance	Org/Roles	Lifecycle	Infrastructure
2020/21 EOY	Somewhat Balanced	Proactive	3.3	3.26	3.81	3.38	3.02	3.11	3.28	3.24
2021/22 EOY	Somewhat Balanced	Proactive	3.35	3.37	3.71	3.59	2.97	3.2	3.35	3.26
2022/23 EOY	Somewhat Balanced	Managed	3.55	3.40	3.88	3.89	3.23	3.35	3.72	3.40
2023/24 EOY	Somewhat Balanced	Managed	3.71	3.60	3.99	3.95	3.32	3.39	3.84	3.87
2024/25 EOY	Somewhat Balanced	Managed	4.08	3.88	4.02	4.38	3.92	4.28	3.97	4.08

4.8 At the end of the financial year 24/25, using this tool the Council has achieved a maturity rating of “Managed”.

“Your organization is among the 15% of those that are clear leaders in their industry with respect to managing and leveraging information across more than two programs. These organizations take a decidedly managed approach to information management, comprising enterprise-level coordination throughout the organization, with effective people, processes, and technologies”.

4.9 The assessment shows an increase in maturity across all seven categories resulting in a marked improvement in the overall maturity

score. This can be attributed to enhanced centralisation of information and the on-going standardisation of information lifecycle management through the on-going implementations of Master Data Management, Enterprise Content Management (ECM), Organisational Reporting, on-going investment in the IADM programme which continues to provide the strategic and cohesive delivery of IM across the organisation. This is dovetailed by the essential engagement and participation of business areas, the business design authority and the wider Digital Portfolio. Further detail on progress can be found in Appendix A – Information Management.

5 **Cyber Security**

- 5.1 There is an established robust framework to manage and mitigate information risk, underpinned by a combination of governance, policy, technical, and procedural controls. The following key assurances are in place:

Comprehensive Control Environment

A layered set of controls, including governance, policies, technical safeguards, and staff awareness which ensures effective management of information risk.

Strategic Oversight and Direction

Dedicated governance groups (ISSC, SIGG, IG Collaboration) provide strategic leadership and alignment with organisational priorities.

Policy Framework and Staff Guidance

Staff are supported by regularly updated security policies on CEntranet, promoting secure practices and clear incident response guidance.

Incident Management Assurance

A formal reporting process enables prompt incident handling, reducing recurrence and strengthening future resilience.

Compliance with External Standards

There are key external standards, and regular third-party assessments which are conducted to maintain a strong security posture.

- 5.2 These assurances reflect a mature and proactive approach to information governance and security. The Council's commitment to continuous improvement, strategic oversight, and compliance with external standards provides strong confidence in its ability to manage information risk effectively. The assurances are described in detail in Appendix B – Cyber Security.

6 Information Requests

Freedom of Information/Environmental Information Requests

- 6.1 The Freedom of Information Act (FOIA) 2000 provides public access to recorded information held by the Council. The Environmental Information Regulations (EIR) 2004 provide the same right of access for 'environmental' information.
- 6.2 The Council received 1,867 FOIA and EIR requests in 2024/25. This is a reduction of 4% (76 requests) from 2023/24. Although there has been a small drop in numbers, it is still a 18% increase on 2022/23.
- 6.3 The statutory timescale for responding to FOIA and EIR requests is 20 working days. The Council has remained consistent with compliance of 90% of requests being responded to within the statutory timescale, which is the same as 2023/24.
- 6.4 The requested information was released in full in 56% of requests and partially provided in a further 16% of requests. The information was withheld in full in only 15% of requests. This demonstrates the Council's commitment to openness and transparency, with information being withheld or refused only when appropriate to do so.
- 6.5 Requested information can only be refused if it falls under one of the specific 'exemptions' within the FOIA or 'exceptions' within the EIR. Of the 282 requests withheld in full or in part, 28 (14%) were withheld due to the cost of responding exceeding the appropriate time limit, 10 (4%) were withheld as vexatious or repeated requests, and the remaining 244 (87%) fell under other exemptions.
- 6.6 Of those other exemptions, Section 21 FOIA and Section 6(1)(b) EIR (covering information which is already publicly available) were the most cited, making up 40% of all exemptions/exceptions applied. In these cases, the requester is directed to the location of the published information. The majority of FOIA and EIR responses are routinely published in the Council's FOI Disclosure Log, to help reduce the burden of repeat requests and responses.
- 6.7 FOIA and EIR requests can be made by any individual, company or a pre-existing and identifiable organisation or group if there is a valid name and address for correspondence. 46% of requests were made by individuals, 17% were made by commercial organisations and 10% of requests were from the press or media, which is similar to previous years.
- 6.8 Requesters can ask for an internal review within two months of the date of the response if they are not satisfied with the Council's initial

response. Internal reviews are conducted by a senior officer in the Information Rights Team who was not involved in the initial response. The timescale for responding to internal reviews is 20 working days although this can be extended by up to an additional 20 working days in limited cases.

- 6.9 An internal review was initiated for 71 (4%) of the 1,806 requests (total requests received, less withdrawn/rejected requests), which is 27% less than 2023/24. Of these, the Council's initial decision was overturned (either in full or part) in 55% of cases, which is the same as the previous year 2023/24. 94% of internal reviews were completed within the required timescale, up from 92% in 2023/24.
- 6.10 Requesters who remain dissatisfied with the outcome of a public authority's internal review can apply to the Information Commissioner's Office (ICO) for a decision on whether a public authority has handled their request properly. There were nine known complaints to the ICO in 2024/25, which is an increase of five from the previous year. Of these only two complaints were upheld by the ICO, one was informally resolved, and five were not upheld. One complaint is ongoing.

Individual Rights Requests

- 6.11 The UK General Data Protection Regulation (UK GDPR) provides individuals with several rights relating to their personal data, including the Right of Access (also known as a Subject Access Request (SAR)). This allows individuals to request copies of their own personal information, as well as providing other individual rights such as right of erasure or rectification. These are known as Individual Rights (IR) Requests.
- 6.12 The statutory timescale for responding to IRRs is one calendar month although the UK GDPR allows the deadline to be extended by up to an additional two months in certain cases, for example where requests are complex.
- 6.13 The Council received 357 IR requests during 2024/25. This is a reduction of 12 (3%) from 2023/24. As well as a slight decrease in volume, there has also been a reduction in compliance. This is due mainly to the complexity and size of some requests, which can run into the tens of thousands of pages. 81% of requests were responded to within the statutory timescale, down 6% from 2023/24.
- 6.14 Of the 357 IR requests received, 248 requests (69%) related to information held by Children's Services, with requests typically originating from care leavers and parents wishing to access social care and SEND records for their children.

Disclosure Requests

- 6.15 Requests for release of personal data from third-party agencies are referred to as Disclosure Requests. Requests are received from various authorities such as the Police, Government Departments including HMRC and DWP, solicitors, other Local Authorities or regulatory bodies as well as commercial organisations such as insurance companies requesting CCTV footage.
- 6.16 Disclosure requests are made citing one or more of the discretionary exemptions detailed in the Data Protection Act 2018 (DPA). However, it is important to note that this does not give an automatic right of access to information. The merits of requests are carefully assessed by the Information Rights Team before deciding whether to apply an exemption. There is no obligation on the Council to disclose if there are genuine concerns about releasing any personal information, although the Council aims to co-operate with our partner agencies where it is necessary and proportionate to do so.
- 6.17 As disclosure requests are not a legal obligation there is no statutory timescale for responding, however we aim to respond to all requests within one calendar month of receipt in line with other data protection requests.

Data Protection Complaints

- 6.18 Complaints are sometimes received regarding alleged infringements of data protection legislation, some of which result in complaints to the Information Commissioner's Office (ICO). Data protection complaints fall outside the scope of the corporate complaints policy because there is a statutory process for data protection compliance and recourse is to the ICO rather than the Local Government and Social Care Ombudsman (LGSCO). Some complaints come directly from the data subject, and some originate from the ICO where the data subject has made a complaint directly to them without going through the Council's complaints process.
- 6.19 In 2024/25, data protection complaints represented 0.59% of the total number of complaints received by the Council, compared to 1.11% in 2023/24. Of the 23 data protection complaints, 30% were not upheld, compared to 64.7% in 2023/24.
- 6.20 Reasons for data protection complaints primarily relate to an alleged data breach and some are regarding the handling of IR requests, either exceeding the statutory deadline or not providing all the information the subject was expecting.
- 6.21 Detailed statistics can be found in Appendix C – Information Requests.

6.22 Data Protection Compliance

- 6.23** Accountability is a fundamental principle of the UK GDPR, and the Council must be able to demonstrate its compliance with the legislation. An initial assessment of the Council's data protection compliance was undertaken in 2023/24 using the ICO's accountability framework.
- 6.24** The initial self-assessment showed that 63% of the Council's activities fully meets the ICO expectations and 28% partially meets the ICO expectations. The assessment showed a positive position for the Council's data protection compliance at that time.
- 6.25** The ICO has launched a more extensive data protection audit framework, which will be used to re-assess and audit current data protection practices against the ICO's expectations. The new accountability framework is divided into nine toolkits, each addressing a core area of data protection compliance with individual trackers to assess procedures and the risks to personal information. The Data Protection Officer and Deputy Data Protection Officer will engage with relevant stakeholders to support the audit and assessment process.

Consultation and Engagement

- 7 It has not been necessary to consult on the contents of this report.

Reasons for Recommendations

- 8 In line with Committee's responsibility for receiving assurances on the effectiveness of arrangements for governance, risk and internal control, this report provides assurance to Committee on the adequacy of the Council's arrangements for information management, information security, and requests for information received under relevant legislation during 2024/25. The report supports the corporate objective of being an open and enabling organisation.

Other Options Considered

- 9 Not applicable as report is for information and assurance.

Implications and Comments

Monitoring Officer/Legal/Governance

- 10 The Council must comply with relevant legislation relating to information management and security, including the UK General Data Protection Regulation (UK GDPR), Data Protection Act 2018, Computer Misuse Act 1990, Freedom of Information Act 2000 and Environmental Information Regulations 2004.

- 11 The Council needs to understand what data they are responsible for and what information is processed on their behalf by third party providers, building data protection into its day-to-day activities to ensure a privacy by design approach.

Section 151 Officer/Finance

- 12 There are no direct additional financial costs arising from this report other than in the event of non-compliance. Failure to comply with the UK GDPR, Data Protection Act and information rights legislation can attract enforcement action by the Information Commissioner's Office (ICO). This could include financial penalties of up to £17.5m for public authorities, public reprimands, enforcement notices or decision notices, all of which would cause financial and reputational damage.

Human Resources

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

Risk Management

- 14 Inappropriate actions, improper use, storage and deletion of information by employees or third parties can present challenges which could affect the level of inefficiency and security or cause financial or reputational damage to the organisation. The measures and mitigations set out in this report describe how these risks are managed across the organisation.

Impact on other Committees

- 15 There are no implications affecting other Committees arising from this report.

Policy

- 16 There are no policy implications directly arising from this report.

Equality, Diversity and Inclusion

- 17 There are no equality, diversity or inclusion implications arising from this report.

Other Implications

- 18 Management and protection of information is essential to ensure the right levels of care are given to those residents that require it, and to ensure that accurate records are maintained and supplied in a timely manner when requests for that information are made.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	11/09/25	12/09/25
Kevin O'Keefe	Interim Monitoring Officer	11/09/25	12/09/25
<i>Legal and Finance</i>			
Julie Gregory	Acting Head of Legal Services	04/09/25	08/09/25
Chris Benham	Director of Finance	04/09/25	10/09/25
<i>Other Consultees:</i>			
Gareth Pawlett	Director of Digital	11/09/25	12/09/25
Josie Griffiths	Head of Audit Risk and Assurance	11/09/25	15/09/25

Access to Information	
Contact Officer:	Gareth Pawlett, Director of Digital (SIRO) Julie Gibbs, Information Rights Manager (DPO) gareth.pawlett@cheshireeast.gov.uk julie.gibbs@cheshireeast.gov.uk
Appendices:	Appendix A – Information Management Appendix B – Cyber Security Appendix C – Information Requests
Background Papers:	Information Governance – Review of 2023/24 Audit and Governance Committee, 30 September 2024

Appendix A - Information Management

1. The direction and delivery of IADM is focused on the seven themes from the assessment tool of Vision, Strategy, Metrics, Governance, Organisation and Roles , Lifecycle and Infrastructure with the aim to increase the organisations maturity levels; by doing this, the authority can be assured that information is being protected and utilised in ways which benefit both service delivery and compliance.
2. The aim of the programme is to increase the maturity and move the overall assessment to a level of Highly Balanced which will ensure that information is used efficiently and consistently across the organisation. IADM is not striving for best practice for best practice's sake, the programme is focussing on pain points so improvements in maturity don't only lend themselves to strategic success but improve and optimise delivery.
3. Over the last two phases of IADM, the programme has delivered extensive amounts of learning materials and events to assist the organisation mature in its use and understanding of Information. The ownership and accountability of information management at the business area level has significantly matured.
4. All projects under IADM with business stakeholders, have business representation at either project board or steering / working group level, and so this by default has and is continuing to grow knowledge of information management processes.
5. AI is increasingly becoming a technology used by many organisations to enhance and speed up processes, it provides users with a lot of power in analysing data and creating outputs. Fundamentally, for AI to benefit the organisation and for it to work well, information must be accurate and up to date, AI will only create quality outputs if the data it is crawling is current and relevant. The activities therefore being delivered under IADM, will directly enable this.
6. Enterprise Content Management is applying retentions to all data on SharePoint (SP) and Fileshares, ensuring information that has reached its retention period is destroyed automatically.
7. Master Data Management is a method used to define and manage critical business data as a single point of reference, creating an up to date, trusted, central dataset which can be leveraged across the organisation to ensure information is consistent across business systems.
8. It has directly improved data quality, data processes and digital services. Currently, the domains include several data feeds, in some cases this includes the two-way movement of data from MDM to the source systems. The activities and resultant processes will support the on-going enrichment of the MDM domains, ensuring direct improvements are delivered.

9. MDM is being delivered across four domains – Resident, Employee, Location and Business, and this has directly improved data quality, data processes and digital services.
 - Using the MDM Employee record to improve and enhance the starters, movers and leavers process, improve the licence management, access rights (both physical and digital), improving currency and consistency of data across systems and technologies.
 - Using the Resident record to bring together data from across core systems and ensure the Resident core fields are consistent across all these systems, further to this, using the record to generate intelligence by creating views across the data, whether this be for single view of debt, use of the single persons discount, relationships in households and so forth.
 - Using the Location record to ensure all addresses across systems are fed by the LLPG and using references beyond the UPRN to enable a golden thread between addresses and locations.
 - Using the Business record to identify correct use of business benefits and rates, and other business-related processes.
10. MDM will by its nature significantly improve the data quality of information across systems, by harmonising these four key areas irrespective of where a Resident or Employee engages the organisation, the information will be the same, in terms of accuracy, quality, format and currency. Initial phases of MDM have shown that when cross referencing the same Resident information in different areas of the organisation there are up to 40% levels of inaccuracy between the records.
11. Adopting the MDM strategy and delivering MDM will hook into benefits not only with Information Governance (IG) but with Digital working and across the wider organisation. MDM will enable the organisation to support the National Fraud Initiative by harmonising data across systems and so businesses will be able to identify inaccuracies and inconsistencies with the information held. It will support and enable the Data Quality strategy, and align to the strategic objective of making decisions based on accurate and consistent information,
12. MDM will automate the corrections of data quality issues as far as it possibly can, rather than requiring the workforce to do so, this will provide efficiencies and benefit on several fronts, reduction in the time spent on correcting records, reduction in the time spent trying to find records which are incorrectly recorded, validation of services being given (correctly or incorrectly) and currency of data across several areas.
13. The ECM delivery will put controls in place for legacy and newly created data that does not belong in a case management system, it is a central part of realising the strategic intent and benefits of IADM as well as GDPR, records management and security compliance. The organisation will not be

managing vast amounts of content throughout the information lifecycle if ECM is not embedded to some extent.

14. The organisation processes large volumes of content which is saved across many systems and platforms. It is the objective of ECM to standardise, simplify and rationalise the ways in which this content is held, used, stored and destroyed. It is essential for information compliance that the organisation understands the information it has, where it is held and is assured that it's being held for the correct periods of time.
15. Standardising the classification and retention of content is central to this compliance and there are two parts to this, legacy content and content management for the future. Completing the implementation of ECM will also directly benefit technologies for the future, especially AI.
16. Over the coming year, IADM will leverage the data feeds, quality and availability achieved through ECM and MDM to enable analytics at both the enterprise and business levels. This will enable the organisation to produce dynamic, trusted reporting across defined KPIs and other measures of performance. IADM will leverage automation, feeds from sources and quality data to ensure reporting is fit for purpose, meaningful and meets the needs of the business. This will be further enhanced by integrating the use of GIS and AI.

This page is intentionally left blank

Appendix B – Cyber Security

The Council has established a robust framework to manage and mitigate information risk, underpinned by a combination of governance, policy, technical, and procedural controls. The following key assurances are in place:

1. Comprehensive Control Environment

- A layered approach to information risk management is implemented, comprising:
 - **Governance structures**
 - **Policy frameworks**
 - **Technical safeguards**
 - **Awareness and training initiatives**
- These controls collectively ensure that risks are identified, assessed, and mitigated effectively across the organisation.
- The Council follows a “Cloud First” strategy, ensuring systems remain current while implementing additional controls for secure access and usage.
- All technical solutions undergo review by the Technical Design Authority to ensure alignment with strategic goals. A transition to Zero Trust architecture is underway, in line with NCSC guidelines, to address modern threat landscapes. In addition, a business case for infrastructure investment, including security and compliance enhancements, has been approved to support this transition

2. Strategic Oversight and Direction

- Strategic leadership and oversight are provided by:
 - **Information Security Steering Committee (ISSC)**
 - **Strategic Information Governance Group (SIGG)**
 - **Information Governance (IG) Collaboration Group**
- These bodies ensure alignment with organisational goals and regulatory requirements and provide direction for continuous improvement.

3. Policy Framework and Staff Guidance

- A suite of **Information and Data Security policies** is maintained and made accessible via the Centranet.
- Policies are:

- Regularly reviewed and updated to reflect evolving threats and working practices.
- Designed to guide staff on secure behaviours and incident response protocols.
- Mandatory e-learning modules on data handling, cyber security, and information assurance are available through the Learning Lounge. In addition, best practice guides are published on the Council's Lighthouse platform and updated regularly.
- Proactive testing is conducted to assess staff understanding, followed by targeted training to improve cyber readiness.

4. Incident Management Assurance

- A **formal Incident Reporting process** is in place and actively communicated to all staff.
- Incidents are:
 - Assessed for impact and root cause.
 - Managed to prevent recurrence and enhance future response capabilities.

5. Compliance with External Standards

- The Council demonstrates compliance with key external standards, including:
 - **Public Services Network (PSN) Code of Connection**
 - **NHS Data Security and Protection Toolkit**
 - **DWP's Memorandum of Understanding (MoU)**
 - **NHS Digital controls**
- Regular **third-party security assessments** are conducted to identify vulnerabilities, with mitigation plans developed and implemented accordingly.

Appendix C – Information Requests

Freedom of Information/Environmental Information Requests

Details of FOI, EIR and data protection requests are shown in the tables below with comparative figures for the last three years.

Figures for the Corporate directorate include Resources and Chief Executive's combined. It has not been possible to extract the information from the case management system to provide separate information without significant manual intervention. It is aimed to produce statistics aligned to the new Council structure for the next report; however, it will not show historic data in those areas for comparison purposes.

Volume of FOI and EIR requests received

Type of Request	2024/25	2023/24	2022/23	2021/22
FOIA and EIR Requests	1,867	1,943	1,639	1,539
Property Search EIR Requests ¹	4,099	3,137	3,586	2,624
Total FOI/EIR Requests	5,966	5,080	5,225	4,163

Timeliness – FOI and EIR requests closed within the statutory deadline

Directorate	2024/25	2023/24	2022/23	2021/22
Corporate	92%	94%	92%	95%
Place	88%	86%	86%	96%
Adults Social Care	97%	99%	90%	97%
Childrens Services	89%	90%	97%	99%
Cheshire East Overall	90%	90%	89%	96%

Outcome of FOI and EIR requests

Outcome	2024/25	2023/24	2022/23	2021/22
Information provided in full	1,054	1,213	1,027	829
Information not held	160	151	115	136
Information partially provided	306	192	159	214
Information withheld in full	282	269	251	286
Clarification was not provided	51	47	36	31
Request rejected (duplicate/not valid)	12	40	20	29
Request withdrawn by requester	2	31	31	14

¹ It should be noted that 'Property Search' search requests are also recorded and responded to under the EIR. These are enquiries made to local authorities by Personal Search companies, to make prospective buyers of properties aware of relevant issues before they complete their purchase. These requests are processed separately to a 'typical' EIR request and responded to directly by the Land Charges Team. All requests are completed within the statutory timescale and are not included in the information in this report, unless explicitly stated.

Exemptions and Exceptions

FOIA Exemptions	2024/25	2023/24	2022/23	2021/22
Section 12: Exceeds appropriate time limit ²	28	39	43	55
Section 14: Vexatious or repeated requests	12	5	5	2
Section 21: Info accessible by other means	100	98	75	90
Section 22: Intended for future publication	9	8	7	7
Section 24: Safeguarding national security	0	0	3	1
Section 30: Investigations and proceedings	4	3	0	1
Section 31: Law enforcement	22	18	26	40
Section 32: Court or inquiry records	0	0	0	0
Section 33: Public audit functions	0	0	0	0
Section 36: Conduct of public affairs	0	0	2	0
Section 38: Health & Safety	1	0	0	0
Section 40: Personal information	46	34	25	44
Section 41: Info. Provided in confidence	25	32	37	19
Section 42: Legal professional privilege	0	1	0	2
Section 43: Commercial interest	24	10	13	12
Section 44: Prohibitions on disclosure		0	2	0
EIR Exceptions	2024/25	2023/24	2022/23	2021/22
Reg 6(1)(b) Publicly Accessible	54	46	52	57
Reg 12(3) Personal Information	19	29	18	8
Reg12(4)(a) Information Not Held	3	3	3	11
Reg12(4)(b) Manifestly unreasonable	25	24	21	21
Reg 12(4)(c) Too general	0	0	1	1
Reg 12(4)(d) Draft Information	7	4	5	4
Reg12(4)(e) Internal Communications	2	1	2	1
Reg 12(5)(b) Course of Justice	27	29	13	5
Reg 12(5)(c) Intellectual Property Rights	0	0	0	0
Reg 12(5)(d) Confidential Proceedings	4	1	6	1
Reg 12(5)(e) Commercial Interests	6	10	3	2
Reg 12(5)(f) Information in Confidence	0	0	0	2
Reg 12(5)(g) Protection of Environment	0	0	1	2
Total exemptions/exceptions	418	395	363	388

** Please note that the totals for exemptions in the above table may sum to more than the number of requests refused, as multiple exemptions may be applied to an individual request.*

² The 'appropriate limit' is 18 hours. If answering the request would exceed this limit, the request can be refused. Advice and assistance is provided to the requester as to how they could submit a revised, reduced request

Source of FOI and EIR Requests

Source	2024/25	2023/24	2022/23	2021/22
Councillor	<1%	0%	1%	<1%
Charity	4%	3%	3%	<1%
Commercial	16%	22%	23%	32%
Individual	49%	46%	42%	39%
MP	0%	0%	<1%	<1%
Other	1%	0%	1%	1%
Press or media	10%	10%	9%	9%
Pressure Groups	1%	1%	2%	3%
Public Sector	1%	1%	1%	1%
Researchers	2%	3%	3%	2%
Solicitor	1%	1%	<1%	Not recorded
Student	1%	0%	<1%	Not recorded
Town or Parish Councillor	0%	1%	2%	Not recorded
whatdotheyknow.com ³	13%	10%	11%	11%

Internal reviews

	2024/25	2023/24	2022/23	2021/22
Internal reviews received	71	89	94	93
Original decision upheld in full	31	40	58	56
Original decision overturned	27	30	18	17
Original decision partially upheld	12	19	15	14
Internal Review Withdrawn	1	0	3	6
Internal reviews closed within timescale	94%	93%	73%	94%

Complaints to the ICO

Outcome	2024/25	2023/24	2022/23	2021/22
Informally resolved	1	1	0	1
Complaint not upheld	5	2	5	2
Complaint Upheld	2	1	2	3
Complaint Withdrawn	0	0	2	3
Complaint Ongoing	1	0	0	0
Total complaints received	9	4	9	9

Individual Rights Requests

Year	IR requests received	% Responded to on time
2021/22	202	49%
2022/23	247	70%
2023/24	364	87%
2024/25	357	81%

³ 'whatdotheyknow.com' is a website used to make FOI and EIR requests

Disclosure Requests

Year	Responded to by Information Rights team	Responded to by Council Tax	Total Disclosure Requests received
2021/22	403	412	815
2022/23	433	514	947
2023/24	536	309	845
2024/25	542	167	709

Disclosure requests are recorded and processed centrally by the Information Rights Team; however, the Council Tax Team also records and responds to requests directed to them specifically relating to Council Tax liability and verification of address details.

Data Protection Complaints

Source of complaint	2024/25	2023/24	2022/23	2021/22
Data Subject	22	34	29	31
ICO	1	3	2	5
Total	23	37	31	36

Reason for complaint	2024/25	2023/24	2022/23	2021/22
Alleged data breach	91%	97%	94%	90%
Handling of IR request	4%	3%	3%	7%
Other	4%	0%	3%	3%

OPEN

Audit and Governance Committee

29 September 2025

Regulation of Investigatory Powers Act (RIPA) - Use of Powers in 2024/25 and Review of Policy and Procedure

Report of: Interim Director of Law and Governance (Monitoring Officer)

Report Reference No: AG/21/25-26

Ward(s) Affected: All wards

Purpose of Report

- 1 The Audit and Governance Committee's remit includes the receipt of reports, both internal and external on the effectiveness of internal controls, which inform the committee's understanding of the sufficiency of these arrangements and whether further improvements and actions are required.
- 2 This report is to provide Committee with an update on the Council's use of its powers under Part II of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) during 2024/25. This report also provides details on the review of the RIPA Policy and Procedure and Online Investigations Policy.

Executive Summary

- 3 The Council continues to make limited but lawful use of its powers under RIPA and IPA to support its enforcement functions. Only one directed surveillance application was authorised in 2024/25 and one application for communications data the previous year. A total of three applications have been authorised in the last four years, all of which related to trading standards investigations.
- 4 The Council remains compliant with relevant legislation and continues to maintain appropriate internal governance and oversight of its covert investigatory powers. This was determined by the recent inspection by

the Investigatory Powers Commissioners Office, which was reported to Committee in July 2025.

- 5 In line with the bi-annual review, the RIPA Policy and Procedure and Online Investigations Policy have both been reviewed and updated. Details are in paragraph 11 but key changes include:
- (a) Guidance on the use of drones
 - (b) Clarification of the roles of Senior Responsible Officer and the RIPA Co-ordinator
 - (c) Management oversight of the use of social media during investigations
 - (d) Minor grammatical and wording adjustments throughout

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the limited but lawful use of RIPA powers by the Council.
2. Note the amendments to the RIPA Policy and Procedure and Online Investigations Policy.
3. Recommend endorsement by Corporate Policy Committee of the updated policies.

Background

Use of RIPA Powers

- 6 The Council can use directed surveillance and obtain communications data to support its enforcement functions, e.g. trading standards, planning enforcement, licensing enforcement, environmental protection and community enforcement. RIPA and IPA provide a regulatory framework to enable public authorities to obtain private information using certain covert investigatory techniques. However, use by local authorities is limited to enforcement activity subject to the 'serious offence' test, attracting a custodial sentence of six months or more, except in the case of test purchases for the sale of underage goods. It is essential that covert surveillance is only used when it is necessary and proportionate to do so and when all other avenues of investigation have been explored. Applications must be properly authorised and recorded with tests of necessity and proportionality satisfied, and any potential for collateral intrusion considered and minimised.
- 7 Recent changes at senior management level have reduced the number of trained authorising officers to two for the Council. This is being

addressed through the training of new appointments to permanent positions. However, given the low usage of RIPA powers, two authorising officers is sufficient in the meantime.

- 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 Law and Governance (Monitoring Officer) assumes the role of Senior Responsible Officer for RIPA and is responsible for the integrity of the process to ensure that the Council complies with the legislation.
- 9 Surveillance activity, including test purchases, has reduced significantly in recent years with only one directed surveillance application being authorised in 2024/25 and one application for communications data the previous year. The table below shows the number of authorisations in the last four years.

Activity	2024/25	2023/24	2022/23	2021/22
Directed Surveillance	1	0	1	0
Communications Data	0	1	0	0
CHIS	0	0	0	0

Review of RIPA Policy and Procedure and Online Investigations Policy

- 10 The RIPA Policy and Procedure provides guidance to investigating officers considering covert surveillance under RIPA and the IPA. The Online Investigations Policy provides guidance to officers regarding the use of information available online, particularly on social network and social media platforms, to ensure the activity does not cross the boundary of surveillance when an authorised RIPA application may be required.
- 11 As part of the regular review of the policies, changes have been made to both documents. Most of the amendments are minor grammatical changes to wording. The only substantial amendments are the inclusion of information on the use of drones at paragraph 5.3 of the RIPA Policy and Procedure, and the clarification of the roles of Senior Responsible Officer at paragraph 5.11 and the role of RIPA Co-ordinator at paragraph 5.12. The addition of management oversight of the use of social media has been included in the Online Investigations Policy at paragraph 6.4.

- 12 The updated RIPA Policy and Procedure is at Appendix 1 and the updated Online Investigations Policy is at Appendix 2.
- 13 Once approved, the updated policies will be published on CEntranet and will be brought to officers' attention via relevant communications. Training is being arranged for Authorising Officers and Investigating Officers where the changes to the policies will be highlighted. It is also intended to hold manager share and support sessions later in the year to raise awareness of the policies.

Consultation and Engagement

- 14 It has not been necessary to consult on the contents of this report.

Reasons for Recommendations

- 15 In accordance with paragraph 4.47 of the [Covert Surveillance and Property Interference Code of Practice 2024](#), elected members are required to review the authority's use of RIPA and consider internal reports on a regular basis to ensure it is being used consistently with the local authority's policy and that it remains fit for purpose.
- 16 The Audit and 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 provided with assurance that the Council is compliant with the requirements of the RIPA legislation.
- 17 In line with Committee's responsibility for receiving assurances on the effectiveness of arrangements for governance, risk and internal control, the Committee is asked to note the amendments to the RIPA Policy and Procedure and Online Investigations Policy, and to recommend endorsement by Corporate Policy Committee of the updated policies in line with its responsibilities for corporate policies and staffing related matters.

Other Options Considered

- 18 This report is for noting and assurance and no other options are considered necessary.

Implications and Comments

Monitoring Officer/Legal/Governance

- 19 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 and Governance Committee. Inspection by the Investigatory Powers Commissioners Office 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.

Section 151 Officer/Finance

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

Human Resources

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

Risk Management

- 22 The Director of Law and Governance (Monitoring Officer) provides assurance that the Council has arrangements in place to ensure lawful use of RIPA powers and manages the risks of non-compliance. The Director of Law and Governance (Monitoring Officer), in their role as Senior Responsible Officer for RIPA, has regular oversight of RIPA applications and signs off the central register of authorisations on a quarterly basis

Impact on other Committees

- 23 One of the recommendations of this report is to seek endorsement of Corporate Policy Committee on the updated policy documents. If agreed by Audit and Governance Committee, a report will be submitted to Corporate Policy Committee on 27 November 2025 seeking endorsement of the updated policies.

Policy

- 24 The recent RIPA inspection did not make any suggestions for amendment to the RIPA Policy & Procedure or the Online Investigations Policy; however, the regular review identified areas for improvement. This supports Commitment 3 in the Corporate Plan – an effective and enabling council.

Equality, Diversity and Inclusion

- 25 There are no equality, diversity and inclusion implications arising directly from this report.

Other Implications

- 26 There are no other implications arising from this report.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	02/09/25	10/09/25
Kevin O'Keefe	Interim Monitoring Officer	02/09/25	02/09/25
<i>Legal and Finance</i>			
Julie Gregory	Acting Head of Legal Services	22/08/25	26/08/25
Chris Benham	Director of Finance	22/08/25	27/08/25

Access to Information	
Contact Officer:	Julie Gibbs, Josie Griffiths Head of Audit Risk and Assurance julie.gibbs@cheshireeast.gov.uk, josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix 1 – Updated RIPA Policy and Procedure Appendix 2 – Updated Online Investigations Policy
Background Papers:	Regulation of Investigatory Powers Act 2000 Investigatory Powers Act 2016 Covert Surveillance and Property Interference Code of Practice 2024 RIPA - Outcome of IPCO Inspection - Report to Audit and Governance Committee 28 July 2025 RIPA Policy and Inspection Plan Update – Report to Audit and Governance Committee 27 July 2023



SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) AND THE INVESTIGATORY POWERS ACT 2016 (IPA)

POLICY AND PROCEDURES

JUNE 2025

Version Control			
To be reviewed every two years			
Date	Version No	Reason for Change	By whom
September 2010	V1	Review following inspection by OSC in May 2010	Compliance & Customer Relations Officer
October 2012	V2	Regular review	Compliance & Customer Relations Officer
December 2014	V3	Review following inspection by OSC in May 2013 – inclusion of use of SNS	Senior Compliance & Customer Relations Officer
December 2015	V4	Regular review	Senior Compliance & Customer Relations Officer
May 2017	V5	Review following inspection by OSC in May 2016 – further detail on use of SNS and internet	Senior Compliance & Customer Relations Officer
February 2020	V6	Review following inspection and recommendations by IPCO October 2019	Senior Compliance & Customer Relations Officer
March 2023	V7	Review following inspection by IPCO November 2022	Information Rights Manager (DPO) Trading Standards & Community Protection Manager
June 2025	V8	Regular review, grammatical changes, addition of use of drones and clarification of roles	Information Rights Manager (DPO) Trading Standards & Community Protection Manager

OFFICIAL

1.0 INTRODUCTION

The Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA) provide a regulatory framework which enables public authorities to obtain information using certain covert investigatory techniques. RIPA includes frameworks around the use of directed surveillance and the use of covert human intelligence sources (CHIS).

The Investigatory Powers Act 2016 (IPA) provides the framework in which communications data can be accessed and obtained.

This policy draws on the guidance contained in the [Covert Surveillance and Property Interference Code of Practice \(updated February 2024\)](#) (CSPI Code) and summarises how Cheshire East Council can use these frameworks and how applications can be lawfully made. It also provides directions regarding the storage, use and retention of information and data obtained from the use of such actions.

The Protection of Freedoms Act 2012 requires that applications to use directed surveillance and covert human intelligence sources (CHIS) must have prior judicial approval and that the use of these techniques is limited to the investigation of offences which attract a minimal custodial sentence of 6 months.

The Investigatory Powers Act (2016) (IPA) outlines how enforcement agencies can access and obtain communications data, as well as specifying the types of data which can be obtained. Dependent on the type of data being requested, such a request is limited to the investigation of offences which attract a minimal custodial sentence of 6 months (entity data) or 12 months (event data).

The Investigatory Powers Commissioners Office (IPCO) has responsibility for oversight of all investigatory powers since the implementation of IPA 2016.

2.0 BACKGROUND

An individual has rights, freedoms and expectations which are guaranteed by the European Convention on Human Rights and the Human Rights Act 1998. Using the powers under RIPA and IPA can conflict with and cause the suspension of an individual's human rights. Therefore, when investigating wrongdoing, it is important that certain conditions are met in each case so that evidence is obtained lawfully, to support any enforcement action as deemed necessary in line with the [Council's Enforcement Policy](#).

By following the authorisation procedures set out by RIPA and IPA, officers of the Council are ensuring that they can demonstrate that the surveillance is

OFFICIAL

necessary for a purpose permitted by the Human Rights Act 1998 and that it is a proportionate measure to take. Compliance with RIPA and IPA will significantly reduce the likelihood of any surveillance carried out by the Council being unlawful, and therefore subject to legal challenge.

Cheshire East Council will occasionally need to use covert surveillance/CHIS/access communications data to carry out its enforcement functions effectively. Examples of such enforcement activities are planning enforcement, licensing enforcement, trading standards, environmental health and community protection investigations. Powers under RIPA/IPA can be used where it is demonstrated that viable alternatives to obtaining evidence to mount a prosecution have been considered but are not appropriate and that any collateral intrusion has been considered.

3.0 USE OF COVERT SURVEILLANCE IN LOCAL AUTHORITIES

Local authorities are not authorised to carry out any form of intrusive surveillance. Intrusive surveillance is defined in Section 26 (3) of RIPA as:

- covert surveillance, which is carried out in relation to anything taking place on any residential premises or in any private vehicle, and involves the presence of an individual on the premises or in the vehicle, or is
- carried out by means of a surveillance device (e.g. a listening or tracking device in a person's home or in his/her private vehicle).

Local authorities are restricted to use of the three techniques mentioned above, i.e.

- using 'directed' surveillance
- deploying a Covert Human Intelligence Source (CHIS)
- acquiring communications data.

The Council is required to obtain the authorisation of a trained Director listed in Schedule 1 of this policy before using directed surveillance. The use of a CHIS can only be authorised by the Chief Executive. Before acquiring communications data, the Council is required to have a 'made aware' officer within the application process. This is usually at Service Manager level (the 'made aware' officer does not have to be independent) as well as the Information Rights Team.

When using directed surveillance or deploying a CHIS, approval must also be granted by a JP/Magistrate. The independent authorisation for local authorities when accessing communications data is provided by the Office for Communications Data Authorisations (ODCA), which has delegated powers from the Judiciary Commissioner.

OFFICIAL

3.1 Directed Surveillance

Directed surveillance is essentially covert surveillance in places open to the public. It is defined as:

- covert
- likely to obtain private information
- carried out in a publicly accessible place (including the internet)
- pre-planned against a specific individual or group
- conducted otherwise than as an immediate response to events
- carried out in a manner that is calculated to ensure that the person(s) who is/are subject to surveillance are unaware that it is or may be taking place

It includes surveillance by person or device to:

- observe someone's movements
- eavesdrop on conversations
- photograph or film people or events
- track vehicles

The Protection of Freedoms Act 2012 introduced a crime threshold, whereby local authorities are only able to use this power when investigating offences which attract a custodial sentence of six months or more, or offences relating to the sale of alcohol or tobacco products to minors.

3.2 Covert Human Intelligence Source (CHIS)

A covert human intelligence source can be either an undercover officer or a member of the public acting as an informant. The CHIS is someone who:

- establishes and maintains a relationship for a covert purpose
- covertly uses the relationship to obtain information or to provide access to information from another person
- covertly discloses the information derived from the relationship to the Council

Where the CHIS is under 18, special risk assessments need to be carried out for each case.

Before authorisation, a trained handler (day to day responsibility for dealing with the source) and controller (general oversight of the use made of the source) must be identified.

3.3 Obtaining Communications Data

The Council is limited to accessing only entity and event data (see 7.2) i.e. the 'who', 'when' and 'where' of a communication – not the actual content.

OFFICIAL

Local Authorities must liaise with the National Anti Fraud Network (NAFN) to acquire Communications Data, as supported by the Investigatory Powers Commissioner's Office (IPCO).

3.4 The relevant regimes under which to make an application are as follows:

- a) Directed surveillance – RIPA
- b) Use of a Covert Human Intelligence Source (CHIS) - RIPA
- c) Obtaining communications data - IPA

3.5 If it is anticipated that there is a likelihood of obtaining confidential information as part of a covert action, e.g. legally privileged or medical information, then this must be disclosed during the application process and only authorised by the Chief Executive or, in his or her absence, an Executive Director.

4.0 APPLYING THE RIPA/IPA PRINCIPLES AND CONCEPTS

4.1 The tests of necessity and proportionality

Use of covert techniques should only be authorised if the Authorising Officer/ODCA is satisfied that the action is both **NECESSARY** and **PROPORTIONATE**. The Human Rights Act 1998 defines a measure or action as proportionate if it:

- impairs as little as possible the rights and freedoms of the individual concerned and of innocent third parties, and
- is carefully designed to meet the objectives in question, is not arbitrary, unfair or based on irrational considerations.

4.2 Collateral intrusion

The Authorising Officer/OCDA must also consider the risk of intrusion into the privacy of persons other than those who are directly the subject of the investigation or operation. This is termed “collateral intrusion”. Officers carrying out the covert action should inform the Authorising Officer/ODCA if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. Consideration should be given to whether the authorisation should be amended and re-authorised or whether a new authorisation is required.

5.0 PROCEDURES FOR IMPLEMENTING COVERT ACTIVITY

5.1 General

All covert activity 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. The table below outlines the requirements for each activity:

OFFICIAL

Covert technique	Legislation and regime	Crime threshold	Approval
Directed surveillance	RIPA 2000	6 MONTHS (with exemptions)	Authorising Officer (Local Authority) and then Judicial
Covert Human Intelligence Source	RIPA 2000	6 MONTHS	Authorising Officer (Local Authority) and then Judicial
Obtaining Communications Data	IPA 2016	6 MONTHS – ENTITY DATA 12 MONTHS – EVENTS DATA (extra definition includes 'if it involves violence, results in substantial financial gain or by a large number of persons in pursuit of a common purpose')	'Made Aware' (Local Authority) Office for Communications Data Authorisations (ODCA) - NO more Designated Officer (Local Authority) and then Judicial

Any officer intending to undertake covert surveillance or use a covert human intelligence source must only do so if other means of obtaining information have been considered but are not viable.

Embarking upon covert surveillance or using a covert human intelligence source without authorisation or conducting covert surveillance outside the scope of the authorisation, will mean not only that the “protective umbrella” of RIPA is unavailable, but it may result in disciplinary action being taken against the officer/officers involved. It may also result in the criminal investigation being compromised, as the evidence will be considered to have been obtained unlawfully. Unlawful acquisition (wilful or reckless) of communications data is a criminal offence.

Directed surveillance may only be carried out on residential premises if a member of the public has requested help or made a complaint to the Council, and if written permission to conduct the surveillance has been obtained from the resident from whose premises the surveillance will be carried out.

All relevant Council contracts issued to contractors/subcontractors must include a term that this policy and associated procedures are to be observed when operating on behalf of the Council.

5.2 Closed Circuit Television (CCTV)

CCTV systems are not normally within the scope of RIPA due to being overt. However, if they are used for a specific operation or investigation, or if automatic facial recognition by means of CCTV is used, RIPA authorisation for the use of directed surveillance by CCTV must be initially obtained by the investigating officer depending on who is leading the investigation.

OFFICIAL

Any covert activity utilising the CCTV system must comply with the Procedure Manual for the Operation of Cheshire East Council CCTV System.

5.3 Use of Drones or Unmanned Aerial Vehicles (UAVs)

The use of drones has the potential to capture private information. Collateral intrusion is also highly likely when using a drone. Therefore, careful consideration should be given as to whether a RIPA authorisation is required to operate a drone. A drone can be a very useful tool to use in an investigation, for example fly tipping, building development, highways etc. However, if there is the potential to gather personal information of the subject of the investigation and/or the landowner and/or any individual on the land, all those individuals will need to be expressly notified of the use of the drone, or a RIPA authorisation will be needed. Data protection or legal advice should also be sought if the drone is likely to be flown over a residential area or highly populated area, where the potential for collateral intrusion is high.

5.4 Social Networking Sites (SNS) and other Internet sites

The fact that a digital investigation is easy to conduct does not reduce the need for authorisation when necessary and consideration must be given to whether authorisation under RIPA should be obtained.

Different social network sites (SNS) work in different ways and could be considered “open source” if privacy settings are not applied. It is the responsibility of the individual account holder to apply privacy settings to protect against unsolicited access to their private information. There is a reasonable expectation of privacy if access controls are applied. Unprotected data may be deemed published and no longer under the control of the author.

Many officers would never envisage carrying out directed surveillance under RIPA; but they may use SNS for several other reasons, such as HR monitoring the activity of employees; or Children’s Services monitoring the SNS of parents; or chat rooms where they suspect children may be engaged in inappropriate activities. A single view is acceptable (best practice to document the viewing) - but repeat viewing may be considered monitoring and is therefore directed surveillance, which may meet the criteria for authorisation as directed surveillance, or even a CHIS. Staff should make a record of any use of SNS or the internet which may assist in their enquiries and document the reasons for the search and the outcome. Officers should always consider other ways of obtaining the information required and document why those options have been discounted in favour of SNS.

If it is necessary and proportionate for the Council to covertly breach access controls, an authorisation for directed surveillance will be required. Consideration may need to be given to authorisation of a CHIS if the Council wishes to establish a relationship with an individual through a SNS or website, i.e. if the activity is more than mere reading of the site’s content.

OFFICIAL

An officer of the Council must not set up a false identity for covert purposes without authorisation.

An [Online Investigations Policy](#) has been developed to provide guidance to Cheshire East Council staff. Further guidance on this can be obtained from the Information Rights Team or the internal RIPA trainer, the Trading Standards and Community Protection Manager.

5.5 Officers able to make authorisations

Applications under RIPA and the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 No 521 can only be authorised by one of the trained Directors named in Schedule 1.

Under the IPA 2016 approval for access to and obtaining of communications data is granted only by the Office for Communications Data Authorisations (OCDA).

The Director of Law and Governance (Monitoring Officer) is not an Authorising Officer. This post assumes the role of RIPA Senior Responsible Officer to ensure that the Council complies with the requirements of RIPA and IPA legislation.

Authorising Officers should not authorise applications for investigations or operations in which they have had or are likely to have any direct involvement. When such authorisation is required, this should be sought from an alternative Authorising Officer, as appropriate.

5.6 The role of the Investigating Officer

It is the responsibility of the Investigating Officer to present the facts of the application, i.e.

- the crime to be investigated and the offence/sentence it attracts
- the reasons why it is proposed to conduct the investigation covertly
- what covert tactics are requested and why
- on whom the covert surveillance will be focused and who else may be affected by it
- how it is intended to conduct the surveillance
- the 'who, what, when, why and how'
- to state the grounds upon which the application can be authorised
 - a) in the interests of national security
 - b) for the purpose of preventing or detecting crime or of preventing disorder
 - c) in the interests of the economic well-being of the UK
 - d) in the interests of public safety
 - e) for the purpose of protecting public health
 - f) for the purpose of assessing or collecting any tax, duty, levy or other imposition
 - g) contribution or charge payable to a government department; or

OFFICIAL

- h) for any other purpose prescribed by an order made by the Secretary of State

5.7 The role of the Authorising Officer (CHIS and directed surveillance)

It is the role of the Authorising Officer to:

- demonstrate to their satisfaction that use of covert surveillance is necessary for the crime being investigated by setting out in their own words why they are satisfied this is so
- demonstrate how they have reached the conclusion that the activity is proportionate to what it seeks to achieve and the reasons why the methods are not disproportionate
- ensure the application states explicitly what is being authorised and against which subjects, property or location. It is their responsibility to ensure those who conduct the surveillance are clear on what has been authorised.

Guidance covering circumstances in which it would be appropriate to authorise the use or conduct of a CHIS can be found in the [CHIS Code of Practice \(2022\)](#).

5.8 The role of JPs/Magistrate (CHIS and directed surveillance)

The Protection of Freedoms Act 2012 amended the 2000 Act to make CHIS and directed surveillance authorisations by local authorities in England and Wales subject to judicial approval. These changes mean that local authorities need to obtain an order approving the grant or renewal of a CHIS/directed surveillance authorisation from a Justice of the Peace before it can take effect. If the Justice of the Peace is satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate, they will issue an order approving the grant or renewal for the use of the CHIS/directed surveillance as described in the application. The amendment means that local authorities are no longer able to orally authorise the use of CHIS/directed surveillance.

5.9 The role of the Office for Communications Data Authorisations (OCDA)

The OCDA considers requests for communications data from law enforcement and public authorities. OCDA carries out the important function of safeguarding an individual's right to privacy under the Human Rights Act 1998. It makes independent decisions on whether to grant or refuse communications data requests, ensuring that all requests are lawful, necessary and proportionate.

5.10 Outcomes

The order which the Justice of the Peace/OCDA will complete, reflecting their decision, will identify one of the three following potential outcomes:

- Approval granted.

OFFICIAL

- Approval refused - the Council may not use the covert technique but may re-apply if significant new information comes to light or if technical errors in the initial application have been addressed.
- Refuse and Quash – the Council may not use the covert technique. This decision might be used where the JP/OCDA is of the opinion the application is fundamentally flawed.

5.11 The role of the Senior Responsible Officer (SRO)

The Director of Law and Governance (Monitoring Officer) is appointed as RIPA SRO and is responsible for the integrity of the process as follows:

- ensuring compliance with all relevant legislation and with the Codes of Practice
- oversight of authorisations and conducting a quarterly review of applications, authorisations, refusals, reviews, renewals and cancellations
- reporting of errors to IPCO and the identification of causes or errors and implementation of processes to minimise repetition of errors
- engagement with IPCO and inspectors who support the Commissioner when they conduct their inspections
- overseeing the implementation of any post-inspection action plans
- ensuring authorising officers are of an appropriate standard, addressing any recommendations and concerns in the inspection reports prepared by IPCO.

5.12 The role of RIPA Co-ordinator

The role of RIPA Co-ordinator is assumed by the Information Rights Manager (DPO) and is responsible for maintaining policies and procedures, arranging training and keeping a central record of all applications. The RIPA Co-ordinator is also responsible for arranging applications for approval of authorisations by a JP/Magistrate.

5.13 The role of Elected Members

It is a legal requirement for Elected Members to undertake a formal scrutiny role in relation to RIPA/IPA and review the Council's use of it on an annual basis. However, they should not be involved in making decisions on specific authorisations.

The Senior Responsible Officer will ensure that an Annual Report regarding the Council's use of RIPA/IPA is submitted to the Council's Audit & Governance Committee.

6.0 PROCEDURES FOR GAINING APPROVAL (CHIS and Directed Surveillance)

6.1 General

At a departmental level, the application for authorisation must be in writing (electronically typed) and on the appropriate form, which must be completed

OFFICIAL

in full. Officers should ensure that they use the current form available directly from the Home Office website.

Before applications are authorised, they must be forwarded to the Information Rights Team to be checked and recorded in the Central Record of Authorisations. A unique reference number will be allocated at this stage. Officers requesting authorisation for directed surveillance and CHIS should complete a risk assessment, which should be submitted with the authorisation request.

Applicants should make arrangements to meet with the relevant Authorising Officer to brief them on the investigation and leave the application with them to authorise in their own words. The application should then be returned to the Information Rights Team for quality checking before arrangements are made to seek Magistrate's approval.

Once granted by the JP/Magistrate, the documents are returned to the Information Rights Team to retain and update the Central Record.

6.2 Document Retention

All relevant documentation, including a copy of the authorisation, a record of the period over which surveillance has taken place, any risk assessment, notebooks, surveillance logs and other ancillary documentation should be retained at departmental level for a period of six years from the date of cancellation of the surveillance, at which point they should be securely destroyed. A regular review of documentation will be carried out at the time of the annual report to Audit & Governance Committee to ensure timely destruction of relevant documentation.

6.3 Duration of Authorisations

Authorisation of directed surveillance will cease to have effect (unless renewed) either on specific cancellation (within the period of three months) or at the end of a period of three months (directed surveillance) or twelve months ("CHIS"), beginning with the day on which the authorisation was granted by the Justice of Peace/Magistrate.

Authorisation of communications data will cease to have effect when the requested authorised data is provided by the service provider.

6.4 Reviews

Regular monthly reviews of authorisations should be undertaken by the Authorising Officer to assess the need for surveillance to continue. All reviews should be completed using the appropriate form. It is important to note that reviews cannot broaden the scope of the original authorisation but can reduce it for minor changes.

6.5 Renewals

OFFICIAL

If, at any time before an authorisation would cease to have effect, the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, they may renew it in writing. All applications for the Renewal of an Authorisation for Directed Surveillance should be on the appropriate form, which must be completed in full.

6.6 Cancellations and handling of surveillance material

It is a statutory requirement that authorisations are cancelled as soon as they are no longer required. The Authorising Officer (or Investigating Officer in the first place) who granted (or last renewed) the authorisation must cancel it, if they are satisfied that the activity no longer meets the criteria for which it was authorised, or that it has fulfilled its objective.

If the Authorising Officer is no longer available, this duty will fall to the person who has taken over the role of the Authorising Officer. On cancellation of an authorisation, the Authorising Officer must be satisfied that the product of any surveillance is properly retained and stored or destroyed. If the surveillance product is of no evidential or intelligence value, it should be destroyed without delay, in accordance with Data Protection requirements. If the surveillance product is of potential evidential or intelligence value, it should be retained on the relevant case file, in accordance with established disclosure requirements, commensurate with any subsequent review.

When cancelling an authorisation, the Authorising Officer should:

- record date and times that surveillance took place and date the order to cease activity was made
- record reason for cancellation
- ensure surveillance equipment is removed and returned
- provide direction for management of product
- record value of surveillance, i.e. whether objectives of activity were met

6.7 Cessation of activity

As soon as the decision is taken that the authorised activity should be discontinued, the instruction must be given to those involved to stop all surveillance of the subject, or to cease using the covert human intelligence source. Documentation detailing the date and time when any cancellation instruction was given by the Authorising Officer should be retained for a period of six years, at which point it should be securely destroyed.

6.8 Central Record of Authorisations

The Information Rights Team is responsible for ensuring that a Central Record of Authorisations is maintained. This must be updated whenever an authorisation is granted, reviewed, renewed or cancelled. These records should be securely retained for a period of six years from the ending of the authorisation, at which point they must be securely destroyed. The Monitoring Officer, as SRO, should review and sign this Record on a quarterly basis.

OFFICIAL

With regard to directed surveillance, the Central Record of Authorisations will contain a copy of the authorisation, together with the following information:

- the type of authorisation
- the date the authorisation was given
- the name of the Authorising Officer
- the departmental reference number of the investigation or operation
- the title of the investigation or operation, including a brief description and names of subjects, if known
- date of approval from Magistrates Court, name of Magistrate and outcome
- in the case of a self authorisation by the Authorising Officer, a statement in writing that he/she expressly authorised the action (only in exceptional circumstances)
- if the authorisation is renewed, the date of renewal and who authorised it, including the name and grade of the Authorising Officer
- whether the investigation or operation is likely to result in obtaining confidential information
- the date of cancellation of the authorisation
- where collateral intrusion may be an issue, a copy of the Privacy Impact Assessment

With regard to a CHIS, the Central Record of Authorisations must contain the following additional information:

- a copy of the authorisation, together with any supplementary documentation and notification of the approval given by the Authorising Officer
- a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested
- the reason why the person renewing an authorisation considered it necessary to do so
- the risk assessment made in relation to the source ("CHIS")
- a record of the results of any reviews of the authorisation
- the reasons, if any, for not renewing an authorisation
- the reasons for cancelling an authorisation - cancellations are to be completed on the appropriate form
- the date and time when any instruction was given by the Authorising Officer to cease using a "CHIS"
- where collateral intrusion may be an issue, a copy of the Privacy Impact Assessment

With regard to applications for Communications Data, a separate Central Record of Authorisations will be maintained which will contain:

- a copy of the authorisation together with the following information:
- applicant's name and job title

OFFICIAL

- the operation name, including a brief description of the nature of the operation and names of subject(s) if known

6.9 Additional requirements for authorisation of covert human intelligence sources only

6.9.1 Covert human intelligence sources may only be authorised if the following additional arrangements are in place:

- An employee of the Council has day to day responsibility for dealing with the source and, for the source's security and welfare, there is a Senior Officer who has general oversight of the use made of the source.
- An officer who is responsible for maintaining a record of the use made of the source; these records will contain any matters specified by the Secretary of State – The Regulation of Investigatory Powers (Source Records) Regulations 2000 (SI 2000/2725) set out these matters.
- Records disclosing the identity of the source and the information provided by them will not be made available to others except on a need to know basis.

6.9.2 Vulnerable individuals (i.e. a person who is in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care or protect themselves against significant harm or exploitation) may be authorised to act as a CHIS only in the most exceptional circumstances.

6.9.3 Authorisations for juvenile sources (under 18) should only be granted if the provisions contained in The Regulation of Investigatory Powers (Juveniles) Order 2000 (SI 2000/2793) are satisfied. Any authorisation should be granted by the Chief Executive or (in their absence) an Executive Director. The duration of an authorisation for the use or conduct of juvenile sources is four months.

6.9.4 If a juvenile source (under 18) is to be used, the Authorising Officer is responsible for obtaining the written consent of the parent or guardian or the person caring for the juvenile, unless to do so would compromise the juvenile's welfare or safety. The Authorising Officer is also responsible for ensuring that an appropriate adult is present at any meeting. An appropriate adult is a parent or guardian, a person who has assumed responsibility for the wellbeing of the CHIS or, in their absence, a person who is responsible for the wellbeing of the CHIS and who is over 18, who is neither a member of, nor employed by, the Council.

6.9.5 On no occasion should the use or conduct of a source under 16 years of age be authorised to give information against their parent or any person who has parental responsibility for them. The processing of information obtained as a result of surveillance should be restricted to specified employees. Only relevant senior managers should have access to the information collected to

OFFICIAL

enable appropriate action to be taken. They must respect the confidentiality of all information and only disclose the information to other appropriate senior managers where further action is required.

- 6.9.6 When a CHIS is used, a “Handler” (who can be an Officer of the Council), and who must have received appropriate training, should be designated as having the day to day responsibility for dealing with the CHIS. This responsibility should also extend to the security, safety and welfare of the CHIS. In addition, a “Controller” should be designated to have the general oversight of the use made of the CHIS. These requirements also apply in cases in which the CHIS is an officer of the Council. The officer requesting authorisation for the use of a CHIS must also complete a risk assessment and submit it to the Authorising Officer, together with the authorisation request.

6.10 Test purchases of sales to juveniles

When a young person (under 16 or under 18) carries out test purchases at a series of premises for age restricted products, it may be necessary to obtain an authorisation for ‘directed’ surveillance dependent on the product and relevant legislation; it is not necessary to prepare authorisations for each premises to be visited, providing each is identified at the outset but, in all cases, it is necessary to prepare a risk assessment in relation to the young person and to have an adult on hand to observe the test purchase.

- 6.11 The [CHIS Code of Practice 2022](#) (paras 2.20 to 2.27) provides details of human source activity falling outside CHIS definition. For example, a source may be a public volunteer or someone who discloses information out of professional or statutory duty, or who has been tasked to obtain information other than by way of a covert relationship. Details of these circumstances is provided below.

Public volunteers

In many cases involving human sources, the source will not have established or maintained a relationship for a covert purpose. Many sources provide information that they have observed or acquired other than through a relationship. This means that the source is not a CHIS for the purposes of RIPA and no authorisation is required.

Example 1: *A member of the public volunteers a piece of information to a member of a public authority regarding something they have witnessed in their neighbourhood. The member of the public is not a CHIS. They are not passing information obtained as a result of a relationship which has been established or maintained for a covert purpose.*

Example 2: *A caller to a confidential hotline (such as Crimestoppers, the HMRC Fraud Hotline, the Anti-Terrorist Hotline, or the Security Service public telephone number) reveals that they know of criminal or terrorist activity. Even if the caller is involved in the activities on which they are reporting, the caller*

OFFICIAL

would not be considered a CHIS as the information is not being disclosed on the basis of a relationship which was established or maintained for that covert purpose. However, should the caller be asked to maintain their relationship with those involved and to continue to supply information (or it is otherwise envisaged that they will do so), an authorisation for the use or conduct of a CHIS may be appropriate.

Professional or statutory duty

Certain individuals will be required to provide information to public authorities or designated bodies out of professional or statutory duty. For example, employees within organisations regulated by the money laundering provisions of the Proceeds of Crime Act 2002 are required to report suspicious transactions. Similarly, financial officials, accountants or company administrators may have a duty to provide information that they have obtained by virtue of their position to the Serious Fraud Office.

Any such professional or statutory disclosures should not usually result in these individuals meeting the definition of a CHIS, as the business or professional relationships from which the information derives will not have been established or maintained for the covert purpose of obtaining or disclosing such information.

Tasking not involving relationships

Tasking a person to obtain information covertly may result in a CHIS authorisation being appropriate. However, this will not be true in all circumstances. For example, where the tasking given to a person does not require that person to establish or maintain a relationship for the purpose of obtaining, providing access to or disclosing the information sought or where the information is already within the personal knowledge of the individual, that person will not be a CHIS.

Example: *A member of the public is asked by a member of a public authority to maintain a record of all vehicles arriving and leaving a specific location or to record the details of visitors to a neighbouring house. A relationship has not been established or maintained in order to gather the information and a CHIS authorisation is therefore not available. Other authorisations under the 2000 Act, for example, a directed surveillance authorisation, may need to be considered where the activity is likely to result in the public authority obtaining information relating to a person's private or family life.*

Identifying when a human source becomes a CHIS

Individuals or members of organisations (e.g. travel agents, housing associations and taxi companies) who, because of their work or role have access to personal information, may voluntarily provide information to public authorities on a repeated basis and need to be managed appropriately. Public authorities must keep such human sources under constant review to ensure that they are managed with an appropriate level of sensitivity and

OFFICIAL

confidentiality, and to establish whether, at any given stage, they should be authorised as a CHIS.

Determining the status of an individual or organisation is a matter of judgement by the public authority. Public authorities should avoid inducing individuals to engage in the conduct of a CHIS, either expressly or implicitly, without obtaining a CHIS authorisation or considering whether it would be appropriate to do so.

Example: *Mr Y volunteers information to a member of a public authority about a work colleague out of civic duty. Mr Y is not a CHIS at this stage as he has not established or maintained (or been asked to establish or maintain) a relationship with his colleague for the covert purpose of obtaining and disclosing information. However, Mr Y is subsequently contacted by the public authority and is asked if he would ascertain certain specific information about his colleague. At this point, it is likely that Mr Y's relationship with his colleague is being maintained and used for the covert purpose of providing that information. A CHIS authorisation would therefore be appropriate.*

It is possible that a person may become engaged in the conduct of a CHIS without a public authority inducing, asking or assisting the person to engage in that conduct. However, a CHIS authorisation should be considered, for example, where a public authority is aware that an individual is independently maintaining a relationship (i.e. "self-tasking") in order to obtain evidence of criminal activity, and the public authority intends to make use of that material for its own investigative purposes.

7.0 AUTHORISATION FOR ACCESS TO COMMUNICATIONS DATA

- 7.1 Local authorities are only able to access the who, what, where and when of communications data – not the content. The legislation requires that a Home Office accredited person, a Single Point of Contact (SPOC), facilitates the acquisition of the communications data requested. It is necessary for all local authorities to use the services of the National Anti-Fraud Network (NAFN) as SPOC to obtain communications data. This is compulsory and is supported by the Investigatory Powers Commissioner's Office (IPCO).
- 7.2 The Office for Communications Data Authorisations (OCDA) was established to perform functions set out in the Investigatory Powers Act (IPA) 2016. The IPA builds on, and supersedes parts of, the Regulation of Investigatory Powers Act (RIPA) 2000.

The IPA has introduced a 'made aware' officer/rank within Local Authorities at service manager level. For Cheshire East Council, this is the Trading Standards & Community Protection Manager and the Information Rights Manager (DPO).

OFFICIAL

There are also offences for officers who obtain data unlawfully. The types of data which can be applied for now include entity and events data.

ENTITY DATA	EVENTS DATA
Subscriber detail Who is using device This data is about entities or links between them and describes or identifies the entity.	Calls or communications between devices (but not the content), known previously as traffic and service use. Numbers, texts Location data (known as cell site data)

8.0 APPLICATION PROCESS FOR ACCESS TO COMMUNICATIONS DATA

- Applicant completes online form on NAFN secure site (must be a registered user with NAFN).
- The application is sent electronically and the 'made aware' officer is notified. This is not an approval stage, just a review and confirmation the Local Authority is aware. The 'made aware' officer does not have to be independent.
- Once made aware, the application goes through to the NAFN SPOC with the possible outcomes being:
 - a) Rework requested
 - b) Reject - whole new application required
 - c) Authorise
- If authorised, the application is sent electronically to OCDA for review. It follows the same process as above. If it is rejected, seven days are allowed for it to be re-submitted.
- If it is approved, it is returned to the NAFN SPOC.
- The NAFN SPOC obtains data and information from service provider e.g. EE, O2, Vodafone.

8.1 When making an application, the following should be considered:

- Each application must stand alone.
- Acronyms and abbreviations must be avoided.
- The crime/purpose, legislation, offence and penalties must be clearly stated.
- Dates must be specific (e.g. intelligence).
- The objective of the application and how the data will be used must be clearly stated.
- Standard terms, e.g. suspect, witness, victim must be used.
- It is imperative to be specific about how attribution has been attempted, e.g. has the applicant called the number?

8.2 What Communications Data can Local Authorities request?

Telephony

OFFICIAL

- Attribution – subscriber details (name and address of subscriber).
- If 'pay as you go' – top up history, customer notes.
- Call data.
- Location data – start location and end location of a call. Triangulation from mobile cell sites that can be mapped via longitude and latitude. Also, with a cell mast location number it is possible to map its coverage via the provider.
- Mobile data event record – shows when data has been used (e.g. logging onto an app) but not the content.
- IMEI/SIM/IMSI – SIM linked to device, shows device capability and numbers linked including network usage.

Internet

- IP addresses – internet protocol address (IPV4 and IPV6) address for a device connecting to the internet – both static and dynamic. Static is usually home internet or often business - dynamic may be shared.
- Social Media and Apps – basic subscriber details, log on history – not the content.
- Email – registration details, log on history, email headers
- Websites – registrant details, preservation of pages, linked services
- Gaming platforms – account details classed as communications data.
- Skype and similar (e.g. Google Talk) – user name and IP address

Others

- Postal/Couriers are covered if there is more than one collection. The Council can obtain sorting, conveyance, distribution and delivery details.

9.0 INSPECTIONS

The oversight for all investigatory powers is now consolidated under one commissioner – the Investigatory Powers Commissioners Office (ICPO). ICPO will carry out direct inspections with the Council for the use of directed surveillance and CHIS. In respect of communications data, the inspection will be made of NAFN, with a potential to request further information from the Council.

10.0 TRAINING

Regular training sessions for Authorising Officers, 'Made Aware' and Investigating Officers will be arranged internally. No officer who has not attended a training session will be permitted to instigate or authorise any application for the use of RIPA/IPA powers.

11.0 NON-RIPA

OFFICIAL

- 11.1 Investigations relating to legislation breaches which do not meet the six month custodial sentence crime threshold to consider a fully authorised RIPA can be considered under an internal 'Non-RIPA' application. This is seen as best practice by the Investigatory Powers Commissioners Office.

This procedure could be used, for example, for anti-social behaviour, statutory noise nuisance or family court proceedings.

A non-RIPA application form covers the same areas and considerations as a full RIPA to ensure necessity and proportionality, as well as privacy risks. Non-RIPA applications can be signed by the relevant Service Manager or Head of Service. This process should only be used in circumstances where all other means of obtaining the information have been considered and exhausted but are not viable.

The activity must meet the same requirements as a full RIPA, i.e. it is

- In an open public place (or part of)
- Covert – carried out in a manner that is calculated to ensure that the person(s) who is/are the subject to surveillance are unaware that it is or may be taking place
- Likely to obtain private information about a person
- Pre-planned
- Conducted otherwise than as an **immediate response** to events where it would not be practical to seek authorisation

11.2 Procedure for undertaking non-RIPA

Investigating officers must carry out a risk assessment using the CEC non-RIPA Risk Assessment Form, to demonstrate they have considered the individual's human rights and document the likelihood of obtaining private information.

A CEC non-RIPA application must be completed with clear details about the offence being investigated, the purpose of the surveillance and the desired information to be obtained. The form should also detail the necessity and proportionality of the operation as well as the potential for any collateral intrusion. The form must be signed by the investigating officer and authorised by the relevant Service Manager or Head of Service. A copy of the signed application and accompanying risk assessment should be sent to the Information Rights Team for retaining with the Central Record of Authorisations.

OFFICIAL

Schedule 1

Regulation of Investigatory Powers Act 2000

Authorising Officers

I, Rob Polkinghorne, Chief Executive of Cheshire East Council, hereby appoint the following officers as authorising officers for the purposes of the Regulation of Investigatory Powers Act 2000, and Regulation of Investigative Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010:

Place Directorate Peter Skates, Director of Growth & Enterprise

Resources Directorate

Adult's Directorate Jill Broomhall, Director of Adult Social Care Operations

Children's Directorate

Additional Authorising Officers in the process of being trained.

Signed: **Rob Polkinghorne, Chief Executive**

Dated:

OFFICIAL

This page is intentionally left blank

Online Investigations Policy

**(Use of online material for
enquiries/investigations)**

July 2025

Version Control			
To be reviewed every two years			
<u>Date</u>	Version No	Reason for Change	By whom
September 2019	V1	New policy following inspection by OSC in May 2016	Trading Standards & Community Protection Manager Acting Audit Manager
March 2023	V2	Review to align with guidance contained in the Covert Surveillance and Property Interference Code of Practice (2018) following inspection by IPCO in November 2022	Information Rights Manager (DPO) Trading Standards & Community Protection Manager
July 2025	V3	Regular review – inclusion of management oversight at 6.4 and minor grammatical and wording amendments	Information Rights Manager (DPO) Trading Standards & Community Protection Manager

1 Introduction

- 1.1 The increase in the use of the internet by residents and businesses in Cheshire East is evident. The advent of social media sites has also created the ability for individuals, businesses and organisations to easily communicate between each other, serving as a useful tool to keep in touch and interact on what can be a real time basis.
- 1.2 People or groups can instantaneously share information, coordinate events and provide updates that are of interest to their friends, family, or customer base.
- 1.3 Social media sites can also serve as a platform for individuals or groups to express their opinions and social, political and religious beliefs to give just a few common examples.
- 1.4 It is also possible to share photographs or videos with others and indeed where privacy settings allow, to share the posts of other people not necessarily connected with the original person.
- 1.5 A wealth of data is available via the internet to members of the public as well as officers of the Council. Online research and investigation have therefore become an extremely useful tool for officers and investigators to prevent, detect and investigate:
 - suspected criminal activity
 - harm to residents and businesses and ensuring safeguarding measures are in place
 - internal investigations (non-criminal investigations)
- 1.6 It also presents challenges as the use of such methods can still interfere with a person's right to respect for their private and family life which is enshrined in Article 8 of the Human Rights Act and the European Convention on Human Rights. The same basic principles, statutory provisions and codes of practice apply to investigative action, and material gathered online, as offline.
- 1.7 Public Authorities must ensure that any interference with this right is:
 - necessary for a specific and legitimate objective – such as preventing or detecting crime
 - proportionate to the objective in question, and
 - in accordance with the law.
- 1.8 Whenever you are using the internet to gather intelligence or evidence you must consider whether you are likely to interfere with a person's private and

family life and, if so, whether you should seek authorisation under the Regulation of Investigatory Powers Act (RIPA) prior to undertaking such activity.

- 1.9 It is also essential to consider the effect of any collateral intrusion on the private and family life of other people not directly connected with the subject of the research or investigation.
- 1.10 As such, it is vital that judgement is exercised on a case by case basis prior to commencing any online research or investigations.
- 1.11 This policy therefore sets out a clear framework for the use of online material, social media and other similar sites during enquiries or investigations.
- 1.12 A separate social media policy and guidance is available for employees and elected members in relation to personal and corporate social media accounts.

2 Legal Framework

- 2.1 Online research and investigation techniques may be affected by any or all of the following legislation:

- Human Rights Act 1998 (HRA)
- European Convention on Human Rights (ECHR)
- Regulation of Investigatory Powers Act 2000 (RIPA)
- Investigatory Powers Act 2016 (IPA)
- UK General Data Protection Regulation (UK GDPR)
- Data Protection Act 2018 (DPA)
- Protection of Freedoms Act 2012

Human Rights Act / European Convention on Human Rights

- 2.2 The right most likely to be engaged by staff undertaking online research and investigation is Article 8 which states:

8.1 Everyone has the right to respect for his private and family life, his home and his correspondence.

8.2 There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others.

- 2.3 Ensuring that RIPA authorisations are sought, where necessary, and that the

material obtained is retained and processed in accordance with the provisions of the Data Protection Act should provide the lawful authority required by Article 8.2 for any perceived interference with Article 8.1.

Regulation of Investigatory Powers Act 2000 (RIPA)

- 2.4 Under 26(2) of RIPA, surveillance is “directed” if it is covert but is not intrusive and is undertaken:
- for the purposes of a specific investigation or a specific operation
 - is likely to result in the obtaining of private information about a person
 - is otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of the surveillance.
- 2.5 Whether or not there is a likelihood of obtaining private information will be a determining factor when considering if an authorisation as directed surveillance will be appropriate.
- 2.6 Private information is information relating to a person’s private or family life. It can include any aspect of a person’s relationships with others, including professional or business relationships.
- 2.7 A person may have a reduced expectation of privacy when in a public place but covert surveillance of their activities in public may still result in the obtaining of private information.
- 2.8 This principle applies equally to the online world, including social media sites, where access controls set by the owner of the information may be a determining factor in considering whether information posted on the internet is publicly available or whether, by applying the access controls, the owner has removed the information from a wholly public space to a more private space where the information could be considered as private.
- 2.9 Unrestricted open source information is unlikely to fall within the definition of private information.

Protection of Freedoms Act 2012

- 2.10 With effect from 1st November 2012 formal applications to use covert techniques must have prior judicial approval. In addition, restrictions limiting the use of formal approved surveillance to the investigation which attract a custodial sentence of 6 months or more have been introduced for applications for all surveillance techniques.

UK General Data Protection Regulation (UK GDPR) & Data Protection Act 2018 (DPA)

- 2.11 The UK GDPR guiding principles are that personal data must be processed fairly, lawfully and transparently; must not be processed in a manner that is not compatible with the purpose for which it was obtained; must be relevant and adequate but not excessive; be accurate and kept up to date; must not be kept longer than is required; and be processed with integrity and confidentiality.
- 2.12 Much of the information obtained by online research and investigations will meet the definition of personal data. Case law has established that the processing of personal data is capable of interfering with a person's Article 8 right to respect for their private and family life, irrespective of whether the information was obtained under a RIPA authorisation or not.
- 2.13 Where processing is conducted by an officer with a statutory function with a law enforcement purpose, they shall do so within the provisions of Part 3 of the DPA 2018 (Law Enforcement Processing)

3 Open Source Information

- 3.1 Most of the information available on the internet is available to any person with internet access. Such information is widely known as open source information.
- 3.2 Viewing open source information does not amount to obtaining private information because that information is publicly available. This is therefore unlikely to require authorisation under RIPA whether it is done on a one off basis or by repeated viewing.
- 3.3 Recording, storing and using open source information in order to build up a profile of a person or group of people must be both necessary and proportionate and, to ensure that any resultant interference with a person's Article 8 right to respect for their private and family life is lawful, it must be retained and processed in accordance with the principles of the UK GDPR.
- 3.4 In relation to open source material, the following definitions are provided to assist those involved in online research and investigation:
- Open source research – the collection, evaluation and analysis of materials from sources available to the public, whether on payment or otherwise, to use as intelligence or evidence in investigations.
 - Open source information – publicly available information, i.e. any member of the public could lawfully obtain the information by request or

observation.

- Unrestricted sites which can be located via search engines such as Google. No membership, user profile, registration, login process required to view the data, e.g. Wikipedia.
- The unrestricted, open, public facing sections of partitioned sites which make certain material available to all, but which have other sections or functionality which are only accessible to those who have registered as members and hold a valid login, e.g. social media and social networking sites (SNS's) like Facebook or Twitter; and online trading sites ('OTS's) such as eBay.

3.5 Whilst it is unlikely that the viewing of such information on a repeated basis will amount to surveillance, each site should be assessed on a case by case basis.

3.6 It may not, for example, be proportionate to view a Facebook or Twitter profile of a particular individual on numerous repeated occasions within a short space of time. Persistent study of an individual's online presence could be considered covert surveillance, and a RIPA authorisation may need to be considered. Viewings must only be undertaken once with any further proposed viewing considered as targeted surveillance and an authorisation under RIPA may be required.

3.7 This 'first dip' allows the officer to establish basic facts and ascertain whether the information contained within the page is 'open source' or whether security settings have been applied. Officers must be aware that, depending on the nature of the online source, there may be a reduced expectation of privacy where information about an individual is made openly available in the public domain, but in some circumstances privacy implications still apply. This is because the intention when making it available was not for it to be used for covert investigative activity. This is regardless of whether a user has activated privacy settings. See Annex One for further details from the Covert Surveillance and Property Interference Code of Practice (2024) relevant to online covert activity.

3.8 Whenever a social media page is accessed, this should be recorded in a log and the page mirrored. Where mirroring is not possible, screen shots should be taken and retained as evidence and the continuity and storage of such evidence must be recorded.

3.9 Investigative techniques must be within the rules:

- Provenance must be clear and demonstrable
- Continuity must be intact
- Is there any reason a Court may conclude that techniques used, or

material gathered, jeopardises the defendant's right to a fair trial.

4 Restricted Access Information

- 4.1 Access to some of the information on the internet is restricted by the owner, for example a common form of restriction is in social networks where a profile owner may use the privacy settings to restrict the access to online "friends".
- 4.2 Privacy settings are covered fully in Section 5 below.
- 4.3 Viewing restricted access information covertly will generally constitute covert surveillance and, as the information is not publicly available, it is likely that private information will be obtained.
- 4.4 Under these circumstances an appropriate authorisation under RIPA should be sought prior to undertaking any such surveillance.
- 4.5 It should be noted that the use of a false persona in an attempt to bypass privacy controls and gain access to restricted information, i.e. by sending a false "friend" request, is expressly forbidden unless this has been approved via a RIPA CHIS application.
- 4.6 Whenever investigations are undertaken it must be remembered that any online research or investigation leaves a trace or "footprint" which can be tracked back to the council.
- 4.7 Recording, storing and using restricted access information must be dealt with in accordance with the principles outlined above in section 3.3.

5 Privacy Settings

- 5.1 Most social media sites will have a variety of privacy settings that users can apply to restrict information and protect their accounts from others accessing such information.
- 5.2 Using Facebook as an example, depending on what privacy setting a user chooses, different people can access the account and see some or all of the content.

Public Setting

- 5.3 All Facebook users can see the account and all of its content, including the user's "friends", their timeline and photographs. Non-Facebook users can see photographs and posts published on the account, but not who has "liked" a post or the marital status and geographic location of the user.

"Friends" Setting

- 5.4 Only those who the user has accepted as Facebook "friends" are able to see

the entire content of the user's page.

Custom Setting

- 5.5 The user can create lists of specific contacts and Facebook users and designate them as the audience for, or block them from view of, any posts.
- 5.6 Of the three options outlined above the only resource normally available to investigators is the public profile, although as indicated in Section 6 below there may be limited occasions where the "friend" profile may become available.

6 Utilisation of Social Media Information

Surveillance using an officer's private account

- 6.1 If an officer views a user's profile with whom they are not "friends" and where the content is not protected by any privacy settings, then information on this profile can be treated as being in the public domain. Visiting/viewing this profile will accordingly be overt and no authorisation under RIPA will be required.
- 6.2 If the officer frequently or regularly visits/views the same individual's profile this must be considered as targeted surveillance and an authorisation under RIPA will be required. If the user posts publicly, they may have a reduced expectation of privacy depending on the nature of the online platform. Officers must still consider the privacy implications for using such content as outlined in section 3.7 above.
- 6.3 Officers may not, under any circumstances, send a "friend" request or attempt to contact the user unless that user is already a "friend" and they have a relationship in a personal capacity. Befriending for the purpose of official investigations will require a RIPA authorisation for CHIS.
- 6.4 It is the responsibility of each service manager to monitor the use of social media by officers for any investigation or enforcement purpose as part of the service's internal case review or monitoring process.

7 Conclusion

- 7.1 The use of social media as an investigation tool is constantly evolving and it is not therefore intended that this policy will cover all eventualities.
- 7.2 Whilst it is unlikely that any formal RIPA authorisation will be necessary this aspect must be considered by Investigators in accordance with the RIPA Policy and great care must be taken to ensure that there is no interference with a person's right to respect for their private and family life.

- 7.3 Best practice is to apply the tests of RIPA (proportionality, necessity, reducing collateral intrusion and demonstrating that you have still considered their Human Rights when applying the circumstances) even if formal authorisation is not required, and record the outcome and decision in accordance with the 'Non RIPA' procedure as detailed within the RIPA Policy.
- 7.4 Where there is any doubt regarding the use of this policy, advice should be sought from the Information Rights Team.

Annex One

The following is an extract from the Covert Surveillance and Property Interference Code of Practice (2024) relevant to online covert activity. The full code of practice should be read in relation to any consideration of surveillance activity. It is available on the Home Office website at - [Covert surveillance and property interference code of practice \(accessible\) - GOV.UK](#)

Online covert activity

- 3.10 The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.
- 3.11 The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).
- 3.12 In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.
- 3.13 As set out in paragraph 3.14 below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.
- 3.14 Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable

expectation of privacy in relation to that information.

- 3.15 Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online. See also paragraph 3.6 of the Code.

Example 1: *A police officer undertakes a simple internet search on a name, address or telephone number to find out whether a subject of interest has an online presence. This is unlikely to need an authorisation. However, if having found an individual's social media profile or identity, it is decided to monitor it or extract information from it for retention in a record because it is relevant to an investigation or operation, authorisation should then be considered.*

Example 2: *A customs officer makes an initial examination of an individual's online profile to establish whether they are of relevance to an investigation. This is unlikely to need an authorisation. However, if during that visit it is intended to extract and record information to establish a profile including information such as identity, pattern of life, habits, intentions or associations, it may be advisable to have in place an authorisation even for that single visit. (As set out in the following paragraph, the purpose of the visit may be relevant as to whether an authorisation should be sought.)*

Example 3: *A public authority undertakes general monitoring of the internet in circumstances where it is not part of a specific, ongoing investigation or 20 operation to identify themes, trends, possible indicators of criminality or other factors that may influence operational strategies or deployments. This activity does not require RIPA authorisation. However, when this activity leads to the discovery of previously unknown subjects of interest, once it is decided to monitor those individuals as part of an ongoing operation or investigation, authorisation should be considered.*

- 3.16 In order to determine whether a directed surveillance authorisation should be sought for accessing information on a website as part of a covert investigation or operation, it is necessary to look at the intended purpose and scope of the online activity it is proposed to undertake. Factors that should be considered in establishing whether a directed surveillance authorisation is required include:

- Whether the investigation or research is directed towards an individual or organisation.
- Whether it is likely to result in obtaining private information about a person or group of people (taking account of the guidance at paragraph 3.6 of the Code);
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile.
- Whether the information obtained will be recorded and retained.
- Whether the information is likely to provide an observer with a pattern of lifestyle.
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life.

- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s).
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties.

3.17 Internet searches carried out by a third party on behalf of a public authority, or with the use of a search tool, may still require a directed surveillance authorisation (see paragraph 4.32 of the Code).

Example: *Researchers within a public authority using automated monitoring tools to search for common terminology used online for illegal purposes will not normally require a directed surveillance authorisation. Similarly, general analysis of data by public authorities either directly or through a third party for predictive purposes (e.g. identifying crime hotspots or analysing trends) is not usually directed surveillance. In such cases, the focus on individuals or groups is likely to be sufficiently cursory that it would not meet the definition of surveillance. But officers should be aware of the possibility that the broad thematic research may evolve, and that authorisation may be appropriate at the point where it begins to focus on specific individuals or groups. If specific names or other identifiers of an individual or group are applied to the search or analysis, an authorisation should be considered.*

This page is intentionally left blank

Audit and Governance Committee Work Programme 2025-26

Report Reference	Audit & Governance Committee	Title	Purpose of Report	Lead Officer	Consultation	Equality Impact Assessment	Part of Budget and Policy Framework	Exempt Item	Committee ToFR
December 2025									
AG/14/25-26	04/12/25	Companies Audited Financial Statements 2024/25	The purpose of this report is to present the audited financial statements of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd for the year 2024/25	Executive Director of Resources and S151 Officer	No	No	Yes	No	Ensuring assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.
AG/15/25-26	04/12/25	ECW (Enterprise Cheshire & Warrington) Accounts 2024/25	The purpose of this report is to present the audited financial statements of Enterprise Cheshire and Warrington for the year 2024/25	Executive Director of Resources and S151 Officer	No	No	Yes	No	Ensuring assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.
AG/27/25-26	04/12/25	Final Annual Governance Statement 2024/25	For the Audit and Governance Committee to approve the Final Annual Governance Statement 2024/25 prior to publication on the website alongside the Statement of Accounts	Director of Law and Governance (Monitoring Officer)	No	No	No	No	To review and approve the AGS and consider whether it properly reflects the risk environment and supporting assurances.
AG/28/25-26	04/12/25	Internal Audit Plan Update	To provide Audit and Governance Committee with an update on progress against the 2025/26 Internal Audit Plan	Director of Law and Governance (Monitoring Officer)	No	No	No	No	To consider the internal audit's performance during the year, including updates on the delivery of the audit plan.
AG/29/25-26	04/12/25	Risk Management Update	To provide Audit and Governance Committee with an update on risk management	Director of Law and Governance	No	No	No	No	To consider the effectiveness of the system of risk

Audit and Governance Committee Work Programme 2025-26

				(Monitoring Officer)					management arrangements.
AG/30/25-26	04/12/25	Global Internal Audit Standards and Internal Audit Charter	To provide Audit and Governance Committee with the results of a self assessment against the Global Internal Audit Standards, and to seek approval of the updated Internal Audit Charter	Director of Law and Governance (Monitoring Officer)	No	No	No	No	To approve the internal audit charter.
AG/32/25-26	04/12/2025	Waivers and Non-Adherences	The receive an update 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 1 December 2024 to the 31 July 2025.	Executive Director of Resources and S151 Officer (Monitoring Officer)	No	No	No	Yes – in part	The Committee receives reports and assurances from across the organisation.
February 2026									
AG/12/25-26	24/02/26	Internal Audit Plan 2025-26 Progress Update	This report provides the Committee with an update on the progress of the Audit Plan delivery, findings and outcomes.	Director of Law and Governance (Monitoring Officer)	No	No	No	No	To consider the internal audit's performance during the year, including updates on the delivery of the audit plan.
AG/13/25-26	24/02/26	Internal Audit Plan 2026-27 Approval	This report provides the proposed Internal Audit Plan 2026/27 to the Committee for review and approval.	Director of Law and Governance (Monitoring Officer)	No	No	No	No	To approve the risk based internal audit plan
AG/31/25-26	24/02/26	Verbal update from the External Auditors on progress on 2023/24 Statement of Accounts Finalisation and progress on 2024/25 Statement of	Verbal update from the External Auditors on progress on 2023/24 Statement of Accounts Finalisation and progress on 2024/25 Statement of Accounts Audit Plan	Executive Director of Resources and S151 Officer	No	No	Yes	TBC	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

Audit and Governance Committee Work Programme 2025-26

		Accounts Audit Plan							
AG/05/25-26	04/12/25	Final Statement of Accounts 2024/25 (Audit & Governance Committee)	The purpose of this report is to present to the committee the final version of the Statement of Accounts for 2024/25, the statements will incorporate the agreed changes reported in the Audit Findings report 2023/24. there will be a recommendation to committee to approve the Statement of Accounts for 2023/24	Executive Director of Resources and S151 Officer	No	No	Yes	No	To review and approve the annual statement of accounts.
AG/06/25-26	04/12/25	Audit of Accounts 2024/25, including Value for Money Statement.	The purpose of the report is to present to Council, the Audit findings report for 2024/25 accompanied by a response recommended by the Audit & Governance Committee to any significant issues raised in the Audit Findings Report	Executive Director of Resources and S151 Officer	No	No	Yes	No	Ensuring assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.

This page is intentionally left blank