

Annual Governance Statement 2023/24

Final

Working for a **brighter future**  together



1. Executive Summary and Approval

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

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

- 1.4. We, as Chief Executive and Leader of the Council, have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and that the arrangements, to the best of our knowledge, continue to be regarded as fit for purpose in accordance with the governance framework.
- 1.5. The Annual Governance Statement is required to reflect the arrangements in place for 2023/24 and up to the time of its approval.
- 1.6. To date, our assessment of the effectiveness of our governance arrangements for 2023/24 has identified three arising significant governance issues relating to Children's Services Response to Ofsted Inspection, Governance and Internal Control and Partnership Working, which can be found in Section 8.
- 1.7. Five issues from the 2022/23 Statement; Council Funding, Health and Social Care Integration, Planning, ASDV Governance and Executive and Wider Leadership Team Capacity are included again as continuing areas of concern for 2023/24.
- 1.8. Of the five continuing areas of concern, the Council Funding issue has been restated for 2023/24 to reflect the latest issues and proposed actions to address the challenges. This issue has been included in the Statement for several years and although the overarching issues remain, the detail has developed and required updating to ensure it presents an accurate picture to the Council and its stakeholders.

- 1.9. We propose over the coming year to take all appropriate action to address the matters outlined in this Statement and any other issues to further enhance our overall governance and stewardship arrangements. We are satisfied that our plans will address the improvement areas identified in our review of effectiveness. We will monitor their implementation and operation as part of our next annual review.

Rob Polkinghorne Chief Executive	Cllr Nick Mannion Leader

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

2. Introduction

2.1. The Accounts and Audit Regulations 2015 require that:

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

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

3. Scope of Responsibility

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

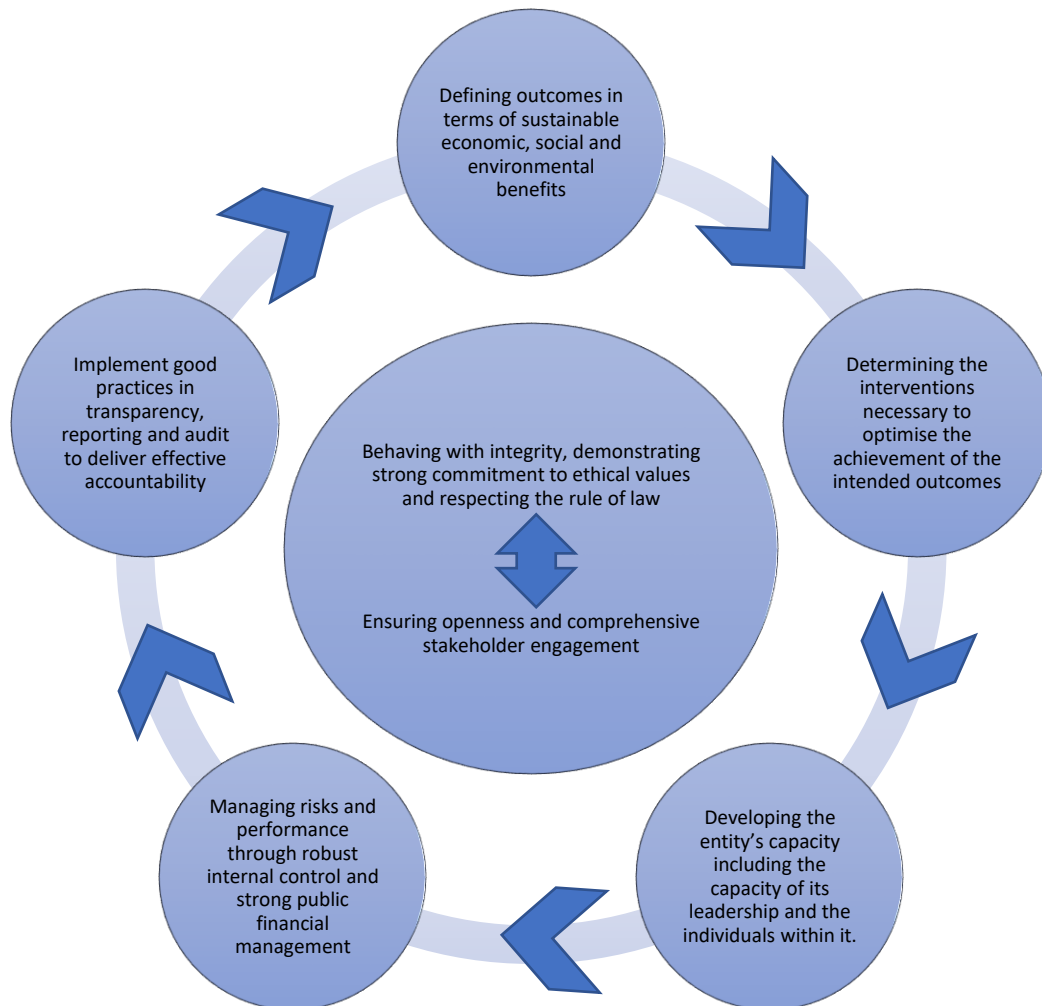
3.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

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

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

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

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



- 3.4. The annual review of effectiveness has been carried out against the Code of Corporate Governance. The draft Annual Governance Statement was published in July 2024 and has been updated as necessary to ensure this Statement remains current for when the Audit and Governance Committee considers it as final in February 2025.
- 3.5. Once approved by the Audit and Governance Committee it will be signed by the Leader and the Chief Executive. It will then be published as final alongside the Statement of Accounts.

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

4. The Purpose of the Governance Framework

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

5. The Governance Framework

- 5.1. The Council's Code of Corporate Governance includes examples of how the Council demonstrates the principles in practice and operation. Therefore, to minimise duplication, it is only supplementary examples and features of the Council's governance framework, specific to 2023/24 which are set out below.
- 5.2. The Governance Framework described below and shown in Appendix 2 has been in place since 4 May 2021, when the committee system model of governance took effect. A diagram explaining the committee system can be found at Appendix 3.

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

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

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

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

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

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

- 5.14. The Chief Executive, Executive Directors and Statutory Officers met regularly during 2023/24 as the Corporate Leadership Team (CLT), receiving assurance reports and updates from across the Council. CLT is supported by service/departmental management team meetings, and several cross functional officer, and officer/member groups. The reporting lines between these and relevant Committees are shown in the Governance Framework diagram in Appendix 2.
- 5.15. In March 2024, Corporate Policy Committee received a paper setting out three preliminary activities required to allow the development of the Council's future transformation programme. The activities considered and approved by the Committee relate to:
- The creation and implementation of Council-wide officer boards
 - A Local Government Association (LGA) review of decision-making accountability
 - LGA peer challenge

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

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

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

- 5.30. The Council publishes a Pay Policy Statement by 31 March on an annual basis. This provides transparency about the Council's approach to setting the pay of its employees and is in accordance with Section 38 of the Localism Act 2011. The 2023/24 Pay Policy Statement was recommended to Council from the Corporate Policy Committee. The Policy was approved on 22 February 2023 where it was also agreed that it would be reviewed in-year and any further changes be approved by the Monitoring Officer and published accordingly. The 2024/25 Pay Policy Statement was put to the Corporate Policy Committee on 18 January 2024 and approved by Council on 27 February 2024. The Pay Policy Statement 2025/26 was put to Corporate Policy Committee on 6 February 2025 and recommended for approval at Full Council on 26 February 2025.
- 5.31. The Workforce Strategy 2021-25 sets out how the Council will develop the capacity and capability of its workforce to support the priorities identified within the Corporate Plan and deliver the MTFS. The Corporate Policy Committee received an update report on progress against the Strategy in November 2023.
- 5.32. All staff are required to undertake mandatory training on protecting and managing information, dignity at work and equality in the workplace. Completion and compliance are monitored and reported to Heads of Service and Directors. Managers are also supported with training on the Council's Dignity at Work and Grievance procedures.

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

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

management team, legal and financial review and the identification and mitigation of risks associated with the report content.

- 5.37. Scrutiny powers under Section 21 of the Local Government Act 2000 are fulfilled through the Children and Families, Adults and Health, Environment and Communities and Corporate Policy Committees.
- 5.38. Each of the service committees scrutinised quarterly performance scorecards and budget proposals for the 2023/24 period relevant to their area of focus.
- 5.39. The Strategic Information Governance Group (SIGG) met regularly throughout 2023/24, managing a programme of proactive improvement and ongoing compliance with the requirements of the Data Protection Act 2018. The Group also managed responses to reported data related incidents, providing updates via the SIRO (Senior Information Risk Owner), to the Corporate Leadership Team.
- 5.40. The Contract Management System has been rolled out across the Council with 250 contract managers trained. A new contract handover procedure has been developed to formally hand contracts back to services once a procurement is complete. This details the role and responsibilities and links to the contract management framework. Performance data is being added by services and contracts can now be signed via DocuSign through Atamis. The contracts register is included within Heads of Service business plans and performance dashboards are being created to monitor performance at a service level. Procurement reports are regularly provided to Finance Sub-Committee which include pipeline, contracts, waivers, and relevant procurement updates.
- 5.41. Cabinet Office Contract Management and Procurement Act 2023 training is live and available on learning lounge. Modification, extension, and Contract Procedure Rules training is also available as eLearning packages which provide an overview of what is required from contract managers and the wider procurement community. Regular updates are provided in the procurement bulletin to ensure services are kept up to date with the latest information. New processes and procedures have been developed and are available on the CEntranet.
- 5.42. The Audit and Governance Committee plays a key role in the Council's review of the effectiveness of its governance framework. It seeks assurance on the adequacy of the Council's risk management, control and governance arrangements and it monitors the implementation of the AGS action plan.
- 5.43. During 2023/24, the Audit and Governance Committee received or approved a broad range of reports and assurances, including:
- Approval of the Internal Audit Plan, subsequent progress reports and the Annual Internal Audit Opinion
 - The Committee's Annual Report

- The External Audit Plan and progress reports, and a summary of the key findings identified during the External Auditors certification process
- The Annual Risk Management Report and updates on Risk Management
- The Annual Governance Statement and associated progress update reports
- Assurance around procurement controls including overseeing governance arrangements and reviewing all approved Waivers and Records of Non-Adherences. The WARN process forms part of the Contract Procedure Rules (CPR's) which are intended to promote good Procurement and Commissioning practice, transparency, and clear public accountability. Regular updates on the use of Waivers is provided to the Finance Sub Committee as part of the "Procurement Pipeline" report.
- Member Code of Conduct Sub-Committee Report summarising the recent Member Code of Conduct complaints and associated investigations involving elected members of a Parish Council
- Information Governance Reports
- The Annual Monitoring Officer Report which includes Maladministration Decision Notices from Local Governance and Social Care Ombudsman

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

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

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

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

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

- 5.47. The Council's internal and external auditors are key sources of assurance. The Internal Audit opinion on the Council's control environment is set out in the Internal Audit Annual Report for 2023/24 which was received by the Audit and Governance Committee on 29 July 2024 and is as follows:

Internal Audit Opinion

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

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

- ANSA
- Tatton Park Enterprises Limited

- 5.54. In May 2022, the Finance Sub-Committee approved the recommendation of the Shareholder Working Group for “the inclusion of the Bereavement Services Contract on the Procurement Pipeline Report for a period of 5 years, with an extension for a further 3 years, at a value determined by the Commissioner for Bereavement Services in line with the current MTFS”. The Council entered into a new contract for the provision of bereavement services with Orbitas Bereavement Services on 31 March 2022 for a period of 5 years with the option to extend for a further 3 years.
- 5.55. The Finance Sub-Committee is responsible for the management of the Council’s involvement in ASDV’s. In September 2023, the Sub-Committee considered a report setting out the key findings and recommendations of the Shareholder Working Group in relation to the governance of the Council’s wholly owned companies. In March 2024, the Sub-Committee received a presentation on the progress made in relation to the Ansa review. In June 2024, the Finance Sub-Committee considered the Wholly Owned Companies Strategic Options Review – Outcomes report and the decision taken that the services delivered by both Ansa and Orbitas are to be brought back in house to be directly delivered by the Council by the end of March 2025. In November 2024, the Committee received an update on the review of Alliance Environmental Services.
- 5.56. Everybody Health and Leisure (Everybody) is an independent charitable trust which delivers recreation and leisure facilities. The Council retains ownership of significant assets such as buildings. Everybody deliver services for the Council as set out in the operating contract, which is monitored through client commissioning arrangements, including contract management meetings and monitoring visits. The current operating agreement between the Council and Everybody runs to 30 April 2029.
- 5.57. The Shared Services Joint Committee oversees the management of the services provided on behalf of Cheshire East and Cheshire West and Chester Councils, to ensure effective delivery of services and strategic direction. Regular reports on performance and progress have been received during the year by the Committee on all 8 shared services including ICT Services, the Transactional Service Centre. They have also overseen the review of the shared services.
- 5.58. The Shared Services Joint Committee has also received regular progress reports during 2023/24 on the Hybrid ICT Programme – Project Gemini. A new model for ICT Services was agreed by both Councils in February 2023. The new model involves the retention of a shared network and data centre and separation of the other ICT functions that are currently shared.

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

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

- 5.62. The Audit and Governance Committee promotes high standards of ethical behaviour by developing, maintaining, and monitoring a Code of Conduct for Members of the Council. Complaints are considered by the Monitoring Officer and an Independent Person. Complaints can be received about Cheshire East Councillors, co-opted members and Town and Parish Councillors.
- 5.63. The promotion of high standards of conduct, and of strong ethical governance among elected members, co-opted Members, and Town and Parish Council Members within the Borough, is critical to the corporate governance of the authority and to the Council's decision-making process across the organisation.
- 5.64. In September 2023, the Audit and Governance Committee received the Annual Report of the Monitoring Officer 2022/23, which provided background and an overview on the Monitoring Officer's statutory duties. The report also advised on the number of complaints received under the Code against each category, the paragraph(s) of the Code alleged to have been breached, and the outcome of each complaint, once completed. The Monitoring Officer Annual Report 2023/24 was put to the Audit and Governance Committee on 5 December 2024.
- 5.65. Section 151 responsibilities for 2023/24 were covered by the Director of Finance and Customer Services. The Director of Finance and Customer Services left the Council on 6 May 2024. An Interim Director was appointed and joined the Council on 29 April 2024 to allow for a handover period. These arrangements complied with the arrangements set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010). From 1 November, the Section 151 responsibilities have been included in the Executive Director, Resources role.

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

Ensuring openness and comprehensive stakeholder engagement

- 5.67. The Council's open data portal 'Insight Cheshire East' holds most of our transparency information and open data together in one place. The site is designed to make inspecting, accessing, and downloading our data easier for everyone, including developers, who may wish to use our data in their own applications or websites. Work is continuing to expand the content on the site, with emphasis on areas that residents most frequently request information about.
- 5.68. As required by the Transparency Code 2015, the Council published the current number of Council employees with basic salaries of £50,000 or over on the Open Data Cheshire East Portal.
- 5.69. Committee meetings continued to be audio cast throughout 2023/24. Recordings can be found on the relevant Committee pages. Meetings are held in public, and agendas, reports, and minutes are published via the Council's website.
- 5.70. The Council publishes delegated officer decisions on its website, demonstrating how the provisions of the Constitution have been exercised.
- 5.71. Engaging with our communities is essential to ensure that we are a resident led Council. Consultation exercises are carried out as appropriate, including statutory consultation processes for areas such as Planning and Licensing. Information is available on the Council's website in relation to current consultations and the feedback received on previous consultations and the subsequent decisions are also available.
- 5.72. Council employees receive a weekly internal newsletter (Team Voice) in addition to service specific communication and briefings.
- 5.73. Weekly Manager Share and Support sessions were provided throughout 2023/24. These sessions cover a wide variety of topics and provide an opportunity for managers to interact, raise any issues and concerns that they may have, and receive briefings and training on new developments such as the effective use of Teams. Furthermore, monthly "in the know" sessions are held to keep staff updated with what's going on around the Council and to allow feedback from staff.
- 5.74. Wider Leadership Team and Wider Leadership Community sessions were held during the year which facilitated briefing, networking, and development opportunities across the senior officer leadership cohort. Key messages from

these sessions are cascaded through department and team management sessions.

- 5.75. Since 2020, the Chief Executive has provided regular video updates to staff via a Vlog. The videos and transcripts are available on the CEntranet.
- 5.76. Members of staff are encouraged to participate in the “Making a Difference” recognition scheme, nominating colleagues for an instant recognition “Made my Day” message, or for nomination in the annual awards which was held in January 2024 and again in February 2025. The recognition panel itself includes volunteers from across the organisation.
- 5.77. The Council’s Corporate Leadership Team has continued to meet with staff groups from across the organisation and offer regular opportunities for staff to raise any questions or issues they have directly with their Senior Managers.
- 5.78. Council services use various forms of social media, to engage and inform communities and stakeholders. The main Council website has a Media Hub page, where a variety of information about the Council is published. The Communications team also provide related media releases, where appropriate. Statutory public notices are also shared online.

6. Review of Effectiveness

- 6.1. The Council undertakes an annual review of its governance arrangements. This process is informed by a range of sources. The various sources of assurance which inform the annual review are described below and referenced in the Governance Framework in Appendix 2.
- 6.2. Examples of the sources of assurance considered in preparing the Annual Governance Statement include:
- **Line Management** - Assurance on individual line managers’ areas of responsibility are provided by Disclosure Statements and informed by the acceptance and implementation of recommendations from internal and external audit.
 - **Management Review** - Assurance on the effective management of core function activities is provided by reviewing compliance with policies, including how this information is used to drive improvement, and how relevant risk management information is escalated up or cascaded down through the Council.
 - **Internal Review** - The performance of Internal Audit and the Audit and Governance Committee, along with their assessments of the performance of individual service areas, and cross function service areas informs the preparation of the Statement.

- **External Review** - The findings and feedback from external inspectorates and peer reviews of the Council also provide assurance which is considered in preparing the Statement.
- **Reference and review of existing reports and assessments**

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

6.4. Examples might include:

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

6.5. Section 7 sets out the progress made against the issues identified in previous Annual Governance Statements, which have been monitored throughout 2023/24.

6.6. Progress on managing and monitoring the discrete actions identified to manage and resolve these issues has previously been reported upon to the Audit and Governance Committee, through previous Annual Governance Statements, and through regular update reports.

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

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

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

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

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

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

<u>Health and Social Care Integration</u> <i>Recognised as a Continuing Governance Issue since 2015/16 but revised and restated in 2021/22</i>	
Description of issue at the time of inclusion in AGS	Since the 1 July 2022, integrated care systems have been formalised as statutory bodies following changes brought about by the 2022 Health and Care Act and has meant the abolishment of the Clinical Commissioning groups. Cheshire East Council sits within the Cheshire & Merseyside ICS footprint, which comprises of 9 Local Authority Areas. The central aim of ICS's is to integrate care across different organisations and settings, joining up hospital and community-based services, physical and mental health, and health and care.

	The key challenges and risks that this presents are as follows: • That the ICS is not a partnership of equals across the broader health, wellbeing and social care system • Risk that central control remains at central level and decision making and delegations are not devolved to place • National versus local tensions • Budget deficits
Responsibility	Executive Director of Adults, Health and Integration
Action proposed at the time of inclusion in the AGS	Ensuring representation at a Cheshire and Merseyside level. All Integrated Care Systems (ICS) are made up of two constituent elements, the Integrated Care Partnership (ICP) and the Integrated Care Board (ICB). For Cheshire and Mersey Integrated Care System (C&MICS): • The Leader of the Council represents Cheshire East Council on the Integrated Care Partnership, which in Cheshire and Mersey is called the Health and Care Partnership • The C&M ICB constitution makes provision for two local authority chief executives to be members of the Board, one from Cheshire and Warrington and one from the Mersey City Region, to represent the views of local authorities. The role will rotate between local authorities on a 3 year cycle. There is also a Director of Public Health on the board Collaboration with the ICB local representative, Mark Wilkinson - Place Director. In Cheshire East, the Place Director has dotted line accountability to the Chief Executive and routinely attends the Corporate Leadership Team. In addition, joint management arrangements across the local ICB team and the Adults Health and Integration Department are progressing. The Place Director is a permanent and full member of the Cheshire East Health and Wellbeing Board. Ensuring local priorities are understood and communicated. Partners are currently refreshing the Cheshire East Health and Wellbeing Strategy to ensure that aims and ambitions are relevant post-pandemic, and joint outcomes, a joint implementation plan and a shared performance management framework are in development. A shared approach to communicating with residents has yet to be developed.
Progress update for 2023/24 AGS	The governance arrangements set out above have been enacted and are functioning well locally. The joint outcomes framework, strategy implementation plan and performance framework are

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

<u>ASDV Governance</u>	
Description of issue at the time of inclusion in AGS	The governance of wholly owned companies across the local government sector has come under the spotlight following failures which have resulted in the publication of Public Interest Reports. Those reports highlighted that failings in the governance of those companies resulted in "institutional blindness" and a failure to recognise, understand, and so address commercial pressures and conflicts of interest. These governance failings resulted in high profile financial losses and reputational damage to those Councils and in some cases external intervention. In the light of these high-profile company failures, CIPFA have recently published guidance aimed at mitigating the risk to local authorities of company ownership. Whilst framed as guidance, its status is such that it will affect reporting and external assessment of the Council. There is therefore merit in being pro-active and taking action in response to these highlighted risks. A comparison of the Council's current governance arrangements against the CIPFA guidance has highlighted risks in the current company structures, and with the levels of transparency and

Cheshire East Council Annual Governance Statement 2023/24

	assurance. Improvement in the reporting and assurance can be achieved which will mitigate these risks and bring Cheshire East's arrangements in line with best practice.
Responsibility	Governance, Compliance and Monitoring Officer
Action proposed at the time of inclusion in the AGS	Work has been undertaken to identify proposed changes to the current ASDV governance and reporting arrangements to ensure that they broadly align with the good practice as described in the CIPFA guidance. This has also proposed that a full review of the overall company structures and governance arrangements is undertaken and that a reporting structure is implemented to strengthen insight into the operation of the Council's ASDVs. The review is proposed to include a review of directors, the process for their appointment, and the training and support provided to them. A working group has been established and stage 1 of the review was completed in December 2022.
Progress update for 2023/24 AGS	At the Finance Sub Committee in June 2024, the committee received the outcomes of the wholly owned companies' strategic options review and determined that the services provided by Ansa and Orbitas are to be brought back in house and delivered directly by the Council. This process is now well progressed with Orbitas Bereavement Services staff and services having transferred back to the Council in February 2025 and the same from Ansa on target to transfer by 1st April 2025. As such the services in question will no longer be delivered by an arm's length company and will be under direct council governance processes and procedures. This report included recommendations related to strengthening and regularising the Member and Officer led oversight and monitoring aspects of remaining wholly owned company interests. A follow up report to seek approvals to the detail of the new agreements and governance procedures required is planned for the March meeting of the same committee.

Planning	
Description of issue at the time of inclusion in AGS	In November 21, the Chief Executive and Environment and Communities Committee requested an objective review, prompted by the planning application backlog in Planning Services be undertaken. The backlog had accumulated over some time as a result of increasing workloads, vacant posts and impacts on delivering the service from the Covid 19 pandemic. The backlog was significant

	in number and was attracting complaints about the service from both within and beyond the Council, with potential for reputational damage to both the Local Planning Authority and the Council. An objective Deep Dive review was undertaken, led by the Executive Director of Place. The findings, recommendations and next steps for the service were received and noted by the Environment and Communities Committee on 31 October 22. It was also noted that a range of measures had already been implemented, particularly in relation to reducing the backlog of planning applications.
Responsibility	Executive Director of Place
Action proposed at the time of inclusion in the AGS	The review has produced a detailed Modernisation Plan for the service including a significant number of actions and improvements that have been identified through the review. Workstream leads have been identified and many actions are underway, implemented or partially implemented from the review. Work to remove the applications backlog had advanced in recent months although workloads remain significant in the service. Performance scorecards have been developed to report to the new Modernisation Board - when established this introduces a new level of reporting and governance for the Modernisation Plan. Terms of Reference for the Board are now agreed. Performance reports from the service will continue to be reported to the Environment and Communities Committee with additional regular oversight by CLT also being introduced to monitor progress within the service.
Progress update for 2023/24 AGS	Progression on the Service Improvement Plan (Modernisation Plan) has continued under the oversight of the related officer Board. The timely delivery of the various aspects of the Improvement Plan is now being overseen by the Interim Director of Environment and Neighbourhoods. To ensure its continued momentum the SIP has recently been relaunched collecting related recommendation from the original review aligned to the following seven key 'task and finish' workstreams. Ownership of development and delivery of these workstreams has been clearly assigned to those officers best placed to undertake the roles, working closely together to ensure the cross overs are fully understood. 1. Customer Experience and Communications 2. IT Systems and Processes (nearing completion) 3. Performance and Governance

	4. Training and Development 5. Service Restructure (closed) 6. Culture and Leadership (closed) 7. Section 106 Audit 8. Tree Risk Management Strategy (now complete and closed) 9. Building Control – HSE Inspection It should be noted that since the last update two new workstreams have been added listed as 8 and 9 above. Two workstreams have reached their natural ends in terms of oversight of change with this now becoming business as usual activity. Significant progress has been made across all workstreams since the last update with several now considered as closed, however several will take longer to conclude. It is likely that there will be others which are brought online to continue to drive the wider service improvements needed. There continues to be a need to carefully prioritise the available resources to deliver the required changes in a managed way. The format, attendance and leadership of the related officer service improvement board has also been reviewed and refreshed and is now chaired by the Interim Director, ensuring actions are progressed in line with agreed timescales. A brief summary of progress against each workstream is as follows: Workstream 1 – Customer and Communications A significant level of work has already been delivered as regards the customer experience improvements. These new approaches are now embedded across the service which has assisted in reducing correspondence and complaints. More recent focus has been around the relaunch of the Planning Service dedicated webpages and support to the recent recruitment campaign. As well as more general work across the wider service this workstream continues to support the effective delivery of other workstreams such as the s.106 audit response and Tree Risk Management, as the need arises. Workstream 2 – IT Systems and Processes The implementation of the IT system for Planning has been substantially complete, with a number of post implementation issues being worked through with the supplier. Following initial reports by customers of initial difficulties in using the new system which is different from the previous unsupported version the number of enquiries has reduced significantly.
--	--

	This workstream will be maintained to oversee the various updates and user interface improvements to the Planning software now it is live and in use. The Land Charges module as the final element of the new IT system and its implementation is nearing completion. Workstream 3 – Performance and Governance The initial performance scorecard has been subject to a further degree of development to include performance indicators relating to S.106/CIL (as noted in the relevant Procedures Documents) and Tree Risk Management (as noted within the recently updated Strategy) Logs for lessons learned and the development of a “knowledge hub” is ongoing. This is to drive consistency and quality of decision making across the development management area of the service. Workstream 4 – Training and Development In parallel with other workstreams a training and development offer for the service is being developed in conjunction with the corporate training offer. This will specifically focus on; • Developing training plans for both officers and Members and how we can automate these for some of the more common themes, using the likes of Learning Lounge modules. • Defining a clear training programme for staff seeking career development opportunities In January 2025 training has been offered to E&C Committee, planning committee chairs, all Members and Officers on the recently announced reforms to National Planning Policy Framework and the associated impacts and implications for Cheshire East. This will be rolled out to Town and Parish Councils in the coming months. Further updates and training is planned on subjects such as the new Local Plan alongside cyclical updates for Members who are on one of the three planning committees. Workstream 5 – Service Restructure and Resources – complete and closed External recruitment for a number of roles within the service has now closed with interviews and appointments underway. As this workstream has now moved to business as usual it is considered closed. Workstream 6 – Culture and Leadership – complete and closed
--	---

	As the key action within this workstream has now moved to business as usual it is considered closed. Workstream 7 – Section 106 Audit Progress has taken place on the s106 audit recommendations, with updates offered to the Member Working Group in early November. There are now a total of 2 audit recommendations outstanding with works underway to close these out. A further update was issued to Audit and Governance Committee in December. The publication of the Infrastructure Funding Statement was achieved by the end of November. Addressing issues with legacy agreements is considered as the next stage of the review process, with a provisional target completion date of Q1 2025/26. Workstream 8 – Tree Risk Management Strategy (TRMS) – closed A new workstream incepted in August 2024 which has overseen the development of a refreshed TRMS for the organisation, replacing the previous version and inbuilding enhanced practice and driving consistency around; - A clear governance structure and monitoring reporting - Performance management across all Services involved and; - Quality assurance The TRMS was subject to a wide ranging internal consultation and has now been adopted and implemented across all relevant services. As the governance, reporting and quality assurance processes are now established under the scrutiny of the Tree Risk Management Officer Board this task and finish workstream has been closed. Workstream 9 – Building Control HSE Inspection A new workstream incepted in November 2024 to oversee the LABC response to new requirements on all building control services in relation to key performance indicator reporting, quality assurance and potential inspection by the HSE. A briefing for Place DMT and the relevant committee was delivered in early December and will be in early 2025 respectively, to raise awareness of the challenges and constraints. Member updates
--	---

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

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

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

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

8. Significant Governance Issues 2023/24

- 8.1. The significant governance issues the Council recognises as arising during 2023/24 are detailed below. A description of the issue, along with details of the actions undertaken to date, and any further actions required to manage the issue is also given. These issues will need implementing and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Leadership Team and reported to the Audit and Governance Committee.

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

	The DfE issued an Improvement Notice, which required an independently chaired Improvement Board. A DfE improvement advisor has been appointed to work with Cheshire East to support us to improve outcomes for children and young people and will chair the Improvement Board. Cheshire East currently has an Improvement Board to drive the improvements identified within previous inspection reports and other identified areas for improvement and this is chaired by the DfE improvement advisor appointed to support the JTAI improvement, which was signed off by the DfE in December 2023. This will continue to meet to scrutinise and support the development of the new improvement plan and to oversee improvement activity. This meets monthly and membership includes senior officers, the lead member, and the Chief Executive. Draft terms of reference for a new Improvement Board were agreed by Children & Families Committee on 3 June 2024 with the board established in July 2024. The leadership team has developed a draft of a new improvement plan, in response to the inspection findings, and this was discussed at the Improvement Board held on 30 May 2024. This was further discussed and developed with Ofsted and the DfE in an action planning meeting on 19 June as part of ILACS framework. The plan was submitted to Ofsted by 23 August 2024. Prior to this, the plan was subject to Children and Families Committee approval on 8 July and approval at full Council on 17 July 2024.
Responsibility	Executive Director of Children's Services
Action proposed at the time of inclusion in the AGS	• An Improvement Plan has now been devised and endorsed by Ofsted and the DfE • The Improvement Board is overseeing the progress and delivery of the improvement actions and is independently chaired by a DfE advisor • Additional governance arrangements have been implemented to facilitate rigour around the process and sign off to agree when actions can be marked as completed after impact is evidenced • Children and Families Committee has been reviewing the progress updates and offers scrutiny and challenge on the progress and impact of the improvement plan • An additional RAG rating (Amber E) has been added to allow actions to be embedded into practice before turning any action green, this will ensure the improvement has achieved the intended impact before we show as completed • As part of the enhanced oversight to deliver the improvement plan, additional work has been taking place to understand the interdependencies that require actions to be sequenced for

	partnership and corporate contributions, therefore some actions timescales have been reviewed accordingly • A practitioner reference group is in place to ensure that practitioners' views inform our improvements. Practitioners are represented on all the improvement groups as part of the new governance arrangements • Improvement Director in post since October 2024, providing additional capacity and driving improvements and is also overseeing the newly approved additional director post of QA, Safeguarding and Commissioning pending recruitment. • A family feedback strategy has been developed to ensure that children, young people and families' views inform how we shape and evaluate services • An external review was commissioned to understand the effectiveness of our Front Door arrangements and those findings identified good decision making by Children's Services. However, it identified the need to develop the partnership working arrangements to better support multi agency decision making. As a result, an action plan has been devised and partnership commitment to improving has been agreed • Any additional improvement actions identified as part of ongoing service wide improvements are now being added as an appendix to the improvement plan • The service is now preparing for its first monitoring visit by Ofsted as part of the Inadequate inspection pathway this will take place on 27/28 February 2025. Ofsted will test and examine in more detail various parts of the system over the course of 4-6 monitoring visits to test if improvements are being achieved and we know our services well prior to a full re-inspection • To stabilise the service and facilitate improvements required, the workforce group has been refreshed to have a strong focus on recruitment, retention and development and a revised strategy has been produced with some new innovative ways to reduce the need for agency staff • Vacancies that were being held due to reported recruitment freeze have now been resolved and vacant posts are being recruited to and uncovered vacancies has reduced • Additional service capacity has been funded to support the delivery of the improvement plan.
--	--

<u>Governance and Internal Control</u>	
Description of issue at the time of inclusion in AGS	The outcome of the Corporate Peer Challenge, taken alongside other matters recognised in the AGS as significant governance issues all encapsulate the significant challenges for the organisation.

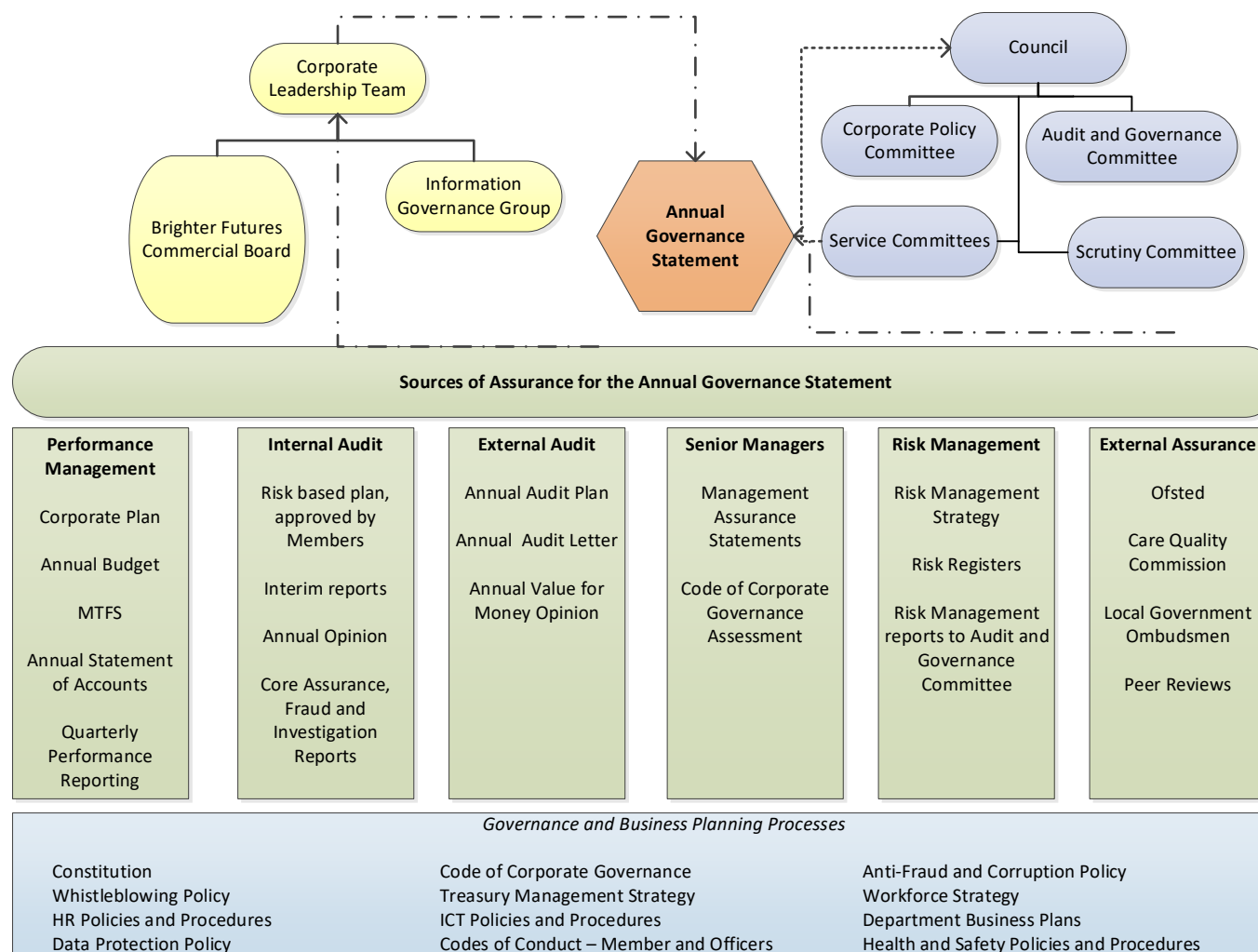
	This was also demonstrated by the Head of Audit, Risk & Assurance's opinion as the Chief Audit Executive on the Council's framework for governance, risk management and internal control for 2023/24 being given as "limited". This is the first time since 2009 that there has been a limitation on this opinion.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

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

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

	operating framework it will adopt. This includes a focus on being more collaborative and working in partnership. In this context it is timely to ensure that the Council's governance arrangements for partnership working are robust, transparent and appropriately led with sufficient scrutiny and over-sight, as well as facilitating co-production and joined up delivery of outcomes for the benefit of Cheshire East residents. There is an opportunity to consider the approach to partnerships and engagement with key stakeholders as we develop a new Cheshire East Plan for 2025 and beyond.
Responsibility	Executive Director of Adults, Health & Integration Assistant Chief Executive
Action proposed at the time of inclusion in the AGS	The key activities that that will be undertaken are: • Mapping of current formal partnership arrangements • Review of formal governance arrangements in place to support individual partnerships (E.g. Section 75 for the Better Care Fund has been reviewed and the latest agreement approved by the Adults and Health Committee on 23 September 2024) • Review of membership and leadership of formal partnership arrangements • Recommendation for revised partnership structures aligned to strategic aims and the revised organisational operating model • Partnership arrangements are reflected in the council's overarching communication and engagement strategy • Partnership working is reflected in the new Cheshire East Plan and delivery of outcomes for residents The primary actions will be undertaken as part of the implementation of the target operating model. In the interim, arrangements already in place are operating as normal.

Appendix 2: The Governance Framework 2023/24



Appendix 3: The Committee Structure

