

Annual Governance Statement 2016/17
Progress Updates for December 2017 Audit & Governance Committee

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Description:
Business Continuity Planning
Current and tested business continuity plans are not consistently in place across all service areas.
Background:
Included in the 2013/14 AGS, not as a significant governance issue, but required further attention during 2014/15.
Responsibility:
Corporate Manager Governance and Audit
Proposed Action
<i>This is the action initially proposed when the issue was first reported</i>
Develop Business Continuity Planning to ensure service delivery in the event of business disruption.
Progress update for AGS 2016/17
<p>A Business Continuity Action Plan is in place and aims to provide the following outcomes:-</p> <ul style="list-style-type: none"> • to identify the impact of losing key business processes, the likelihood of occurrence and recovery requirements • to identify suitable strategies to offset the risk to critical business processes • to ensure the organisation has fit-for-purpose plans and procedures in place to enable it to respond to any incident • to ensure staff are made aware of the business continuity management process and are able to perform their roles in an emergency • to ensure business continuity strategies remain up to date and fit for purpose and that guidance is available to ensure the consistency of approach • to ensure the business continuity management system is continually improved <p>Business Continuity is recognised as a risk on the Corporate Risk Register and is on the risk watch list. The risk is articulated as the risk “that an internal or external incident occurs which renders the Council unable to utilise part or all of its infrastructure (such as buildings, IT systems, resources, etc.) such that the Council is unable to deliver some, or in extreme cases all of its services; and putting residents at risk for a period of time, and resulting in a reduced achievement of Corporate Plan outcomes over the longer period.”</p> <p>The action plan should reduce the impact of this threat materialising as the various objectives within the action plan are implemented. Interdependencies with other corporate risks have been recognised such as Information Security and Cyber Threat, Increased Major Incidents, and Partnership Working.</p>
Progress update November 2017
<p>Terms of Reference for a combined Business Continuity and Emergency Planning Liaison Group have been drafted and membership of the Group is being established. The purpose of this group is to ensure there is an overarching view of the two sets of arrangements and to provide guidance and support in the development and maintenance of the Council’s resilience.</p> <p>A draft Business Continuity statement outlining the Council’s commitment to Business Continuity Management and a framework identifying minimum standards has been drafted; this is being reviewed to ensure alignment with statutory legislation and central government policy before formal approval and rollout.</p> <p>An updated Business Continuity template has been drafted and will be communicated and issued to Heads of Service along with the Business Continuity Policy</p> <p>The Group will be looking at planning Business Continuity exercises the first of which is a Cyber Breach Exercise planned for early in new year.</p>

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Business Continuity planning work has been undertaken with the Council's Information Governance Group with work begun on drafting Communication Templates. This helps with preparedness in terms of pre-planned communication which is pre-approved should an incident arise and provide clarity.

Draft Business Critical Activities have been identified and will be reviewed by the Joint Business Continuity and Emergency Planning Group.

Included within the Civil Contingencies Act are two distinct Business Continuity Management related duties, the first is to develop and maintain plans that will ensure they can continue to deliver their functions in an emergency so far as is reasonably practicable. The second is to promote and provide general BCM advice to commercial and voluntary organisations in their area. This duty is directly linked to the Government's overall resilience agenda. To assist with this the Council's Business Continuity Officer has given a Business Continuity presentation to an number of local businesses, giving advice on resilience and tips on how to prepare for an incident

Recommendation to A&G

That this issue remains on the AGS progress update.

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Description:
Local Economic Partnerships Governance arrangements outlining the relationship between the Council, as accountable body, and the Local Economic Partnership (LEP) are out of date.
Background:
Included in the 2013/14 AGS, not as a significant governance issue, but required further attention during 2014/15.
Responsibility:
Director of Economic Growth and Prosperity in consultation with Chief Operating Officer
Proposed Action
This is the action initially proposed when the issue was first reported
Governance arrangements need to be developed that are sufficiently “future proofed” to accommodate further anticipated changes to the role of the LEP and its sub groups and the Council’s relationship with it.
Progress update for AGS 2016/17
LEPs are required to adopt a Local Assurance Framework (LAF) to ensure that the necessary systems and processes are in place to manage delegated funding from Central government budgets.
The Cheshire and Warrington LEP (CWLEP) has an LAF in place which is based on the National Assurance Framework (government guidance on Assurance Frameworks from DCLG). This ‘Growth Programme Assurance and Accountability Framework’ has been developed as a mechanism for the Accountable Body, the CWLEP and key stakeholders to be clear about responsibilities and to ensure good governance.
The National Assurance Framework was updated by DCLG in 2016 to improve assurance, transparency and value for money in funding decisions. The CWLEP has reviewed the current arrangements to comply with the new standard and this revised version was agreed and signed off by the LEP Board and Cheshire East Council (CEC) S151 Officer representing the Accountable Body on 28 February 2017.
The CWLEP Board has ultimate responsibility for setting the corporate and strategic direction of the CWLEP as defined in its Articles of Association (Company No: 04453576) and delegated decision making and authority is set out in the CWLEP’s Scheme of Delegation. The Board membership was recently revised under the Nolan Principles (ethical standards for Public Office) with new appointments made to widen the business composition and scale (including voluntary and social enterprise and SME sectors). All three Local Authorities are represented on the Board. The Leader of the Council attends on behalf of CEC and is briefed on the agenda items prior to the meeting with specific reference to any items impacting on CEC business.
Some elements of operational and strategic responsibility are discharged through a series of formal Board sub-Committees each chaired by a member of the CWLEP Board and each with its own defined Terms of Reference. CEC has representation on all these sub-committees and minutes of all meetings are reported through the CWLEP Board.
One of the new requirements from the review of the LAF is to have provision for independent scrutiny in place to provide checks and balances in the operation of the partnership. Using guidance from DCLG and best practice from other LEPs the CWLEP Board approved the formation of a new Scrutiny Committee to be made up of a representative from each of the 3 LA’s (non-cabinet members) and 2 representatives from the private sector.

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The role of the Accountable Body is set out in the CWLEP's LAF and is further detailed in a formal letter between the CWLEP and the S151 Officer. A Partnership Agreement is in place along with protocols to differentiate between the Council as Accountable Body (receiving and accountable for Government grant funds on behalf of the CWLEP) and the Council as the beneficiary of CWLEP grant funds (as a project deliverer).

Risk management is the responsibility of the Performance and Investment Committee and internal financial controls are managed by the Finance and Audit Committee. The Council's S151 Officer sits on both these committees where matters relevant to the Accountable Body role will be discussed. This includes approval of projects to be supported by Local Growth Fund grant (i.e. proper use of capital resources), and use of Core Funding grant to support the operational running costs of the LEP (i.e. use of revenue funding and assurance of local match funding in the LEP's budget).

CWLEP is a non-statutory body and, as such, is not subject to the Freedom of Information Act 2005 or the Environmental Information Regulations 2004. CEC will hold information about funding and payment decisions relating to the CWLEP. This is unlikely to be classified by the Information Commissioners Office as CEC information and will therefore not be subject to FOI. Any requests to CEC will be reviewed within the normal accountable body procedures.

The CWLEP also has a whistleblowing procedure which is monitored by the organisation's Finance and Audit Committee. The Accountable Body will be made aware of any whistleblowing submissions to the CWLEP.

Internal Officers from CEC Finance, Audit, Legal and Place continue to meet periodically as a group to manage the operational aspects of our Accountable Body role and monitor and review membership of CWLEP sub-committees and working groups to ensure CEC is best represented at all levels.

Progress update November 2017

Mary Ney, a Non-Executive Director in DCLG, was asked earlier this year to conduct a short review into the Governance and Transparency arrangements, following the publication of the National Assurance Framework. Mary Ney's review commenced on 28 April 2017 and concluded in six weeks. DCLG and BEIS Ministers also commissioned a wider review of LEPs which is due to report in Spring 2018. DCLG have confirmed that the National Assurance framework will be updated again, following the conclusion of that review.

Mary Ney's Review recognised that some LEPs had a history of establishing robust arrangements (some of our practices were pointed to as setting the benchmark during the review process), but there was a need for further clarity and direction to ensure consistency across all LEPs.

There are a number of recommendations coming out of the review, to be implemented quickly by all LEPs. Certain aspects are already covered by existing practices in the Cheshire & Warrington LEP, but there are matters which will require some action.

We are aware of these requirements and matters are in hand, to support the LEP and/ or respond as regards changes in the role of the S151 Officer, with Finance and Audit staff being particularly involved, in advance of the next "Annual Conversation" (the meeting of LEP and Government officials, scheduled for 11 December 2018).

Of particular note are two recommendations, which mention the developing role of the S151 Officer (Jan Willis) as regards commenting on decisions; and reporting on governance and transparency:

- Decision making process. ALL decisions must be subject to a business case, evaluation and scrutiny process. There must be a written report and the S151 officer should have the ability to

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provide comments, regardless of whether there is a formal meeting. All decisions to be published

- S151 Officer to provide a report to the annual conversation on their work for the LEP and their opinion with a specific requirement to identify any issues of concern on governance and transparency

As accountable body, CEC is now considering whether the governance arrangements in place are now fit for purpose, and that mechanisms are in place to ensure that further changes are identified and implemented. Once satisfied that this is indeed the case, this item can be removed from the Annual Governance Statement Review.

Recommendation to A&G

That this issue remains on the AGS progress update.

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Description:
<p>Project Management</p> <p>The Council has a significant number of key projects currently in implementation and planned for the future. These include</p> <ul style="list-style-type: none"> • ambitious economic regeneration plans; and • ongoing commissioning reviews leading to new improved service delivery arrangements. <p>The Council is aware that if any of these are not delivered as planned it could result in aspects of service failure for residents, reputational issues or increased financial pressure.</p>
Background:
Emerging issues identified in the 2013/14 Annual Governance Statement which required further attention and monitoring to ensure they did not become significant governance issues
Responsibility:
Chief Operating Officer
Proposed Action
This is the action initially proposed when the issue was first reported
The Council's revised project and programme management approach is now an established part of the governance framework. Through its member led Executive Monitoring Board (EMB), all major change programmes and projects are subject to scrutiny and challenge at both development and delivery stage. The Council's new scrutiny committees also have an overview and help to highlight any issues and mitigate this risk.
Progress update for AGS 2016/17
<p>Amendments to the Council's Finance Procedure Rules came into effect on 1st August 2016 which formally aligned the Constitution with the Executive Monitoring Board's revised Terms of Reference and extended remit. The membership of EMB has also been expanded from two Cabinet Members to three, and enhanced by the involvement of the Executive Directors of People and Place.</p> <p>The strategic review of Corporate Services has seen the Project and Programme Management and Business Improvement teams come together under the overall banner of Professional Services and has subsequently moved under Finance and Performance- this will further bolster the critical relationship between the business planning cycle and the effective governance and implementation of projects, this new team, managed by the Senior Manager (Projects and Change) continues to drive effective project and change management in the Council and its partner organisations.</p> <p>The expertise of qualified and experienced Project Managers is deployed across major change projects to ensure projects deliver on time, to cost and to expected governance standards. Project management processes have been standardised, including monitoring and reporting; monthly highlight reports and project dashboards have been utilised to ensure performance can be reported as part of the quarterly performance management framework, with escalation to CLT, EMB and Cabinet as and when required.</p> <p>Embedded and established project gateways ensure any deviations from the approved business case are articulated and escalated to the appropriate level. Continuous improvement is embedded through the Programme Management Office (PMO) Action Plan which has been audited, reviewed and refreshed in October 2016.</p> <p>Progress has continued on implementing the actions contained within it, including the collation and reporting of quarterly performance indicators for projects and programmes in 2016/17 for the first time, continued training provision and updated guidance on the Council's Centranet and the further development of a robust performance management framework for linking projects to other Council activities through the Business Intelligence Programme.</p>

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In January 2017 a new Professional Services Management team was put in place. A priority has been to undertake a review of the current arrangements.

This review has incorporated the current operation of all stages of projects and programme, including EMB. In addition it is important to note that the budget setting process and associated team planning has required a more disciplined approach to the initiation of projects, which will support the delivery during the year. The Senior Manager (Projects and Change) also carries out additional reviews, in addition to the project health checks commissioned by EMB on key strategic projects and programmes to provide further reassurance and support.

Progress update November 2017

Plans are now progressing on developing the team structure and the support it offers to the organisation, a lot of work has been undertaken to ensure that robust project management methodologies are being adhered to and additional training material and guidance are being produced especially around benefits management.

Ideas are being explored about the coproduction of work especially with the Procurement team. This will further ensure that a holistic overview of projects and Programmes across the council is achieved.

Monthly Dashboards on progress of all capital projects is sent to Corporate Leadership Team (CLT) and Cabinet for review. As well as this, health checks are carried and reported back to Executive Monitoring Board (EMB). Performance reporting on projects is included within the quarterly performance reports that go to CLT and Cabinet.

Recommendation to A&G

Sufficient arrangements are now in place around Project Management that this no longer needs to be monitored as part of the Annual Governance Statement arrangements. The team drives the Project Management/Lean Systems/PMO governance on behalf of the council and will always look to improve on the process it carries out.

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Description:
<p>New Service Delivery Models</p> <p>The Council launched four new service delivery vehicles in April and May 2014. Service areas transferred to these new companies were initially completed on a 'lift' and 'shift' basis to maintain existing arrangements. Further work is now being done to ensure that the Council maximises the benefit of these new arrangements.</p> <p>Two new vehicles were launched in early 2015: Transport Service Solutions Ltd (1st January 2015) and Civicance (1st April 2015)</p>
Background:
Emerging issues identified in the 2013/14 Annual Governance Statement which required further attention and monitoring to ensure they did not become significant governance issues
Responsibility:
Chief Operating Officer
Proposed Action
<p>This is the action initially proposed when the issue was first reported</p> <p>Senior Officers to continue to work with the directors of the new companies and the Leisure Trust to clarify roles and responsibilities and to ensure that the requirements of the new commissioning plans and new contracts – and the benefit to residents – are fully achieved.</p>
Progress update for AGS 2016/17
<p>A review of CERF was commissioned in January 2017 to assess the effectiveness and appropriateness of the existing governance arrangements for the wholly owned companies and to clarify the expectations of CERF as a company in its own right.</p> <p>The CERF review, undertaken by an independent strategy/business growth consultant, concluded that there are clear opportunities to improve the way the ASDV companies are governed and that this should be addressed in order to ensure that "the whole is greater than the sum of the parts".</p> <p>An action plan has been developed to implement the recommendations of the review and address a number of recurring issues and themes that were identified during the review. This includes a fundamental review of the effectiveness and commercial prospects of all of the Council's ASDV companies and whether the current arrangements provide value for Cheshire East residents and the Council as stakeholder. The Portfolio Holder for Finance will be responsible for the implementation of the action plan.</p>
Progress update November 2017
<p>Edge Consultants have been engaged to carry out a full review of all the ASDVs.</p> <p>Their recommendations will be reported to Cabinet in January 2018 and if approved a change programme will be set up to implement them.</p>
Recommendation to A&G
Continue to monitor, pending the outcome of the report to Cabinet and subsequent decisions.

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Description:
<p>Review of Contract Awards re Core Fit</p> <p>Following concerns raised about the awarding of contracts by the Council, the Council's Internal Audit team were asked by the Chief Executive to consider the issues raised as part of an ongoing audit of the Council's procurement arrangements. This work was underway in the third quarter of 2015/16. However, in late December 2015, following the launch of a police investigation by Cheshire Constabulary regarding alleged improper conduct, the internal audit work was suspended, pending the outcome of the police investigations which is ongoing at this time. The internal audit work will continue once the police investigation concludes.</p>
Background:
Governance issue arising in 2015/16
Responsibility:
Chief Operating Officer
Proposed Action
<p>This is the action initially proposed when the issue was first reported</p> <p>A number of improvements increasing the transparency of the Council's procurement arrangements have already been made. For example;</p> <ul style="list-style-type: none"> • Waivers and Records of Non Adherence (WARN) forms are reported individually and in full to the Audit and Governance Committee. • The Audit and Governance Committee receive reports on the quantity and reasons for Waiver's and Non Adherences (WARNs) approved. • The Council has both introduced and strengthened the operation of the Procurement Board, with membership of the Council's Portfolio Holder for Corporate Policy and Legal Services. • The Audit and Governance Committee Anti-fraud Member/Officer Sub Group carries out sample checking on procurement activity ahead of each meeting and reports back on any non-compliance issues; there have been none found to date. • The Council has developed its Contracts Register to allow an earlier assessment of those services/functions that need to be re-commissioned. • The Procurement Team have reduced the threshold to £5,000 for requisitions that have to be approved, in order to prevent procurement activity being undertaken without appropriate approvals. • A £5,000 expenditure report is run monthly and sent to MGB members to scrutinise. From this a sample of transactions are selected and managers asked to provide details of budgetary controls applied. • National reporting requirements include £500 spend report which is completed monthly. Contracts awarded over £5,000 to be reported quarterly. Invitation to tenders and quotes above £5,000 to be reported quarterly.
Progress update for AGS 2016/17
<p>Audit and Governance Committee received reports (thematic report and individual review) on WARNs at the March, June, September and December 2016 and the March 2017 meetings.</p> <p>Procurement Board has continued to meet and progress improvement in procurement practices across the Council.</p> <p>Audit and Governance Committee received an update report on the findings of the Cardiff Checks which have been carried out to date by the Anti-Fraud Member/Officer Sub Group at the December 2016 meeting and agreed that the assurance received from this work provided them with assurance around procurement. It was agreed that the checks would continue.</p>

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The Contracts Register update has enabled earlier engagement on re-procurement exercises. Over £500 expenditure reports continue to be published, now available with other data sets as part of the Council's "Open Data" site; <https://opendata.cheshireeast.gov.uk/>

The Police investigation from December 2015 in relation to procurement activity is ongoing. It was agreed at the December 2016 meeting of the Audit and Governance Committee that a new piece of work should be completed to provide assurance to both the Chief Operating Officer and Members that the arrangements currently in place to manage procurement activity are appropriate and effective.

Having received confirmation from the Senior Investigating Officer with TITAN, who is leading the investigation that the proposed audit would not impact upon the ongoing police work the audit commenced during March 2017 and has continued into the new financial year. The outcomes of this audit will be reported to a later meeting of Audit and Governance Committee.

Progress update November 2017

The police investigation is ongoing.

Internal Audit has undertaken some of the procurement review but has had to prioritise other investigation work, and therefore it has not yet been completed. The prioritisation has been done on the basis of conversations with the Council's Procurement Manager and assurances which have been received over the changes in practice which have been made.

The review will be completed at the earliest opportunity.

There will be a new board (Commissioning and Procurement) who will oversee the commercial activity within the Council to provide corporate assurance of the adequacy and effectiveness of commissioning, procurement and contract management arrangements and delivery of commissioning, procurement and contract management savings. It will ensure that commercial arrangements and decision making across the Council is robust, evidence based and embedded in commissioning and project plans, option appraisals, business cases, procurement strategies and contract management arrangements.

Recommendation to A&G

That this issue continues to be monitored as part of the Annual Governance Statement arrangements.

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Description:
<p>Council Funding</p> <p>On-going 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>
Background:
Recognised as a "Continuing Governance Issue" in the 2015/16 AGS, which had been included in previous Statements.
Responsibility:
Chief Operating Officer
Proposed Action
This is the action initially proposed when the issue was first reported
n/a
Progress update for AGS 2016/17
<p>Cheshire East Council met on 23 February 2017 and agreed the Medium Term Financial Strategy Report for 2017/18 to 2019/20.</p> <p>The report set out the strategic overview for each outcome and more details of the actions each service area will be taking over the next three years to deliver the refreshed Corporate Plan Outcomes. This took account where possible of the feedback received from all stakeholders during the consultation period following the publication of the Pre- Budget Consultation document. A separate document detailing all the feedback received was taken to the same Council meeting in February.</p> <p>All proposals to vary the revenue or capital budgets were detailed in the Pre-Budget Consultation document and the MTFs. Supporting business cases, with equality assessments, were also produced for each proposal.</p> <p>The report set out forecasts on how the Council's expenditure will be balanced with funding from Government grants, Business Rates and Council Tax over the three years 2017/18 to 2019/20. The proposals in the Pre-Budget consultation document included the option to increase Council Tax by up to 3.99% each year, but the government settlement in December 2016 recognised that social care costs were in fact a national issue, that required greater focus. The consultation feedback and rising in-year costs led to the decision to increase Council Tax by 4.99% overall in 2017/18 with 3% of this increase directly funding Adult Social Care.</p> <p>Overall it is notable that net funding from Council Tax and Business Rates has increased to 88% in 2017/18 from 76% in 2014/15.</p>
Progress update November 2017
<p>First & Second quarter reviews have been provided to the Corporate Overview & Scrutiny Committee and Cabinet detailing potential financial deficits in 2017/18. Overspends are prevalent in relation to Social Care and mitigating action is being taken to reduce the outturn through adjustments to Central Budgets where practical. Revised treatment of the Minimum Revenue Position and potential capitalisation of transformation costs (in line with recent government</p>

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guidance) is within the Treasury Management Strategy, but is still a change in approach to previous years. It is forecast that transferring unused earmarked reserves to General Reserves will still be required to retain the risk based level of General Reserves in accordance with the Reserves Strategy approved in February 2017. Forecast spending contained within the Second Quarter Review is reflected in the Pre-Budget Consultation (see below).

The Council has also issued its Pre-Budget Consultation 2018/21. As in 2016, the process allows stakeholders to provide feedback on any proposal to vary the 2017/18 Base Budget. Feedback will be compiled and provided to members following the closure of the consultation period on 12th January 2018.

Strong growth in the tax base is positive in relation to the Council moving towards a self-funded position. However, delays in government announcements on Non-Domestic Rates, New Homes Bonus and Fairer Funding reviews raise significant risks in forecasting future funding options.

Recommendation to A&G

Note the ongoing reporting and activity to achieve a balanced outturn to the 2017/18 Budget. Note the process being followed to consult and engage stakeholders in relation to developing the 2018/21 MTFS.

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Description:
<p>Health and Social Care Integration</p> <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 three acute providers in the Borough. 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 one of the initial aims of the work programme being to reduce non-elective admissions to hospitals 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>
Background:
Recognised as a "Continuing Governance Issue" in the 2015/16 AGS, which had been included in previous Statements.
Responsibility:
Strategic Director of Adult Social Care and Health
Proposed Action
This is the action initially proposed when the issue was first reported
n/a
Progress update for AGS 2016/17
<p>The newly published national policy framework for the Improved Better Care Fund (IBCF) now incorporates integration as a key ambition. Whilst this IBCF requirement remains, and is likely to do so until at least 2019, there have been other significant developments regarding health and social care integration that the council may wish to consider and monitor as part of its governance. These include, most prominently, the development of the Cheshire and Merseyside Sustainability and Transformation Partnership (STP) - Five Year Forward View Delivery Plan, which was submitted to NHS England in October 2016. This plan is the main strategic driver regarding the transformation of health services and integration with social care. However, this is a NHS driven initiative not Local Government.</p> <p>The implementation of the plan has the potential to have significant implications for Cheshire East residents' healthcare and on the way that the Council works with NHS partners locally and within the rest of Cheshire, Wirral and Warrington. It also reiterates the importance of progressing the future model of the two transformation programmes in Cheshire East: Caring Together in Eastern Cheshire Clinical Commissioning Group (CCG) and Connecting Care in South Cheshire CCG.</p> <p>To ensure ongoing awareness of the proposals and progress with implementation, the Council attends the STP Senior Responsible Officer's System Management Group and the Cheshire and Wirral Local Delivery System meetings, but has no formal mandate for the Council either politically or from Chief Officers. However, the Officer attending is able to provide advice regarding when and how best to engage with the Council and to remind senior NHS colleagues to consider the wider system implications of their proposals. The Cheshire East Health and Wellbeing Board is also receiving updates on the progress of the implementation plans and held a joint meeting with the Cheshire West and Chester and Wirral Health and Wellbeing Boards in February 2017.</p> <p>It should be noted that 80% of the STP's proposed changes will be delivered through the Connecting Care and Caring Together (and West Cheshire Way in Cheshire West) transformation programmes, all of which have Council Officers involved in the detailed planning. There is also an Officer Working group involving colleagues from Cheshire West and Chester, the four Cheshire CCGs and Cheshire East, looking to help drive forward the integration agenda across the Cheshire footprint and where</p>

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appropriate, adopt a consistent approach to service redesign, for example in developing a single specification for integrated neighbourhood teams.

Any formal service redesign or change proposals will be required to go through the usual consultation and overview and scrutiny process. The Council's Corporate Communications Team is also engaged with the NHS communications support team to ensure there is appropriate sharing of information. Regular meetings are held between the Acting Director of People and the Accountable Officers of the CCGs and with senior officers from NHS England.

The delivery of the Five Year Forward View will continue through until 2020 and will thus require ongoing engagement and involvement from the Council over the next three years.

Cheshire East's BCF plan for 2016/17 was fully assured by NHS England and ADASS and the previously reported areas requiring work were met within the required timescales to achieve this. Implementation of the 2016/17 plan is now complete. A programme of evaluation of all BCF schemes was undertaken and has informed the drafting of the 2017 – 2019 Plan in collaboration with the two CCGs. This is a two year plan in line with the Clinical Commissioning Groups' two year planning requirements for this period. The Narrative Plan was submitted to NHS England on 11th September. In summary it's aims are:

Cheshire East Better Care Fund Vision...

- Centre all care around the empowered individual, their goals, communities and carers
- Have shared decision-making and supported self-care, family and community care as integral components to all care
- Teams built around a person's needs and journeys, jointly accountable for outcomes and joint responsibility for continually improving care
- Focus its attention on health promotion, pro-active models of care and population level accountability and outcomes
- Continue to tackle health inequalities, the wider causes of ill-health and need for social care support e.g. poverty, isolation, housing problems and debt
- Have a strong clinically led primary care and community care system offering a comprehensive modern model of integrated care at scale
- Be delivering fully integrated and co-ordinated care, 7 days a week, close to home with a focus on the frail elderly and those with complex care needs

Supported by:

- System re-design of care – co-produced with our public and our workforce
- Strengthened and renewed primary care
- Shared information systems across health and social care so that people will only ever have to tell their 'story' once
- New contracting approaches that facilitate costs being moved from the acute sector to the community and that promote collaborations across multiple providers
- Joint commissioning utilising the Better Care Fund and other approaches
- A range of new roles to support models of care across traditional providers in the public, private and voluntary sector

To achieve:

- Accountability for all health and social treatment and care to the public
- High quality, safe care and a robust system of continuous improvement

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Through the delivery of 'Better Care' in Cheshire East 2017-19 to facilitate integrated health and social care, residents in Cheshire East will benefit from an ongoing programme of system-wide improvements that will provide care where possible at community level, reducing the need for inpatient stays and where this is not possible ensuring that time spent in hospital is minimal and follow-up care and support which is joined-up and meets a person's needs.

Integrated Communities: residents will be supported within their communities by employing a mind-set that builds on the principle of community capabilities rather than deficits.

Integrated Case Management: residents will receive a more co-ordinated experience of care and support services through the use of a single point of access and our support of seven-day working.

Integrated Commissioning: services commissioned for local residents will be based upon strong evidence and proven effectiveness and commissioned as part of a whole system approach to commissioning.

Integrated Enablers: On Cheshire East geography this enabling work-stream supports the changes that will enable long-term integration

In addition, by the end of 2017/18:

- Reablement services in Cheshire East will have become fully integrated to address both physical and emotional needs, and will provide an improved outcome for those in Cheshire East. This will be evidenced by an improved reablement score under National Metric 3 (Improved reablement services).
- Carer's services will be integrated, providing a single solution for support, which supports wellbeing, de-escalates crisis and maintains quality of life for both the person caring and the person being cared for. This will be evidenced under an improved score under National Metric 3 (Improved reablement services).
- Assistive technology reviews start to deliver technology enabled care, reducing the need for people to receive their care in the hospital setting and enabling them to self-care from home. This will be evidenced by an improvement in National Metric 2 (Reducing admissions to residential and nursing care).
- Improved Better Care Funded (iBCF) schemes will provide increased capacity and capability in the community; this is evidenced by a reduction in those requiring residential and nursing home care.

Improved use of data locally will mean that the Better Care Fund planning will react to trends much faster than previously, providing a much faster and evidence-based planning process.

Progress update November 2017

The governance framework of the NHS Cheshire and Merseyside Sustainability and Partnership has been changed and the Council's Acting Chief Executive is now a member of the Partnership Board. The Local Delivery System has been disestablished and the focus shifted to 'place-based' accountable care. As part of this there are discussions underway to merge the Caring Together and Connecting Care transformation programmes run by the two Clinical Commissioning Groups in Cheshire East.

On the 27th of October 2017 the, 'Delivering the Better Care Fund in Cheshire East Plan 2017-19,' was formally rated **Approved with Conditions**, by NHS England.

The condition requiring action was:

Planning Requirement 9 -

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Provide the full 'comprehensive risk log' referred to on page 32 (of your plan) that demonstrates how these risks will be proportionally mitigated or managed operationally.

On the 2nd of November 2017, the updated plan was resubmitted to NHS England for final approval.

The Better Care Fund Governance Board in Cheshire East continues to provide oversight for the 16 schemes which provide the underpinning strategic approach towards health and social care integration.

Following the approval of the Cheshire East Better Care Fund plan, focus from both the Local Government Association and NHS England has shifted to performance reporting.

As part of the iBCF conditions, quarterly reporting has commenced to track the progress and contribution of the schemes that were specified as part of the planning process for iBCF in July 2017. The Q2 report was completed and submitted to the Local Government Association on the 20th of October 2017.

This submission builds on the baseline set out in July 2017, which demonstrates how Cheshire East will invest its social care grant to support Delayed Transfers of Care and to maintain capacity in the social care system. However, government will consider in November, reviewing 2018/19 allocations of the adult social care for councils that are performing poorly in relation to DTOC performance. The funding will remain with local government, to be used for adult social care. For those with the worst performance, the government reserves the right to direct how this money is spent.

In order to meet and demonstrate a robust and clear outcomes framework for reporting, a monthly process for reporting across all 16 schemes has been initiated, together with an integrated approach to data management across all three Better Care Fund partners in Cheshire East.

The Department of Health has been closely reviewing DTOC performance nationally, in order to benchmark those areas that are not making sufficient progress against their agreed trajectories. On the 10th of October 2017, Cheshire East Council received correspondence from Sajid Javid and Jeremy Hunt confirming that the Cheshire East DTOC performance is not within the 32 poorest performers nationally. The data takes into account performance up to and including August 2017, where Cheshire East has performed well against the trajectory.

Areas where significant progress has been made are in the redesign of carers' services. Previously in Cheshire East, Carers Breaks have been a central part of BCF provision. However, as part of the Delivering the Better Care Fund Plan in Cheshire East, BCF partners set out an ambitious plan to integrate all carers services, those covered by the Social Care Act, services like 'carers breaks' and early intervention and prevention services, into one integrated service as part of a Hub and Spoke model, to support both health and social care.

Whilst rapid plans are being undertaken for the wholesale redesign of carers services to be procured and in place by April 2018, it also became necessary to provide an interim service to support carers, to provide them with a break from their caring role (in order to reduce and minimise carer crisis, use of A&E in the need of crisis and ultimately a non-elective admission for both carer and cared for) and to support carer health and wellbeing so that they are able to continue with their caring duties.

Recommendation to A&G

The Audit and Governance Committee acknowledge the significant efforts made by those working in the health and social care system to achieve the current targets set within the challenging trajectory

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set by NHS England.

The Audit and Governance Committee acknowledges the work being undertaken as part of 'Delivering the Better Fund Plan in Cheshire East 2017-19' Better Care Fund plan, which provides the overarching strategy for health and social care transformation.

The Audit and Governance Committee acknowledges how the new approach to data management adopted by Cheshire East Council, NHS Eastern Cheshire and NHS South Cheshire CCGs has provided the pivotal shift in the interpretation and use of information to create accurate trajectories.

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Description:
<p>Air Quality Data</p> <p>During the preparation of the 2015 Air Quality Annual Status Report, anomalies were discovered between the data submission. Initial investigation identified further anomalies, which also appeared to have affected the previous year's submission.</p> <p>The Chief Executive requested a review of the data returns and the processes in place for monitoring, recording and disseminating air quality data to be undertaken by Internal Audit. This was completed and reported during October 2016, and confirmed that the figures submitted were incorrect and identified improvements to the monitoring process.</p>
Background:
Recognised as a Significant Governance Issue in the Annual Governance Statement 2016/17
Responsibility:
Executive Director – Place
Proposed Action
<p>This is the action initially proposed when the issue was first reported</p> <p>One of the recommendations of the Internal Audit report was for further investigation to be carried out with a view to understanding the cause of the errors, to assess the full impact and implications of the errors made, and identify any actions required to ensure that the Council is fulfilling its statutory responsibilities with regards to air quality.</p> <p>The investigation into the Council's monitoring and reporting of Air Quality has been completed. The high level findings reported that ;</p> <ol style="list-style-type: none"> 1. Serious errors have been made in the council's air quality data for 2012, 2013 and 2014. It is clear that these errors are the result of deliberate and systematic manipulation of data from a number of diffusion tubes. 2. The council has been exposed to unacceptable risks to the security of its air quality data as a result of failings within the service to ensure that adequate processes, procedures and systems were in place to manage this data effectively. 3. These errors have caused a number of serious problems for the council. These are as follows: <ul style="list-style-type: none"> • Incorrect data has been submitted to Defra in an annual statutory return, which will need to be corrected and published in the public domain. • These errors and other methodological issues have resulted in a number of deficiencies in relation to Air Quality Management Areas (AQMA's) requiring adjustments to be made to the detail of a number of AQMA's. • The errors may have affected the Detailed Assessments (DA) carried out to determine whether an AQMA should be declared. • The errors have impacted on Air Quality Assessments undertaken as part of the process of considering planning applications. 4. The data sets that are aligned to the diffusion tubes that were and are now known to be altered are spread over a wide geographical area, which implies that the manipulation was not motivated by a wish to favour specific sites. 5. Phase 2 of the external investigation included a review of planning applications where publication of revised air quality data may have affected the planning decisions. The findings

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indicate that such planning applications are in the following towns:

- Nantwich
- Congleton
- Crewe
- Holmes Chapel
- Sandbach

The statutory return to Defra for 2016 (Annual Status Report) has been reviewed and quality assured as part of the investigation. The council will shortly be in a position to seek the approval of the Director of Public Health for both the 2016 and 2017 ASR submission to Defra. Both the 2016 and 2017 reports are based on corrected data and include actions as recommended by the investigation.

The Air Quality team have reviewed their internal processes and procedures to ensure that the risk of data adjustment is minimised. There are now a number of quality control measures in place.

A review of how other statutory data sets are compiled and reported will be undertaken by Internal Audit later in the year.

On 19th September, the Council confirmed that concerns over the manipulated air quality data had been referred to Cheshire Constabulary.

Progress update for AGS 2016/17

n/a

Progress update November 2017

Further to the progress previously reported;

- A number of internal processes and procedures have been revised to improve data integrity and security;
 - Random data validation checks will be carried out by supervising staff.
 - Access to master data sheets has been restricted with read only access provided to other users
 - Data is provided by the laboratory in a format which does not require manual entry
- The 2017 Annual Status Report (ASR) has been signed off by the Director of Public Health.
- The ASRs for 2016 and 2017 have been submitted to Defra. Once these have been signed off by Defra, they will be uploaded to the Council's website.
- The location and number of AQ monitoring tubes has been reviewed in accordance with the recommendations of the Local Air Quality report completed by Bureau Veritas. Additional tubes have been put out where there are exceedances or likely exceedances. Some tubes removed where there are duplicates or where the data is below the objective.
- Five new Air Quality Management areas have been declared, which have taken effect from 1st October 2017. Public engagement sessions will be carried out during 2017, and the Cheshire East Air Quality Action Plan will also be reviewed by October 2018.
- Air Quality Steering Group meetings have been reconvened and will be chaired by the new PH (?). The Group will also include a representative from Public Health and in future, the AQ steering group will have final oversight of future ASRs.
- There will be external quality assurance of the ASRs to ensure there is confidence in the integrity and security of data. The AQ steering group and senior management will determine when the external assurance is no longer required.
- Member briefings have been carried out and queries from individual wards have been responded to. Further briefings can be carried out if and when required.
- Environment and Regeneration Overview Scrutiny Committee have received an update on

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Air Quality and will receive an annual report.

- Prior to the adoption of the Local Plan Strategy the strategic housing allocations sites were reviewed to establish if the corrected air quality information would have affected any of the allocations. The review has concluded there is nothing to indicate that the corrected air quality information would have affected any of the allocations. The review has concluded there is nothing to indicate that the corrected air quality information would have affected any of the allocations.
- The planning applications identified in the Bureau Veritas report have been reviewed. The review has concluded that there is nothing to indicate that the corrected air quality information would have affected the outcome or mitigation levels of any of the applications. In one case a revised Air Quality Assessment was required. A revised Air Quality Assessment has been completed for the one application referred to in the report and is being analysed.

Recommendation to A&G

Note the additional progress reported and consider that this provides assurance that appropriate action has been taken to demonstrate that the issue is now being managed sufficiently to recommend removal of this issue as a significant governance issue.

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Description:
<p>Designated Statutory Officers/Investigation and Disciplinary Committee</p> <p>During Q4 concerns relating to officer conduct were received by the Deputy Monitoring Officer. In accordance with the processes put in place by Council in February 2017 to deal with such matters, those concerns were then considered by the Council's Investigation and Disciplinary Committee (IDC). Those processes are still ongoing but a decision has been taken by the IDC to suspend the Chief Executive whilst an investigation is undertaken. The decision to suspend is a neutral act and will be kept under review.</p>
Background:
Recognised as a Significant Governance Issue in the Annual Governance Statement 2016/17
Responsibility:
Acting Chief Executive
Proposed Action
This is the action initially proposed when the issue was first reported
<p>The Investigation and Disciplinary Committee (IDC) processes are still ongoing but a decision has been taken by the IDC to suspend the Chief Executive, and subsequently the Director of Legal Services and Monitoring Officer, whilst an investigation is undertaken. The decision to suspend is a neutral act and will be kept under review. The Council will continue to act appropriately to deal with any matters arising from those processes to ensure continuity of service provision and organisational governance.</p> <p>The Council's external auditors have confirmed that the external audit certificate for 2016/17 will be held open until the completion of these investigations.</p>
Progress update for AGS 2016/17
n/a
Progress update November 2017
<p>The Investigation and Disciplinary Committee (IDC) processes are ongoing and all appropriate investigations are underway. The Chief Executive and the Director of Legal Services and Monitoring Officer remain suspended, this position having been reviewed by the IDC at the required intervals.</p> <p>The Council will continue to ensure continuity of service provision and organisational governance.</p>
Recommendation to A&G
That this issue continues to be monitored as part of the Annual Governance Statement arrangements.

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Description:
<p>Berkeley Academy Car Park</p> <p>In April 2016, an undertaking was given to The Berkeley Academy by the Council, to make a contribution of £70,000 in support of a scheme for “off highway parking”, provided the Academy provided at least 50% in match funding.</p> <p>This undertaking was given ahead of the conclusion of the work of a Task and Finish Group on Safer Parking for Communities from the Corporate Overview and Scrutiny Committee. The findings and recommendations of this Group were to inform policy development and a future programme of work.</p> <p>Therefore, the commitment made to the Academy was not progressed in accordance with any approved policy or budget, and was given prior to the conclusion of an existing review.</p>
Background:
Recognised as a Significant Governance Issue in the Annual Governance Statement 2016/17
Responsibility:
Executive Director - Place
Proposed Action
<p>This is the action initially proposed when the issue was first reported</p> <p>Cabinet considered a report at its meeting on 22nd August 2017, which sought authority for the award of grant funding for £70,000 to be given to the Berkeley Academy for the purposes of piloting a safer drop off facility at the school. The report also outlined an approach to the formation of a policy to enable similar proposals to be considered and address congestion at other primary schools.</p> <p>Cabinet authorised the Executive Director of Place to make the grant award in order to inform the development of Council policy in the area. In addition, Cabinet authorised the Executive Director of Place, in consultation with the Director of Legal Services and the Portfolio Holder for Corporate Policy and Legal Services to dispose of any requests received for reimbursement of additional expenses reasonably and properly incurred by the Academy which it is considered the Council may be liable to reimburse flowing from action taken in connection with the undertaking given.</p> <p>On 19th September, the Council confirmed that concerns over the allocation of public funds in making a grant to Berkeley Academy had been referred to Cheshire Constabulary.</p> <p>The Council’s external auditors have confirmed that their Value for Money conclusion for 2016/17 has been qualified, due to the findings identified and reported by Internal Audit.</p>
Progress update for AGS 2016/17
n/a
Progress update November 2017
<p>The Executive Director has met with the Chair of Governors to agree the precise conditions for the allocation of this grant funding.</p> <p>Once these have been agreed an (Officer Decision Record) ODR will be prepared and signed and then instructions will be provided to draw up a funding agreement with the school.</p>
Recommendation to A&G
Note that the Executive Director is ensuring that appropriate steps are in place before any funding is transferred to the School.

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Description:
<p>Sleep In Arrangements</p> <p>The case law development in relation to sleep in arrangements is a complex national issue, which we are seeking to clarify and resolve. We were originally alerted to a potential breach of the national minimum wage regulations following a national employment appeals tribunal case towards the end of 2013.</p> <p>However, the case law and regulations were contradictory at that time. Legal advice was that we should continue to monitor case law developments but that there was no clear legal basis for action. It was not until April 2017, following the outcome of the national Mencap appeal that the employment appeals tribunal set out detailed tests to be applied on a 'case by case' basis, to determine compliance with the National Minimum Wage and Working Time Directive regulations. At this time the Local Government Association (LGA) advised councils to assess their current arrangements using the published employment appeals tribunal assessment rules.</p> <p>The Acting Chief Executive requested a review be undertaken in all affected services. To this end a pay specialist was employed to support this work, which has involved checking payments made to every worker in receipt of sleep-in arrangements over the past two years. This work is expected to be completed in September.</p> <p>We are in continuing dialogue with both the LGA and North West Employers to progress matters.</p>
Background:
Recognised as a Significant Governance Issue in the Annual Governance Statement 2016/17
Responsibility:
Acting Executive Director People; COO and Head of Strategic HR
Proposed Action
This is the action initially proposed when the issue was first reported
<p>That review is now well advanced and its findings and recommendations are due to be reported soon.</p> <p>The review has so far covered:-</p> <ul style="list-style-type: none"> • A number of services that undertake sleep in arrangements have been identified and each is being assessed in line with Employment Appeal Tribunal guidelines. • External specialist support appointed to assist this process and report findings separately. • On-going dialogue with the Trade Unions is taking place to resolve staff grievances. • Compliance with the NMW investigation underway. <p>The Council's external auditors are considering a formal objection to the Council's accounts under Section 27 of the Local Audit and Accountability Act.</p>
Progress update for AGS 2016/17
n/a
Progress update November 2017
<p>The Sleep in review has made considerable progress and its findings have been reported and approved:</p> <ul style="list-style-type: none"> • Arrears have been paid to all eligible employees with October salaries in a range of services for a 2 year retrospective period as advised by an external legal barrister. • Arrangements in place to pay new sleep-in allowances backdated from 1st September in December salaries to ensure compliance with National Minimum Wage going forward. • On-going dialogue continues with the Trade Unions to resolve outstanding staff grievances and discuss service reviews going forward.

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National developments continue to be monitored as the Government continues to come to terms with the implications of this major national care provision issue and how it will be funded.

The police investigation into this being a criminal matter has now been closed. They have put in writing that no criminal matters have been found and will not be taking any further action.

Recommendation to A&G

That this issue continues to be monitored as part of the Annual Governance Statement arrangements.

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Description:
Land Purchases Following an internal audit review of the Council's arrangements for asset disposals and purchases started in July 2017, concerns were identified over a number of acquisitions.
Background:
Recognised as a Significant Governance Issue in the Annual Governance Statement 2016/17
Responsibility:
Internal Audit, reporting to the Chief Executive.
Proposed Action
This is the action initially proposed when the issue was first reported
Internal Audit work in this area is ongoing, and findings to date have been referred to Cheshire Constabulary for consideration and further investigation. The Council's external auditors have confirmed that their Value for Money conclusion for 2016/17 has been qualified, due to the findings identified and reported by Internal Audit.
Progress update for AGS 2016/17
n/a
Progress update November 2017
Internal Audit has appointed external resource to assist with this work. This work is ongoing and initial reports are due mid-December. The findings of this phase of will determine whether additional work is required and whether further police referrals are required.
Recommendation to A&G
Note the ongoing progress in this area of work and the potential for further work.