

Audit and Governance Committee

Agenda

Date: Thursday 30th July 2020
Time: 2.00 pm
Venue: Virtual Meeting

How to Watch the Meeting

For anybody wishing to view the meeting live please click in the link below:

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or dial in via telephone on 141 020 3321 5200 and enter Conference ID 599 649 344# when prompted.

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

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

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

1. **Apologies for Absence**
2. **Declarations of Interest**

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

OFFICIAL

For requests for further information

Contact: Rachel Graves

Tel: 01270 686473

E-Mail: rachel.graves@cheshireeast.gov.uk with any apologies

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

In accordance with paragraph 2.32 of the Committee Procedural Rules and Appendix 7 to the Rules a total period of 10 minutes is allocated for members of the public to address the Committee on any matter relevant to the work of the body in question.

Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers.

Members of the public wishing to ask a question or make a statement at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

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

To approve the minutes of the meeting held on 28 May 2020 as a correct record.

5. **External Audit Update Report** (Pages 11 - 22)

To receive and consider the External Audit Update Report.

6. **Draft Pre-Audit Statement of Accounts 2019/20** (Pages 23 - 28)

To note the summarised position of the accounts for year ended 31st March 2020.

7. **Internal Audit Annual Report 2019/20** (Pages 29 - 56)

To receive and consider the Internal Audit Annual Report 2019/20.

8. **Annual Monitoring Officer Report 2019/20** (Pages 57 - 82)

To consider the annual report of the Monitoring Officer.

9. **Annual Information Governance Update 2019/20** (Pages 83 - 90)

To consider the progress made on the Information Assurance Programme during 2019/2020, and future vision to support on-going compliance.

10. **Draft Annual Governance Statement 2019/20** (Pages 91 - 128)

To consider the Draft Annual Governance Statement 2019/20.

11. **Audit and Governance Committee Annual Report 2019/20** (Pages 129 - 150)

To considers the draft report for 2019/20 and agree the final version which will be presented to Council later this year.
12. **Localism Act 2011 - General Dispensations** (Pages 151 - 156)

To approve for the 4-year period to 28 September 2024 the general dispensations for all elected and co-opted Members of Cheshire East Council.
13. **Community Governance Review: Members' Interests** (Pages 157 - 166)

To approve a general dispensation allowing Members to take part in and vote on Community Governance Review matters in which they have disclosable pecuniary and prejudicial interests for a 4-year period up to 29 July 2024.
14. **Maladministration Decision Notices from Local Government and Social Care Ombudsman - February - March 2020** (Pages 167 - 172)

To consider the Decision Notice issued by the Local Government and Social Care Ombudsman when their investigations have found maladministration causing injustice to complaints.
15. **COVID-19 Financial Impact** (Pages 173 - 180)

To consider the financial implications of COVID-19.
16. **Committee Work Plan** (Pages 181 - 202)

To consider the Work Plan and determine any required amendments.
17. **Waivers and Non Adherences** (Pages 203 - 208)

To consider and note the number and reason for the WARNs approved between 1 April 2020 and 30 June 2020.
18. **Exclusion of the Press and Public**

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

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

19. Waivers and Non-Adherences

To note the approved WARNs issued between 1 April 2020 and 30 June 2020.

Membership: Councillors R Bailey (Vice-Chairman), C Bulman, D Edwardes, B Evans, R Fletcher (Chairman), S Hogben, M Houston, A Kolker, M Sewart and M Simon
Independent Co-opted Members: Mr P Gardener

CHESHIRE EAST COUNCIL

Minutes of a virtual meeting of the **Audit and Governance Committee**
Held on Thursday, 28th May, 2020

PRESENT

Councillor R Fletcher (Chairman)
Councillor R Bailey (Vice-Chairman)

Councillors C Bulman (substitute for Cllr S Handley), D Edwardes, B Evans, S Hogben, M Houston, A Kolker, M Sewart and M Simon

Independent Co-opted Member

Mr P Gardener

External Auditor

Mark Dalton, Mazars

Councillors in attendance

Councillors J Clowes, D Marren, J Rhodes and A Stott

Officers in attendance

Jane Burns, Executive Director Corporate Services
Alex Thompson, Director of Finance and Customer Services
Jan Bakewell, Director of Governance and Compliance
Brian Reed, Head of Democratic Services and Governance
Josie Griffiths, Head of Audit and Risk Management
Juan Turner, Compliance and Customer Relations Officer
Lianne Halliday, Senior Manager Procurement
Rachel Graves, Democratic Services

The Chairman reported that the Committee's Terms of Reference had been circulated to the committee members ahead of the meeting.

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillor S Handley.

2 DECLARATIONS OF INTEREST

No declarations of interest were made.

3 PUBLIC SPEAKING TIME/OPEN SESSION - VIRTUAL MEETINGS

There were no public speakers.

4 MINUTES OF PREVIOUS MEETING

Matters Arising:

Minute 68 – Risk Management Framework Update

In relation to risk CR11 Pandemic Virus, Councillor M Simon asked if school's individual risk assessment were sufficiently robust and what processes were in place for checking the checking of them. It was agreed that a written response would be provided to all members of the committee.

Councillor A Kolker referred to the money provided by the Government in relation to COVID-19 and spent by the Council and asked if it would be possible to have details on all the money spent by the Council and a breakdown on how the decision was made and by whom. It was confirmed that this matter would be covered later in the agenda.

RESOLVED:

That the minutes of the meeting held on 12 March 2020 be confirmed as a correct record.

5 EXTERNAL AUDIT UPDATE REPORT

Mark Dalton of Mazars provided an update on the work being undertaken by the External Auditors in relation to the External Audit Plan.

He reported that Mazars had been able to continue to carry out their work remotely and had put in place arrangements with the Council such as regular update meetings, use of the Council's shared site for secure data transfer and keeping query logs.

The deadlines for local government financial statement reporting for 2019/20 had been changed to provide flexibility for local authorities and the published audited Financial Statement was now due by 30 November 2020.

The implementation date of the new accounting standard on leases – IFRS16, had been delayed by a year.

The Committee's attention was drawn to the significant impact of the pandemic on the financial markets meant that there were likely to be significant impacts on the valuation of pension funds and Mazars had suggested that the Council should obtain their actuarial report from the Cheshire Pension Fund actuary later than ordinarily in order that the report includes the actual return on assets.

There was also uncertainty around the valuation of the Council's property, plant and equipment and it was expected valuers would actively

considering the need for their valuation reports to include a reference to the uncertainty in the market conditions that existed at 31 March 2020.

It was reported that the Audit Fees for 2020/21 were unchanged at £119,034.

The Director of Finance and Customer Services reported that the intention was to bring the draft accounts to the July meeting of the Committee and that it was proposed that the December meeting be brought forward to November so that the final accounts can be reported.

RESOLVED: That

1. the contents of the report and the revised dates for the reporting of the 2019/20 Statement of Accounts be noted; and
2. the update provided by the External Auditors be noted.

6 TREASURY MANAGEMENT UPDATE

The Committee considered an update on Treasury Management.

The Director of Finance and Customer Services reported that the Council had received grant funding from the Government in response to the COVID-19 pandemic and it was highly unusual for the Council to hold large amounts of cash at any point in time within suitable deposit accounts. The Treasury Management Strategy did not support such large investments with any single organisation. Table 1 set out the investments which exceeded the limit as at 1 April 2020. As the small business grants had been paid out the levels of investment had reduced overall and complied with the limits within the Strategy from 24 April – Table 2 of the report provided the position as at 15 May 2020. There was a requirement to report how the grant money received had been spent and how the decisions had been made do this.

It was asked if a separate COVID-19 audit would be carried out by Government and Mark Dalton of Mazar responded that he was not aware of any national audit being planned but that this could possibly emerge later in the year.

RESOLVED:

That the Committee note the update on Treasury Management and support the actions taken.

7 MALADMINISTRATION DECISION NOTICES FROM LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - DECEMBER 2019 - JANUARY 2020

The Committee considered a report on the Decision Notices issued by the Local Government Ombudsman (LGO) between 1 December 2019 and 31 January 2020.

It was reported that four decision notices had been issued which concluded that there had been maladministration causing injustice – details of which were set out in Appendix 1 to the report.

On 26 March 2020 the LGSCO had taken the decision to suspend all casework activity that demanded inform from, or action by, any local authority until further notice. Councils were expected to respond appropriately to any complaints received during this time and to direct complaints to the Ombudsman service upon completion of the Council's complaints procedure. However, following a national consultation the Ombudsman decided to restart their casework from 21 May 2020. Although limited only to the cases they were already considering prior to their shutdown.

Visiting Councillor D Marren asked about the number of Ombudsman complaints in 2019/20, the first year of the new administration, in comparison with the number of complaints in 2018/19. It was reported that this information would be in the Monitoring Officers Annual Report, which was expected to come to the July meeting of the Committee.

RESOLVED:

That the contents of the report be noted.

8 AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT – ACTION PLAN

The Committee considered the Action Plan which set out the various actions identified by the Committee to help ensure the effectiveness of the Audit and Governance Committee.

Progress against the Plan would be reported regularly to the Committee and form part of the Committee's Annual Report to Council.

Visiting Councillor J Clowes referred to the Centre of Public Scrutiny COVID-19 guidance on the risk to council finances and highlighted the importance of closer working between scrutiny and audit committees on this matter. It was agreed that this be would be considered under the Work Plan item.

RESOLVED:

That the Action Plan be endorsed.

9 COMMITTEE WORK PLAN

The Committee considered the Work Plan for 2020/21.

The Work Plan had been adjusted to meet the changes to the dates for consideration of the draft and Final Statement of Accounts and Annual Governance Statement as a result of the changes brought about by the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020. The December meeting of the Committee would be moved forward to November to enable the revised timetable to be met.

It was noted that during the meeting, the following items were considered for adding to the Work Plan:

- closer working with Scrutiny on the risk to council's finances as per the Centre of Public Scrutiny guidance
- undertake work in relation to enforcement action in conjunction with Scrutiny.

These items were agreed to be added to the Work Plan and it was also suggested that COVID-19 should be a standard item on the agenda.

RESOLVED: That

1. that December meeting of the Committee will be brought forward to November to meeting the revised timetable for approval of final accounts;
2. the Work Plan be approved and amended to include the items suggested; and
3. the Plan be brought back to the Committee throughout the year for further development and approval.

10 WAIVERS AND NON-ADHERENCES

The Committee considered a report on the number and reasons for Waivers and Non-Adherences (WARNs), which had been approved between 1 February 2020 and 31 March 2020.

It was reported that following the outbreak of COVID-19, the Cabinet Office had issued a number of Procurement Policy Notes. Note 01/20 set out guidance on the procurement of goods, services and works with extreme urgency and permitted authorities to do so using regulation 32(2)(c) under the Public Contract Regulations 2015. Note 02/20 set out information and guidance on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak and stated the contracting authorities must act quickly to ensure suppliers at risk were

able to resume normal contract delivery once the outbreak was over. Note 03/20 set out guidance on the use of procurement cards, with the aim to accelerate payments to suppliers to support and improve cash flow.

RESOLVED:

That the report be noted.

11 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

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

12 WAIVERS AND NON-ADHERENCES

The Committee considered the WARNs.

RESOLVED:

That the WARNs be noted.

The meeting commenced at 2.00 pm and concluded at 3.55 pm

Councillor R Fletcher (Chairman)



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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: External Audit Update Report

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. The progress and update report from Mazars for the year ended 31st March 2020 is provided as an Appendix to this report.

2. Recommendation/s

That Members of the Audit & Governance Committee:

- 2.1. Note the update provided by the Council's external auditors.

3. Reasons for Recommendation/s

- 3.1. The Audit Plan sets out the work that the Council's Auditors, Mazars will be carrying out in their statutory audit on the Council's financial statements and arrangements for securing value for money.

4. Other Options Considered

- 4.1. None.

5. Background

- 5.1. Mazars have been appointed as the Council's independent external auditors. Their annual work programme is set in accordance with the Code of Audit Practice issued by the Audit Commission and includes nationally prescribed and locally determined work.
- 5.2. The report provides members of the Committee with an update on progress of the external audit; it also includes details of national publications relevant to the Council.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. There are no legal implications identified.

6.2. Finance Implications

6.2.1. The audit fees will be met from within the revenue budget.

6.3. Policy Implications

6.3.1. There are no policy implications identified.

6.4. Equality Implications

6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

6.5.1. There are no human resources implications identified.

6.6. Risk Management Implications

6.6.1. Mazars will complete a risk based audit whereby they will focus audit effort on those areas where they have identified a risk of material misstatement in the accounts.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10 Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.2. Not applicable.

8. Access to Information

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

9. Contact Information

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

Name: Joanne Wilcox

Job Title: Financial Strategy and Reporting Manager

Email: Joanne.wilcox@cheshireeast.gov.uk

Appendix A – External Audit Progress Report 2019-20

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Audit Progress Report

Cheshire East Council

July 2020





CONTENTS

1. **Audit progress**
2. **National publications**

This document is to be regarded as confidential to Cheshire East Council. It has been prepared for the sole use of the Audit & Governance Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit & Governance Committee with an update on progress in delivering our responsibilities as your external auditors.

Audit progress

With regards to our external audit of Cheshire East Council, since the last Committee meeting we have:

- Maintained a regular dialogue with the Director of Finance & Customer Services. We have held monthly video calls and these will continue through to the main audit visit in the autumn. These ensure that we remain up to speed with the Council's response to the challenges and its plans regarding financial reporting.
- Held a liaison meeting with internal audit to ensure that we continue to share our audit knowledge and understanding, and maximise the value of the combined audit resource to the Council.

There are no additional matters to report to the Audit & Governance Committee relating to our 2019/20 external audit.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
National Audit Office			
1	Managing PFI assets and services as contracts end	Information on managing PFI contracts as they come to an end	5
Ministry of Housing, Communities & Local Government (MHCLG)			
2	Coronavirus support package for Councils	Press release announcing the latest government support	6

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. Managing PFI assets and services as contracts end, June 2020

The NAO have published a report providing information on managing PFI contracts as they come to an end and considering whether government is making appropriate preparations to manage the expiry of PFI contracts. There are currently over 700 operational PFI contracts in place in the UK with a capital value of £57 billion. This study focusses on the 571 English PFI contracts, excluding those for which devolved governments are responsible.

The purpose of the report is to draw out the challenges and best practice that can most benefit those managing PFI contracts coming to an end. NAO identify illustrative examples from specific PFI contracts, and provide helpful prompts to draw the reader's attention to some of the potential risk's authorities may face, enabling preventative steps to be considered.

In the report, NAO examines:

- the background to PFI, the contracts which are due to expire, and the roles and responsibilities of key stakeholders;
- the skills and capabilities of authorities for the expiry process and aspects of day-to-day management of the contracts relevant for the preparation process; and
- the preparation for and delivery of contract expiry.

<https://www.nao.org.uk/report/managing-pfi-assets-and-services-as-contracts-end/>

2. NATIONAL PUBLICATIONS – MHCLG

2. Coronavirus support package for Councils, July 2020

On 2nd July 2020 MHCLG announced the latest support package for Councils to respond to the challenges of the Covid-19 pandemic. The press release announced a further, unringfenced £500 million to respond to spending pressures they are facing. In addition the announcement highlighted a new scheme to reimburse lost income, whereby where Councils' losses are more than 5% of their planned income from sales, fees and charges, the government will provide cover them for 75% of the lost income. Furthermore the Local Government Secretary also announced a proposal for a phased repayment of council tax and business rates deficits over 3 years, rather than requiring complete repayment of deficits next year.

<https://www.gov.uk/government/news/comprehensive-new-funding-package-for-councils-to-help-address-coronavirus-presses-and-cover-lost-income-during-the-pandemic>

CONTACT

Engagement lead: Mark Dalton

Phone: 0113 394 5316

Mobile: 07795 506766

Email: mark.dalton@mazars.co.uk

Senior Manager: Alastair Newall

Phone: 0161 238 9243

Mobile: 07909 986776

Email: alastair.newall@mazars.co.uk

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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Draft Pre-Audit Statement of Accounts 2019/20

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. This report confirms that the Council will publish, on its website, its pre-audit Statement of Accounts for year ended 31st March 2020, alongside its draft Annual Governance Statement.
- 1.2. Information on the 2019/20 pre-audit Statement of Accounts, for the Cheshire East Group of Companies and for the single entity of Cheshire East Borough Council, will be presented to the committee. This step is taken to provide committee members with an early summary of the accounts, which will help them in advance of any formal responsibility to approve the accounts.
- 1.3. The Council produces an Outturn Report for the year that reflects the Council's financial and non-financial performance, this was reported to Cabinet on 9th June 2020.

2. Recommendations

- 2.1. Members' note the summarised position of the accounts for year ended 31st March 2020 based on the presentation provided at this meeting.
- 2.2. Members' note the important dates in relation to the approval process for the Statement of Accounts.

3. Reasons for Recommendations

- 3.1. The Accounts and Audit Regulations 2015 require the Audit and Governance Committee to approve the Statement of Accounts after the external audit is completed
- 3.2. To support this responsibility the Committee is provided with an overview of the key issues within the draft Statement of Accounts before the external

audit work is completed. This allows committee members adequate time to scrutinise the statements ahead of the deadline for approval.

- 3.3. The deadlines for the preparation of the Accounts has been changed for 2019/20. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.
- 3.4. The draft Accounts must now be submitted for audit by 31st August 2020 rather than 31st May 2020 and the timeline for the conclusion of the audit is now 30th November 2020 rather than 31st July 2020.
- 3.5. The draft Accounts for Cheshire East Council will be submitted to the external auditors on 1st August 2020 and will be considered for approval by this Committee on 11th November 2020.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Statement of Accounts for 2019/20 is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 5.2. The Group statements consolidate the accounts of: Cheshire East Council and six wholly owned subsidiaries (Ansa, Orbitas, TSS, EotN, Civicance, Skills & Growth Co); the accounts of a seventh wholly owned subsidiary (TPE), and one associate organisation (CWLEP), although part of the Group, are not consolidated on the grounds of materiality. This mirrors treatment of these organisations in 2018/19. The single entity statements for Cheshire East Borough Council will also be presented to the Committee for approval on 11th November 2020.
- 5.3. The objective of the Statement of Accounts is to provide information about the organisation's financial performance that is useful to a wide range of interested parties. Its purpose is to give readers and stakeholders clear information about the Group's consolidated finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Group's net worth?

- 5.4. Members are not required to approve the pre-audit statement of accounts for the Group or for the Council as a single entity. But the Director of Finance & Customer Services (Section 151 Officer) is providing the committee with an early indication of the key messages from these accounts before she signs them for publication. The Pre-Audit Statement of Accounts will be published on the 31st July 2020 and the certified Statement of Accounts will be published by the 30th November 2020, meeting all the statutory deadlines and reporting requirements.
- 5.5. The accounts will be available for public inspection for 30 working days between the dates of 3rd August to 11th September 2020.
- 5.6. The Council's external auditors are Mazars. Their formal audit will be completed before accounts are presented to this Committee on 11th November for approval.
- 5.7. Training sessions will be arranged for Members in October.
- 5.8. The final audited Statement of Accounts will be presented to this Committee for approval in time for publication by the deadline of 30th November 2020.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The regulations arising out of the Local Audit & Accountability Act 2014 (Accounts and Audit Regulations 2015) prescribe statutory provisions regarding the overall format and approval procedures for authorities' financial statements. The detailed format of the Statement of Accounts is laid out annually by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the form of the Code of Practice on Local Authority Accounting in the UK (the Code).
- 6.1.2. The pre-audit Statement of Accounts must be signed by the Council's Section 151 officer and published by the required deadline following the financial year end. The pre-audit statements do not require committee approval, however it is deemed to be good practice to present the accounts to members before publication.
- 6.1.3. The audited statements are to be approved by this Committee and published by the 30th November 2020.

6.2. Finance Implications

- 6.2.1. The Statement of Accounts summarises the financial activities of the Council for the preceding financial year and its position at the year end.

It summarises the Council's income and expenditure, assets and liabilities, and its level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the authority. The Statement of Accounts is an important part of the Council's financial governance and stewardship arrangements.

6.3. Policy Implications

6.3.1. None.

6.4. Equality Implications

6.4.1. None.

6.5. Human Resources Implications

6.5.1. None

6.6. Risk Management Implications

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

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

- 8.1. In accordance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the accounts and other documents will be available for inspection from 3rd August to 11th September 2020, between 10 am and 4 pm Monday to Friday.
- 8.2. Any person may inspect, and make copies of the accounts and all books, deeds, contracts, bills, vouchers, receipts and other related documents of the Council for the year ended 31st March 2020, as stipulated in Section 25 of the Local Audit and Accountability Act 2014.

9. Access to Information

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

10. Contact Information

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

Name: Alex Thompson

Job Title: Director of Finance and Customer Services (S.151. Officer)

Email: alex.thompson@cheshireeast.gov.uk

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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Internal Audit Annual Report 2019/20

Senior Officer: Jane Burns, Executive Director Corporate Services

1. Report Summary

- 1.1. This report provides the Audit and Governance Committee with the Annual Internal Audit opinion on the overall adequacy and effectiveness of the Council's control environment for 2019/20.

2. Recommendations

- 2.1. That the Committee:
 - 2.1.1. Notes and considers the contents of the Internal Audit Annual Report 2019/20 (Appendix A); and
 - 2.1.2. Notes the Internal Audit opinion on the Council's framework of risk management, control and governance for 2019/20 as "Adequate".

3. Reasons for Recommendations

- 3.1. The Public Sector Internal Audit Standards (PSIAS) require the Council's Chief Audit Executive (Head of Audit and Risk Management) to deliver an annual audit opinion and report which can be used to inform the Annual Governance Statement (AGS).

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council, via the Audit and Governance Committee, that these arrangements are in place and operating properly. The annual internal audit opinion informs the AGS. The Council's response to internal audit activity

should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council's objectives.

- 5.2. All principal local authorities subject to the Accounts and Audit Regulations 2015 must make provision for internal audit in accordance with the proper practices.
- 5.3. The Chief Audit Executive provides a written report to those charged with governance timed to support the Annual Governance Statement. The primary purpose of the report, which is set out in Appendix A, is to provide an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control i.e. the control environment.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. Section 151 of the Local Government Act 1972 requires Councils to make arrangements for the proper administration of their financial affairs and the Accounts and Audit Regulations 2015 establishes a specific responsibility for the Council to conduct a review at least once a year of the effectiveness of its system of internal control

6.2. Finance Implications

- 6.2.1. The Internal Audit team is appropriately resourced to comply with statutory and best practice requirements. Resourcing of the Internal Audit team is regularly monitored and reported upon to the CLT and the Audit and Governance Committee.

6.3. Policy Implications

- 6.3.1. There are no policy implications identified.

6.4. Equality Implications

- 6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

- 6.5.1. There are no human resources implications identified.

6.6. Risk Management Implications

- 6.6.1. Failure to consider the effectiveness of the Council's system of internal audit, and the Internal Audit opinion on the Council's control

environment, could result in non-compliance with the requirements of the Accounts and Audit Regulations 2015

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. All Ward Members as the report provides the Annual Audit Opinion on the Council's control environment.

8. Consultation & Engagement

8.1. The report was prepared by the acting Internal Audit Manager and was agreed by the Head of Audit and Risk. The report was also shared with the Director of Governance and Compliance, Executive Director Corporate Services and Corporate Leadership Team.

9. Access to Information

9.1. The full Internal Audit Annual Report 2019/20 is attached as Appendix A to this report.

10. Contact Information

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

Name: Josie Griffiths

Michael Todd

Job Title: Head of Audit and Risk

Acting Internal Audit Manager

Email: Josie.griffiths@cheshireeast.gov.uk

michael.todd@cheshireeast.gov.uk

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Internal Audit Annual Report 2019/20

www.cheshireeast.gov.uk

Internal Audit
First Floor, Westfields
Cheshire East Council
Sandbach
CW11 1HZ

Cheshire East Council - Internal Audit Annual Report 2019/20

1 Introduction

1.1 Local Government Internal Audit sections must comply with the requirements of the Public Sector Internal Audit Standards (PSIAS) (2017) and the accompanying Local Government Application Note.

1.2 As set out in the PSIAS, the Council's Chief Audit Executive (Head of Audit and Risk) must provide an annual report to the Audit and Governance Committee - timed to support the Annual Governance Statement. This must include:

- an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment)
- a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies), and
- a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme (QAIP).

1.3 It should also include:

- disclosure of any qualifications to that opinion, together with the reasons for the qualification;
- disclosure of any impairments ('in fact or appearance') or restriction in scope

- a comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and target;
- any issues judged particularly relevant to the annual governance statement; and
- progress against any improvement plans resulting from QAIP external assessment.

2 Background and Context

2.1 In common with all other public bodies, the Council continues to face increasing financial and service delivery challenges, the scale of which are illustrated within the Medium Term Financial Strategy.

2.2 Expected gross expenditure in 2019/20 by the Council was £646m, with a capital programme of £410m. This annual expenditure supports service delivery to over 375,000 residents, in line with our six strategic outcomes for residents.

2.3 During 2019/20 the Council continued to develop innovative solutions for service delivery to provide the best possible outcomes for the residents of Cheshire East at a competitive price.

2.4 The Council's 2019/20 audit plan reflected this through the areas selected for review and the

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changes made during the year to ensure resources were focussed in the right areas.

2.5 In preparing, reviewing and updating the plan during the year, the following were taken into account:

- Adequacy and outcomes of the Authority's risk management, performance management and other assurance processes.
- Internal Audit's own risk assessment.
- Cheshire East Council's Corporate Plan 2017-2020.
- Consultation with key stakeholders e.g. Corporate Leadership Team (CLT), Senior Management including Strategic Risk Owners/Managers, External Audit, Internal Audit staff, Cheshire West and Chester Internal Audit.
- The impact of unplanned investigation work undertaken during the year.

2.6 Staffing resource for Internal Audit has again been limited during 2019/20.

2.7 The appointment of the Head of Audit and Risk in July 2019 has ensured that the responsibilities placed upon the 'Chief Audit Executive' by the PSIAS have been fulfilled.

2.8 The remaining management roles within the team have been filled via acting up arrangements and the resource available has been carefully managed to carry out audit assignments and review and quality assure work undertaken.

2.9 Despite this limited audit resource, the team has delivered sufficient coverage, to the appropriate standard, to enable an informed opinion to be provided on the control environment. Development of the Internal Audit resource is being addressed during 2020/21.

3 Opinion on the Control Environment

3.1 Internal Audit is required to form an annual opinion on the adequacy and effectiveness of the Council's internal control environment. This includes consideration of any significant risk or governance issues and control failures that have been identified.

3.2 In the context of the PSIAS, 'opinion' does not simply mean 'view', 'comment' or 'observation'. It means that internal audit have done sufficient, evidenced work to form a supportable conclusion about the activity that it has examined.

3.3 Assurances given by Internal Audit are never absolute. It is impossible to examine every activity and every transaction and, audit reviews are at a

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point in time. The most Internal Audit can provide is a reasonable assurance that there are no major weaknesses, or that the weaknesses identified have been highlighted, and improvement plans agreed with a timetable for implementation.

- 3.4 Our work has confirmed that adequate management arrangements are in place to ensure that services are being delivered and agreed savings proposals are being realised. Findings are delivered through formal audit reports and action plans and this is complemented by regular meetings with departmental management teams to provide updates on audit, internal control, risk and governance issues as well as a programme of follow ups of audit recommendations.
- 3.5 In arriving at the 2019/20 Opinion, it was recognised that Internal Audit has continued its work in relation to a number of reviews of land transactions, at the request of the then Acting Chief Executive and the Executive Director Place, which have resulted in referrals to the police. It was also recognised, however, that these reviews were concerned with historic transactions and as such have not impacted upon our Opinion of the current control environment.
- 3.6 In response to these reviews, a consolidated findings report was produced and an action plan agreed to ensure that control weaknesses identified

across these reviews were captured and addressed. A review of current arrangements, and follow up on the implementation of agreed actions in this area, was undertaken as part of the 2019/20 Internal Audit Plan.

- 3.7 Under normal circumstances work in March and April is focussed on producing reports to management for work completed during quarters 3 and 4. Unfortunately, the Covid-19 pandemic and change in organisational priorities to manage the situation has impacted upon Internal Audit's ability to agree and issue several reports.
- 3.8 However, for each of these reports, the fieldwork and testing elements of the audit reviews was completed and used to inform the individual assurance levels.
- 3.9 As such reports referred to as draft throughout this report will not have been finalised with management at the time of writing and it is possible that the individual assurance levels may improve following this process. It would, however, be extremely unusual for an assurance level to be reduced following this process.

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Internal Audit Opinion on the Council's control environment**The Council's framework of risk management, control and governance is assessed as Adequate for 2019/20.**

The Internal Audit work carried out this year provides reasonable assurance that the Council has in place a satisfactory framework of governance and internal control designed to meet the Council's objectives and that key controls are generally being applied consistently.

Where weaknesses in the design and inconsistent application of controls have been identified it is pleasing to note the positive engagement with Management in agreeing recommendations. Action plans are in place to address all weaknesses identified during the year.

This opinion is based upon:

- the programme of internal audit reviews - including opinion-based work undertaken during the year;
- Management's response to advice and recommendations
- the process of producing the Council's annual governance statement; and
- periodic reports to Audit and Governance Committee on the Council's Risk Management Arrangements

3.10 There are no standard ratings for the annual opinion and the assessment of Adequate reflects the fact that the arrangements in place are deemed

to be satisfactory, proportionate and fit for purpose. This is supported by the work undertaken by Internal Audit, responses and engagement with management and that there were no issues that required inclusion within the Annual Governance Statement.

4 Summary of Audit Work 2019/20

- 4.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the organisation that these arrangements are in place and operating properly.
- 4.2 The provision of assurance is, therefore, the primary role for Internal Audit. This role requires the Chief Audit Executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 4.3 A risk based Internal Audit plan is produced each year to ensure that:
- the scale and breadth of audit activity is sufficient to allow Internal Audit to provide an independent and objective opinion to the Council on the control environment; and

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- audit activity focuses on areas where assurance is most needed i.e. risk based coverage.
- 4.4 In preparing the risk-based plan for 2019/20 Internal Audit consulted with CLT and the Audit and Governance Committee. They also considered:
- the adequacy and outcomes of the Council's risk management, performance management and other assurance processes;
 - their own risk assessment;
 - the Council's Corporate Plan 2017-2020; and
 - discussion with key stakeholders including external audit, the internal audit team and also the Cheshire West and Chester internal audit team in relation to shared services.
- 4.5 The plan was broadly split into two main areas:
- those audits that deliver an opinion report on the risks and controls of the area under review and will inform the Annual Internal Audit Opinion; and
 - work that will not deliver an opinion report but will help inform the Annual Internal Audit Opinion.
- 4.6 The plan was reviewed and adjusted, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls. Any significant changes were communicated to both CLT and the Audit and Governance Committee.
- 4.7 Interim reports on progress against the Internal Audit Plan and work carried out by the team were presented to Audit and Governance Committee in September 2019, December 2019 and March 2020.
- 4.8 A summary comparison of the 2019/20 Audit Plan with actuals for the year is shown in Table 1.
- 4.9 A summary of the audit work carried out in support of the Annual Internal Audit Opinion is shown in Table 2.
- 4.10 In line with the approach outlined in the Internal Audit plan, our work focuses on areas of higher risk, or where concerns/issues have previously been identified. This naturally results in there being a higher proportion of "Limited" or "No Assurance" reports. The recognition of these issues and management's role in implementing the agreed action plans demonstrates the value added and improvements in the control environment achieved by Internal Audit's role.

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Table 1: Summary Comparison of Audit Plan 2019/20 and Actuals

Area of Plan		Original Plan		Revised Plan		Actuals (to 31/03/2020)		Comments on coverage
		Days	%	Days	%	Days	%	
Chargeable Days		1317		1126		1135		
Less: Corporate Work		160		125		129		
Available Audit Days:		1157	100%	1001	100%	1006	100%	
Corporate Governance and Risk		136	12%	120	12%	51	5%	Governance around land transactions charged against Place
Anti-Fraud and Corruption	Proactive Work	45	4%	40	4%	45	5%	
	Reactive Investigations	60	5%	50	5%	86	9%	Additional support to police investigations
Corporate Services		443	38%	380	38%	400	40%	
People		175	15%	150	15%	154	15%	
Place		98	8%	80	8%	139	14%	As above
Providing Assurance to External Organisations		25	2%	20	2%	35	3%	
Advice & Guidance		30	3%	30	3%	38	3%	
Other Chargeable Work		145	13%	131	13%	58	6%	Focus on core assurance work
	Total Audit Days	1157	100%	1001	100%	1006	100%	

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Summary of Audit Work to support the overall opinion

Area	Description of Audit Work	Output
Assurance Work	Audits with formal assurance level.	Audit Reports
Schools	Assessment against Schools Financial Value Standard and completion of thematic reviews.	Audit Reports
Supporting Corporate Governance	Support and contribution to production of the Annual Governance Statement, including assurance statements from Heads of Service.	Annual Governance Statement, and supporting evidence
	Support and contribution to update reports from the Corporate Governance Group.	Reports to Management Group Board
	Support and contribution to AGS Action Plan, Compliance with Contract Procedure Rules reports etc.	Report to Audit & Governance Committee
Counter Fraud	Review of Anti-Fraud and Corruption arrangements.	Report to Audit & Governance Committee
	National Fraud Initiative – co-ordination of matches and investigation work.	Results published on Cabinet Office website/update reports to Corporate Assurance Group/Investigation Reports.
	Investigations	Investigation Reports
Consultancy & Advice	Ad-hoc consultancy and advice provided to services.	Various – reports etc.
Statutory Returns/Grant Claims	Audit/assurance work on programme/project and subsequent report to statutory/funding body.	Return/Claim sign off
Implementation of Recommendations	Targeted follow up of audit recommendations based on audit opinion/recommendation.	Follow up reports/action plans/Key Corporate Indicator

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Table 2: Summary of Final Assurance Reports 2019/20 to 31st March 2020

Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
School Governance Team	Identified via Planning Process	Good	Final	
Homelessness Duty - Governance	Identified via Planning Process	Satisfactory	Final	
Gateway Review C&WLEP Growth Hub Project	Identified via Planning Process	Satisfactory	Final	
Homelessness Duty – Emergency Provision	Identified via Planning Process	Satisfactory	Final	
Land Transactions	Identified via Planning Process	Satisfactory	Draft	
Key Financial Systems Control Review	Identified via Planning Process	Satisfactory	Draft	
Statutory Officers – Director of Public Health	Identified via Planning Process	Satisfactory	Draft	
Information Governance – Public Health	Identified via Planning Process	Satisfactory	Draft	
Regular Car User Allowance	Identified via Planning Process	Limited	Final	<p><i>Previously reported in December 2019</i></p> <p>The review identified inconsistencies in the application of the Regular Car User Policy including:</p> <ul style="list-style-type: none"> • Initial assessment of eligibility not completed in all cases • Some officers have been awarded the allowance despite not meeting the required criteria with no evidence to support the decision • Annual reviews of eligibility not completed in all

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Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
				cases
ASDV Review – Statutory Responsibilities	Identified via Planning Process	Limited	Final	<i>Previously reported in December 2019</i> Whilst the review identified no evidence that statutory responsibilities were not being fulfilled, opportunities were identified to improve the arrangements for evidencing that this was the case
Parking Services – Consolidated Parking Order	Request of Management	Limited	Final	<i>Previously reported in December 2019</i> The review was requested following a question at Council in December 2018 in relation to the issue of Parking Charge Notices on free car parks within the Borough. It identified that the content of the Consolidated Parking Order in place at the time had not been adequately communicated to all staff within the service. The review also identified opportunities to improve the decision making process around Traffic Penalty Tribunal cases.
Dedicated Schools Grant	Identified via Planning Process	Limited	Final	<i>Previously reported in March 2020</i> The review identified that: <ul style="list-style-type: none"> • Although the Dedicated Schools Grant (DSG) budget was apportioned in accordance with the grant conditions, the budget in the general ledger had not been updated to reflect budget amendments in July 2018; • The DSG has a complex coding structure and a high level of journal transfers across centre codes. It was recommended that this should be simplified in the new accounting system to improve transparency and reduce the administrative burden;

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Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
				<ul style="list-style-type: none"> • A high level review had been undertaken demonstrating management oversight but not a detailed analysis and it was recommended that detailed review process be undertaken on a rolling basis.
Constitution Review	Identified via Planning Process	Limited	Draft	<p>The review sought assurance around process to ensure compliance with new requirements following the major updates to the Constitution in 2018 and in relation to the process for Officer Decision Records.</p> <p>It was concluded that the Constitution review was a success in relation to member engagement, and improvements in terms of navigating the Constitution.</p> <p>However, it had not successfully delivered a clear, succinct Constitution which is accessible, user-focused, provides helpful instruction and ensures good governance across all elements of service delivery.</p> <p>The review identified learning points that can be used to ensure an effective implementation of the new Constitution to reflect the change to the Committee system.</p> <p>Issues were also identified in relation to the ODR process which have resulted in new monitoring and recording arrangements being implemented to improve the transparency and robustness off the decision-making process.</p>

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Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
Supply Chain Management	Identified via Planning Process	Limited	Draft	<p>The review sought assurance around the processes in place for pre contract checks and post contract monitoring arrangements. It was concluded that although there were areas of good practice, there were areas where improvement could be made such as:</p> <ul style="list-style-type: none"> • Although financial checks are undertaken as part of the process for awarding contracts, there is no policy or guidance setting out the various checks that are available, the circumstances under which each should be undertaken, including ongoing checks on existing contractors, and what action should be taken in response to negative results. • The Modern Slavery Statement had not been approved and published on the website and the intended process not fully implemented.
New Homes Bonus	Identified via Planning Process	Limited	Draft	<p>The review identified inconsistencies in the application of the policy in relation to:</p> <ul style="list-style-type: none"> • Interpretation of the award criteria across the geographical groups including the introduction of additional local criteria • Completion and evidencing of checks undertaken to confirm the validity of applicants • Minuting of decisions and the retention of documents in support of applications
Events Management	Identified via Planning Process	Limited	Draft	<p>The review sought assurance around the effectiveness of arrangements for the planning, administering and organising of events by third parties on Council land. It concluded that there were some inconsistencies</p>

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Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
				<p>and areas for improvement in both the design and application of the controls in place.</p> <p>The lack of an approved policy and documented procedures meant that there was an over reliance on the knowledge and experience of current staff which appeared to be compensating for the lack of sufficient control and ownership of the process.</p>
Absence Management	Identified via Planning Process	Limited	Draft	<p>The review identified inconsistencies in the application of the absence management process and adherence to the policy at a local level, with managers being responsible for identifying trigger points and escalating absence as appropriate.</p>
Starters Movers and Leavers	Identified via Planning Process	Limited	Draft	<p>The review identified areas of improvement in relation to the following:</p> <ul style="list-style-type: none"> • Evidencing of pre employment checks being carried out • Guidance for managers in relation to transferring staff between services is limited, and contains no reference to areas such as the treatment of ICT accesses and responsibilities • Availability of management information identifying where officers have moved between services • Clarity and consistency around the requirements of the exit interview process and associated exit checklist
Schools Consolidated Report	Identified via Planning Process	Limited	Draft	<p>The report summarises common issues arising from our school audit programme. Areas which require improvement included:</p> <ul style="list-style-type: none"> • Ensuring asset registers are complete, up to date and checked

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Audit Report	Reason for Review	Audit Assurance Opinion	Report Status	Summary of Findings – (Limited /No Assurance Reports Only)
				<ul style="list-style-type: none"> • Ensuring School Development Plans are fully costed and formally approved by the Governing Board and evidenced as such in the minutes. • Business Continuity/Critical Incident Plans should be in place, up to date, include interim arrangements for the delivery of education in the event that school premises are unavailable. • Ensuring Head Teachers carry out and evidence regular independent checks on financial reconciliations (purchase cards and school fund). • Ensuring purchase cards are held securely by all cardholders, tat all transactions are supported by an appropriate invoice/receipt, and cards are not to purchase any items that are not deemed to be for the educational advancement of the pupils.

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Assurance Work

- 4.11 In accordance with best practice, Internal Audit's focus is on higher risk areas and areas where issues were known or expected to exist, for example through manager self-assessment. Clearly this approach adds value to the organisation, but, by its nature, may also result in lower overall assurance levels.
- 4.12 The exception to this approach is the cyclical review of the Council's key financial systems which, despite being deemed to be low risk, are subject to regular review due to the volume of transactions processed.

Table 3: Summary of reports by assurance level

Assurance Level	Audit Reports 2019/20	Audit Reports 2018/19	Audit Reports 2017/18
Good	1	6	8
Satisfactory	7	4	10
Limited	11	11	7
None	0	2	1
Total	19	23	26

- 4.13 These assurance levels reported include a combination of opinions at a broad level for the Council as a whole and opinions on individual business processes or activities within a single department or location.
- 4.14 Management has responsibility for ensuring that the agreed actions for improvement are implemented. All

actions from these audits have been agreed with management and progress on implementation will be monitored through agreed processes.

- 4.15 The issues arising from audit activity and the implementation of associated recommended actions have been considered as part of the 2019/20 Annual Governance Statement process.

Limited and No Assurance Reports

- 4.16 A summary of the audit reports that relate to work undertaken during 2019/20 is shown above, including further detail on the limited and no assurance reports.
- 4.17 It should be noted that this is a complete list of assurance reports issued during 2019/20 and, as such, includes reports previously included in updates to the Committee.
- 4.18 In all cases a number of recommendations have been made and agreed with management. These are being progressed and when implemented will address the identified weaknesses and improve the control environment.
- 4.19 All recommendations are subject to follow up in accordance with normal Internal Audit practice and should this identify any concerns relating to the implementation of recommended actions this will be escalated.

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Schools

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

- the number of School's Financial Value Standard (SFVS) self-assessment returns received; and
- that an appropriate audit programme is in place to provide adequate assurance over the standard of financial management, and the regularity and propriety of spending in schools.

4.21 The School's Audit Programme for 2019/20 was been agreed by both the Director of Finance and Customer Services and the Director of Education & 14-19 Skills. For 2019/20, the programme focussed on 2 elements of the SFVS; Setting the Budget and Protecting Public Money.

4.22 Twenty four schools were selected for audit this year to undertake a review of their completed 2018/19 SFVS returns. Since selecting the schools, two subsequently converted to an academy and therefore, were not audited

4.23 Internal Audit has also committed to ensuring all maintained schools will be audited at least once during the next three years (2019/20 to 2021/22). However, this commitment may need to be revisited in light of the impact of Covid-19 on schools. Members will be kept informed on any developments via the regular interim update reports.

4.24 Individual reports are produced and issued to the Headteacher and Chair of Governors at each school, detailing any areas of weakness identified along with any actions required to address these weaknesses and improve the control environment. We also include an assurance opinion on the arrangements, in line with other audit reports issued.

4.25 A consolidated report drawing together the common findings from the thematic review of the 2018/19 Schools Financial Standard (SFVS) returns was produced and a limited opinion given. This was due to a significant number of areas in schools where improvements are required to ensure controls are applied and operating effectively. Areas identified as requiring improvement included ensuring asset registers are in place and kept up to date, school development plans are formally approved and evidenced by the governing boards and that business continuity plans are in place, up to date, periodically tested and include arrangements for the delivery of education in the event that school premises are unavailable.

4.26 The work undertaken by Internal Audit provided assurance that the majority of controls relating to the risk areas subject to review are operating effectively. While the individual issues identified were not considered to be significant, the range and number of common issues were such that a limited assurance on the wider control environment was given. They have

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been reported to the relevant schools and also shared with all schools using our established network.

- 4.27 In addition to the completion of the School's Audit Programme as detailed above, Internal Audit are represented on the Schools Forum. This facilitates the early identification of risks and issues that require input or consideration for inclusion in future years audit programmes.

Supporting Corporate Governance

- 4.28 In accordance with the Accounts and Audit Regulations the Council is required to conduct a review at least once a year of the effectiveness of its governance arrangements and publish an Annual Governance Statement (AGS).
- 4.29 The Statement explains how the Council makes decisions, manages its resources and promotes its values and high standards of conduct and behaviour. This is an opportunity to reflect clearly and openly on where the Council has, and in some cases, hasn't reached the standards it sets for itself.
- 4.30 Any significant issues that are assessed as falling short of the Council's expected high standards are reported in the AGS. No new areas for inclusion within the AGS have arisen from the work of Internal Audit during 2019/20

- 4.31 Issues recognised in the Annual Governance Statements are monitored by the appropriate responsible officers and escalated, as necessary, to the Corporate Leadership Team, Audit and Governance Committee and/or Cabinet. Internal Audit actively supports the monitoring of actions to ensure that effective improvements and mitigating actions are implemented.

- 4.32 Internal Audit has assisted Management in the production of the Council's AGS for 2019/20 by:

- Coordinating assurance exercises to inform the AGS
- Co-production of the draft AGS;
- Contribution to and production of Audit & Governance Committee reports which inform the AGS
- Representation on and contribution to the Information Governance Group, in order to advise on control and governance issues in relation to information governance and data handling.

- 4.33 Audit and Governance Committee approved the Final Annual Governance Statement 2018/19 at their July 2019 meeting, in line with statutory deadlines. A progress update on issues recognised in the AGS 2018/19 was presented at the Committee's December meeting. This paper also outlined the proposed production process for the 2019/20 AGS.

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- 4.34 The 2019/20 Statement will be considered and approved by the Audit and Governance Committee at its November 2020 meeting.

Risk Management

- 4.35 From July 2019, responsibility for Risk Management transferred to the Head of Audit and Risk, reporting to the Director of Governance and Compliance Services. This had previously sat with the former Executive Director of Corporate Services and the Council's risk management arrangements were subject to a review by Internal Audit during 2018/19.
- 4.36 To maintain the independence of the Head of Audit and Risk Management, future assurance arrangements for reviewing risk management will have to be undertaken via alternative means. This could include peer reviews using other organisations or Internal Audit reviews reporting directly to the Director of Governance and Compliance Services. These arrangements have been detailed in the Internal Audit Charter and apply to other areas of business for which the Head of Audit and Risk has operational responsibility.
- 4.37 Additional assurance with regards to the effectiveness of Risk Management is provided by regular reports to Audit and Governance Committee.

Counter Fraud and Investigations

- 4.38 A detailed update on Counter Fraud activity both locally and nationally was provided to the September 2019 meeting of the Committee.
- 4.39 During the period, a detailed piece of work was undertaken at the request of Cheshire Police in support of an upcoming prosecution that was heard in Chester Crown Court at the end of April 2020.
- 4.40 The outcome of the case was that a former Member pleaded guilty to two charges of fraud in relation to expense claims submitted between 2010 and 2015. Two further counts to which a not guilty plea was submitted will remain on file.
- 4.41 He was sentenced to 8 months imprisonment suspended for 12 months along with a curfew order during this period. He was also ordered to pay £500 costs to the court., no monies were awarded to the Council.
- 4.42 Work continued to investigate the data matches detailed on the NFI website. All reports are either completed and closed, or are scheduled for completion by the end of March 2020.
- 4.43 Liaison between Internal Audit and the services reviewing the matches is ongoing, and progress is monitored on a regular basis to ensure that matches are being dealt with appropriately.

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- 4.44 Work on the annual NFI Council Tax to Electoral Roll exercise was also undertaken during this period, with match results released in March 2020.
- 4.45 In addition, preparatory work commenced on the next NFI exercise which is due to take place in October 2020. The Internal Audit team has already begun liaising with key services with regards to this exercise, including ensuring that any system changes are able to facilitate the data submissions.
- 4.46 Options for the development of a dedicated Counter Fraud resource are being explored following the appointment of the Head of Audit and Risk, Director of Governance and Compliance and the Executive Director Corporate Services with the expectation of consultation taking place in 2020/21. Further updates will be provided to future meetings of Audit and Governance Committee
- 4.47 During times of crisis fraudulent activity increases as criminals seek to take advantage of vulnerable people. In response to this increased risk, Internal Audit prepared a briefing for members and officers on the most common types of fraud associated with coronavirus and coordinated an awareness raising campaign for the public via the Council's various social media platforms.

Consultancy and Advice

- 4.48 During the year, Internal Audit has continued to support management with the provision of advice - at the specific request of management. The nature and scope of these engagements are generally aimed at improving governance, risk management and control and contribute to the overall audit opinion as well as building good relationships across the Council.
- 4.49 This year advice was given on matters such as the application of Finance and Contract Procedure Rules, suspected scams/frauds in schools and across the council, and the readiness for go live of the Business World system.
- 4.50 A range of advice guidance and support has been provided to services as part of the Council's emergency response to Covid-19. Details are provided in "Other developments" later in this report.

Statutory Returns/Grant Claims

- 4.51 Internal Audit is often required to certify statutory returns and grant claims. This may be related to funding provisos or similar. In most cases the work required is either an audit or an assurance statement on a specific programme/project.
- 4.52 During 2019/20 this has included work on the following grants which were signed off and submitted to the appropriate central government department:

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Grant	Funding Body	Amount
Family Focus	MHCLG	£560,800
Crewe Green Roundabout	MHCLG	£2,182,000
Sydney Road Bridge	MHCLG	£2,205,174
Crewe High Speed Heart Ready 2018	MHCLG	£2,290,688
CWLEP Growth Hub Grant 18/19	BEIS	£287,000
Skills and Growth – ADAPT	BEIS	£55,742
Bus Service Operators Grant	DfT	£347,865
Highways - Crewe NW & Macclesfield	DfT	£1,969,548
Highways - Additional Capital	DfT	£4,636,704
Poynton Relief Road 2018/19	DfT	£6,641,910
Poynton Relief Road 2019/20	DfT	£2,731,108
Blue Badge New Criteria Implementation	DfT	£14,870
Congleton Link Road	DfT	£41,977,637
Total		£65,901,046

4.53 It should be noted that the level of work required to complete the sign-off is not always proportionate to the value of the grant.

Implementation of Audit Recommendations

4.54 Throughout 2019/20, Internal Audit has continued to carry out a range of follow up exercises to ensure that agreed recommendations are implemented. This work is done in a number of different ways:

- Major pieces of audit work, such as the AGS have detailed action plans which are monitored and reported separately to the Committee;

- Investigations – follow up work is usually dependent on both the nature of the investigation and any recommendations made e.g. a follow up audit may be done at the request of management; and
- Formal assurance audits – whilst management are responsible for ensuring that their agreed actions are implemented, they are asked to confirm that this is the case for medium level actions and evidence is sought for high level ones. Follow up audits may be completed at the request of management or where the nature of the actions requires additional assurance that they have been implemented.

Implementation of Agreed Recommendations

On time	After the agreed date	Total implemented	In progress, or overdue	Agreed actions subsequently not implemented
2017/18				
73%	24%	97%	3%	0%
2018/19				
80%	17%	97%	3%	0%
2019/20				
75%	25%	100%	0%	0%

4.55 It should be noted that the figures for 2017/18 and 2018/19 have been updated to take into account actions implemented in subsequent years and may therefore differ to the figures previously reported.

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- 4.56 These high implementation figures have been achieved as a result of significant effort by the Internal Audit team in carrying out follow ups with managers along with support from senior managers in raising the profile of audit actions.
- 4.57 In agreeing implementation dates, managers are encouraged to be realistic with regards to when actions can be completed whilst ensuring that issues are addressed in a timely manner.
- 4.58 Whilst Internal Audit support the implementation of actions by undertaking a follow up process, management are ultimately responsible for implementing the actions assigned to them within the deadlines that they have agreed.
- 4.59 It is therefore pleasing to report that during 2019/20 senior management have supported Internal Audit by challenging their service managers around implementation of actions.
- 4.60 The timely implementation of audit recommendations is a good indicator of both the effectiveness of Internal Audit in securing action and the Council's commitment and capacity to improve.

Reliance placed on the work of other assurance bodies

- 4.61 Internal Audit place assurance on the work of the Council's external auditors, OFSTED and other external bodies, where appropriate.

5 Internal Audit Performance

- 5.1 The Internal Audit team performance is summarised below and is generally above target. The slight underperformance relating to the prompt production of draft reports is as a result of delays in the quality assurance process due to principal auditor vacancies. This has been recognised and steps taken to address this matter for 2020/21.

Performance Indicator	2019/20 Actual	2019/20 Target	2018/19 Actual
Percentage of Audits completed to user satisfaction	97%	92%	96%
Percentage of significant recommendations agreed	99%	90%	99%
Chargeable Time (Assurance Work)	80%	80%	81%
Draft report produced promptly (per Client Satisfaction Questionnaire)	91%	95%	96%

6 Compliance with the Public Sector Internal Audit Standards (PSIAS)

- 6.1 Regulation 6 of the Accounts and Audit Regulations 2015 requires relevant bodies to conduct an annual

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review of the effectiveness of its internal audit and for a committee of the body to consider the findings. This review is carried out by self-assessing compliance with the Public Sector Internal Audit Standards (PSIAS) The PSIAS require Internal Audit to have in place a quality assurance and improvement programme which must include both internal and external assessments.

6.2 As reported to the Committee in September 2018, the external assessment of the Internal Audit function against the Public Sector Internal Audit Standards concluded partial compliance with the Standards. detailed Action Plan was agreed with the assessors as part of the review and work has continued to implement these recommended actions.

6.3 Given the significant impact that the Covid-19 pandemic has had on the operations of the Council and the way in which all services, including Internal Audit, operate a further self assessment against the Standards is to be undertaken during Q2 of 2020/21.

6.4 This will ensure that Internal Audit complies fully with the Standards and details of this review will be reported to a future meeting of the Committee.

7 Other Developments

7.1 Whilst the impact of Covid-19 and the associated lockdown has impacted upon completion of the 2019/20 Audit Plan with regards to the agreement of draft reports with services, it did not impact upon the

scope or manner in which internal audit assignments were undertaken during 2019/20.

7.2 However, this is not the case for 2020/21 and indeed there has already been a significant impact upon the delivery of the Internal Audit Plan that was agreed at the March 2020 meeting of Audit and Governance Committee.

7.3 Internal Audit has had to react to new ways of working to ensure that it continues to add value to the organisation, identifies controls to mitigate the risks presented by this unprecedented situation and the new ways of working that have been adopted in response.

7.4 Internal Audit is therefore is working to support the organisation through the following:

- provision of advice and guidance where new processes or ways of working are required to ensure that proportionate controls are in place
- provision of resource to support Business Continuity and ensure plans are uploaded and effective
- provision of resource to support Risk Management and ensure that risk assessments are updated and effective
- provision of support to the revenues various services in designing and implementing processes for the payment of grants on behalf of the Government

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- undertaking pre/post payment checks to ensure that the risk of fraudulent claims for the above grants are minimised

7.5 This additional work in addition to the difficulties in undertaking 'normal audit work' has impacted upon the 2020/21 Audit Plan. As such, is it important to undertake a review of the planned work for 2020/21 to ensure that it covers the areas with the highest risk to the Council and that are therefore those where assurance is most required.

7.6 This review is ongoing and a report will be brought to the next meeting of this Committee to provide Members with details of work undertaken and the revised plan for the remainder of 2020/21.

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Working for a brighter future together

Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Annual Report of the Monitoring Officer (2019/20)

Senior Officer: Director of Governance and Compliance Services

1. Report Summary

- 1.1. The purpose of this report is to provide assurance to the Audit and Governance Committee on aspects of the Monitoring Officer's responsibilities over the previous financial year.
- 1.2. An outline of suggested content for the Monitoring Officer's report was considered at the Committee in March 2019 and the report has been prepared on this basis. The full report is provided in Appendix A.

2. Recommendation

- 2.1. That the Committee:
 - 2.1.1. Notes the Annual Monitoring Officer's Report 2019/20.
 - 2.1.2. Considers any further development of the report required and the inclusion on the Committee's work plan.

3. Reasons for Recommendation/s

- 3.1. The Audit and Governance Committee has a key role in overseeing the Council's risk management, control and corporate governance arrangements. It advises the Council on the adequacy and effectiveness of these arrangements. Receiving the assurances from the Annual Monitoring Officer report informs the Committee's judgement on the arrangements that are in place to ensure the Council is response, effective and efficient organisation and contributes to the range of assurance the Committee can

use in support of considering and approving the Annual Governance Statement.

4. Other Options Considered

- 4.1. The Committee has previously received reports from individual aspects of the Monitoring Officer's area of responsibility such as the Code of Conduct updates. Collating and adding to the information provided to the Committee should provide a more comprehensive range of assurance to the Committee.

5. Background

- 5.1. As outlined in the Work Plan report to the March 2019 Committee, a number of local authorities now provide an Annual Monitoring Officer report to their Audit and Governance Committee or equivalent. This annual report provides assurances to the Committee on a number of the Monitoring Officer's statutory responsibilities over the previous financial year.
- 5.2. The report (Appendix A) has been set out in line with the suggested format agreed at the March 2019 Committee, and provides background on the role of the Monitoring Officer, and an overview of the following areas;
 - 5.2.1. Members' Code of Conduct
 - 5.2.2. Register of Members' Interests
 - 5.2.3. Register of Gifts and Hospitality
 - 5.2.4. Member Training and Development
 - 5.2.5. Dispensations
 - 5.2.6. Information and Data Protection
 - 5.2.7. Complaints including Local Government and Social Care Ombudsmen Referrals
 - 5.2.8. Regulation of Investigatory Powers (RIPA) Act
 - 5.2.9. Whistleblowing
 - 5.2.10. Constitution/Decision Making Process

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The Monitoring Officer has a range of specific responsibilities which are described in detail in the annual report. The annual report provides

assurance to the Audit and Governance Committee that these responsibilities have operated effectively over the last financial year.

6.2. Finance Implications

6.2.1. There are no financial implications to this report which would require variance from the Council's planned spending.

6.3. Policy Implications

6.3.1. There are no direct policy implications.

6.4. Equality Implications

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

6.5. Human Resources Implications

6.5.1. There are no direct implications.

6.6. Risk Management Implications

6.6.1. The Monitoring Officer report provides assurance that the Council has arrangements in place to ensure effective service delivery and manage the risks of non-compliance.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. All wards affected.

8. Consultation & Engagement

- 8.1. The proposal for a Monitoring Officer report and its suggested content was considered and agreed by the Audit and Governance Committee in March 2019.

9. Access to Information

- 9.1. Not applicable.

10. Contact Information

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

Name:	Asif Ibrahim
Job Title:	Interim Director of Governance and Compliance
Email:	asif.ibrahim@cheshireeast.gov.uk

Monitoring Officer Report 2019/20

**Audit and Governance Committee
30th July 2020**

1. Role of the Monitoring Officer

- 1.1. The Monitoring Officer has the specific duty to ensure that the Council, its officers and its elected members maintain the highest standards of conduct in all that they do.
- 1.2. The legal basis for the Monitoring Officer's role is found in Section 5 of the Local Government and Housing Act 1989.
- 1.3. There are three main aspects to the role:
 - To report on matters that he/she believes are, or are likely to be, illegal or amount to maladministration;
 - To be responsible for matters relating to the conduct of Councillors and officers; and
 - To be responsible for the operation of the Constitution
- 1.4. Section 5 requires the Monitoring Officer to prepare a report to the authority if it appears that any proposal, decision or omission by the authority (made otherwise than one on behalf of the executive) has given rise to or is likely to or would give rise to:-
 - a) A contravention of any enactment or rule of law
 - b) Maladministration or failure as mentioned in Part 3 of the Local Government Act 1974
- 1.5. For these purposes, any committee, or sub-committee of the authority, or any person holding any office or employment under the authority or any joint committee on which the authority are represented constitutes "the authority".
- 1.6. Maladministration or failure under the 1974 Act is a reference to a finding of such made by the Local Government Ombudsman following an investigation undertaken by him.
- 1.7. Additionally, Part III of the Local Government Act 2000 makes the Monitoring Officer responsible for maintaining a Register of Member Interests. The Monitoring Officer also operates the procedures for dealing with Code of Conduct complaints against Cheshire East Borough Council Members and Members of Town and Parish Councils in its area.
- 1.8. Under the requirements set out at 1.2 above, the Monitoring Officer ultimately assumes responsibility for the lawfulness of decision making processes and a number of other governance controls, some of which are the subject of bespoke delegations in the constitution. These key

additional functions are covered in this report. By a combination of these measures and responsibilities, the Monitoring Officer has a key role to play in ensuring corporate governance and in informing the production of each Annual Governance Statement.

- 1.9. The Monitoring Officer must be designated by Full Council and cannot be the Chief Executive (Head of Paid Service) or the Director of Finance / Section 151 officer. The duties of the Monitoring Officer must be performed by him/her personally unless he or she is unable to act by reason of illness or absence, in which case a deputy/deputies, appointed by the Monitoring Officer, may act on his or her behalf.
- 1.10. Irrespective of illness or absence, where the Monitoring Officer is of the view that he or she ought not to perform functions relating to a Code of Conduct matter personally, s/he may delegate those functions to a person nominated by her/him as Deputy Monitoring Officer for that purpose.

2. Member's Code of Conduct

- 2.1. Cheshire East Council adopted a new Code of Conduct¹, which came into force on 1 January 2018. It is the responsibility of the Audit and Governance Committee to monitor this Code as part of the Committee's responsibility for promoting high standards of ethical behaviour.
- 2.2. The Monitoring Officer undertakes a preliminary assessment of each complaint, consulting one of the Independent Persons where appropriate, before making and notifying the Complainant of his/her decision on whether and how the complaint should proceed. This 'triage' has been introduced to enable complaints which do not engage the Code or are trivial, vexatious or 'Tit for Tat' to be rejected, without the need to convene an assessment meeting.
- 2.3. Between 1st April 2019 and 31st March 2020 23 complaints were received; 10 complaints concerned a Member of Cheshire East Council whilst 13 were against Members of a town or parish council within the borough.
- 2.4. This compares to 21 complaints received about a Member of Cheshire East Council in the previous year, and 9 complaints received about Members of a town or parish council.
- 2.5. Detail of the complaints received in 2019/20 is shown in the table below

¹ https://www.cheshireeast.gov.uk/council_and_democracy/your_council/councillor_conduct.aspx

Part A: General Obligations		No. received	
Paragraph		Borough	Town Parish
1	Selflessness	3	5
2	Integrity	5	8
3	Objectivity	6	1
4	Accountability	5	2
5	Openness, sub paragraph (a) transparency	4	0
	Openness, sub paragraph (b) disclosure	3	6
6	Honesty, sub paragraph (a) declaring interests	3	0
	Honesty, sub paragraph (b) use of resources	1	0
7	Respect for others, sub paragraph (a) courtesy	4	12
	Respect for others, sub paragraph (b) equality	0	2
	Respect for others, sub paragraph (c) impartiality	3	5
	Respect for others, sub paragraph (d) bullying	4	11
8	Leadership	9	9
9	Gifts and hospitality	0	0
	Failure to register or declare an interest	3	0

Note: the numbers may not tally with the number of complaints received as a Complainant may identify none or more than one paragraph in their complaint.

2.6. The decision of the Monitoring Officer in respect of the complaints received was as follows:

Complaint:	2019/20		2018/19	
	Borough	Town Parish	Borough	Town Parish
Rejected at preliminary assessment stage; failed to meet the assessment criteria	3	1	11	7
Concluded at Initial Assessment Meeting (breach or no breach)	7	12	10	2
Referred for formal external investigation	0	0	*not reported in 18/19	*not reported in 18/19
Referred to Standards hearing Sub Committee	0	0	*not reported in 18/19	*not reported in 18/19
Complaint ongoing	0	0	*not reported in 18/19	*not reported in 18/19

- 2.7. Over the course of the last two years, x cases progressed beyond the preliminary assessment stage, and of the complaints received in this period, x complaints were upheld. No complaints progressed to Standards Sub Hearing.
- 2.8. Code of conduct training is mandatory and has been provided on several occasions as part of this year's new member induction programme as well as 3 detailed sessions open to all members. This will be repeated on an annual basis.

3. Register of Member's Interests

- 3.1. Cheshire East Borough Council Members, and Members of Town and Parish Councils in its area, are required to declare and register certain classes of interests with the Monitoring Officer. They must then conduct themselves accordingly in relation to any interest that arises when transacting business on behalf of their authority.
- 3.2. Registerable interests are explained in the Code of Conduct but comprise, for all Members, Disclosable Pecuniary Interests. Additionally for Cheshire East Members, and from the new municipal year all Town and Parish Council Members, a requirement to declare personal interests.
- 3.3. A failure to declare an interest, and act accordingly in relation to the same, is capable of amounting to a breach of the Code of Conduct. In relation to Disclosable Pecuniary Interests, it can also amount to a criminal offence.
- 3.4. The relevant registers are available on, or through, the Council's website. There is a requirement to register upon taking office, and it is each Member's responsibility to ensure their register remains up to date as and when interests change.
- 3.5. Other than the Code of Conduct complaints (referred to above) which have involved an allegation of a failure to properly register an interest, there have been no issues arising through the year in respect of the registration of interests.
- 3.6. Training in respect of Member interests is covered below.

4. Register of Gifts and Hospitality

- 4.1. Cheshire East Borough Council Members are required to register with the Monitoring Officer details of any gifts or hospitality received where the value is considered to be in excess of £100.

- 4.2. The register of gifts and hospitality is maintained by the Monitoring Officer and is available for inspection by appointment at the Council's Office in Westfields.
- 4.3. Gifts and hospitality received by Members were declared to the Monitoring Officer in the following numbers;

2019/20	2018/19	2017/18
2	1	3

- 4.4. Training in respect of gifts and hospitality is covered below.

5. Member Training and Development

- 5.1. The Member's Code of Conduct is recognised in Cheshire East Council's Member Training and Development Programme as being mandatory and will be repeated on an annual basis. For any member who is elected as a result of a by election a one to one briefing session will be provided.
- 5.2. Following the Council elections in May 2019, Code of Conduct training was delivered as part of the Induction programme for newly elected Members, with a wider, all Councillor briefing held in the 30 day period between the date of election and the deadline for completion of Members' Register of Interest Forms. Three further code of conduct sessions have been delivered during the course of 2019/20 which were open to all members to attend.
- 5.3. Plans are in place to review arrangements for training over the next three years, as part of the four-year cycle of training and developments taking into account the recommendations of the Committee on Standards in Public Life, as set out in its report on Local Government Ethical Standards published in January 2019.²
- 5.4. In respect of Town and Parish Councils, a training programme has been devised in association with the Cheshire Association of Local Councils (CHaLC) and has been delivered by CHaLC since the elections in May 2019, with attendance by the Monitoring Officer when required.

6. Dispensations

- 6.1. The Monitoring Officer is empowered to grant dispensations enabling Cheshire East Council Members to take part in council business in

² <https://www.gov.uk/government/collections/local-government-ethical-standards>

which they would otherwise have an interest which would prevent their dispensation.

- 6.2. There are a number of “standing” or general dispensations which apply to all Cheshire East Council Members. These are set out through a link in the Constitution at the end of the Member Code of Conduct³.
- 6.3 An urgent decision to grant a new general dispensation taken in January 2020, was reported to the Audit & Governance Committee on 12 March 2020 for noting. This related to the extent that it may amount to a prejudicial or disclosable pecuniary interest, any allowance or other remuneration received from the Council in respect of Council duties or directorships of Council owned ASDVs.
- 6.4 No specific individual dispensations have been granted during the course of 2019/20

7. Information and Data Protection

Data Protection Requests

- 7.1. The table below outlines the number of requests (subject access and disclosure) received under Data Protection legislation during the financial year 2019/20 compared with 2018/19. It also shows the percentage of requests which were responded to within the statutory timescales.

Table 1 - Data Protection Requests

	2019/20	2018/19
Data Protection Requests	1462	1,429
Percentage responded to within statutory timescales	93%	91%

- 7.2. Data Protection requests into the Council typically originate from individuals (including care leavers requesting access to their social care records), public authorities (including the Police) and commercial organisations (including insurance companies and solicitors) requesting CCTV footage.
- 7.3 Requests continued to increase slightly (2% increase in 2019/20 on 2018/19) but the percentage of requests responded to within the statutory timescales has improved, despite the fact that information gathered in response to subject access requests and requests for disclosure is often complex and voluminous. Every page in every

³ <https://www.cheshireeast.gov.uk/pdf/council-and-democracy/councillors-and-councillor-conduct/members-code-of-conduct.pdf>

document must be carefully reviewed and redacted of third party data before it is released to the requestor.

Freedom of Information/Environmental Information Requests

- 7.4. Tables 2, 3, 4 and 5 below outline the number of requests received under the Freedom of Information Act 2000(FOIA) and the Environmental Information Regulations (EIR) 2004. They also detail the type, source and number of requests made to the Council, the response times for individual services and the request outcomes.

Table 2 – Requests Received under FOIA and EIR's

Type of Request	2019/20	2018/19
FOIA/EIR Requests	1,648	1,845
EIR Requests to Land Charges ⁴	2,809	2,707
Total FOIA/EIR Requests	4,457	4,552

Table 3 – Source of FOI/EIR Request

Source	2019/20	2018/19
Commercial	27%	24%
Councillor	1%	1%
Individual	45%	43%
MP	<1%	1%
Other	<1%	1%
Press or media	11%	14%
Pressure Groups	4%	3%
Public Sector	1%	2%
Researchers	2%	3%
What do they know? ⁵	8%	9%

Table 4 – Percentage of requests handled within 20 working days per Directorate (excluding requests directly made to Land Charges)

Directorate	2019/20	2018/19
Corporate Directorate	97%	96%
People Directorate	97%	96%
Place Directorate	96%	95%
Total	96%	95%

⁴ Personal Search Companies make EIR requests directly to the Land Charges Team, who respond directly to the requester. The requests are all completed within the statutory deadline of 20 working days.

⁵ 'What do they know?' is a website used to make FOI and EIR requests

7.5. The Council provides full information to the requester in the majority of cases; 888 in 2019/20.

7.6. In 153 cases (see Table 6 – FOI/EIR Refusal Notice Reasons) the requests were refused, as the information was already publicly accessible to the applicant without the need to make a request through either FOIA or the EIR's. Ordinarily, links are provided to the location of the published information. This compares to 96 cases in 2018/19. This increase is a consequence of the proactive publication of information which had historically been disclosed through the FOIA and EIRs processes. Responses are also routinely published in the authority's FOI Disclosure Log.

7.7. Table 5 details the number of cases where the information has not been released or has not been released in full.

Table 5 – FOI/EIR Outcomes – 2019/20

Outcomes	2019/20	2018/19
All information sent	888	1,114
Information not held	192	180
Ongoing Request at year end (outcome not known)	29	79
Some information sent but not all held	137	146
No information sent - all held but exempt	200	137
Some information sent but part exempt	106	71
Exceeds appropriate limit (18 hours) - refused ⁴	20	36
Request lapsed – (clarification sought but not provided by requester)	46	51
Some information sent and exceeds appropriate limit	23	20
Neither confirm or deny information held	2	1
Vexatious request	1	4
Repeated request	1	2
Part exempt and exceeds appropriate limit	1	2
Some information sent, part exempt and exceeds limit	2	2
Total	1,648	1,845

⁴ The 'appropriate limit' is 18 hours, i.e. if it will take more than 18 hours to fulfil the request, then it can be refused. If a requester wishes to pursue the request and the response, then a fees notice can be issued. In the majority of cases the requester will issue a new revised and reduced request.

- 7.8. 355 FOI Exemptions/EIR Exceptions were applied to refusals issued during 2019/20 compared with 236 during 2018/19, as shown in Table 6 below.

Table 6 – FOI/EIR Refusal Notice Reasons

Refusal Notices issued	2019/20	2018/19
EIRs Regulation (12)(5)(f) Information in Confidence	3	3
EIRs Regulation 12(3) Personal Information	34	18
EIRs Regulation 12(4)(a) Information Not Held	6	3
EIRs Regulation 12(4)(b) Manifestly Unreasonable	15	6
EIRs Regulation 12(4)(c) Formed in too general a manner	1	1
EIRs Regulation 12(4)(d) Draft Information	2	4
EIRs Regulation 12(4)(e) Internal Communications	2	
EIRs Regulation 12(5)(b) Course of Justice	9	2
EIRs Regulation 12(5)(c) Intellectual Property Rights	0	
EIRs Regulation 12(5)(d) Confidentiality of Proceedings	2	1
EIRs Regulation 12(5)(e) Commercial Interests	1	7
EIRs Regulation 12(5)(g) Protection of Environment	1	1
EIRs Regulation 6(1)(b) Publicly Accessible	71	39
FOIA Section 12(1) Compliance Exceeds 18 Hours	20	
FOIA Section 21 Publicly Accessible to applicant	82	57
FOIA Section 22 Intended for Future Publication	31	10
FOIA Section 23 Information from or relating to security bodies	0	1
FOIA Section 30 Investigations & Proceedings	1	3
FOIA Section 32 Court Records etc.	0	1
FOIA Section 31 Law Enforcement	15	7
FOIA Section 33 Audit Functions	0	
FOIA Section 36 Prejudicial to conduct of public affairs	0	
FOIA Section 38 Health & Safety	0	
FOIA Section 40 Personal Information	33	40
FOIA Section 41 Information Provided in Confidence	5	11
FOIA Section 42 Legal Professional Privilege	1	1
FOIA Section 43 Commercial Interests	20	20
TOTAL	355	236

- 7.9. It should be noted that the number of exemptions/exceptions does not match with the number of requests refused (Table 4) because more than one exemption/exception may be used in a refusal notice.

Internal reviews and referrals to the Information Commissioner's Office

- 7.10. Should a requester be unhappy with the initial response to their request, they have the right to request an internal review. This is conducted by someone independent of the initial response and usually by a senior officer within the Compliance and Customer Relations Team. 70 internal reviews were undertaken in 2019/20 compared with 62 in the previous year.

Table 7 - Internal Reviews and Outcomes

Outcome	2019/2020	2018/2019
Not upheld (in favour of Council)	46	38
Ongoing review at end of year	3	3
Upheld – full (in favour of requester)	11	7
Upheld – partial (in favour of requester)	10	15
Withdrawn	0	1
Total	70	62

- 7.11. Should a requester remain unhappy following the internal review, he/she may appeal to the Information Commissioner's Office for a decision. Table 8 below outlines the outcomes for those requests which were referred to the ICO.

Table 8 – Referrals to the Information Commissioner's Office (ICO)

Complaints to the ICO	2019/20	2018/19
Late Notification		0
Ongoing at year end	1	3
Withdrawn		0
Complaint Upheld	1	0
Complaint Not Upheld	7	5
TOTAL	9	8

8. Complaints including Local Government and Social Care Ombudsmen Referrals

- 8.1. Appendices 1, 2(a) and 2(b) outline the number of cases of formal feedback received from customers during 2019/20 and administered under the Council's Corporate Compliments, Suggestions and Complaints Policy, as well as the

Council's Adults and Children's Social Care Complaints Policies. A summary of the cases closed during 2019/20 by the Local Government and Social Care Ombudsman is also provided. Figures for 2018/19 are also included for comparison.

- 8.2. During 2019/20 the Council received 3577 instances of customer feedback – 1087 were compliments, 145 were suggestions and 2345 were complaints. Details are attached in Appendix 1.
- 8.3. Complaints increased by 20% in 2019/20 compared with the previous year, when 1956 were received. This increase can be partly attributed to the increase in complaints relating to Waste & Recycling, Highway Operations and Special Educational Needs.
- 8.4. The number of recorded compliments in 2019/20 was 1087, compared with 958 in 2018/19; half of these related to Adult Services. The Council also recorded 145 suggestions (137 in 2018/19). These are neither complaints nor compliments, but often suggested changes to policy or working practice.

Stage 2 Corporate Complaints

- 8.5. Of the 2137 corporate (i.e. non social care) complaints received in 2019/20, 127 customers requested a Stage 2 investigation and 12 went straight to Stage 2; for example in cases where there may have already been lengthy e-mail communications between the service and the customer.
- 8.6. This compares with 2018/19, when 102 customers requested a Stage 2 investigation and 24 went straight to Stage 2. The main areas which received requests for Stage 2 investigations were Development Management & Enforcement, Highway Operations, Special Educational Needs and Waste & Recycling.

Children's Social Care Complaints Procedure

- 8.7. 87 new complaints were received in 2019/20, compared with 114 in 2018/19. Of the 87 complaints, 9 were dealt with at Stage 2, compared with 4 in 2018/19. One complaint in 2019/20 was considered at Stage 3 of the Children's social care complaints procedure.

Adult Social Care Complaints

- 8.8. 109 new complaints were received in 2019/20, compared with 89 in 2018/19. Of the 109 complaints, 4 complaints were dealt with at Stage 2, compared with 5 in 2018/19.

Local Government and Social Care Ombudsman (LGSCO) referrals

- 8.9. All customers are offered the opportunity to appeal to the LGSCO if they are unhappy with the way in which the Council has handled their complaint.
- 8.10. Appendices 2a and 2b show the number of Decision Notices issued to the Council during 2019/20 (73) and 2018/19 (78). For comparison during 2017/18 the Council received 91 decisions notice and 73 during 2016/17.
- 8.11. During 2019/20, the LGSCO issued Decision Notices on 73 cases. 44 of these cases were closed after the LGSCO conducted their initial enquiry and carried out detailed investigations on 29 cases. In 17 of these cases the detailed investigation found maladministration with injustice and upheld the complaint in the complainant's favour. In 12 cases the detailed investigation found not fault with the Council's actions and were not upheld. This gives the authority an uphold rate of 59% of the detailed investigations decided by the LGSCO in 2019/20 which is an increase from the 50% uphold rate in 2018/19. It is worth noting that the number of cases upheld (17) represents less than 1% of the total number of complaints (2345) the Council received during 2019/20.
- 8.12. There are a number of cases which the Ombudsman received which are rejected on receipt (for example, because they are premature, are recorded as advice calls or because the LGSCO has no jurisdiction over a particular type of complaint). The Council is not always notified of these cases and these figures are published in the LGSCO's annual report, which is usually issued by the end of July following the end of the financial year.
- 8.13. An update report on LGSCO referrals will be submitted to a future Audit & Governance Committee meeting, following the publication of the Ombudsman's Annual Report.

9. Regulation of Investigatory Powers (RIPA) Act

- 9.1. The Council occasionally needs to use directed surveillance and obtain communications data, in order to carry out its enforcement functions effectively, e.g. planning enforcement, licensing enforcement, trading standards, environmental health and community enforcement. RIPA provides a regulatory framework to enable public authorities to obtain information through the use of certain covert investigatory techniques.
- 9.2. It is imperative that, when investigating alleged wrongdoing, certain conditions are met in each case in order that successful prosecutions can be made. In particular, it is essential that covert surveillance is only used when it is necessary and proportionate to do so. Therefore, this must be properly authorised and recorded, the tests of necessity and proportionality must be satisfied, and the potential for collateral intrusion must be considered and minimised.

- 9.3. The Council's Authorising Officers/Designated Persons are:-

Place Directorate

Andrew Ross, Director of Highways & Infrastructure

Peter Skates, Director of Growth & Enterprise

Paul Bayley, Director of Environment & Neighbourhood Services

Corporate Directorate

Alex Thompson, Director of Finance & Customer Services

Jo Brown, Director of Transformation

People Directorate

Jacque Sims, Director of Children's Social Care

Jill Broomhall, Director of Adult Social Care Operations

Nichola Thompson, Director of Commissioning

- 9.4. Once authorised, all applications need the approval of a Justice of the Peace/Magistrate, as required by the Protection of Freedoms Act 2012. The Act also restricts the use of RIPA authorised surveillance to the investigation of offences which attract a custodial sentence of six months or more. The Director of Governance and Compliance Services assumes responsibility for the integrity of the process to ensure that the Council complies with the legislation.

Use of Covert Human Intelligence Source (CHIS)

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

Applications Authorised

- 9.6. The table below shows the number of applications authorised during 2019/20, compared with previous years.

	Directed surveillance	Communications Data	CHIS
2019 - 20	2	0	0

2018 - 19	1	1	0
2017 - 18	1	0	0

10. Whistleblowing

10.1. Cheshire East has an established whistleblowing policy and detailed supporting guidance available on both the Centranet and the Council's website. The current policy was introduced in March 2018 following a review of the Council's arrangements by Public Concern at Work (now known as Protect), the leading advocate for whistleblowing in the UK.

10.2. The policy is based on the model policy recommended by Protect but has been adapted to meet Cheshire East's specific requirements such as members of Audit and Governance Committee being designated contacts under the policy. The policy is kept under review and any changes required to ensure that it remains in line with best practice will be brought back to the Committee for approval and adoption.

10.3. It can be difficult to determine whether an organisation's whistleblowing arrangements are effective as it is important to take into consideration more than simply the volume of reports received. This is because a single, well founded concern received over a number of years more than justifies maintaining the whistleblowing arrangements.

10.4. It is therefore important to ensure that employees, members and external parties working for the Council are aware of the arrangements and provided with assurance that any concerns raised will be taken seriously and that anyone raising concerns will be protected from suffering any detriment as a result of "blowing the whistle".

10.5. To achieve this, the following work has been undertaken since the policy was adapted:

- Publicity and signposting of the policy and supporting information in Team Voice and on Centranet.
- Development and launch of detailed guidance for officers and members in the event that they are approached with a concern.
- Training delivered to Audit and Governance Committee
- Training delivered to Wider Leadership Team, Finance and HR staff.
- Promotion of the Whistleblowing arrangements under the Brighter Futures Culture Workstream communications and events.

- 10.6 In order to ensure that staff and members are aware of the Whistleblowing Policy and what they should do in the event that someone raises a concern with them, further promotion of the policy and development of the online resource will take place during 2020/21.

Referrals Received

- 10.6. The table below shows the number of referrals received during 2019/20 along with a breakdown of the outcome and comparative figures for 2018/19:

	2019/20	2018/19
No of Referrals Received	7	5
Met criteria and action taken:		
Unfounded after testing concerns	0	1
Referred for investigation after testing concerns	1	1
Did not meet criteria and action taken:		
Referred to other Council service for resolution	2	1
Referred for disciplinary investigation	1	1
Rejected after testing concerns	3	1

- 10.7. It is pleasing to note that all of the concerns raised were as a result of what appears to be genuine unease on the part of our staff, and that sufficient information was provided to allow for the concerns raised to be tested in each case.
- 10.8. Although only a small number of concerns were raised through the whistleblowing policy in both 2018/19 and 2019/20, there is no evidence that staff failed to report concerns because of fear that it would be detrimental to them.

11. Constitution/Decision Making Process in operation

- 11.1. The Constitution is monitored and reviewed at officer level by the Monitoring Officer and at member level by the Constitution Committee. Significant changes are submitted to Council for approval. Minor changes can be made by the Committee or by the Monitoring Officer in consultation with the Chairman and Vice-Chairman of the Committee.
- 11.2. During 2019/20 there were approximately 35 closed Committee sessions, held under Schedule 12A of the Local Government Act 1972. These included Cabinet, Appeals Sub-Committee, General Licensing Sub-Committee, Investigation and Disciplinary Committee, ASDV Shareholder Committee, LA School Governor Nomination Panel, and the Corporate Parenting Committee.

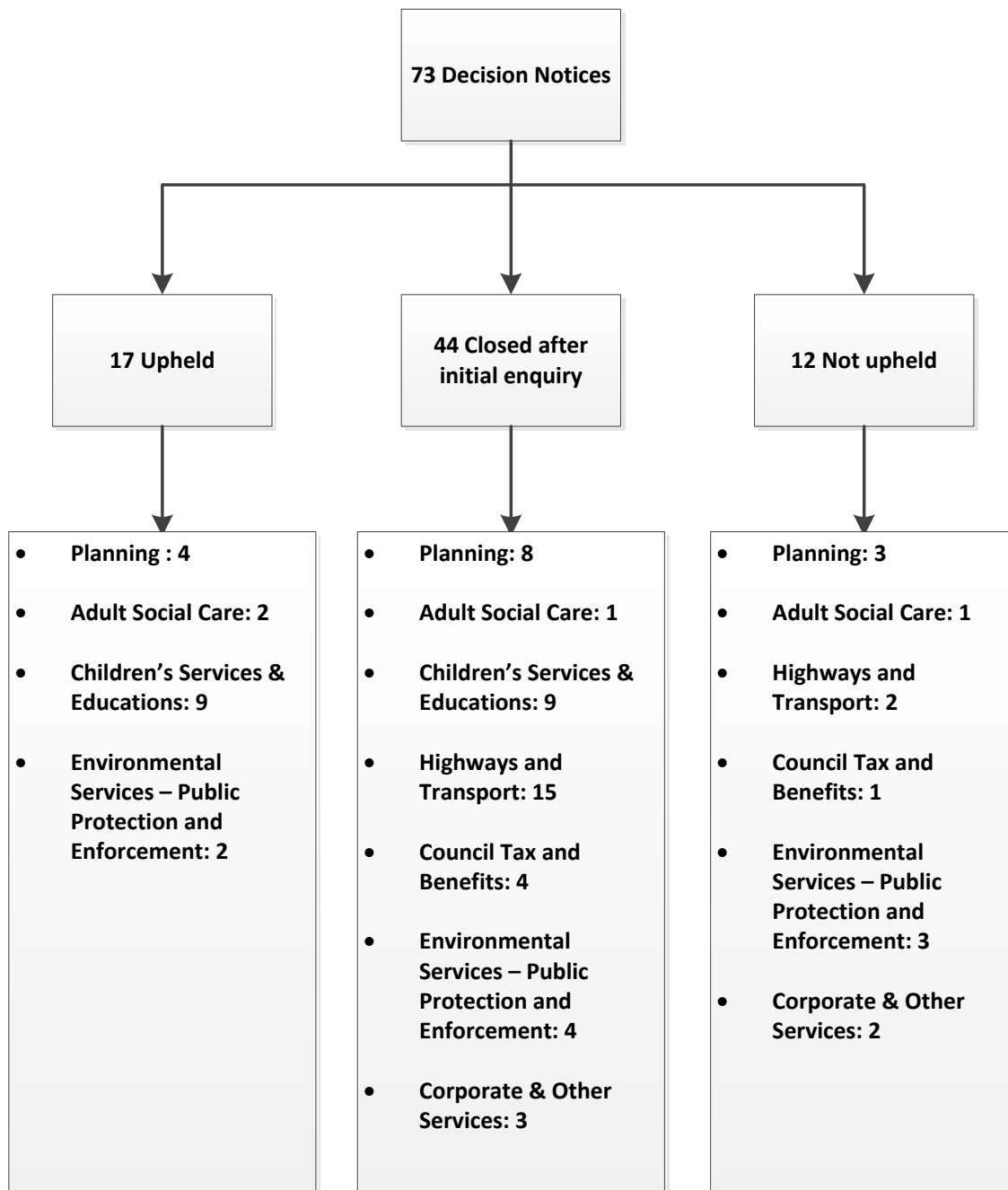
- 11.3. There was 1 closed Overview and Scrutiny Committee during 2019/20; this was a meeting of the Corporate Overview and Scrutiny Committee.

Feedback received – Appendix 1

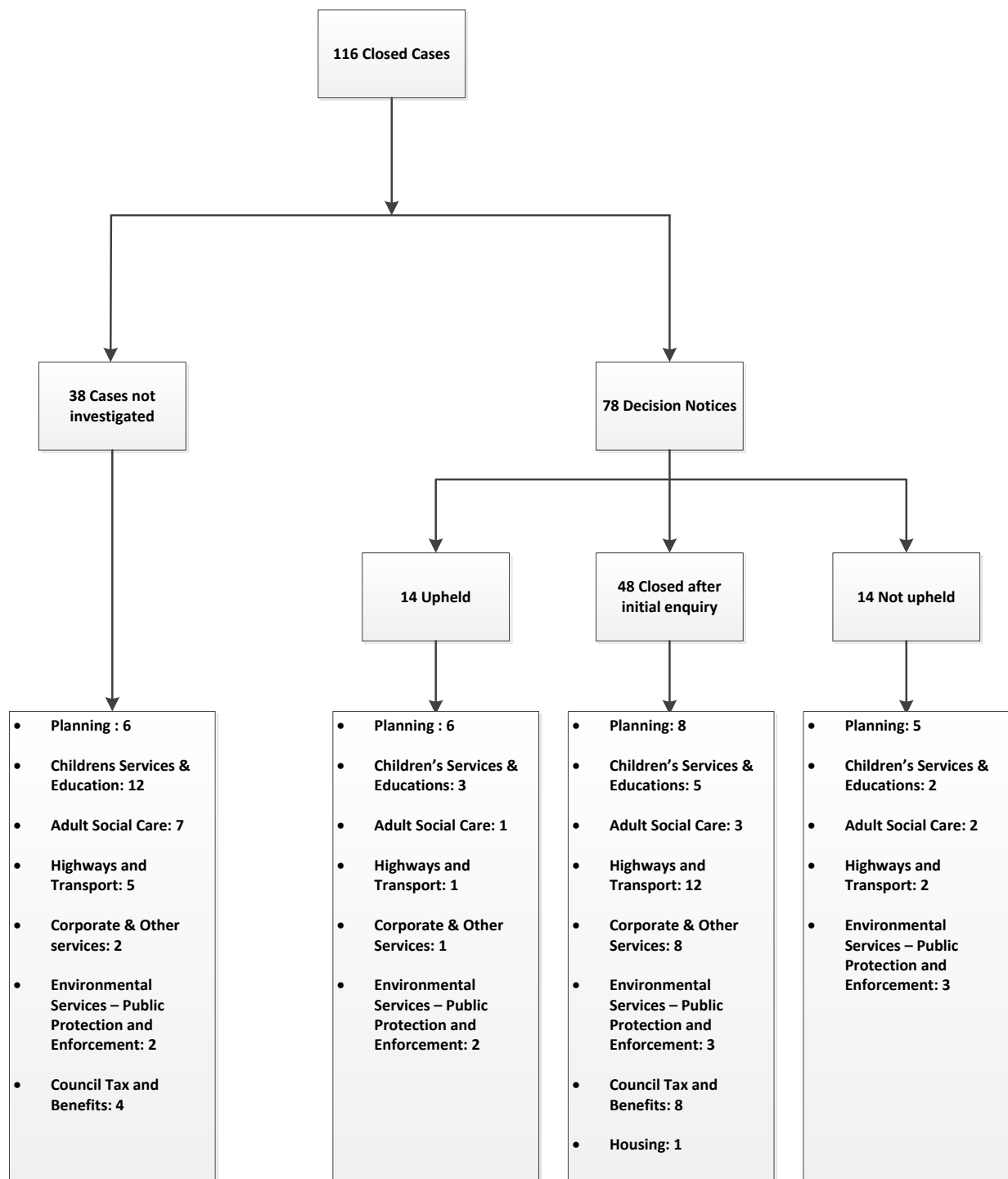
Service Area	Complaints Received 2019 / 2020	Complaints Received 2018 / 2019	Compliments Received 2019 / 2020	Compliments Received 2018 / 2019	Suggestions Received 2019 / 2020	Suggestions Received 2018 / 2019
Waste & Recycling	1014	636	61	63	24	20
Highway Operations	353	248	27	35	17	18
Council Tax & Billing	137	179	130	70	2	9
Children's Services*	123	139	23	18	28	49
Development Management & Enforcement	113	123	3	1	2	2
Adult Services*	112	91	539	473	14	19
Special Educational Needs	85	53	18	0	0	0
Parking Enforcement	78	89	3	2	5	2
Customer Services	34	64	78	101	9	3
Grounds Maintenance	29	39	63	66	11	4
Mixed Service Area	29	36	23	10	2	3
Benefits	29	33	6	12	2	0
Community Safety	28	21	2	2	0	0
Transport	24	30	0	2	3	0
Electoral Registration	19	4	0	0	0	0
Environmental Protection	18	21	0	4	0	0
Street Cleansing	16	21	22	32	2	1
Building Control	15	14	0	0	0	0
Gypsies and Traveller Service	11	0	0	0	1	0
Library & Cultural Services	10	4	18	0	2	0
Education	9	11	2	18	1	0
Licensing	8	14	1	0	1	0
Assets	7	15	0	0	1	0
Highways Strategy	6	10	0	1	1	1
Bereavement	5	4	0	0	0	0
Housing	4	12	0	1	1	1
Spatial Planning	4	2	0	0	1	0
Commercial Services	4	0	0	0	0	0
Legal Services	3	3	0	19	0	0
Trading Standards	3	2	3	0	0	0
Business Rates & Billing	2	10	56	20	0	0
Public Rights of Way	2	3	0	0	0	0
Visitor Economy incl. Tatton Park	2	3	0	2	0	1
Animal Welfare	2	2	0	0	0	0
Facilities	1	7	1	1	0	0
ICT	1	1	0	0	3	0
Leisure	1	1	2	1	0	0
Markets	1	1	0	0	0	0
Partnerships Business Manager	1	1	0	0	0	0
Registration	1	1	1	2	1	0
Emergency Planning	1	0	0	0	0	0
Regeneration & Economic Development	0	3	0	0	2	3
Ranger Service	0	2	1	0	1	0
Finance General	0	1	0	0	0	0
HR	0	1	0	1	1	0
Public Health	0	1	1	0	4	0
Communications & PR	0	0	1	0	0	0
Democratic Services	0	0	1	1	2	1
Business Intelligence & Performance	0	0	1	0	0	0
Fleet Management	0	0	0	0	1	0
Total Complaints	2345	1956	1087	958	145	137

OFFICIAL

LGSCO Decision Notices 2019/20 – Appendix 2a



LGSCO Decision Notices 2019/20 – Appendix 2b



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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Annual Information Governance Update 2019/20

Senior Officer: Gareth Pawlett – Chief Information Officer

1. Report Summary

- 1.1. This report provides an update on the Council's Information Assurance and Data Management (IADM) programme and outlines key aspects of the programme to assure the Committee that information is continued to be treated as a valued asset, with on-going measures to protect and manage it in line with compliance.

2. Recommendation/s

- 2.1. That the Committee note the progress made on the Information Assurance Programme during 2019/2020, and future vision to support on-going compliance.

3. Reasons for Recommendation

- 3.1. To provide the Audit and Governance Committee with an update on Information Assurance.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. Information is a critical asset to many organisations, particularly so for local authorities where information is held in trust for its residents. Handling of Information and its assurance is essential to ensure that the organisation can meet its strategic objectives.
- 5.2. Information Assurance (IA) is a practice that addresses all risks to information and all manner of controls including technical, physical, procedural and personnel. IA is defined as the practice of managing information related risks.

- 5.3. The Council has an Information Assurance and Data Management (IADM) Programme in place to support centralised management of information, whether this be through technology, process or business change. Ultimately ensuring that the maturity and awareness of information being a strategic asset is increased across the organisation and underpinned by projects which support service delivery.
- 5.4. The Local Government Association information maturity assessment tool is a useful and realistic tool for self-assessing the maturity of the organisation across their peer group. Using this tool the Council has achieved a maturity rating of Intermediate.

There are five levels of maturity Nascent, Basic, Intermediate, Advanced and Expert and assessments are made over five disciplines:

- Data Governance
- Data Use
- Data Awareness and Culture
- Data Management
- Data Skills and Capability

The direction and delivery of IADM is focussing on these themes through several different channels with the aim that this will increase the organisations maturity levels.

The aim of programme is to increase the maturity and move the overall assessment to a level of Advanced. The programme has already made progress across all the disciplines through the work it has carried out and this has raised the Council to a higher level of maturity than a number of its peer groups.

Achieving greater maturity will ensure that the organisation is using information consistently, for the right purposes and to its full potential across service areas. This will increase confidence for officers and residents that information is used within controlled and managed frameworks and that the right vigour is applied to keep the standard of information as expected. It will also capitalise on the value of the organisations information assets as it will be in a state which will enhance and streamline service delivery.

Data Governance

- 5.5. The IADM programme is ensuring that appropriate governance, practices and processes are in place so that risks are managed and opportunities to share and use information are realised.

- 5.6. The programme has focussed on establishing core strategies and principles which have subsequently informed delivery over several months. A key part of the programme is the centralisation of information and a corporate, standard approach as to how that information is managed throughout its lifecycle, from creation to destruction.
- 5.7. IADM will continue to define and lead the requirements for information governance (see [IADM Annual Update](#)) across the organisation, and it is envisaged that this will ultimately form into an Enterprise Data Governance Board, which will be responsible for maintaining governance.

Data Use

- 5.8. A key deliverable of the programme is that all information entering the corporate estate will come through a managed route, this means the information will inherit the correct controls and measures once it enters the corporate environment.
- 5.9. The programme has successfully implemented a centralised Geographical Information System (GIS) which holds corporate geographic information which is consumed by line of business systems.
- 5.10. The programme will continue to align systems which aren't pointing to the corporate GIS including supporting the alignment of newly procured systems, this includes systems such as used by the People Directorate which were previously using non-corporate mapping which didn't show county boundaries. This model enables the organisation to manage one set of GIS data, ensuring it is kept up to date, compliant and accurate.
- 5.11. IADM has taken the same approach with address data, bringing the corporate gazetteers up to Gold standard (as deemed by the national framework of GeoPlace) and pointing all systems, where possible, to the corporate gazetteer so we can be confident that systems are accessing accurate, good quality address data to support service delivery.

Data Awareness and Culture

- 5.12. The leadership and delivery of IADM will be a significant part of the success of compliant information management, however it will also largely be attributed to successful business change, adaptation in ways the organisation works and our behaviours.
- 5.13. IADM will continue to manage a business change plan with communications into leaders of the organisations, underpinned by working and steering groups which will own parts of the delivery. This will ensure IADM delivery is aligned to the real-world issues and solutions, it will also continue to raise the maturity through expert knowledge outside of the core programme and

Information Governance (IG) teams, and foster ownership of IG and information within business teams.

Data Management

- 5.14. The programme has and will continue to achieve this through a combination of information management disciplines such as Enterprise Content Management (ECM), Document and Records Management (DRM), Master Data Management (MDM) and Data Quality Management (DQ).
- 5.15. These disciplines will give the organisation a set of defined processes and tools to allow the business to effectively organise and store information, and so will support the vision of managed information throughout its lifecycle. This will include managing the entry of information into systems so content is controlled from the point of creation to deletion.
- 5.16. MDM will bring real benefit to the organisation, by matching data across several systems to create a common understanding of our residents and employees. This will support consistency and accuracy of data.
- 5.17. By leveraging core information management disciplines, the organisation will have the confidence that irrespective of where in the environment the information sits, it will have a standard set of controls around it, which meet compliance requirements. These may include retention dates, metadata embedded within the information which supports or limits sharing. It will also support the assignment of protective marking to limit or support practices and behaviours.

Data Skills and Capability

- 5.18. The programme also continues to work within the organisation to raise the understanding of information types, irrespective of format or physicality, and where these information types should be held and why. For example, the need to understand that emails holding case or business-related content should not be stored within the email system because they originate from that location or system, but that the information should be understood as a corporate record and held with the right case record or content system.
- 5.19. A number of mandatory e-learning modules have been produced under the umbrella of Protecting and Managing Information for all staff to complete. In addition, "One Minute Guides" for Adults, Children's and Places Bronze Cells has been produced on Information Management. These have provided clear guidance on how to continue to handle, store, share and protect information responsibly despite the challenges presented by Covid-19.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The Council must comply with the General Data Protection Regulations (GDPR), the Data Protection Act 2018, the Computer Misuse Act 1990, the Freedom of Information Act 2000 and other relevant legislation in particular that relating to retention of information.

6.1.2. At the heart of GDPR are the data protection principles, the IADM programme in particular addresses the following principles:

6.1.2.1.1. Data minimisation – organisations must ensure that personal data they process is adequate, relevant and limited to what is necessary;

6.1.2.1.2. Accurate – where necessary ensure that personal data is accurate and up to date; and

6.1.2.1.3. Storage limitation – personal data must not be kept for longer than required by an organisation, a policy setting standard retention periods is required and applied.

6.1.3. GDPR has brought in substantially higher levels of penalties for data controllers than the previous legislation, up to €1 million in respect of public authorities and public bodies and upto €20 million or 4% of annual worldwide turnover for other organisations. GDPR has also introduced fines for data processors. The Council needs to understand what data they control and what is processed on their behalf and build data protection into it's day to day processes to ensure that it and organisations processing data on its behalf are compliant.

6.2. Finance Implications

6.2.1. There are no financial implications but as the report highlights, failure to appropriately manage data and information could leave the council open to financial penalties.

6.3. Policy Implications

6.3.1. The Council's internal policies on Data Protection, ICT Security and Information Assurance will reflect any changes identified as part of the GDPR, the Data Protection Bill and the Data Protection Act 2018.

6.4. Equality Implications

6.4.1. Equality impact assessments will be undertaken when required.

6.5. Human Resources Implications

6.5.1. Under the new GDPR data subjects can obtain from the data controller confirmation as to whether or not personal data concerning them is being processed, where and for what purpose. This requirement cannot be met if information is not managed in a compliant manner or used as a storage mechanism for information.

6.6. Risk Management Implications

6.6.1. Any changes to the risk profile of information and the Council will be detailed within the corporate risk register.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. Implications are borough wide

8. Consultation & Engagement

8.1. The Information Governance Update has been considered by the Audit and Governance Committee in July 2019.

9. Access to Information

9.1. There is no additional information.

10. Contact Information

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

Name: Gareth Pawlett

Job Title: Head of ICT Services and Chief Information Officer

Email: Gareth.Pawlett@cheshireeast.gov.uk

Information Assurance and Data Management 2019/20 Annual Update

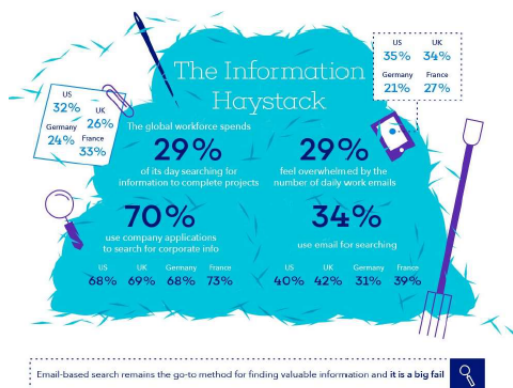


As an organisation, we are processing higher volumes of information than ever before, this is due to there being so many channels to now create information and the push towards Digital working, which enables faster, more efficient working.

Throughout 19/20, IADM has focussed on investigating and understanding the masses of unmanaged information the organisation holds. The programme is developing a robust governance framework to manage legacy content issues, and ensure these issues are not replicated again in the future as we continue to generate content.

Behaviours are a key part of maintaining compliant Information Management. **Remember:**

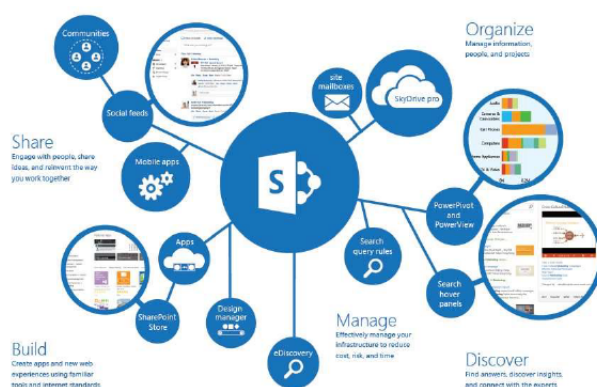
1. Always keep information in line with retention schedules
2. Corporate information must always be kept in the correct location, whether this be a case management system, SharePoint site or a line of business system
3. Ensure only one copy of a document is held – do not keep duplicate or local copies of corporate information



IADM introduced the **mailbox retention policy** which has and will continue to challenge the way colleagues process information. The policy pushed a real change in behaviours by educating users on types of information and where these should be rightly saved and why.

- **Business emails**; official records which include information created, received, and maintained as evidence of a process, case and / or procedure > this content should be moved to the right system or case file
- **Transitory emails**: only required in order to complete a routine action or to prepare a subsequent record > these emails should be routinely deleted

There is a Solution



IADM is designing an Enterprise Content Management (ECM) solution with governance to outline a consistent way of managing information throughout its lifecycle.

ECM will;

1. Enforce ways of working in line with policy and compliant practice
2. **Classify** all content which enters the ECM environment, which will ultimately drive retention and other compliance controls
3. **Organise** unstructured content
4. Provide consistent tools, processes and policies for content across the organisation

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Audit and Governance Committee

Date of Meeting: 30th July 2020

Report Title: Draft Annual Governance Statement (AGS) 2019/20

Senior Officer: Jane Burns, Executive Director of Corporate Services

1. Report Summary

- 1.1. Each year, Cheshire East Council produces an Annual Governance Statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour. The review is carried out against the Council's Code of Corporate Governance. The draft Statement, at Appendix A, reflects activity over the 2019/20 financial year, and by the final version, will include activity up to the date of the approval of the Council's Statement of Accounts.
- 1.2. The purpose of this report is for the Committee to consider the draft Annual Governance Statement 2019/20.

2. Recommendations

- 2.1. The Committee is asked to:
 - 2.1.1. Consider the draft Annual Governance Statement 2019/20 (Appendix A); and
 - 2.1.2. Note that the final statement will be considered by this Committee by the end of November 2020, prior to its approval and publication on the Council's website.

3. Reasons for Recommendations

- 3.1. In accordance with the Accounts and Audit Regulations 2015, the final Annual Governance Statement would usually be approved by Members of the Council meeting as a whole, or by a Committee by 31st July. The Audit and Governance Committee has delegated authority to approve the Annual Governance Statement.

- 3.2. The timescales for approval of the AGS and Statement of Accounts have changed in recognition of the impact of the pandemic via The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. This legislation amends the timescales for the publication of the draft and final statements as follows.

3.2.1. Publication of draft statements (Accounts and AGS) moves from 31st May to 31st August 2020.

3.2.2. Publication of final statements (Accounts and AGS) moves from 30th July to 30th November 2020. The final statement of accounts and AGS will be received by Committee on November 10th

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. There is a strong correlation between effective governance and effective service delivery. Whilst the statement by its nature is only signed off once a year, the process of review is continuous, so as to give assurance on the effectiveness on the processes and/or to address identified weaknesses, supporting the continuous improvement of the Authority.
- 5.2. The drafting of the AGS this year, in line with the guidance from CIPFA recognises the challenges of Covid to the timescale for preparation, and the sources of assurance which would normally be used. In preparing the draft AGS, reliance has been placed on existing reports, which have been referenced throughout the draft. Reports elsewhere on the Committee's July agenda also provide assurance for the Committee.
- 5.3. Particular sources of assurance for the Committee in considering the draft AGS include the progress updates on items included in the AGS, the annual Internal Audit Opinion (19/20), the Annual Monitoring Officer's reports, and interim reports from Internal Audit and Risk Management.
- 5.4. Whilst assurance of this kind always forms a very significant part of the AGS production, it is usually supplemented by the outcome of separate assurance exercises such as the management assurance statements. These have not been collated yet in order not to distract from the emergency response to Covid, but there will be additional assurance processes undertaken before the final AGS is signed off in November. The Statement will be updated as necessary for any issues arising.

- 5.5. Although the AGS covers 2019/20, it needs to be current to the time of publication and approval, and as such the Council's response to Covid is referred to throughout the AGS, and will be updated where needed in preparing the Final.
- 5.6. Updates on items recognised in previous Annual Governance Statements are included in Section 7. These will be further updated before the final Statement. Section 8 includes new items being recognised as "Significant Governance Issues" for the Council; the challenge to Council governance arising from Covid-19 are included here. This will be subject to further update before the Committee considers the final AGS.
- 5.7. A workshop for Members regarding the Annual Governance Statement and the Statement of Accounts will be offered prior to the final AGS being considered by the Committee in November.
- 5.8. Once approved, the AGS will be signed by the Leader and the Chief Executive and the AGS will then be published on the Council's website, along with the Statement of Accounts by 30th November deadline.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The production of the Annual Governance Statement is required by Regulation 6(1) (b) of the Accounts and Audit Regulations 2015, which sets out the timescales by which they must be published.
- 6.1.2. The preparation and publication of the draft Annual Governance Statement has been carried out in accordance with the guidance produced by the Chartered Institute of Public Finance (CIPFA): "Delivering Good Governance in Local Government (2016)".
- 6.1.3. The timescales for approval of the AGS and Statement of Accounts have changed in recognition of the impact of the pandemic via The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. The draft and final Statements are scheduled to meet the updated deadlines.

6.2. Finance Implications

6.2.1. There are no specific financial implications. The production of the AGS aligns with the production of the Annual Accounts. The final AGS will be published alongside the Audited Accounts.

6.3. Policy Implications

6.3.1. There are no policy implications identified

6.4. Equality Implications

6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

6.5.1. There are no human resources implications identified.

6.6. Risk Management Implications

6.6.1. The Authority is required to prepare and publish an Annual Governance Statement to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit England Regulations 2015 and updated by the The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. Failure to do so could result in non-compliance with the requirements of the Regulations.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

- 8.1. The Audit and Governance Committee receives a progress update on actions for issues identified in the Annual Governance Statement. The last update to the Committee was provided in December 2019.

9. Contact Information

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

Name: Josie Griffiths

Job Title: Head of Audit and Risk

Email: josie.griffiths@cheshireeast.gov.uk

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Annual Governance Statement 2019/20

DRAFT

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1. Executive Summary and Approval

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

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

- 1.4. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and that the arrangements, to the best of our knowledge, continue to be regarded as fit for purpose in accordance with the governance framework.
- 1.5. The Annual Governance Statement is required to reflect the arrangements in place for 2019/20 and to the time of the AGS being approved. The impact of Covid-19 on the Council's governance arrangements is therefore included throughout the Statement.
- 1.6. To date, our assessment of the effectiveness of our governance arrangements for 2019/20 has identified the challenge of responding to Covid-19, and this is described in Section 8. The Council has recognised several significant governance issues in previous Statements; progress updates on these items are described in Section 7.
- 1.7. We propose over the coming year to take all appropriate action to address the matters outlined in this Statement and any other issues to further enhance our overall governance and stewardship arrangements. We are satisfied that our plans will address the improvement areas identified in our review of effectiveness. We will monitor their implementation and operation as part of our next annual review.

This section will be signed by the Leader and the Chief Executive after the final AGS is agreed

2. Introduction

2.1. The Accounts and Audit Regulations 2015 require that:

- The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control
- Findings of this review should be considered by the Council
- The Council must approve an Annual Governance Statement; and
- The Annual Governance Statement must accompany the Statement of Accounts.

2.2. For Cheshire East Council, the Audit and Governance Committee has delegated authority to undertake these duties on behalf of the Council.

3. Scope of Responsibility

3.1. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Local Government Act 1999 also places a duty on all councils to secure continuous improvement and to demonstrate economy, efficiency and effectiveness.

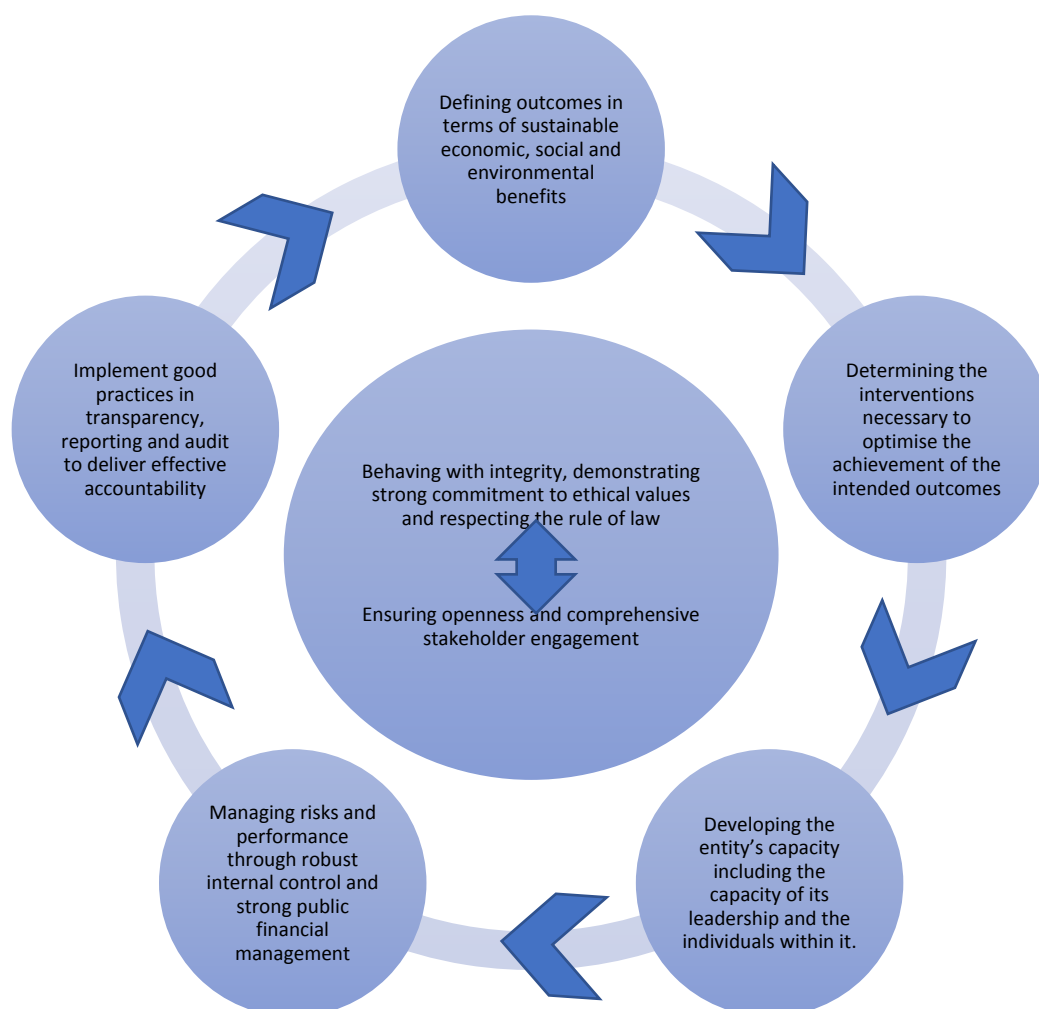
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

3.3. In January 2017, Cabinet approved and adopted a Code of Corporate Governance that is consistent with the principles and requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016). These are outlined below and summarised in Figure 1.

- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity including the capacity of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management

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

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



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

- 3.6. The Annual Governance Statement provides assurance that:
- Governance arrangements are adequate and operating effectively in practice; or
 - Where reviews of the governance arrangements have revealed improvements are required, action is planned to ensure effective governance in future.

4. The Purpose of the Governance Framework

- 4.1. The Governance Framework comprises the systems, processes, cultures and values by which the Council is directed and controlled. It also includes the activities through which it is accountable to, engages with and leads the community. This covers services provided and managed directly by the Council, and arrangements delivered through external partners, including the Council's wholly owned companies.
- 4.2. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 4.3. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:
- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
 - To evaluate the likelihood of those risks being realised and the impact should they be realised, and;
 - To manage them efficiently, effectively and economically.

5. The Governance Framework

- 5.1. The Council's Code of Corporate Governance includes examples of how the Council demonstrates the principles in practice and operation. Therefore, to minimise duplication, it is only supplementary examples and features of the Council's governance framework, specific to 2019/20 which are set out below.
- 5.2. The Governance Framework described below and shown in **Appendix 1** has been in place for the year ended 31st March 2020 and to the time of the draft AGS being approved by Audit and Governance Committee in July 2020 unless otherwise indicated. It will be updated, where necessary, for the final AGS to be approved by Committee in November 2020.

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

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

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

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

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

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

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

- 5.23. The Acting Chief Executive, Executive Directors and Statutory Officers met regularly during 2019/20 as the Corporate Leadership Team (CLT), receiving assurance reports and updates from across the Council. CLT is supported by service/departmental management team meetings, and several cross functional officer, and officer/member groups. The reporting lines between these and relevant Committees are shown in the Governance Framework diagram in Appendix 1.
- 5.24. The Council’s new Chief Executive, Dr Lorraine O’Donnell joined the organisation in March 2020 and has worked closely with the Corporate Leadership Team and Members to lead the Council’s emergency response to and recovery from Covid-19.
- 5.25. Following the ‘all-out’ local elections for all 82 councillors in May 2019 the council moved from being a Conservative administration to no-overall control. A Joint Administration was formed comprising members of the Labour and Independent Groups. This included the election of 38 Councillors who had not previously held office as borough councillors.
- 5.26. A programme of induction for Members was undertaken to support all Members with awareness on the Council’s governance and decision making processes, the

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

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

- 5.27. Each "Welcome Event" was well attended. Between May and July, both new and returning Members attended briefing sessions for each Committee they were appointed to, held before the first meeting. In respect of the quasi-judicial bodies (e.g. Planning, Licensing, Audit and Governance, Appeals, Staffing), Committee Members attended their training sessions before they took up their place at Committee, in accordance with the Constitution.
- 5.28. An initial mandatory Members' Code of Conduct event was held on 20 May 2019. This event was open to all Councillors and was advertised in the timetable of induction events. Three further sessions on the Code of Conduct have been held in October and November 2019 and March 2020. Further sessions will need to be arranged to ensure all Members that were newly elected in May 2019 have completed this training by the end of August 2020
- 5.29. Service related briefings have also been held for Members, alongside the induction events from June to date. Requests to hold such sessions continue to be received and events are added to the programme in accordance with the agreed criteria. Areas covered so far include Highways, Infrastructure Capital Projects, Strategic Transport, Town Centre Regeneration and HS2.
- 5.30. The Council's Constitution defines the standards of conduct and personal behaviour expected of, and between, members, staff, associated partners and the community, defined and communicated through Codes of Conduct and protocols. The Constitution includes a Member/Officer Relations Protocol, which was established to encourage effective communication between members and officers.
- 5.31. The statutory roles of the Head of Paid Service, Monitoring Officer and Section 151 Officer are described in the Constitution, as are their responsibilities for providing robust assurance on governance, ensuring lawful expenditure in line with approved budgets and procurement processes.
- 5.32. Arrangements have been made, including the use of interim staff where necessary, to ensure that these statutory roles have been undertaken during

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

- 5.33. The Council publishes a Pay Policy Statement by 31st March on an annual basis. This provides transparency about the Council's approach to setting the pay of its employees and is in accordance with Section 38 of the Localism Act 2011. The Pay Policy in effect for 2019/20 was agreed by Council in February 2019. The 2020/21 Pay Policy Statement recommended to Council on 20th February 2020 from Staffing Committee, it included a small number of key updates including the revised Senior Management Structure implemented on the 1st April 2019.
- 5.34. The Council's Staffing Committee has received update reports on the Council's Brighter Future Together Programme.
- 5.35. All staff undertake annual mandatory training on protecting and managing information and equality and diversity, completion and compliance is monitored and reported to Heads of Service and Directors. Managers are also supported with training on the Council's Dignity at Work and Grievance procedures.

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

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

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

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

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

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

Cheshire East Council Annual Governance Statement 2019/20

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

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

- 5.62. The Council's internal and external auditors are key sources of assurance. The Internal Audit opinion on the Council's control environment is set out in the Internal Audit Annual Report for 2019/20 which will be received by the Audit and Governance Committee on July 30th and is as follows:

Internal Audit Opinion

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

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

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

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

including contract management meetings and monitoring visits. The current operating agreement between the Council and ESAR runs to 30th April 2029

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

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

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

- 5.85. The Audit and Governance Committee promotes high standards of ethical behaviour by developing, maintaining and monitoring a Code of Conduct for Members of the Council. Complaints are considered by the Monitoring Officer and an Independent Person. Complaints can be received about Cheshire East Councillors, co-opted members and Town and Parish Councillors.
- 5.86. The promotion of high standards of conduct, and of strong ethical governance among elected members, co-opted Members, and Town and Parish Council Members within the Borough, is critical to the corporate governance of the authority and to the Council's decision-making process across the organisation.

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

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

Ensuring openness and comprehensive stakeholder engagement

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

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

- 5.112. The Council's Corporate Leadership Team has continued to hold regular staff engagement events; "A Conversation With..." These have been held across the Council's various office locations and offer an opportunity for staff to raise any questions or issues they have directly with their Senior Managers. Questions and answers are summarised and shared via the Team Voice newsletter.
- 5.113. Council services use various forms of social media, to engage and inform communities and stakeholders. The main Council website has a Media Hub page, where a variety of information about the Council is published. The Communications team also provide related media releases, where appropriate. Statutory public notices are also shared online.

6. Review of Effectiveness

- 6.1. The Council undertakes an annual review of its governance arrangements. This process is informed by a range of sources. The various sources of assurance which inform the annual review are described below and also referenced in the Governance Framework in Appendix 1.
- 6.2. Examples of the sources of assurance considered in preparing the Annual Governance Statement include:
- **Line Management** - Assurance on individual line managers' areas of responsibility are provided by Disclosure Statements and informed by the acceptance and implementation of recommendations from internal and external audit.
 - **Management Review** - Assurance on the effective management of core function activities is provided by reviewing compliance with policies, including how this information is used to drive improvement, and how relevant risk management information is escalated up or cascaded down through the Council.
 - **Internal Review** - The performance of Internal Audit and the Audit and Governance Committee, along with their assessments of the performance of individual service areas, and cross function service areas informs the preparation of the Statement. There have been no significant governance issues.
 - **External Review** - The findings and feedback from external inspectorates and peer reviews of the Council also provide assurance which is considered in preparing the Statement.
 - **Reference and review of existing reports and assessments**
- 6.3. For the purposes of the Annual Governance Statement "significant" is defined as an issue which has had or has the potential to have a noticeable impact on the Service's and/or Council's ability to achieve its objectives.
- 6.4. Examples might include:

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

- 6.5. Section 7 sets out the progress made against the issues identified in previous Annual Governance Statements, which have been monitored through 2019/20.
- 6.6. Progress on managing and monitoring the discrete actions identified to manage and resolve these issues has previously been reported upon to the Audit and Governance Committee, through previous Annual Governance Statements, and most recently in an update provided in December 2019.
- 6.7. At that meeting, the Committee approved the recommendations that substantial progress had been on the following areas, and that they could be removed from the Annual Governance Statement and be subject to local monitoring and management.
- Land Transactions
 - Holiday Pay
- 6.8. The issues of “Council Funding” and “Health and Social Care Integration” are included again as continuing areas of concern issues for 2019/20 in the updates in Section 7. This recognises the continuing significance of these two specific areas, at national and local levels, and the impact of Covid-19
- 6.9. The review has considered the effectiveness of the Council’s governance arrangements against the principles set out in the revised Code of Corporate Governance.
- 6.10. **Overall we can confirm that the council has appropriate systems and processes in place to ensure good governance is maintained. Whilst we are satisfied that these generally work well, our Annual Governance review has identified areas where further improvements are underway (Section 7) and recognised the challenges that Covid-19 poses. These are outlined in Section 8.**

7. Progress against issues identified in previous Annual Governance Statements

Business Continuity Planning <i>Identified in 2013/14 AGS as requiring further attention in 2014/15</i>	
Description of Issue	Current and tested business continuity plans are not consistently in place across all service areas.
Responsibility	Director of Governance and Compliance
Action proposed at the time of inclusion in the AGS	Develop Business Continuity Planning to ensure service delivery in the event of business disruption
Progress Update for 2019/20	<p>During 2019/20 the business continuity system has been subject to user testing and the software has been implemented across services. Training on the software, along with remainders of Business Continuity Management principles was provided to a range of users.</p> <p>Individual plans have been populated onto the software and were reviewed by senior managers to ensure moderation of plans, identify inter-dependencies and ensure sufficient coverage. A working group was established to look at cross-functional services, such as Communications, Estates, ICT and Customer Services.</p> <p>BC plans have been used across services during the Council's emergency response to Covid-19. Support has been provided to review and adjust plans, has been provided to those leading the responses the COVID 19 incident.</p> <p>Business Continuity events have been held virtually to test the resilience and the Council's response to a second incident taking place. The scenarios covered have been a flood, a fire, ICT incident and a fire in a public building, which have been overlaid onto the existing COVID 19 incident. This has been delivered in conjunction with the Emergency Planning Team. These exercises will inform the way in which the Council implements its procedures during an incident.</p> <p>It is now recommended this item is removed from the AGS due to significant progress being made. Updates from monitoring the Council's Business Continuity Plans will be provided to CLT, and as part of risk updates to the Audit and Governance Committee.</p>

Council Funding <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue	<p>Ongoing and future changes to the financial framework - including several changes to national funding regimes - will increase the Council's reliance on self-financing. Many of these arise from changes to benefit administration, reductions in government grant and more schools becoming academies.</p> <p>While the Council is in a strong position it needs to accelerate its transition to a full commissioning model to ensure that the quality and cost base of services are appropriate and meet the needs of local residents and businesses within the future level of available resources.</p>
Responsibility	Interim Executive Director of Corporate Services
Action proposed at the time of inclusion in the AGS	<p>The Council's approach to the continuing financial challenges, linked to austerity, are being addressed through a range of activities and communication channels.</p> <p>Senior accountants are fully engaging with government and professional bodies (such as CIPFA, SCT, RSN and UTS), in the review of local government finance. Responses have been provided to consultations and regular seminars and meetings have been attended to ensure that issues relevant to Cheshire East Council are being discussed.</p> <p>Estimates have been developed with the Portfolio Holder, and Cabinet members, around the main funding sources. This includes Council Tax levels, tax base growth, potential Business Rates growth and the diminishing grant position. The revised Corporate Plan also introduces the Council's commitment to developing a self-financing approach to achieving outcomes.</p> <p>The Council's increasing level of collaboration with public sector partners, such as health services and neighbouring local authorities, is also subject to significant review and work is ongoing in line with CIPFA's Aligning Public Services model.</p> <p>The best fit of service providers, also described in the Corporate Plan, remains a key element of the Council's approach. Contract management, with its strong links to achieving outcomes, is also developing as a key feature of the Council's control framework.</p>
Progress update for AGS 2019/20	The 2019/20 Outturn was reported to Cabinet in June 2020, via the Corporate Overview & Scrutiny Committee. The report identified overspending within services in line with that reported as part of

	<p>the Third Quarter Report, except for subsequent exceptional spending associated with the COVID-19 pandemic. The Third Quarter Report was presented to Council in February alongside the Medium Term Financial Strategy.</p> <p>The Medium Term Financial Strategy 2020 – 2024 included a balanced budget for 2020/21 but forecast annual deficits from 2021/22 onwards. Opening balances reflected the forecast outturn. Service spending issues identified in the Third Quarter Report were addressed in the MTFS, but the unsustainable reliance on one-off reserves, the low level of reserves generally and the presence of future deficits, was referenced as requiring attention within the Section 151 Officer's s.25 Statement.</p> <p>The potential financial impact of the COVID-19 Pandemic is significant and additional Central Government funding is being provided. The value of the additional funding compared to the local impact is an emerging picture, subject to regular exchanges of information between central and local government. The Council's reserve levels provide limited flexibility to absorb local financial consequences from COVID-19 and the overall position will be reported to members as and when appropriate information is available.</p>
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Health and Social Care Integration <i>Recognised as a Continuing Governance Issue in the 2015/16 AGS</i>	
Description of Issue	<p>The Council is a key partner in the delivery of integrated health and social care and is a signatory of the Better Care Fund (BCF) submission to NHS England. This is a high profile programme of change which the Council is working with the two Clinical Commissioning Groups, (CCGs), and the two acute providers and one Community and Mental Health provider in the Borough.</p> <p><i>Please note a restructure has created a single CCG for Cheshire as of 1st April 2020.</i></p> <p>BCF is part of a staged process to focus and increase joint working with the NHS seeking to improve the health and wellbeing outcomes for Cheshire East residents, with the initial aims of the work programme being to reduce non-elective admissions to hospitals and Delayed Transfer of Care (DToC) locally.</p> <p>The initial Plans submitted in April 2014 did not include details of specific schemes, financial plans, risk assessment or fully developed key performance indicators.</p>

Responsibility	Executive Director of People
Action proposed at the time of inclusion in the AGS	<p>The BCF Governance Group, overseen by Cheshire East's Health and Wellbeing board continues to meet on a monthly basis to oversee the governance of the Cheshire East BCF.</p> <p>Feedback was expected from NHS England and the Association of Directors of Social Services (ADASS) in June 2016 regarding Cheshire East's plans for BCF in 2016/17. The expected status is "approved with support".</p> <p>At the time of submission, there were areas requiring further work and attention including:</p> <ul style="list-style-type: none"> • Final agreement for expenditure plans; • Lack of a Delayed Transfers of Care (DToC) plan for South Cheshire Clinical Commissioning Group; and • Assurance that DToC is a standing item on Systems Resilience Group agendas (now called A&E Delivery Boards). <p>These areas had to be addressed by the end of June 2016 to avoid escalation to national level of assurance; these areas have now all been addressed within timescale. The BCF plan for Cheshire East has been approved by the Health and Wellbeing Board.</p> <p>In April 2016 Mersey Internal Audit Agency published a report on the BCF arrangements in operation over 2015/16 which contained three key "medium" ranked recommendations:</p> <ul style="list-style-type: none"> • Failure to identify and effectively manage BCF risks; • CEC and CCG's Programme Management Office approaches to the BCF are not co-ordinated; and • Poor Information Governance. <p>These were included on the BCF risk register. The risk register and the risk assessment process have been reviewed and improved, to ensure that mitigating actions are Specific, Measurable, Assignable, Realistic and Time-related (SMART). Red rated risks are reviewed and updated on a monthly basis to ensure action is taking place to address.</p> <p>A piece of work took place to look at Programme Management Office approaches across CCGs and LAs. This had already been done by PMO leads and good practice has been shared by them and adopted accordingly to ensure more consistent approaches. We also agreed a number of actions between us to streamline reporting processes.</p>

	<p>Work on Information Governance is still ongoing but is the priority item on the agenda for the BCF Governance Group is to establish any gaps and allocate necessary actions.</p>
<p>Progress Update for AGS 2019/20</p>	<p>The BCF/iBCF schemes have continued to operate during 2019/20 and an end of year report covering the progress of the schemes during 2019/2020 has been produced. This includes information on the financial performance, data performance and overall progress and will be presented to the Health and Wellbeing Board in September 2020.</p> <p>Significant progress has been made with the Cheshire East Place Health and Care Partnership. The Partnership's Five Year Plan was published in November 2019, setting out the vision and aspirations of the Partnership with a 'Technical Appendix' identifying key activity that will be undertaken. The Partnership is now leading the work to take forward the integration agenda through a number of work-streams:</p> <ul style="list-style-type: none"> • Acute Sustainability – to ensure that our acute hospitals have a clinically and financially secure future. Consultants have been appointed to draft the pre consultation business case and this work is underway (although delayed by the COVID 19 outbreak); • Integrated Care Partnership – a partnership of health providers (Acute Trusts, Mental Health Trust, Community Services and GPs and the Council) to enable the joining up of service provision in a seamless way. The Board has been established, a Managing Director appointed and priorities identified (linked to the Five Year Plan) for the ICP to progress. • Care Communities – eight care communities are now firmly established based around local clusters of GP practices. These bring together the clinicians and other professionals working with residents in the local Care Community geography to ensure that service delivery at that local level is effectively joined up. <p>These three core workstreams are supported by enabling workstreams looking at ICT, Workforce, Estates, Finance and Communications. Each of these has been making progress over the year.</p>

Cheshire East Council Annual Governance Statement 2019/20

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

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

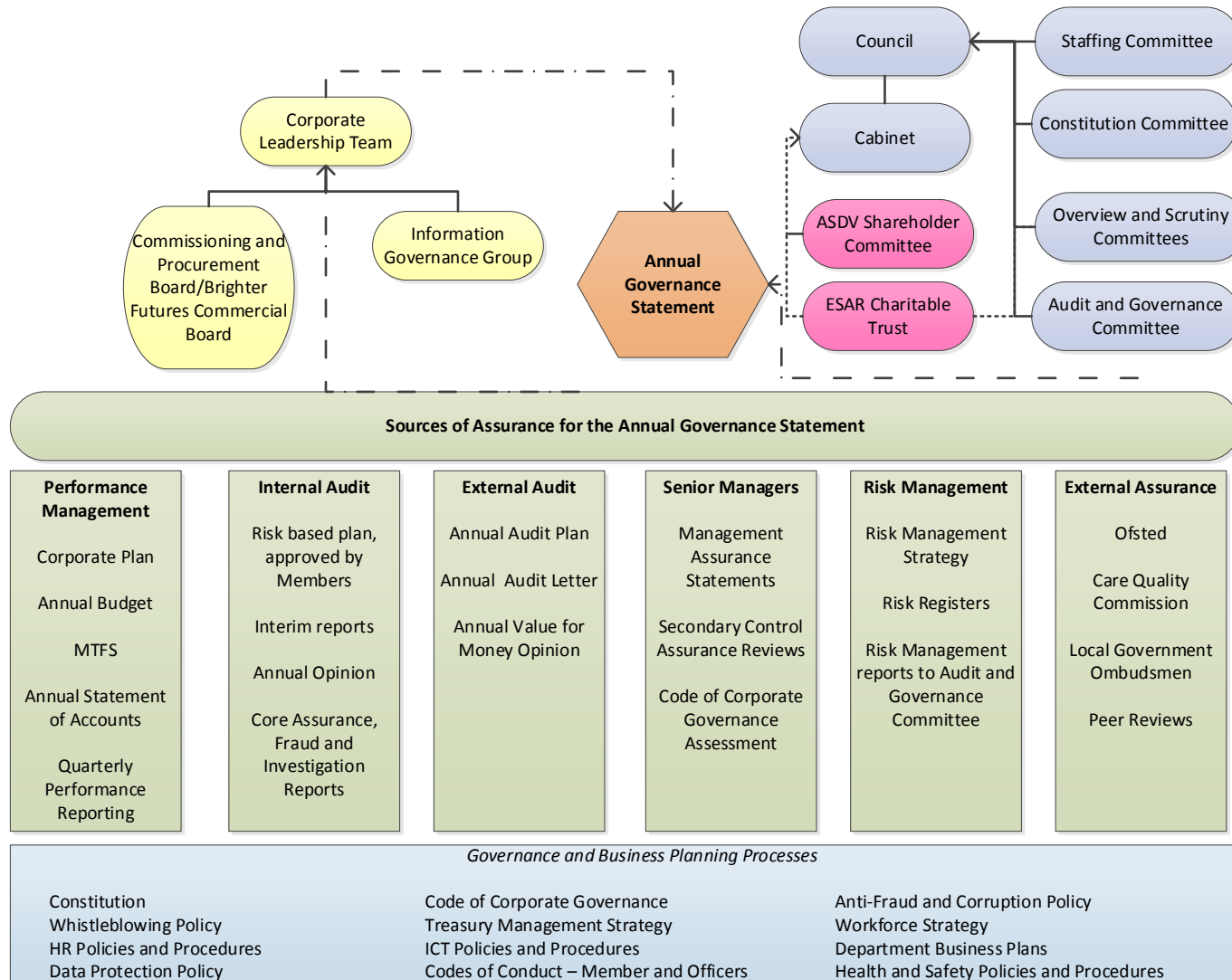
	<p>and is supported by a jointly staffed internal team which has been involved from the procurement stage.</p> <p>The Councils' Internal Audit teams are undertaking a joint programme of review and assurance throughout the implementation of the replacement and ahead of the new system going live.</p>
Progress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

8. Significant Governance Issues 2019/20

- 8.1. The significant governance issues the Council recognises as arising during 2019/20 are detailed below. A description of the issue, along with details of the actions undertaken to date, and any further actions required to manage the issue is also given. These issues will need implementing and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Leadership Team and reported to the Audit and Governance Committee.

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

Appendix 1: The Governance Framework 2019/20





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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Annual Report of the Audit and Governance Committee 2019/20

Senior Officer: Jane Burns, Executive Director Corporate Services

1. Report Summary

- 1.1. The purpose of this report is for the Committee to consider the draft version of the Audit and Governance Committee's Annual Report 2019/20 and agree the final version of the report that will go to the next meeting of Council.
- 1.2. Producing an annual report on the work of the Committee ensures compliance with best practice requirements and provides assurance to wider stakeholders on the continuing improvements of the Council's governance arrangements.

2. Recommendation

- 2.1. That the Committee considers the draft report for 2019/20 at Appendix A and agrees the final version which will be presented to Council later this year.

3. Reasons for Recommendation

- 3.1. 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.
- 3.2. The report should cover the performance of the Committee in relation to its Terms of Reference, and the effectiveness of the Committee in meeting its purpose.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

5.1. Current CIPFA guidance, *Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition* states that audit committees should report regularly on their work and at least annually report an assessment of their performance. Aspects to consider include:

- whether the committee has fulfilled its agreed terms of reference
- whether the committee has adopted recommended practice
- whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities
- whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review
- what impact the committee has on the improvement of governance, risk and control within the authority.

5.2. The requirement to submit an annual report is recommended by the CIPFA guidance and included within Cheshire East Council's Constitution.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. 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.

6.2. Finance Implications

6.2.1. 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.

6.3. Policy Implications

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

6.4. Equality Implications

6.4.1. There are no equality implications for this report.

6.5. Human Resources Implications

6.5.1. There are no direct human resource implications for this report.

6.6. Risk Management Implications

6.6.1. 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.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for Climate Change.

7. Ward Members Affected

7.1. The work of the Audit and Governance Committee is not restricted geographically therefore all ward members are affected.

8. Consultation & Engagement

8.1. The annual report of the Committee was prepared by Internal Audit following discussion with key officers who regularly provide updates to the Audit and Governance Committee. The proposed report has also been discussed with the Committee Chair and Vice Chair and was considered by the Corporate Leadership Team.

9. Access to Information

9.1. The draft annual report of the Audit and Governance Committee 2019/20 is attached as Appendix A to this report.

10. Contact Information

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

Name: Josie Griffiths

Job Title: Head of Audit and Risk

Email: Josie.griffiths@cheshireeast.gov.uk

Annual Report of the Audit and Governance Committee 2019/20

DRAFT
(May 2019- April 2020)

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OFFICIAL

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Foreword by the Chair of the Audit and Governance Committee

As Chair of the Audit and Governance Committee, I am proud to present this detailed report on the work of the Committee over 2019/20.

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.

I hope that 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 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 and attended 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'.

Since March 2020 the impact of the Covid-19 pandemic and associated lockdown has presented challenges to everyone within Cheshire East and I am pleased to report that arrangements were put in place to ensure that the May 2020 meeting of the Committee, which took place remotely, were a success and ensured that the business of the Committee continued at this difficult time.

I look forward to future meetings of the Committee, whether remote or face to face, and to working with the Committee members and the officers who support the Committee to ensure that we continue to provide independent assurance on the Council's control environment and the governance framework.



Councillor Rod Fletcher

Chair of the Audit and Governance Committee
July 2020

1. Introduction to the Audit and Governance Committee

Governance is defined in the “Delivering Good Governance in Local Government: Framework” (CIPFA/SOLACE 2016) as follows

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.

Audit Committees are therefore an essential element of good governance. Good corporate governance requires independent, effective assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

These functions are best delivered by an Audit Committee independent from the executive and scrutiny functions.

Effective Audit Committees help raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an authority.

2. Audit and Governance Committee - Statement of Purpose

The Audit and Governance Committee is a key component of the Council’s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

It provides an independent assurance to the Council of the adequacy of the risk management framework and the internal control environment.

It provides independent review of the Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.

It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

It promotes high standards of ethical behaviour by developing, maintaining and monitoring performance and Codes of Conduct for Members of the

Council (including co-opted Members and other persons acting in a similar capacity).

The Audit & Governance Committee has delegated responsibilities from Council. This report provides details of how the Committee has discharged those responsibilities and delivered against its terms of reference which can be found in the Council's [Constitution](#).

Meetings of the Audit & Governance Committee were held on the following dates during 2019/20:

- 30th May 2019
- 30th July 2019
- 3rd October 2019
- 5th December 2019
- 12th March 2020

More information on the Audit & Governance Committee Meetings, including agendas, minutes and attendance details is available [here](#).

3. Governance, Risk and Control within Cheshire East Council

Reports have been received by the Audit and Governance Committee in the following areas, providing assurance and updates on the Council's governance, risk and control framework over the past year.

Internal Audit

Meeting	Reports received
30 July 2019	Internal Audit Annual Report 2018/19
5 December 2019	Internal Audit Interim Update Report April – September 2019
12 March 2020	Internal Audit Interim Update Report October – December 2019
	Draft Internal Audit Plan 2020/21

External Audit

Meeting:	Reports received:
30 May 2019	External Audit 2018/19 Progress and Update
30 July 2019	External Audit Findings and Action Plan 2018/19
3 October 2019	External Audit Update and Annual Audit Letter 2018/19
5 December 2019	External Audit Report 2019/20
	Certification of Claims and Returns 2018/19
12 March 2020	External Audit 2019/20 Progress and Update Report

Risk Management

Meeting:	Reports received:
30 July 2019	Annual Risk Management Report 2018/19
5 December 2019	Risk Management Update
12 March 2020	Risk Management Framework Update

Corporate Governance & Annual Governance Statement (AGS)

Meeting:	Reports received:
30 July 2019	Annual Governance Statement 2018/19
	Annual Report of the Monitoring Officer 2018/19
5 December 2019	Annual Governance Statement 2018/19 – Progress Update

Accounts, Financial Statements & Treasury Management

Meeting:	Reports received:
30 July 2019	Annual Statement of Accounts 2018/19
3 October 2019	Treasury Management Annual Report 2018/19
5 December 2019	Review of Cheshire East Group Accounting Policies
	Draft Treasury Management Strategy and Minimum Revenue Provision Statement 2020/21

Information Governance

Meeting:	Reports received:
30 July 2019	Annual Information Governance Update 2018/19

Significant assurances the Committee has received during the year include:

- **2018/19 Internal Audit opinion:**
This was presented to the 30 July 2019 meeting.
- **2018/19 Financial Statements Opinion (External Audit):**
This was presented to the 30 July 2019 meeting.
- **2018/19 Value for Money (VFM) Conclusion (External Audit):**
This was presented to the 30 July 2019 meeting.

4. Effectiveness of the Committee

The Committee regularly undertakes a formal review of its own effectiveness. The 2019/20 self-assessment was carried out against the CIPFA guidance, Audit Committees – Practical Guidance for Local Authorities and Police 2018 via an online survey and through discussion with the Chair and Vice Chair.

Given the high turnover of members following the May 2019 election, a decision was taken to delay the self assessment process until the end of 2019 to allow new members of the Committee the opportunity to familiarise themselves with their role. The results were reported to the Committee in March 2020.

The Committee self-assessed as compliant or partially compliant against all areas apart from one which was assessed as not compliant. In receiving the report in March 2020, it was agreed that an action plan would be developed and brought back to the Committee at a later date. This was received by the Committee in May 2020. Four actions were subsequently identified and progress against implementation will be reported periodically.

Whilst the 2019/20 Work Plan was developed in line with the Committee's Terms of Reference to ensure that the Committee continued to work effectively and fulfil its purpose, additional assurance was sought via a detailed review of the Work Plan which was undertaken by Members and Officers at a workshop during November 2019.

The results of the Corporate Peer Challenge that the Council took part in were published in June 2020. The Committee was referenced within this report which stated:

“The Audit and Governance Committee of the Council has made improvements in recent years with much more effective challenge being provided through this committee.” There is currently one ‘independent person’

on the Committee who is not a member of the council and can therefore help to provide independent challenge. However, the size and membership of the committee may benefit from review to ensure the committee can operate effectively and provide sufficient challenge across all areas of responsibility, including on financial matters

The Committee will consider the appointment of co-opted independent members during 2020/21.

The Committee has continued to provide challenge and feedback to the reports received which was evidenced at the March 2020 meeting at which a risk management report was received. The report included an update on the risk of a pandemic which had been moved to a Moderate risk during February 2020 following a review of the Corporate Risk Register in January 2020. This was challenged by Members in light of more recent developments and a request was made to escalate the risk to the highest level. Officers provided assurance that this particular risk was being monitored constantly but agreed to update the documentation.

5. Additional Assurance

It was agreed at the Committee's December 2015 meeting that future annual reports of the Committee be expanded to include greater details on any areas of work requested to provide additional assurance to the Committee along with an explanation as to how this added value to the work of the Committee.

Additional assurance work requested by the Committee has been provided around emerging issues including:

Ombudsman complaints and lessons learnt

The Committee received update reports at each meeting detailing the decision notices received by the Council from the Local Government Ombudsman and Social Care Ombudsman. The detailed reports provided the Committee with information on those decision notices which concluded that there had been maladministration causing injustice.

During 2019/20, the reports have also been supported by the attendance of senior managers from the services involved to provide assurance to the Committee that lessons have been learned from the issues and actions implemented.

Reporting of all WARNS's (Waiver and Record of Non-adherence)

The Audit and Governance Committee has a key role in overseeing governance arrangements and requirement to review all approved WARNs. The WARN process forms part of the Contract Procedure Rules (CPR's) which are intended to promote good procurement and commissioning practice, transparency and clear public accountability.

Since June 2016, summary information on the number and reasons for WARN's has been provided to the Committee as a standard part one agenda item, with the details being considered as part two, following exclusion of press and public from the meeting pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

The Committee has noted that the number of waivers and non-adherences being reported has significantly and consistently reduced since the reports were first presented.

This provides assurance to the Committee on the positive impact of the changes to the Council's procurement management.

Member's Code of Conduct

The Committee received an update report in December 2019 relating to the Member's Code of Conduct. The report detailed the number of complaints made against Cheshire East Councillors and Town and Parish Councillors; the paragraph of the Code alleged to have been breached and the outcome of each complaint, where completed. This information is provided to support the Committee's role in monitoring and maintaining high ethical standards within the authority.

The Committee agreed that a review of the Code of Conduct would be added to the Committee's Work Plan and that it should be linked to the Local Government Association publication of a revised Model Code of Conduct. This was expected to be published in July 2020 prior to the Covid-19 pandemic. A draft LGA model Code is currently subject to consultation which closes on 17 August 2020.

Counter Fraud Update

In October 2019, the Committee considered an update report on the Council's arrangements to counter the threat of fraud and corruption. The report also

provided an overview of developments taking place nationally, counter fraud activity in Cheshire East and the ongoing work to ensure compliance with best practice. Updates are also included in the regular updates against the Internal Audit plan.

Inspection by the Investigatory Powers Commissioner's Office and revised RIPA Policy and Procedures

In December 2019, the Committee received a summary of the findings, recommendations and action plan from the remote desktop inspection. The Committee noted the action plan and agreed that a progress report on the action plan would be brought to a future meeting.

The Committee considered and approved the proposed revised RIPA Policy and Procedures at its March 2020 meeting. The revisions were made in order to comply with the recommendations made by the Investigatory Powers Commissioner's Office and changes in legislation.

6. Members of the Committee

Following the local elections in May 2019 wholesale changes were made to the Committee membership. Members of the Committee during 2019/20 are set out in **Appendix 2**.

The Audit and Governance Committee has been supported by Officers providing reports in accordance with the Committee's work programme and at the request of the Committee.

The Committee has routinely been attended by the Executive Director Corporate Services, Executive Director Place, Director of Governance and Compliance, and the Director of Financial and Customer Services.

Following an extended period during which the Principal Auditors acted up, the role of Chief Audit Executive as defined by the Public Sector Internal Audit Standards (PSIAS) was filled on a permanent basis by the appointment of the Head of Audit and Risk in July 2019.

7. Statutory Requirements, New Guidance and Recommended Practice

During the year, the Committee has carried out statutory requirements including approving the Financial Statements and the Annual Governance Statement.

Committee members were provided with a copy of the Committee's Terms of Reference in advance of the May 2019 meeting.

The Committee has received updates on changes to relevant legislation, for example, the Review of Cheshire East Group Accounting Policies, and endorsed an updated Risk Management Framework to be adopted by Cabinet.

8. Training and Development

The following training was carried out during the 2019/20 year:

- Induction for new and deputising Members of the Committee
- Annual Governance Statement & Role of the Audit Committee
- Risk Management
- Approving the Financial Statements

In addition, Members have access to copies of the CIPFA Better Governance Forum *Audit Committee Update* featuring a round-up of legislation, reports and developments of interest to Audit & Governance Committee Members.

The training and development programme for Members of the Committee is informed by an annual skills assessment exercise.

A workshop was held in November 2019 to facilitate a detailed review of the Committee Work Plan and ensure that the planned items would provide members with the appropriate level of information and assurance to fulfil the terms of reference of the Committee.

9. Work programme for 2020/21

The Committee has an agreed work programme for 2020/21, which includes the annual statutory requirements (e.g. approval of the Statement of Accounts, approval of the AGS etc.) of the Committee and also those regular reports and assurances it receives on External Audit, Internal Audit, Risk Management, Treasury Management and other areas.

The forward looking work programme ensures comprehensive coverage of the Committee's responsibilities and in addition to this, the Committee will:

- Continue to develop the proactive nature of the Committee to facilitate actions by officers to ensure that risks are identified as early as possible and remedial actions are taken in a timely fashion;

- Oversee any development required of the Audit and Governance Committee work programme to comply with the requirements of the CIPFA Audit Committees guidance;
- Continue to review governance arrangements to ensure the Council adopts the latest best practice and continues to be an open and transparent public organisation;
- Continue to support the work of internal and external audit and ensure that responses are given to their recommendations;
- Receive assurance on compliance with best practice such as the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit;
- Continue to support the Council in managing the risk of fraud and corruption;
- Continue to develop the Audit and Governance Committee to review risk and partnership issues and safeguarding of public sector assets; and
- Equip existing and new Members to fulfil their responsibilities by providing more detailed and focused training on all key areas of responsibility, including financial arrangements and risk management, governance and audit planning.
- Ensure that arrangements and ways of working introduced in light of the Covid-19 pandemic are subject to effective governance arrangements and robust systems of internal control.

How the Audit and Governance Committee's Terms of Reference were met during 2019/20:


Terms of Reference of Committee	Relevant activity in 2019/20
Annual Report	
To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.	The July 2019 Committee meeting reviewed the 2018/19 annual report, this was subsequently received and noted by Council in October 2019.
Governance, Risk and Control	
To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.	The Committee approved the 2018/19 Annual Governance Statement in July 2019. The Committee received an Annual Governance Statement progress report in December 2019.
To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.	The Committee received the final 2018/19 Annual Governance Statement (AGS) in July 2019. In addition, an update report was received in December 2019.
To monitor the effective development and operation of risk management in the council.	The Committee received update reports on Risk Management in July 2019, December 2019, and March 2020.
To monitor progress in addressing risk related issues reported to the committee and to review the assessment of fraud risks and potential harm to the Council from fraud and corruption. To monitor the counter fraud strategy, actions and resources.	The Committee monitors Anti-Fraud and Corruption arrangements through regular updates on activity provided as part of the regular Internal Audit update reports. A specific Counter Fraud report was received in October 2019
To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.	The Treasury Management 2018/19 Annual Report was received in October 2019. The 2020/21 Draft Treasury Management Strategy and Minimum







Terms of Reference of Committee	Relevant activity in 2019/20
	Revenue Position (MRP) Statement was reviewed at the December 2019 meeting.
Internal Audit	
To approve the internal audit charter.	An updated Internal Audit Charter was approved at the March 2020 Committee meeting.
To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.	<p>The Committee approved the 2019/20 Internal Audit Plan in March 2019. The Committee monitored progress against the plan in December 2019 and March 2020.</p> <p>The 2020/21 Internal Audit Plan was approved at the March 2020 Committee.</p>
To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions. To consider summaries of specific internal audit reports as requested.	<p>Internal Audit interim reports against the 2019/20 plan were received in December 2019 and March 2020.</p> <p>Internal Audit interim reports include a summary of Internal Audit work completed and the significant issues arising from individual assignments.</p>
To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.	The Committee is updated in the Head of Internal Audit annual opinion report on the progress made on assessment criteria required to comply with the Public Sector Internal Audit Standards.
To consider the Head of Internal Audit's annual report.	The 2018/19 Internal Audit Annual Report, including the annual audit opinion was presented to the Committee in July 2019.
To support the development of effective communication with the Head of Internal Audit.	<p>The Head of Audit and Risk met on a regular basis with the Chair and Vice Chair of the Committee following their appointment in July 2019.</p> <p>Prior to this the Principal Auditors undertook the role...</p>

Terms of Reference of Committee	Relevant activity in 2019/20
External Audit	
To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.	<p>The 2018/19 Audit Findings Report and Action Plan were presented to Committee in July 2019 by the External Auditor.</p> <p>The 2018/19 Annual Audit Letter was reported to the October 2019 Committee meeting.</p>
To consider specific reports as agreed with the external auditor.	The Committee received and considered the work of the External Auditor (all meetings during the year).
To comment on the scope and depth of external audit work and to ensure it gives value for money	Regular reports are received from the External Auditors who also meet with the Chair and Vice Chair prior to each Committee meeting.
To commission work from internal and external audit and to advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.	<p>The Committee consider the work plan at all meetings and commission additional work where Committee members determine that additional assurance is required.</p> <p>A workshop to facilitate a detailed review of the work plan took place during November 2019.</p> <p>The relationship between Internal and External Audit is reviewed at least annually together with any requirements to liaise with any other relevant agencies.</p>
Financial Reporting	
To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.	The Annual Statement of Accounts 2018/19 was presented to the Committee in July 2019.

Terms of Reference of Committee	Relevant activity in 2019/20
To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	<p>The 2018/19 Audit Findings and Action Plan were presented to Committee in July 2019 by the External Auditor.</p> <p>The 2018/19 Annual Audit Letter was reported to the Committee in October 2019.</p>
Related Functions	
To approve and monitor Council policies relating to "whistleblowing" and anti-fraud and corruption.	<p>The Committee is provided with updates in relation to these matters via the interim reports on internal audit activity received during the year.</p> <p>Details relating to whistleblowing statistics are reported via the Monitoring Officer report which was received by the Committee in July 2019.</p>
To seek assurance that customer complaint arrangements are robust	The Committee received regular update reports throughout 2019/20 on the number of decision notices received from the Local Government and Social Care Ombudsman.
Standards	
Promoting high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).	A Members Code of Conduct Standards Report recording the number and outcome of decisions relating to complaints was submitted to the Committee in December 2019.
Ensuring that Members receive advice and training as appropriate on the Members Code of Conduct.	Members of the Audit & Governance Committee have been advised on the Code of Conduct during the year.
Granting dispensations under the provisions of the Localism Act 2011 to enable a member or co-opted Member to participate in a meeting of the Authority.	The Committee meeting in September 2016 approved the Localism Act 2011 – General Dispensations for a four year period (to 28 Sept 2020).

Membership of the Audit and Governance Committee during 2019/20:

Members of the Audit and Governance Committee during 2019/20	
	Councillor Rod Fletcher (Chair) Councillor Fletcher has been an elected member of Cheshire East Council since its beginning in April 2009 and has served on the Committee since May 2011. He chaired his first meeting in May 2019.
	Councillor Rachel Bailey (Vice-Chair) Councillor Bailey has been an elected member of Cheshire East Council since its beginning in April 2009. She joined the Committee in May 2019.
	Councillor Mike Sewart Councillor Sewart became an elected member of Cheshire East Council in May 2015. He joined the Committee in March 2017.
	Councillor Andrew Kolker Councillor Kolker has been an elected member of Cheshire East Council since its beginning in April 2009. He served as Vice-Chair of the Governance and Constitution Committee for a time and has been on the Audit and Governance Committee from June 2010 to date.
	Councillor David Edwardes Councillor Edwardes became an elected member of Cheshire East Council in May 2019.
	Councillor Byron Evans Councillor Evans became an elected member of Cheshire East Council in May 2019.

Members of the Audit and Governance Committee during 2019/20	
	<p>Councillor Andrew Gregory Councillor Gregory became an elected member of Cheshire East Council in May 2019.</p>
	<p>Councillor Sally Handley Councillor Handley became an elected member of Cheshire East Council in May 2019.</p>
	<p>Councillor Steven Hogben Councillor Hogben has been an elected member of Cheshire East Council since June 2011. He joined the Committee in May 2019.</p>
	<p>Councillor Marilyn Houston Councillor Houston became an elected member of Cheshire East Council in May 2019.</p>
	<p>Councillor David Marren Councillor Marren re-joined the Committee in March 2020 having previously served as Vice Chair in 2011/12 and 2015/16.</p>
	<p>Councillor Margaret Simon Councillor Simon re-joined the Committee in March 2020 having previously served on the Committee from its first meeting in June 2010 until March 2017.</p>
No image available.	<p>Philip Gardener Independent Member of the Committee, Mr Gardener was co-opted to the Committee in March 2017.</p>

It should be also noted that Councillor C Bulman deputised for a member of the Audit & Governance Committee in October 2019 having received the necessary induction training prior to the meeting.



Working for a brighter future together

Audit and Governance Committee

Date of Meeting: 30 July 2020
Report of: Director of Governance & Compliance and
Monitoring Officer
Subject/Title: Localism Act 2011 – General Dispensations

1.0 Report Summary

- 1.1 This report recommends that the Committee renews, for a period of four years, a number of general dispensations under the Localism Act 2011, as previously approved by the Committee on 29 September 2016.

2.0 Recommendations

- 2.1 That the Committee approve for the 4-year period to 28 September 2024 the general dispensations for all elected and co-opted Members of Cheshire East Council as set out at paragraph 4.4 of the report.

3.0 Reasons for Recommendations

- 3.1 To renew general dispensations approved by the Committee in 2016 in the interests of good governance and the effective conduct of public affairs.

4.0 Background and Options

- 4.1 The Localism Act 2011 ('the Act') made significant changes to the Standards regime. Under the Act the Council has a statutory duty to promote and maintain high standards of conduct by both its Elected Members and co-opted Members. The Council must also adopt a Code of Conduct setting out the conduct expected of elected and co-opted Members whenever they act in their official capacity as a Member. The Council adopted its Member Code of Conduct ('the Code of Conduct') in compliance with the Act in 2012. It was last reviewed in December 2017 and a revised Code was adopted from 1 January 2018. The Code of Conduct can be found on the Council's website at:

Members will be aware the LGA are currently consulting on a new draft model Code of Conduct for Members. If a new model Code is published, it will be open to Councils to choose to adopt this as a new Code of Conduct for Members in due course.

4.2 The Act prevents Members from participating in any business of the Council where they have a Disclosable Pecuniary Interest, unless they have sought a dispensation under Section 33 of the Act. Applications must be made in writing and dispensations may be sought for a period of up to four years. Dispensations may be sought on the following grounds:

- That so many Members of the decision-making body have a disclosable pecuniary interest in a matter that the business of the meeting would be impeded;
- Without a dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the outcome of any vote relating to the business;
- The dispensation is in the interests of persons living in the authority's area;
- No Member of Cabinet would be able to participate on the matter without a dispensation;
- It is otherwise appropriate to grant a dispensation.

4.3 At the Council meeting on 19 July 2012, the Terms of Reference of the Audit and Governance Committee were amended to include: '*Granting Dispensations under the provisions of the Localism Act 2011 to enable a Member or co-opted Member to participate in a meeting of the Authority.*'

4.4 On 27 September 2012 the Committee considered a report of the former Borough Solicitor and Monitoring Officer entitled 'Standards Issues and Planning Protocol.' The report recommended (amongst other things) that Members approve the following general dispensations to speak and vote on the following items to all Cheshire East Council Members and co-opted Members for a period of four years:

- Any allowance, payment or indemnity given to Members;
- Any Ceremonial Honours given to Members;
- Statutory sick pay under Part X1 of the Social Security Contributions and Benefits Act 1992 where they were in receipt of or entitled to receive such pay;

- Setting the Council Tax or a precept under the Local Government and Finance Act 1992 (or any subsequent legislation);
- Setting a Local Council Tax Reduction Scheme or Local scheme for the payment of business rates (Including eligibility for rebates and reductions) for the purposes of the Local Government Finance Act 2012 (or any subsequent legislation); and
- School Meals or School Transport or Travelling expenses where the Member is a parent/guardian of a child in full time education or a parent governor (unless the matter relates specifically to the school the child attends).

4.5 This recommendation was approved and these general dispensations expire on 28 September 2020.

4.6 On 12 March 2020, the Committee noted an Urgent Decision in a report of the Director of Governance & Compliance and Monitoring Officer entitled 'Urgent Decision – General Dispensation.' The Decision granted an additional general dispensation for inclusion in the Council's list of general dispensations as follows:

'To the extent that it may amount to a prejudicial or disclosable pecuniary interest, any allowance or other remuneration received from the Council in respect of Council duties or directorships of Council owned ASDVs.'

4.7 It is now recommended that the Committee renew all of the above general dispensations for a further period of four years, expiring on 28 September 2024.

5. Wards Affected and Local Ward Members

5.1. All

6. Implications of Recommendation

6.1. Policy Implications

6.1.1. None

6.2. Legal Implications

6.2.1. These are set out in the body of this report.

6.3. Financial Implications

6.3.1. None

6.4. Human Resources Implications

6.4.1. None

6.5. Equality Implications

6.5.1. None

6.6. Rural Community Implications

6.6.1. None

6.7. Public Health Implications

6.7.1. None

7. Risk Management

7.1. Not putting in place the recommended general dispensations would mean that every Member would need to apply for a personal dispensation when the relevant matters arose. This would not be an efficient use of the Council's resources or in the public interest.

8. Background Papers

8.1. The Member Code of Conduct.

9.0 Access to Information

The background papers relating to this report can be inspected by contacting the report author:

Name: Director of Governance & Compliance and Monitoring Officer
Tel No: 01270 685999

10. Version Control

<This table below must be completed to show the journey that the report has taken; and should include details on the officers consulted on each version of the report. It is expected that Finance, Legal, line manager and Executive Director are consulted on every version.

Each Directorate is to have a document library to store its reports and it is the responsibility of the author to ensure that all versions are retained and stored correctly. >

Draft versions are to be categorised by meeting type.

- Directorate management team; version to begin at 1.0
- CLT; version to begin at 2.0

This section must be deleted when the report is in its final state and is being submitted to Cabinet Briefing, Cabinet, Council, PH decision or Committee. Remember to also delete the version control box on the front sheet of the report on the top left hand corner.

The version number should also be referenced on the front cover of the report

Remember to delete the guidance wording when the report is complete.

Date	Version	Author	Meeting report presented	Consultees	Summary of amendments made

			to	Name of officers consulted	Date consulted	



Working for a brighter future together

Audit and Governance Committee

Date of Meeting: 30th July 2020

Report Title: Community Governance Review: Members' Interests

Senior Officer: Director of Governance and Compliance

1. Report Summary

- 1.1. This Report is an overview of the various levels in which Cheshire East Members may engage with the Community Governance Review, the potential interests which may arise, those parts of the Member Code of Conduct which relate to them and the measure by which they may be addressed.

2. Recommendations

- 2.1. That the Audit & Governance committee grants a general dispensation allowing Members to take part in and vote on Community Governance Review matters in which they have disclosable pecuniary and prejudicial interests for a 4-year period up to 29 July 2024.

3. Reasons for Recommendations

- 3.1. Given the wide-ranging circumstances in which members will be required to engage in decision making it is important that the Audit & Governance Committee considers granting a general dispensation for pecuniary and prejudicial interests arising as a result of the Community Governance Review. This can be justified on the grounds that without such dispensation:

- the number of Members barred from participating would be so great as to impede the reasonable transaction of the business
- it would be otherwise appropriate to grant a dispensation

4. Other Options Considered

4.1. Not applicable this is a non-executive matter.

5. Background

5.1. On 20th September 2018, the Constitution Committee decided to undertake a borough-wide Community Governance Review, to be conducted by its Sub-Committee and commenced after the May 2019 elections. Members will become involved in the Review at several levels. Potentially, Cheshire East Members may be involved in the Review at one or more of five levels.

5.2. Sitting at Full Council they will

- consider the recommendations of the Constitution Committee
- decide the extent to which they will give effect to those recommendations and
- make the Cheshire East Community Governance Review Order accordingly
- include in the Order any necessary consequential provisions regarding the transfer of property, funds, responsibilities or liabilities between parishes.

5.3. Sitting on the Constitution Committee they will

- consider the review and recommendation of the Sub-Committee and recommend to Full Council which parish areas, names and electoral arrangements should be retained, which may be changed, and in what way.

5.4. Sitting on the Community Governance Review Sub-Committee subject to advice, (from the necessary officers concerned) conduct a borough-wide Review. This will necessarily involve:

- consulting interested parties;
- making recommendations to the Constitution Committee whether the areas of existing parishes should be retained, altered (for example through amalgamation or separation) or abolished and or whether parish names should be changed or retained and or whether changes to the electoral arrangements should be made.

5.5. If Members are also Parish Councillors, they may take part in at least three consultation stages, debating and framing parish consultation responses. Their participation may involve comments, proposals and objections regarding the area and governance arrangements of their own parish and related changes to adjoining parishes. As parish areas and the

number of electors change, parish precepts may rise or fall. As electoral arrangements change, the number of councillor seats may rise or fall.

5.6. Finally Members may have a variety of interests in the Review in their capacity as local residents and members of local community groups.

5.7. Data concerning the number of Members who are also members of Town or Parish Councils ('dual hatted') indicates that fifty four (or 66%) of the Council's total Membership of eighty one are 'dual hatted'.

6. The Cheshire East Member Code of Conduct

6.1 The Code governs five types of interests which may arise: disclosable pecuniary interests, personal interests, prejudicial interests, bias and predetermination.

6.2 Unless they have a dispensation, Members should take no part in matters in which they have a disclosable pecuniary interest. The definition of disclosable pecuniary interest covers an office carried on for employment or gain.

6.3 Members should declare a personal interest in matters likely to affect any body exercising functions of a public nature (ie: a Parish Council) where they are members of that body or in a position of general control or management.

6.4 Members need not declare a personal interest in matters affecting their own wellbeing or financial position as long as they (or their family, close associates, employers, partnerships, companies) are not affected to a greater extent than the majority of other Council tax payers, ratepayers, or inhabitants of the electoral division or ward, as the case may be, are affected by the decision. This may cover a rise or fall in precept.

6.5 A personal interest will become a prejudicial interest where the matter (ie: the Community Governance Review) affects the financial position of a public body (ie: a Parish Council) and if it is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

6.6 Beyond exercising public speaking rights, Members should take no part in a matter if they are or appear biased or have predetermined a matter. Members are allowed a predisposition: previous actions or statement will not be taken by themselves as proof of predetermination but Members must not approach a decision with their minds made up.

6.7 In limited circumstances, the Audit & Governance committee may grant dispensations allowing Members to take part in and vote on matters in which they have disclosable pecuniary interests and prejudicial interests: this does not extend to cases of predetermination.

7. Measures Available to Address Conflicts of Interest

7.1 On 29th September 2016 the Audit & Governance Committee granted six general dispensations until 28th September 2020 for decisions regarding:

- Members allowances, payments or indemnities
- Ceremonial Honours
- Statutory Sick Pay
- Setting Council Tax or precepts
- Setting Council Tax Reduction Schemes or Local schemes for business rates
- School meals, transport or travelling expenses.

7.2 On 18th February 2016, the Audit & Governance Committee delegated power to the then Director of Legal Services and Monitoring Officer in consultation with the Committee Chair and Members, to grant dispensations in relation to disclosable pecuniary interests in five cases:

- the number of Members barred from participating would be so great as to impede the transaction of the business
- the number of Members barred from participating would upset the political balance so as to alter the likely outcome of the vote
- dispensation would be in the interests of persons living in the borough
- every Cabinet Member would be barred from participating in an Executive decision
- it would be otherwise appropriate to grant a dispensation.

7.3 As work on the Community Governance Review progresses towards discussion of parish-specific options and proposals, in addition to the Audit & Governance Committee dispensation for prejudicial interests, the Monitoring Officer will also consider which combination of

- Monitoring Officer dispensations for disclosable pecuniary interests
- standing, general declarations for all Members, recorded at the outset of Council, Committee and Sub-Committee meetings

supported by

- general Advice Notes to Members with shared roles & interests
- specific advice to individual Members on their particular circumstances ie:
 - declaration of personal or prejudicial interests
 - declaration of involvement but retention of an open mind
 - avoidance of participation at particular stages

will best address the circumstances and issues actually arising. It should be noted that a dispensation does not absolve members from the requirement to declare personal or prejudicial interests.

8. Implications of the Recommendations

8.1. Legal Implications

- Parties aggrieved by a Community Governance Review Order may apply for judicial review on grounds which may include unfair or biased process or consideration. The risk of challenge may be mitigated by observance of the Council's Code of Conduct and implementation of the several measures available to address conflicts of interest. This includes a general dispensation allowing Members to take part in and vote on Community Governance Review matters in which they have disclosable pecuniary interests and prejudicial interests - the subject of this report.

8.2. Finance Implications

- There are no financial implications

8.3. Policy Implications

- There are no policy implications

8.4. Equality Implications

- Section 149 of the Equality Act 2010 creates a single general public sector equality duty (PSED). It has applied to 'public authorities' exercising 'public functions' since April 2011.

The Equality Act 2010 ('the Act') is concerned with discrimination and harassment in respect of 9 'protected characteristics:'

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

The PSED requires public authorities to have 'due regard' to the need to:

- eliminate discrimination, harassment, victimisation & other conduct prohibited by the Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- The need to foster good relations between persons who share a relevant protected characteristic and those who do not share it. This includes having due regard to the need to tackle prejudice and to promote understanding.

The High Court has set out general principles about complying with the due regard requirement:

- There should be a proper analysis of all the relevant material and an appreciation of the duty to have due regard.
- Regard should be had to the duty to have due regard before, and at the time, a decision is considered: integrated in the decision-making process, not a 'box-ticking' exercise.
- The duty is a continuing one.
- The duty is non-delegable.
- The duty to have due regard should be exercised with rigour and an open mind.
- The duty should be reconsidered if new information comes to light.
- Adequate records should be kept of the consideration and decision-making processes.
- It is good practice to refer expressly to the PSED and any considerations under it.

A formal equality impact assessment (EIA) is not a mandatory requirement of the obligation to have due regard. However, it may be difficult to demonstrate due regard without evidence that appropriate analysis of the equality implications of a particular decision has been undertaken, and such analysis may be facilitated by an EIA.

The Equality and Human Rights Commission recommends undertaking an analysis of the effects on equality of the particular decision (an 'equalities analysis'). This exercise enables a systematic assessment of the adverse impact of any decision to be carried out and evidenced; which should assist in resisting any legal challenge.

- Democratic Services will undertake an equalities assessment prior to the launch of the consultation on the councils' proposals.

8.5. Human Resources Implications

- There are no Human Resources Implications

8.6. Risk Management Implications

- Please see Paragraph 7 above.

8.7. Rural Communities Implications

- The review is being conducted across the Cheshire East Borough, significant parts of which are rural. The review will be conducted in such a way as to ensure that all sections of the Cheshire East community, including residents and businesses of rural areas, are given equal opportunity to have a voice in responding to process, whether by way of consultation responses, or otherwise.

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

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

8.9. Public Health Implications

- There are no direct implications for public health.

8.10. Climate Change Implications

- There are no direct implications for Climate Change Implications.

9. Ward Members Affected

9.1. The implications are borough wide.

10. Consultation & Engagement

- 10.1. A Community Governance Review in respect of town and parish councils in the Borough will provide the opportunity for Cheshire East Council to review and make appropriate changes to town and parish council community governance. This Review will require the Council to consult with local people and other bodies, and to take account of representations received in connection with the Review. Although the Review would cover the whole Borough, it is anticipated that changes to governance arrangements would not be requested or required in the majority of cases in our town and parish councils. As noted, formal consultation on published draft recommendations will take place once the proposals to be consulted upon have been agreed.

11. Access to Information

- 11.1. Members of the Committee may wish to consider the Member Code of Conduct:

<https://www.cheshireeast.gov.uk/pdf/council-and-democracy/councillors-and-councillor-conduct/members-code-of-conduct.pdf>

- 11.2. Members of the Committee may wish to consider more details about the review and its terms of reference can be seen in the report to the Constitution Committee on 20 September 2018

<http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.aspx?ID=65824&ISATT>

12. Contact Information

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

Name: Peter Jones

Job Title: Lawyer, Corporate and Regulatory Team, Legal Services

Email: peter.jones@cheshireeast.gov.uk

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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Maladministration Decision Notices from Local Government and Social Care Ombudsman – February – March 2020

Senior Officer: Jan Bakewell – Director of Governance and Compliance

1. Report Summary

- 1.1. This report provides an update on the Decision Notices issued by the Local Government and Social Care Ombudsman “the Ombudsman” when his investigations have found maladministration causing injustice to complainants. It also provides an update on the Ombudsman’s decision to resume normal activity on all casework from the 29th June 2020 following their decision suspend their casework on the 26th March 2020 as a result of the Coronavirus outbreak. The report details the decisions made between 1st February and 31st March 2020. There was 1 decision in which the Ombudsman found that there was maladministration causing injustice; the relevant department has actioned the recommendations and learned lessons from the investigation outcomes. It is not possible to report on any Decision Notices issued from April 2020 onwards, as the Ombudsman imposes a three month reporting embargo. Any decisions received after 31st March 2020 will be reported at a subsequent Audit & Governance meeting.

2. Recommendation

- 2.1. That the Committee notes the contents of this report and makes any further response it considers appropriate.

3. Reasons for Recommendation

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

4. Other Options Considered

- 4.1. This is not applicable.

5. Background

- 5.1. The Local Government Act 1974 established the Local Government and Social Care Ombudsman. It empowers the Ombudsman to investigate complaints against councils and adult social care providers and to provide advice and guidance on good administrative practice. Once a complainant has exhausted the Council's Complaints procedure, their next recourse, should they remain dissatisfied with the Council's response, is to contact the Ombudsman.
- 5.2. The Ombudsman will assess the merits of each case escalated to them and seek clarification from the Council as necessary before making the decision to investigate a complaint. Once the Ombudsman decides to investigate, they will try to ascertain if maladministration has occurred and whether or not there has been any resulting injustice to the complainant as a result of the maladministration.
- 5.3. In instances where maladministration and injustice is found, the Ombudsman will make non-legally binding recommendations which they consider to be appropriate and reasonable. Although not legally binding, refusal to accept the Ombudsman's recommendation(s) will trigger a Public Report.
- 5.4. A Public Report is a detailed account of the complaint, outlining the failures by the Council in the particular investigation; this can have a significant damaging effect on the Council's reputation.
- 5.5. On the 26th March 2020, the Ombudsman took the decision to suspend all casework activity that demands information from, or action by, any local authority until further notice. Councils are still expected to respond appropriately to any complaints received during this time and to direct complainants to the Ombudsman service upon completion of the Council's complaints procedure.
- 5.6. This decision has allowed officers involved in responding to enquiries from the Ombudsman to concentrate on delivering vital frontline services. However, as of the 29th June 2020 the Ombudsman has resumed normal activities as it became increasingly clear that the current coronavirus crisis was unlikely to reach a definitive end point.
- 5.7. The Ombudsman has indicated that they will continue to be considerate of the Council's resource and are willing to negotiate an appropriate deadline to their enquiries in all cases.
- 5.8. During the period between 1st February and 31st March 2020 the Council received one Decision Notice in which the Ombudsman has concluded that

there has been maladministration causing injustice. The details of this case can be found in Appendix 1.

5.9. The complaint was in relation to the removal of hedgerow and was originally considered by the Council in August 2018. The Complainant raised concerns that the hedgerow had been unlawfully removed by a third party and that the Council's planning department had failed to take appropriate enforcement action to ensure the hedgerow's reinstatement. Following the response issued to the complainant in 2018, the complainant made contact again 12 months later requesting to escalate the complaint. The escalation request was rejected as it exceeded the 28 day limit and following the consideration of his further comments the circumstances had not changed which would have resulted in the Council reaching a different decision regarding the enforcement action.

5.9.1. The Ombudsman found no fault with the way in which the Council considered if the relevant Regulation applied and was satisfied that as the criteria was not met the Council had no duty to take the matter further. It also found no fault in respect of the decision to not accept the escalation request in 2019. However, the Ombudsman found fault as the response that was issued in 2018 had failed to inform the complainant of the 28 day limit to request the matter be escalated.

5.9.2. The Ombudsman made no recommendations as it was satisfied with the Council's acknowledgement of the omission and apology issued when the complaint escalation was considered in 2019. Nevertheless, the Council's Complaints team and the Planning department have discussed the matter to ensure that responding officers are reminded to use the appropriate response templates, which include the applicable closing paragraphs, when responding to complaints.

6. Implications of the Recommendations

6.1. Legal Implications

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

6.2. Financial Implications

6.2.1. If fault causing injustice is found, the Council can be asked to pay compensation to a complainant, the level of which is determined on a case by case basis. The cost of such compensation is paid for by the service at fault. In the case outlined in this report the Council was not required to make a compensation payment.

6.3. Policy Implications

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

6.4. Equality Implications

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

6.5. Human Resources Implications

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

6.6. Risk Management Implications

- 6.6.1. There are no risk management implications.

6.7. Rural Communities Implications

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

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

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

6.9. Public Health Implications

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

6.10. Climate Change Implications

- 6.11. There are no direct implications to climate change.

7. Ward Members Affected

- 7.1. There are no direct implications for Ward Members.

8. Access to Information

- 8.1. Please see Appendix 1.

9. Contact Information

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

Name: Juan Turner
Job Title: Compliance and Customer Relations Officer
Email: juan.turner@cheshireeast.gov.uk

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

February – March 2020

Service	Summary and Ombudsman's Final Decision	Agreed Action	Link to LGSCO Report	Action Taken	Measures Implemented	Lessons Learnt
Planning Enforcement	<p>Mr C complains the Council failed to take enforcement action about the removal of a hedgerow. He also says he was not advised about the complaints process.</p> <p>The Ombudsman has found no evidence of fault in respect of enforcement action taken. The Council did fail to advise Mr C about time restrictions on complaints. As a result the Ombudsman has upheld the complaint because of one fault by the Council but acknowledged there is no outstanding injustice.</p>	No recommendation were made by the Ombudsman as the Council had already addressed the matter appropriately.	https://www.lgo.org.uk/decisions/planning/enforcement/19-011-285	No action taken as the LGSCO made no recommendations.	Reminder sent to complaint responding officers to ensure that the standard complaints closing paragraphs are used.	The need for better quality control when responding to complaints.

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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: COVID-19 Financial Impact

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. This report provides:
 - 1.1.1. the context for the changes to the Council's normal financial arrangements as a result of the Covid-19 pandemic;
 - 1.1.2. a summary of the Council's methodology to date on projecting the full year's implications of the Covid-19 response;
 - 1.1.3. a summary of the main financial implications of Covid-19 to date, including the financial support received from government;
 - 1.1.4. a summary of the main sector level impacts, for example, publications from the Local Government Association (LGA) and the County Council's Network (CCN).

2. Recommendation/s

- 2.1. That Members note the financial implications of COVID-19 as detailed in Appendix A.

3. Reasons for Recommendation/s

- 3.1. This report provides Members with a summary of the main financial implications to date relating to the pandemic.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The Covid19 pandemic has created unprecedented pressures for Cheshire East Council and our partners, including financial pressures.
- 5.2. The Council have submitted regular returns to the Ministry of Housing, Communities and Local Government (MHCLG), this has required the Council to estimate the impacts of the pandemic for 2020/21. This is clearly a complex piece of work which requires regular updating.
- 5.3. It is influenced by a range of factors such as:
 - 5.3.1. the extent of the lockdown;
 - 5.3.2. legislative changes and government guidance (this is estimated to be several hundred different pieces of guidance);
 - 5.3.3. the rules regarding delivering services in a COVID-19 secure way;
 - 5.3.4. estimates of the speed that the economy may recover.

All these factors have changed and are expected to change again as the pandemic advances.

- 5.4. The LGA and CCN collate returns from all member councils, though the types of financial pressure vary from council to council depending on their circumstances. For example, whether they provide social care, have a strong tourist economy or the extent of deprivation. The overall impacts are similar across councils and Cheshire East Council is not an outlier.
- 5.5. This report presents the latest position on Government funding supplied to date. MHCLG and ministers have confirmed that greater clarity will be provided later in the year. The extraordinary impact of the pandemic creates significant uncertainty for the Council that must continue to be managed throughout the 2020/21 financial year.
- 5.6. The report identifies three main types of pressure:
 - 5.6.1. Additional spend as a result of increased demand, additional services or costs associated with delivering services in a socially distant way. At the time of writing the Council does not expect these costs to be fully covered by Government grants.
 - 5.6.2. Lost income, for example, from fees and charges. At the time of writing, the Council expects to receive less than 75% of lost income from Government but there is more analysis to be done to fully assess the impact.

- 5.6.3. Collection Fund potential losses. At the time of writing, the Council expects to have to bear this cost, but to be permitted to spread the impact over the next three years.
- 5.7. All councils are currently analysing the impacts of the latest financial allocations (received as at 16th July 2020) and their projections.
- 5.8. An update on the COVID-19 response was reported to Cabinet on 7th July 2020, a further report will be provided to Cabinet at the earliest opportunity.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The Coronavirus Act 2020 received Royal Assent on 25 March. The Act has extensive schedules setting out a wide framework to life under lockdown. The Act has been followed with copious and frequent guidance notes.

6.2. Finance Implications

- 6.2.1. The Council's Medium-Term Financial Strategy (approved by Council on 20th February 2020) is under unprecedented pressure due the response required to protect both the health and economic wellbeing of local people and businesses during the COVID-19 Pandemic. To date the Council has received funding related to an array of activities in response to the crisis which includes both ringfenced and non-ringfenced allocations.

- 6.2.2. The Appendix to this report provides further details on the financial impacts to date.

6.3. Policy Implications

- 6.3.1. COVID-19 is having a wide-ranging impact on many policies.

6.4. Equality Implications

- 6.4.1. Implications of the changes will continue to be reviewed.

6.5. Human Resources Implications

- 6.5.1. Throughout the pandemic, there has been regular communication with staff and good co-operation with the Trade Union.

6.6. Risk Management Implications

6.6.1. Risk registers have been maintained as part of the Council's response to date and the plans for recovery. Business Continuity Plans are being kept under review and plans have been tested against concurrent risks.

6.7. Rural Communities Implications

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

6.8. Implications for Children & Young People

6.8.1. There are implications for children and young people.

6.9. Public Health Implications

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

6.10. Climate Change Implications

6.10.1. There are implications for climate change with positive benefits.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

8.1. Formal consultation has been paused due to the lockdown restrictions. The Council is considering how and when they can be restarted.

9. Access to Information

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

10. Contact Information

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

Name: Alex Thompson

Job Title: Director of Finance and Customer Services (S.151. Officer)

Email: alex.thompson@cheshireeast.gov.uk

Cheshire East Council

Title: COVID-19 Financial Briefing for Members
Author: Alex Thompson – Director of Finance & Customer Services
Date: 16th July 2020

In managing the response to the COVID-19 pandemic the UK public sector finances are facing unprecedented pressures. Central Government are reacting to these pressures with regular financial announcements and funding packages. This note is being provided to help members of the Council understand the issues, the changing environment and the level of complexity associated with forecasting of the financial impact of COVID-19.

Significantly for Local Authorities there is a regulatory framework that prevents borrowing to support revenue expenditure and makes it illegal for an authority to set an unbalanced budget in any financial year. These requirements present a difficult situation if in-year forecasts show potential large deficits in the Council's budget. Senior officers have engaged with government officials and are following guidance from professional networks in identifying the situation locally.

On 28th April 2020 The Secretary of State for Housing, Communities and Local Government (Robert Jenrick), in response to a question in Parliament provided the following response:

"At the start of this emergency, I said that we would give councils the resources they need to do the job, and I meant it. <..> We will back councils with the financial resources they need as we work together in this national endeavor against coronavirus."

Cheshire East Council forecast in June that in responding to the COVID-19 emergency there could be financial impacts on the Medium Term Financial Strategy (MTFS) of as much as £70m. This estimate reflected both additional expenditure and lost income compared to the Council's budget. It also reflected potential cash losses in the year from Council Tax and Business Rates.

The government response has involved financial support packages in the UK worth in excess of £33bn to be administered by Local Authorities. Locally this has seen Cheshire East Council administer schemes worth c.£165m to protect businesses and keep people safe.

In producing forecasts of the financial impact the Council is reacting to the constantly changing situation. Public health emergencies, lockdown and then the easing of lockdown each bring significant challenges to Council services. As guidance changes this inevitably impacts on the financial forecasts. Over time forecasts will therefore vary to reflect the latest position.

Table 1: The response and recovery to COVID-19 is affecting many areas of the MTFS:

Item	Est. £m	Notes (£m represent forecast annual impact – subject to change)
Increased Expenditure	£42.033m	Areas with most significant forecasts of expenditure: Supporting Adult Social Care services (£9.3m) - Home to School Transport (£7m) - Delays to infrastructure projects (£6.3m) - ICT (£4.3m) - PPE (£4.1m) – Waste Services (£2.7m) - Unachievable/ delayed savings targets (£2m) - Children's Social Care (£1.7m) - Agency staffing (£1m) — Leisure Services (£1m) — Shielding (£0.4m) - Homelessness (£0.4m)
Income Losses	£14.058m	Areas with most significant potential losses: Car Parks (£3.7m) - Culture Services (£2.5m) - Care Fees (£2.1m) - School Catering (£1.6m) - Planning & Development (£1m) - Registration of births and marriages (£1m)
Collection Fund Cash Deficit for	£13.800m	Figure represents a cash deficit, but debt may continue to be collected which could significantly reduce the financial impact.

Council Tax & Business Rates		Effects on the MTFS come from written-off debt, changes in Council Tax Support claims and changes in property numbers. Debt that will be collected does not impact the MTFS Year-end Surplus / Deficit carries forward to the next budget Latest proposal is to spread deficit across 3 years
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Table 2: Non-Ringfenced support to the Council is an incomplete and complex position:

Announced	Funding for CEC (England total)	Notes
19th March	£9.150m (£1.6bn)	Adult Social Care based payment
18th April	£10.539m (£1.6bn)	Payment per capita to help reflect lost income
Sub-Total	£19.689m (£3.2bn)	
2nd July	£2.712m (£0.5bn) for Expenditure	Adult Social Care / deprivation based payment
Total	£22.401m (of £3.7bn)	
2nd July	£n/k (£n/k) for Income £nil for Collection Fund	Paid at 75p in £1 above 5% losses Defer Collection Fund Deficit over 3yrs

To date therefore £22.401m has been confirmed to compensate for Increased Expenditure and Income Losses although further allocations are pending associated with income losses. No support has been proposed for Collection Fund losses, although an in-year deficit can be deferred over three years. Central Government have made statements related to Local Authorities having received enough money to cover costs incurred up to July 2020. Forecasts for Cheshire East show that statement may be accurate up to that month; but there is no certainty that future announcements could extend the position to cover the full-year forecast costs requested and identified in this briefing.

In addition to funding received to compensate for the financial impact on the Council's MTFS, there has been significant additional funding provided to support new activities administered by the Council. The activities are listed below along with the value of the funding and the forecast spend.

Table 3: New activities are receiving direct funding of c.£165m.

Activity (National Total)	Spending forecast	Funding	Variance
Test & Trace (£300m)	<i>tbc</i>	£1,533,331	<i>tbc</i>
Towns Fund (£5bn)	<i>tbc</i>	£750,000	<i>tbc</i>
Rough Sleeping (£108m)	£72,000	£6,000	£66,000
Active Travel (£225m)	<i>tbc</i>	£774,000	<i>tbc</i>
Opening High Streets (£500m)	<i>tbc</i>	£339,533	<i>tbc</i>
Infection Control (£600m)	<i>tbc</i>	£5,320,292	<i>tbc</i>
Business Grants (£12.3bn)	£87,500,000	£95,514,000	c.(£8,000,000)
Disc. Business Grants (£617m)	£4,200,000	incl. above	c.£4,200,000
Business Rate Holiday (£9.7bn)	£58,785,655	£58,785,655	£0
Council Tax Hardship (£500m)	£2,500,000	£2,062,635	c.£500,000
Local Bus Network (£167m)	<i>tbc</i>	£229,632	<i>tbc</i>
Emergency Assistance (£63m)	<i>tbc</i>	£326,293	<i>tbc</i>

To date there is no confirmation of how any variance to these forecasts will be managed. Some 'new burdens' funding is also being made available.

Any variation between COVID-19 related funding and the financial impact actually incurred by the Council would need to be managed within the Medium Term Financial Strategy. The level of uncertainty over funding, and the fact there is no Local Government Settlement beyond 2020/21,

presents a significant risk to the Council's reserves at present. The Cabinet and Executive Leadership Team are constantly reviewing the position to understand when decisions will be required.

Conclusion

The financial impact on local authorities from the response and recovery from COVID-19 will be significant. To identify how financial support to Councils may be considered the MHCLG has asked for financial forecasts to be provided by Local Authorities. These have been presented within specific guidelines and take into account known issues at a point in time. As the data returns have required full-year impacts the figures are inevitably subject to potentially large changes as the scale of the emergency becomes clear. The Council has complied with these requests and has presented financial implications in line with other authorities; and this overall narrative has supported the Local Government Association in presenting a consistent message across the sector when meeting with government ministers and officials. However, this approach of forecasting long term financial issues against a constantly changing emergency will continue to present difficulties in communicating the actual impact on the Council's Medium Term Finances.

To provide transparency and understanding of the impact of COVID-19 the Council has reported, via Cabinet, the activities and issues that the Council has engaged in to date and the headline financial implications. Further information will be reported via Cabinet in September and October if appropriate to support the further understanding of the financial position.

Further Reading

The Local Government Association and the County Councils Network are leading national campaigns to promote the role Local Government has played in responding the pandemic and the impact this is having on Council finances.

<https://www.local.gov.uk/topics/finance-and-business-rates>

<https://www.countycouncilsnetwork.org.uk/>

The Government provide comprehensive information on the response to the pandemic:

<https://www.gov.uk/coronavirus>

MHCLG regularly update detailed guidance on the impact on Local Authorities:

<https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-local-government#local-government-finance-and-funding>

MHCLG have published the financial impact monitoring forms from Local Authorities for April and May 2020:

https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information?utm_source=72ec5937-115b-4101-91b7-486ed384193e&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate

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Working for a brighter future together

Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Committee Work Plan

Senior Officer: Jane Burns, Executive Director Corporate Services

1. Report Summary

- 1.1. This report presents the Committee Work Plan for 2020/21 (Appendix A) to the Committee for consideration and update.

2. Recommendations

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

3. Reasons for Recommendations

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

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Aspects of the Audit and Governance Committee's agenda are determined by statutory requirements such as the Statement of Accounts and Annual Governance Statement. Outside these agenda items, the Committee should aim to manage its agenda according to its assurance needs to fulfil

its terms of reference. The Committee is asked to consider the contents of the Work Plan (Appendix A) and establish any amendments that will enable it to meet its responsibilities.

- 5.2. By identifying the key topics to be considered at the Audit and Governance Committee meetings, and receiving appropriate reports, Committee Members are able to undertake their duties effectively and deliver them to a high standard. In turn, this adds to the robustness of the risk management framework, the adequacy of the internal control environment and the integrity of the financial reporting and corporate governance of the Council.
- 5.3. Members will recognise that some items are brought to Committee on a more regular basis than others and ensure that statutory requirements are complied with. There are also individual requirements of the Committee's Terms of Reference which are only used on an ad-hoc basis. The Work Plan will be re-submitted to the Committee for further development and approval at each subsequent meeting.
- 5.4. In order to help with their deliberations, Members are asked to consider the following:
 - 5.4.1. Care should be taken to avoid duplication and maintain the focus of an audit committee on its core functions as defined by its terms of reference rather than wider issues that are subject to the work of other committees or assurance functions.
 - 5.4.2. That the Audit and Governance Committee should operate at a strategic level with matters of operational detail resolved by service managers.
 - 5.4.3. The number and frequency of reports should be proportional to the risk in order to give the core business of an audit committee sufficient focus and attention and to avoid lengthy and thus unproductive meetings.
- 5.5. Changes to the Work Plan since the May 2020 meeting of the Committee are as follows:
 - 5.5.1. The Whistleblowing item scheduled for July 2020 has been incorporated into the Monitoring Officer Annual Report which is presented at the same meeting.
 - 5.5.2. The Risk Management item scheduled for July 2020 has been deferred to the September 2020 meeting.
 - 5.5.3. Additional items has been added to the July 2020 meeting relating to Member Dispensations and the Community Governance Review.

- 5.5.4. The review of the Council's Standards arrangements scheduled for September 2020 has been deferred. This is to allow for the publication of the final model Standards Code, now expected in the Autumn and the appointment of a new Monitoring Officer.
- 5.6. On 24 June 2020, CIPFA hosted a webinar "Update for Local Authority Audit Committee Members" which provided information relating to the impacts of covid-19 on matters such as the accounts timetable, auditing arrangements and the Annual Governance Statement. The webinar was attended by three members of the Committee and the slides have been shared with the Committee.
- 5.7. In response to the webinar, the Chair and Vice chair will undertake a review of training requirements with officers which will be included in the Committee's training plan.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The Work Plan for 2020/21 complies with the requirements of the Accounts and Audit Regulations 2015.

6.2. Finance Implications

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

6.3. Policy Implications

- 6.3.1. There are no policy implications in this report.

6.4. Equality Implications

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

6.5. Human Resources Implications

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

6.6. Risk Management Implications

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

However, an effective audit committee can:

- 6.6.1.1. raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations,
- 6.6.1.2. increase public confidence in the objectivity and fairness of financial and other reporting
- 6.6.1.3. reinforce the importance and independence of internal and external audit and any other similar review process
- 6.6.1.4. provide additional assurance through a process of independent and objective review

6.7. Rural Communities Implications

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

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

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

6.9. Public Health Implications

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

6.10. Climate Change Implications

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

7. Ward Members Affected

- 7.1. All wards affected.

8. Consultation & Engagement

- 8.1. The Work Plan is prepared following discussion with key officers who regularly provide updates to the Audit and Governance Committee. The Work Plan is discussed with the Committee Chair and Vice Chair

9. Access to Information

- 9.1. Not applicable.

10. Contact Information

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

Name: Jane Burns

Job Title: Executive Director Corporate Services

Email: jane.burns@cheshireeast.gov.uk

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Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
	30th July 2020			
1	External Audit 2019/20 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	118	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
2	Draft Pre-Audit Statement of Accounts 2019/20	<p>This item introduces the 2019/20 pre-audit statement of accounts to the Committee.</p> <p>This starts the public inspection period and provides members with detail on the next steps to complete the approval of the accounts</p>	123	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
3	Internal Audit Annual Report (20/19/20)	Annual opinion on the overall adequacy and effectiveness of the Council's control environment	111	<p>To consider the Head of Internal Audit's annual report:</p> <p>a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.</p> <p>b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the</p>

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
				opinion – these will assist the committee in reviewing the Annual Governance Statement
4	Annual Monitoring Officer Report 2019/20	Annual Report of the Monitoring Officer 2019/20	110	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
5	Annual Information Governance Update 2019/20	This report provides an update on the Council's Information Governance arrangements during 2019/20.	93	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
6	Draft Annual Governance Statement 2019/20	This report introduces the draft 2019/20 Annual Governance Statement to the Committee for consideration and comment	94	To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
7	Audit and Governance Committee Annual Report 2019/20	Annual Report of the Chair of the Audit and Governance Committee for consideration and approval by Committee ahead of presentation to Council.	125	To report to those charged with governance on the committee's findings conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
			126	To report to full Council on a regular basis on the

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
				committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
			127	To publish an annual report on the work of the committee.
8	General Dispensations	For the Committee to renew, for a period of four years, a number of general dispensations under the Localism Act 2011, as previously approved by the Committee in September 2016	131	The Committee is responsible for the Council's standards arrangements which seek to: (a) promote high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity); (b) ensure that Members receive advice and as appropriate on the Members Code of Conduct; and (c) grant dispensations under the provisions of the Localism Act 2011 to enable a member or co-opted Member to participate in a meeting of the Authority.
9	Member Dispensations on Community Governance Review	For the Committee to grant a general dispensation allowing Members to take part in and vote on Community Governance Review matters in which they have disclosable pecuniary and prejudicial interests for a 4-year period up to 29 July 2024.	131	The Committee is responsible for the Council's standards arrangements which seek to: (a) promote high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity);

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
				(b) ensure that Members receive advice and as appropriate on the Members Code of Conduct; and (c) grant dispensations under the provisions of the Localism Act 2011 to enable a member or co-opted Member to participate in a meeting of the Authority.
10	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> • if there have been any upheld complaints to be reported on to the next agenda • the appropriate part of the agenda for the report to be considered • clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting. 	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

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			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
11	Covid-19 Impact on Finance	To provide an update on the financial impact of Covid-19 and the Council's response to this..	123	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
12	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
13 & 14	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
24th September 2020				
1	External Audit 2019/20 Progress and Update Report (Mazars)	To consider an update report from Mazars in delivering their responsibilities as external auditors.	118	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance
2	Internal Audit 2020/21 Plan Progress Update	Progress report against the Internal Audit Plan 2019/20.	110	To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
3	Annual Risk Management Report 2019/20	Annual report on the effectiveness of risk management arrangements in the Council during 2019/20.	97	To monitor the effective development and operation of risk management in the council.
4	Referrals to the Local Government and Social Care Ombudsmen 2019/20.	The report will provide a summary of the key issues from the annual report received by the LGO.	93	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
5	Treasury Management Annual Report 2019/20.	This report will update the Committee on Treasury Management activity over the year.	103	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
6	Counter Fraud Report	Annual report on counter fraud work in the Council during 2019/20 This report will also set out the review	101	To monitor the counter-fraud strategy, actions and resources.

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			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
		of the Council's Anti-Fraud and Corruption Policy against current best practice and identifies any suggestions for improvements to the current arrangements.	128	To approve and monitor Council policies relating to whistleblowing and anti-fraud and corruption.
7	Upheld Complaints to the Local Government Ombudsmen (If required)	<p>Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen.</p> <p>This will need to be a <u>standing agenda item</u>, and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice Chair to establish:</p> <ul style="list-style-type: none"> • if there have been any upheld complaints to be reported on to the next agenda • the appropriate part of the agenda for the report to be considered • clarity on the purpose of the report, the nature of the assurances to be 	129	<p>Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings.</p> <p>(a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.</p> <p>(b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.</p>

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			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
		provided in the report, and that this process doesn't duplicate any existing process or reporting.		
8	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
9 & 10	Contract Procedure Rule Non- Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
11th November 2020				
1	External Audit Findings and Action Plan (Mazars)	Summary of findings from the 2019/20 audit and key issues identified by External Audit in issuing their opinion on the Council's financial statements and its arrangements for securing economy, efficiency and effectiveness in the use of resources	118	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
			120	To comment on the scope and depth of external audit work and to ensure it gives value for money.
2	Annual Statement of Accounts 2019/20	Approval of the Audited Statement of Accounts for 2019/20	123	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
3	Annual Governance Statement 2019/20	Approval of the Annual Governance Statement 2019/20	94	To review and approve the Annual Governance Statement and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
4	Draft Treasury Management Strategy and	Update on the contents of the Council's Treasury Management Strategy for 2020/21.	103	To review and monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
	Minimum Revenue Provision Statement	The CIPFA Treasury Management Code of Practice requires all local authorities to make arrangements for the scrutiny of treasury management. This responsibility has been nominated to the Audit & Governance Committee.		
5	Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	97	To monitor the effective development and operation of risk management in the council.
6	Internal Audit Plan 2020/21: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2020 and December 2020	110	To consider reports from the Head of Internal Audit's performance during the year.
7	Committee Structure and Composition	To review the Committee structure and consideration; including the inclusion of co-opted independent members, as recommended by the LGA Corporate Peer Review.		
8	Upheld Complaints to the Local Government Ombudsmen (If required)	Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen. This will need to be a <u>standing agenda item</u> , and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice	129	Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings. (a) There are statutory obligations which will, in

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
		Chair to establish: <ul style="list-style-type: none"> • if there have been any upheld complaints to be reported on to the next agenda • the appropriate part of the agenda for the report to be considered • clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting. 		some circumstances, require reports to be taken to Cabinet or full Council. (b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.
9	Work Plan 2020/21	Forward looking programme of meetings and agenda items for 2020/21 to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
10 & 11	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

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			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
	11th March 2021			
1	Annual Audit Letter 2019/20 (Mazars)	Summary of the External Audit findings from the 2019/20 audit. The letter will also confirm the final audit fee.	118	To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
			120	To comment on the scope and depth of external audit work and to ensure it gives value for money.
2	Certification Report	The report provides a summary of the key findings that have been identified during the External Auditors' certification process for 2019/20 claims and returns.	118	To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
3	External Audit Plan 2020/21 (Mazars)	To receive and comment on External Audit's planned work for the audit of financial statements and the value for money conclusion 2020/21.	118	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
4	Annual Governance Statement - Progress Update	Update on actions to improve governance arrangements and respond to emerging issues identified in the 2019/20 Annual Governance Statement. Proposed process for the production of the 2020/21 Annual Governance Statement.	120	To comment on the scope and depth of external audit work and to ensure it gives value for money.

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
5	Members Code of Conduct: Standards Report	To note the numbers and outcomes of complaints made under the Code of Conduct for Members between September 2020 February 2021.	131	To promote high standards of ethical behaviour by developing, maintaining and monitoring Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
6	Risk Management Update	This report will update the Committee on Risk Management and Business Continuity activity in the Council.	97	To monitor the effective development and operation of risk management in the council.
7	Internal Audit Plan 2020/21: Progress Report	To consider a summary of Internal Audit Work undertaken between September 2020 and December 2020	110	To consider reports from the Head of Internal Audit's performance during the year.
8	Partnerships Governance	To consider assurance in relation to the governance arrangements in place to manage significant partnerships in which the Council participates.	102	To review the governance and assurance arrangements for significant partnerships or collaborations.
9	Upheld Complaints to the Local Government Ombudsmen (If required)	Members have requested that they receive a report where there is a complaint upheld by the Local Government Ombudsmen. This will need to be a <u>standing agenda item</u> , and will require ongoing co-ordination between the Compliance Manager, Democratic Services, the responsible service and the Chair/Vice	129	Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with the Ombudsman's findings. (a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council. (b) The Ombudsman operates protocols in relation to

Work Plan 2020/21

			Extract from Committee Terms of Reference	
	Agenda Item	Description	No	Detail
		Chair to establish: <ul style="list-style-type: none"> • if there have been any upheld complaints to be reported on to the next agenda • the appropriate part of the agenda for the report to be considered • clarity on the purpose of the report, the nature of the assurances to be provided in the report, and that this process doesn't duplicate any existing process or reporting. 		the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.
10	Work Plan 2020/21 and 2021/22	Forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.	ALL	ALL
11 & 12	Contract Procedure Rule Non-Adherences (Part 1 and Part 2)	Report to update Committee on the quantity and reasons for Non-Adherences approved since the last Committee.	95	To consider the Council's arrangements to secure value for money and to review and scrutinise assurances and assessments on the effectiveness of these arrangements.

Work Plan 2020/21

		Extract from Committee Terms of Reference	
Agenda Item	Description	No	Detail
Unscheduled Items			
Review of the Council's Standards Arrangements	Members have requested a review of the Council's Standards arrangements to be undertaken. <i>Scheduling of this report is reliant upon the publication of the model Standards Code and the appointment of a new Monitoring Officer.</i>	131	To promote high standards of ethical behaviour by developing, maintaining and monitoring Code of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
Highways; allocation and use of funding	Requested by Members; a report on the allocation and use of Highways funding	96	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council
Update on Internal Audit Report on Land Transactions	Requested by Members	129	To consider summaries of specific internal audit reports as requested.

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Audit & Governance Committee

Date of Meeting: 30 July 2020

Report Title: Waivers and Non Adherences (WARNs)

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

1. Report Summary

- 1.1. The purpose of this report is to provide an update to the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non adherences (WARNs). The report covers approved cases between the 1st April 2020 and the 30th June 2020.
- 1.2. The approved WARNs are published retrospectively for information on the next appropriate Audit and Governance Committee. The total number of WARNs to be presented to the July Audit and Governance Committee is 11 (consisting of 10 Waivers and 1 Non adherences).
- 1.3. All WARNs will be presented to the Audit and Governance Committee without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.
- 1.4. This report will also provide an update on the Councils approach to procurement activity during the current coronavirus, COVID-19, outbreak.

2. Recommendation/s

That the Audit and Governance Committee:

- 2.1. Notes the number and reason for 11 further WARNs approved between 1st April 2020 and 30th June 2020 (11 in total).

3. Reasons for Recommendation/s

- 3.1. The Audit and Governance Committee has a key role in overseeing governance arrangements within the Council and has a requirement to retrospectively review all approved WARNs. The WARN process forms part of the Councils Contract Procedure Rules (CPRs), which are intended to promote good procurement and commissioning practice, transparency and clear public accountability.

4. Other Options Considered

4.1. N/A

5. Background

5.1. All WARNs approved in the period between Audit and Governance Committees will be presented to the next Committee meeting. This report contains all WARNs approved from the 1st April 2020 to the 30th June 2020 (11 in total).

The WARN process records the following;

- Waivers to the Contract Procedure Rules – These are agreed waivers in accordance with the Contract Procedure Rules, Part 5. Section 7.1-7.3.
- Non Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Part 5. Section 7.4-7.10.

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

Table 1: WARNs have increased during the first quarter of 2020 due to the coronavirus outbreak

WARNs	2016-2017	2017- 2018	2018-2019	2019 - 2020	Apr 2020- June 2020
Non Adherence	33	10	5	1	1
Waiver	40	20	16	17	10
Grand Total	73	30	21	18	11

5.2 Following the outbreak of COVID-19 the Cabinet Office issued three Procurement Policy Notes (PPNs). PPNs are issued by central government to help public sector organisations deliver best practice in procurement.

[Procurement Policy Note 01/20: Responding to COVID-19](#)

(published 18 March 2020)

[Procurement Policy Note 02/20: Supplier relief due to COVID-19](#)

(published 20 March 2020)

[Procurement Policy Note 03/20: Use of Procurement Cards](#)

- 5.3 The Council has needed to utilise Regulation 32 of the Public Contract Regulations 2015 (negotiated procedure without prior publication) and directly award contracts due to extreme urgency. The Council has procured a number of products and services using these provisions which will be presented to the committee in part 2.
- 5.4 The Cabinet Office have released a fourth PPN [Procurement Policy Note 04/20 – Recovery and Transition from COVID-19](#) which sets out information and guidance for public bodies on the payment of their suppliers to ensure services continue during the current outbreak. It updates and builds on the provisions contained in PPN 02/20.

All contracting authorities should:

- Review their contract portfolio, including where they are providing any contractual relief due to COVID-19 and, if appropriate to maintain delivery of critical services, continue or commence measures in line with PPN 02/20.
- Work in partnership with their suppliers and develop transition plans to exit from any relief as soon as reasonably possible. This should include agreeing contract variations if operational requirements have changed significantly.
- Work in partnership with their suppliers, openly and pragmatically, during this transition to ensure contracts are still relevant and sustainable and deliver value for money over the medium to long term.
- Continue to pay suppliers as quickly as possible, on receipt of invoices or in accordance with pre-agreed milestone dates, to maintain cash flow and protect jobs.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. All employees must ensure that they use any Council or other public funds entrusted to them through their job role in a responsible and lawful manner.
- 6.1.2. Employees must also seek to ensure value for money and take care to avoid the risk of legal challenge to the Council in relation to the use of its financial resources. The Council's Officer Delegations, Finance and Contract Procedure Rules and Operating Procedures must, therefore, be followed at all times. This report sets out compliance with Contract Procedure Rules.
- 6.1.3. Advice should be sought from Legal Services on the application of the Public Contracts Regulations 2015. Guidance has been issued to contract managers on the content of PPN 02/20 Supplier Relief and advice should be sought from Legal Services on the contractual terms

and conditions of current contracts and how they may be varied to reflect any relief given to suppliers.

6.2. Finance Implications

6.2.1. The Council's Constitution Finance Procedure Rule 2.30; Chapter 3 - Part 4: Section 2 explains that the Corporate Leadership Team (CLT) are responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. This is supported by effective commissioning, procurement processes and appropriate contract management.

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

6.2.3. With regard to procurement activity relating to Covid-19, the Council is closely monitoring all additional expenditure in respect of responding to the pandemic and – as required for all local authorities – is reporting summary financial information to the Ministry of Housing, Communities & Local Government on a monthly basis, in terms of Covid-19-related spending and loss of income. On 19 March 2020 the Government announced £1.6bn of additional funding to support local authorities in responding to the Covid-19 pandemic; this funding is un-ringfenced and is intended to help local authorities address any pressures they are facing in response the Covid-19 pandemic, across all service areas. The Council's share of the funding was £9.15m. On 18 April the Government announced a further £1.6bn in additional funding for councils; the Council's share of this funding was £10.54m, bringing the total un-ringfenced support received to date to £19.69m. The Council will continue to monitor and report on the financial effects of Covid-19 and the sufficiency of additional funding support provided by the Government, as part of its financial planning and forecasting through the year.

6.3. Policy Implications

6.3.1. N/A

6.4. Equality Implications

6.4.1. N/A

6.5. Human Resources Implications

6.5.1. N/A

6.6. Risk Management Implications

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

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

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

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. N/A

8. Consultation & Engagement

8.1. N/A

9. Access to Information

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

10. Contact Information

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

Name: Lianne Halliday

Job Title: Senior Manager - Procurement

Email: lianne.halliday@cheshireeast.gov.uk

Appendix 1

CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING

A	Genuine Emergency – which warrant an exception to the requirements
B	Specialist Education or Social Care Requirements
C	Genuine Unique Provider – e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
D	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
E	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.
F	No valid tender bids received, therefore direct award can be substantiated
G	Lack of Planning
H	Other – Any other valid general circumstances up to the EU threshold