

Cheshire West & Chester Council

# Annual Governance Statement

2024-25

Visit: [cheshirewestandchester.gov.uk](https://cheshirewestandchester.gov.uk)



Cheshire West  
and Chester

## Annual Governance Statement 2024-25

### Executive Summary

The Leader of the Council and the Chief Executive both recognise the importance of having good management, effective processes and other appropriate controls in place to deliver services to the communities of Cheshire West and Chester.

The Annual Governance Statement describes how the Council's corporate governance arrangements have operated during the year. The Statement provides assurance that Council business has been conducted in accordance with law and proper standards. Also, that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Statement has been prepared following a considered review of various sources of assurance on how effectively the Council's governance framework and control environment have operated during 2024-25. These sources include:

- Directors, who are directly responsible for managing the delivery of their services and their associated risks.
- Functions overseeing the effectiveness of management activity or engaging in risk management or related control/compliance activities, including the Council's senior management and committees, performance management framework, and risk management, health & safety and information governance teams.
- Functions that provide independent and objective assurance regarding the integrity and effectiveness of governance, risk management and related controls (e.g. Internal Audit, external audit, regulators such as Ofsted and the Care Quality Commission, and peer reviews such as Local Government Association (LGA)).

Following review, there are four governance issues which have seen progress since 2023-24 but remain significant:

- **Financial sustainability** – The Council is facing financial pressures as a result of demand growth, particularly in Adults and Children's Social Care, outstripping the level of funding available. An overspend of £3.5m has been confirmed after mitigations for 2024-25. A balanced budget has been set for 2025-26 which includes significant additional investment in demand led services, and further actions are being implemented to strengthen the Council's resilience.
- **Strengthen Enterprise Resource Planning (ERP) system** – A stabilisation plan for the Transactional Shared Service has been agreed and is being implemented across the Shared Service portfolio. This will ensure sufficient stability and capacity to deliver both statutory duties and maximise the availability of data and insight to inform both demand management and improved financial forecasting across the Council. Progress will continue to be made against this plan, monitored through Management Board.
- **Strengthening and protecting the Council's assets** – The Council has taken steps to ensure value for money from the assets it uses, and that all assets it is responsible for in the Borough are appropriately maintained and safe. This remains challenging in the current financial context and requires prioritisation. This links into the need to conclude the development of an assurance framework for the Council's assets. This will help ensure risks are mitigated quickly, and the Council has assurance on building risks such as asbestos.

- **Creating the capability and capacity to transform whilst delivering key services** - The scale of the financial challenge, the challenges residents are facing, and the pace of external change are placing pressures on the capacity and capability to transform services in a way which manages the changes well from a governance perspective, whilst retaining sufficient pace and continuing to deliver services today. The launch of a Digital Strategy and Data Strategy, as well as further embedding the Project Management Office are key aspects for 2025-26.

Taking into consideration the various forms of assurance the overall opinion is that the Council's governance arrangements remain robust. This is based on the generally positive responses from Directors on the governance, risk management and control framework within their Services, the openness and positive engagement with internal and external audit and other inspection agencies and in their timely responses to addressing recommendations for improvement. Nevertheless, several internal audit reports and an external Ofsted inspection during the year, indicate that there had been a weakening in the governance, risk management and internal control framework in some Council services at least. Taken together with the significant governance issues identified, this overall assurance opinion may not be sustainable if there is a further deterioration in this framework in 2025-26. An ongoing process of internal review and monitoring will be implemented to ensure planned improvements are delivered on a timely basis.

**To the best of our knowledge, the governance arrangements, as outlined in this Statement remain fit for purpose and have been effectively operating during the year in accordance with the governance framework. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year, to be reported as part of our next annual review.**

**Signed on behalf of Cheshire West & Chester Council:**

**Leader of the Council**

**Chief Executive**

**Date:**

**Date:**

### **Review of Annual Governance Statement**

I have reviewed the Annual Governance Statement as approved by Cheshire West and Chester Council and certify that no significant issues arose during the preparation of the Statement of Accounts and it is not necessary to make a supplementary or supporting statement.

Simon Riley, CPFA  
Chief Operating Officer & Section 151 Officer  
Dated:

## Introduction

Cheshire West and Chester Council (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, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Under Regulation 6 (1) of the Accounts and Audit (England) Regulations 2015 local authorities are required to review the effectiveness of their governance arrangements at least once a year. The preparation and publication of an annual governance statement in accordance with the CIPFA / SOLACE Framework “Delivering Good Governance in Local Government” (2016) helps fulfil that requirement.

## What is Governance?

The Council acknowledges its responsibility for ensuring there is a sound system of governance. Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance contributes to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

This statement reports on the Council’s governance framework that has been in place during 2024-25 and explains how it has complied with its own code of corporate governance, including how the effectiveness of arrangements has been monitored. A copy of the Code of Corporate Governance is [available here](#).

Guidance on Best Value was published on 8 May 2024. This [guidance](#) has been reviewed, and a self-assessment was conducted which identified, alongside other review work, some areas for improvement (although no significant issues that were not already known). A section detailing the priorities for 2024-25 which has links to this self-assessment are at the end of this report.

## What is the purpose of the governance framework?

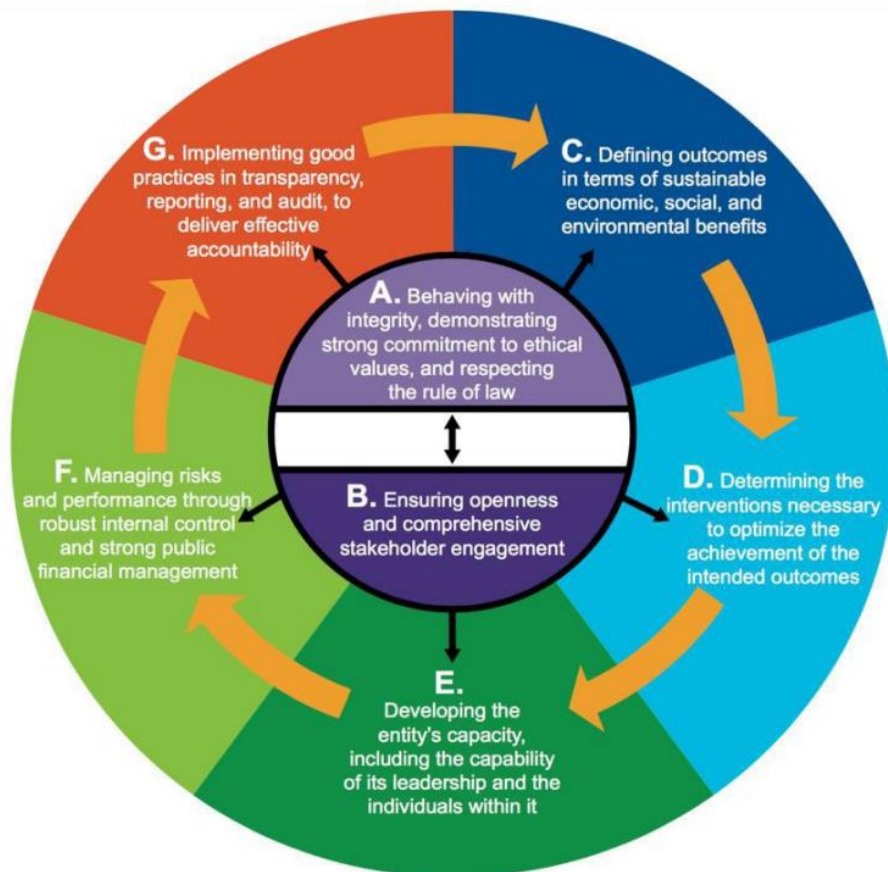
The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The governance framework is designed to manage risk to a reasonable level. The associated processes cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control 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.

### What is the Council's governance framework?

Governance generally refers to the arrangements put in place to ensure that intended outcomes are defined and achieved. The Council has based its framework on the CIPFA/SOLACE guidance (2016) 'Delivering Good Governance in Local Government.' Aligned to the CIPFA guidance, the Council aims to achieve good standards of governance by:



Source: CIPFA/SOLACE

The key policies, procedures and arrangements that support compliance with these principles are set out in the Code. As part of the compilation of this Annual Governance Statement the Code has been reviewed and updated and confirms the Council's commitment to the principles of good governance.

Key elements of the governance framework are as follows:

#### Organisational Priorities

- The Borough Plan (Play your part towards a Stronger Future) 2024-2028 sets out the shared vision and goals for the borough and includes seven key missions.



- The Borough Plan shapes and is shaped by the strategic plans for a range of organisations that make a vital contribution to the borough. It shapes the Place Plan (which sets out a vision for residents' health and well-being) with the NHS and continues to influence Safer Communities Plans with the Police and other partners. The plan also drives the Council's medium term financial plan, service plans and individual objectives for staff.
- The Council's focus and ambitions for its seven missions are detailed in an Annual Delivery Plan with accompanying Key Performance Indicators identified in a Performance Management Framework. Reporting of this performance data allows transparent analysis and challenge of outcomes. The indicators and targets are refreshed on an annual basis. The Framework has been previously referenced by the Local Government Association as an example of good practice.

#### Roles and Responsibilities of Members and Officers

- Elected Members are collectively responsible for the governance of the Council. The Council operates a Cabinet and elected Leader model of decision making with ten Members on the Cabinet, each responsible for a designated portfolio.
- Council has three principle statutory officers:
  - Head of Paid Service is the Chief Executive, who is responsible for all Council staff;
  - Section 151 Officer is the Chief Operating Officer, who is responsible for ensuring the proper administration of the Council's financial affairs and ensuring value for money; and
  - Monitoring Officer is the Director of Governance, who is responsible for ensuring legality and promoting high standards of public conduct.
- Other key statutory officers include:
  - Executive Director of Children and Families' Services, responsible for securing the provision of services which address the needs of all children and young people, including the most disadvantaged and vulnerable, and their families and carers;
  - Executive Director of Adult Social Services, responsible for assessing, planning and commissioning adult social care and wellbeing services to meet the needs of all adults with social care needs; and
  - Director of Public Health, with overall responsibility for the Council's duties to assess, protect and improve the health and wellbeing of the people in its area, and exercise its functions in planning for, and responding to, emergencies that present a risk to the public's health.
- The Council's Management Board (comprising the Chief Executive, Assistant Chief Executive, Executive Directors for Adults and Children, Chief Operating Officer, Director of Governance and Director of Public Health) has overall responsibility for the vision and culture of the organisation and for delivery against the Council's priorities.

- All directors are responsible for maintaining a sound system of internal control within their area of responsibility.

#### Standards of Conduct and Behaviour

- The Council has a local Code of Corporate Governance, in line with the latest CIPFA / SOLACE guidance, which demonstrates its commitment to the principles of good governance and to operate in an open and accountable manner, while demonstrating high standards of conduct.
- The Constitution sets out how the Council conducts its business and how decisions are made, together with a protocol for Member / Officer relations.
- Finance and Contract Procedure Rules provide the framework for managing the Council's financial affairs and apply to all Members and officers of the authority and anyone acting on its behalf.
- Codes of Conduct for Members and Employees, included in the Constitution, sets out expected standards of behaviour and include requirements to declare potential conflicts of interest and / or gifts or hospitality, which should be formally recorded. The Codes are communicated through induction, briefings and are available through the Council's intranet. Reminders to complete declarations of interest were issued to all officers during 2024-25.
- The Council values of THRIVE (Teamwork, Honesty, Respect, Innovation, Value for Money and Empowerment) are contained within the Borough Plan 2024-28 and were used to guide staff behaviours through their incorporation into recruitment, training and performance management and appraisal processes during 2024-25.
- The Council is committed to creating and maintaining an anti-fraud culture and high ethical standards in the administration of public funds. This is supported through the Anti-Fraud & Corruption Strategy, Whistle-blowing, Bribery and Anti-Money Laundering Policies.

#### Decision Making and Scrutiny

- The Leader and Cabinet are responsible both individually and collectively for all executive decisions. Forthcoming key decisions by the Cabinet are published in its Forward Plan.
- There are four Overview and Scrutiny Committees – Cheshire West and Chester Overview and Scrutiny Committee, People Overview and Scrutiny Committee, Places Overview and Scrutiny Committee, and Health Overview and Scrutiny Committee. The Scrutiny Committees hold the Cabinet to account and have the right to 'call-in' for reconsideration decisions made but not yet implemented by the Cabinet and individual Portfolio holders. The Council also is party to the Cheshire and Merseyside Integrated Care System Joint Health Scrutiny Committee which holds to account and scrutinises the work of the Integrated Care System at Cheshire and Merseyside.
- The Health and Wellbeing Board is a statutory committee of the Council established under the provisions of the Health and Social Care Act 2012 and the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013. The Board has a wide membership including

strategic decision makers from the Council, NHS Police, Fire and the voluntary sector. The Board's main aim is to work in partnership to improve health and wellbeing for residents and reduce inequalities across the Borough. The Board played a key role in developing the Council's Place Plan which represents the Council's vision for residents' health and wellbeing.

- A Report Clearance Protocol that must be followed by officers when reporting to Members, ensuring that reports are subject to legal and financial review.
- Decision making arrangements delegated to officers are recorded in the Scheme of Delegation, with evidence of appropriate authorisation retained.
- The Council's Management Board meets twice a week. All Directors are invited to attend for matters relevant to their responsibilities and meet monthly as the Extended Management Board.
- The Board is supported by a number of cross-directorate governance boards each chaired by a member of the Management Board, to facilitate more joined-up ways of working that align to the key priorities set out in the Council Plan.
- Several officer groups operate across the Council, responsible for the governance of specific areas of risk. These include Compliance, Assurance and Risk Board, Value for Money Board and Commissioning Board.
- Financial approval limits for officers are recorded in Schemes of Financial Delegation, which are prepared and updated by each Council Service.

#### Engaging with Local People

- The Authority has a communication strategy that is an audience-led and outcome-focused approach that supports the Council Plan. Channels of communication include the Council website, the Your West Cheshire website and social media channels.
- The Council's digital engagement platform – Participate Now – allows local people to participate in consultation and engagement activities. The Participate Panel is the Council's online citizens' panel and comprises a cross section of approximately 1,300 residents, broadly reflective of the local adult population, who are invited to take part in regular, online engagement with the Council. This included consultation on the 2025-26 budget, development of options for the Staring Well Service and Housing Management Strategy.
- Council meetings and those of its committees are held in public, and many are webcast. Agendas, minutes and decisions are recorded on the Council's website.

#### Finance, Risk and Performance Management

- The Council has a Performance Management Framework which supports the measurement and monitoring of financial performance as well as the delivery of the seven priority outcomes set out in the Council Plan. This is now being reshaped to reflect the seven missions set out in the new Borough Plan



- Financial performance is monitored monthly. Performance by all Council Services against a range of key quantitative and qualitative indicators is also monitored through quarterly reporting to senior managers and members.
- The Medium-Term Financial Strategy sets out the Council's approach in managing resources to meet its priorities and ensure value for money.
- The Council's Risk Management Strategy seeks to embed the management of risk and opportunities in all Council business and activity. The Council's approach to risk management has been subject to a significant review and refresh during 2024-25 with the aim of it being fully rolled out in 2025-26.

#### Partnership working

- Collaborative working arrangements are covered specifically within the Council's Constitution, including a requirement for arrangements to be recorded in writing.
- Any such arrangements involving participation in or creation of a separate legal entity or acting as accountable body require approval at director level, including the Director of Governance. The authorisation for collaboration arrangements depends on the Council's contribution and compliance with corporate objectives.
- Governance arrangements for Shared Services are monitored and managed by the Shared Service Joint Committee and the Joint Officer Board.
- The Council has established a central register of significant partnerships to enable corporate oversight and ensure good governance arrangements continue to be in place. This is subject to annual review by Internal Audit and reported to Audit and Governance Committee.

#### Council Companies

- Updated company governance arrangements, further to a recent review and refresh against best practice guidance, have been embedded into business-as-usual activity.
- Each council company was substantially reviewed in year to consider the most appropriate structural models of future delivery. The outcomes of these reviews were reported to Management Board and Cabinet
- The Portfolio Holder for Legal and Finance is the Council's shareholder representative on the separate legal entities it has established (Avenue Services, Brio Leisure, Cheshire West Recycling Limited, Edsential, LGPS Central Limited, and Qwest Services). The Head of Companies, Compliance and Assurance is the senior accountable officer, reporting to the Monitoring Officer who, in turn, reports to the Section 151 Officer.
- The Companies Board meets fortnightly with representation from Heads of Services from Companies, Compliance and Assurance, Capital and Strategic Finance, and Commercial Management. The Companies Lawyer and Senior Companies Manager are also in attendance with a set agenda in place.

- Oversight of shareholder interests is exercised via the Section 151 Officer, who supports the Portfolio Holder. Both receive monthly briefings on company matters.
- There are Cabinet member leads for each company including attendance at company boards as non-voting observers. There is also officer attendance, either as appointed Non-Executive Directors or non-voting observers.
- Several key decisions are identified as reserved matters for which the Council's consent is required.
- Financial oversight is exercised via submission of quarterly finance returns for each company to the Head of Capital and Strategic Finance. The financial impact of each company on the Council's budget position and risk is undertaken via quarterly performance reporting to Cabinet and Chester Overview and Scrutiny Committee.
- There are quarterly shareholder boards with the Chair and Managing Director for each company to review financial, risk and business plan performance.
- The Cabinet and Overview and Scrutiny Committee scrutinise annual business plan proposals, prior to member sign-off.
- Completion of an annual Governance Self-Assessment Checklist by each company board and subject to review by the Council's Internal Audit team. For 2024-25 companies have completed the Local Partnership Local Authority Company Review Checklist as well as the Council, acting in its capacity as shareholder.

#### Pension Fund

- The Council is the administering authority for the Cheshire Pension Fund (the name of the Local Government Pension Scheme in Cheshire). The Council reviews the discharge of its responsibilities through its Audit and Governance Committee. The Fund publishes its own statement of accounts on an annual basis and includes a "Governance Compliance Statement" which outlines compliance to industry specific governance principles.
- The Pension Fund Committee advises the Council's Section 151 Officer on the management of the Fund. Also, the Local Pension Board assists the Council to ensure the effective and efficient governance and administration of the Pension Fund responsibilities through the Council's Audit and Governance Committee.

#### Audit and Assurance Arrangements

- Audit & Governance Committee is responsible for overseeing the Council's audit and assurance arrangements. It provides independent review of the Council's governance, risk management and control frameworks and oversees annual governance processes. It also has other corporate governance responsibilities including consideration of Member Standards.
- The Council's Internal Audit function examines and reports on the adequacy and effectiveness of the Council's internal control, risk management and governance arrangements, in accordance with its Internal Audit Charter and

risk-based annual audit plan. Agreed actions in response to audit reports are followed up to ensure they have been implemented.

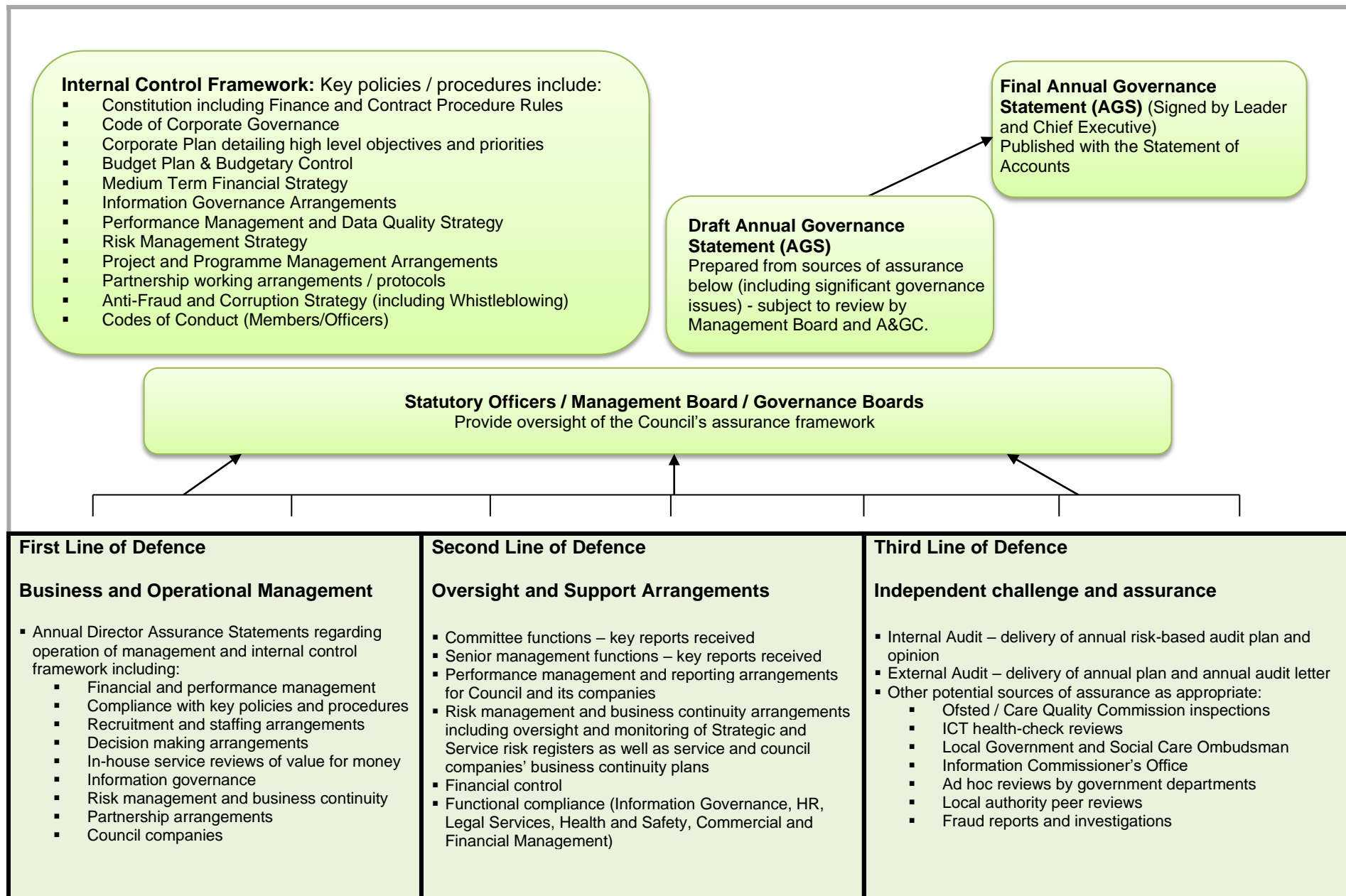
- Internal Audit reports that provide a 'No Assurance' or 'Limited Assurance' opinion on the risk management, governance and internal control environment for the area(s) examined are highlighted in reports to senior management and Audit and Governance Committee.
- The Head of Internal Audit produces an annual report, including an opinion on the overall adequacy of the Authority's framework of governance, risk management and control, in accordance with the Public Sector Internal Audit Standards.
- External audit provides an opinion on the Council's annual statement of accounts and whether the Council has secured economy, efficiency and effectiveness in the use of its resources.
- Other external inspections and peer reviews provide additional accountability and highlight good practice and areas for improvement.

### **How does the Council monitor and evaluate the effectiveness of its governance arrangements?**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by various sources of assurance including directors who have overall responsibility for the development and maintenance of governance, internal control, performance and risk management arrangements for their services. Also, the work of the Council and its Committees; and reports from Internal Audit, external audit and other review agencies and inspectorates.

This process is set out in an assurance 'map' overleaf, using a 'three lines of defence' model to help identify and understand the different types of assurance, with further detail provided in support in subsequent paragraphs:

- First line of defence – business and operational management assurance i.e. management and supervisory controls
- Second line of defence – functions that oversee the risks e.g. performance management arrangements, Council committees.
- Third line of defence – independent assurances on the management of risk.



## **Business and Operational Management Assurance**

All Service Directors were asked to provide statements of assurance regarding the effective operation of key areas of governance, risk management and internal control in their directorates during 2024-25. All statements of assurance were returned, with responses providing overall assurance that, from an operational management point of view there was effective management control during the year, including in regard to the Council's companies and its significant partnerships. There was evidence from several responses received that Services are regularly reviewing their own value for money and taking action to improve where possible. Council companies had also reviewed their governance arrangements against best practice.

Nevertheless, the returns identified a few areas for improvement. Several services highlighted data security incidents that had occurred during the year, primarily due to the inadvertent disclosure of personal data. The incidents had been reported internally to the Information Governance team as required and remedial actions taken as appropriate, including reminders to staff on the importance of data security (see section below on Information Governance for further details).

Some services, noted that they were continuing to experience difficulties with HR related processes, specifically recruitment, as well as financial forecasting via the Council's new Enterprise Resource Planning system (Unit 4). Services considered that the challenges experienced were compromising their efficiency. In June 2023 the Shared Services Transactional Services relaunched a new and much improved support site to support staff in carrying out tasks in Unit 4. Work continues to promote the new site and streamline HR related processes where possible.

The returns also highlighted that whilst in general services had business continuity plans in place, many needed updating and/or testing. In all such cases support from the Risk Management, Business Continuity and Security Advisor in the Customer, Companies, Compliance and Assurance Service has been offered to review and update this key document. Work is also ongoing to develop a corporate business continuity plan.

Statements of assurance are also provided by the Directors and Council Companies in support of the Section 151 Officer sign off on the 'letter of representation'. This provides assurance to the external auditors that the Council systems and processes will not result in material errors in the financial statements.

## **Oversight and Support Arrangements**

### **Senior Management Functions**

There are several cross-directorate governance boards set up to support the Council's Management Board. Of these, the Compliance, Assurance and Risk Board, chaired by the Chief Executive and attended by Management Board members, has a remit of proactively ensuring a Council-wide overview of assurances that the Council's statutory responsibilities and governance are effective and well managed. Also, to ensure statutory officers are enabled and supported to exercise their functions. During 2024-25 the Board were provided with various briefings including the following key governance issues:



- Exercise of statutory officers and proper officers' responsibilities through the coverage of key risks and issues.
- The proposed development of a strengthened framework to monitor and assure the Council's various compliance responsibilities, to ensure the Council meets all its legal duties. This is a Development Priority for 2025-26.
- The revitalisation of the Council's approach to the management of health and safety including the strengthening and embedding of a Health and Safety Compliance Framework to evidence that the Council is proactively managing health and safety.
- Internal Audit activity including issues arising from audit reports on Council Services with a 'limited' or 'no' assurance opinion on the governance, risk management and internal control framework.
- Progress updates on service risk registers and business continuity plans and the development and update of the Strategic Risk Register.
- Horizon scanning of the risk and opportunity landscape, and regular deep dives into strategic risks.
- Information governance reports, covering data protection incidents (causes and lessons learnt), and proposals to improve information governance.

### **Financial Control**

In February 2025 the Council set a balanced budget for 2025-26 and indicative budget plans for 2026-29, aligned to the Borough Plan 2024-28. This included the need to address a funding gap of £49.6m during 2025-26 and £156.3m in the period to 2029. A four-year capital programme was also developed.

Financial performance is reported regularly to Cabinet, with the mid-year and annual reports also subject to scrutiny by Overview and Scrutiny Committee. The out-turn position for 2024-25 was an overspend of £3.5m, a decrease of £6.0m compared to the £9.5m forecast overspend reported at the end of November 2024. The main contributors to the forecast overspend are Adults and Children's Services. Budget pressures in these areas are recognised as a national issue. Whilst there was significant investment in both areas to stabilise the financial pressures from previous years and fund further growth in 2024-25, growth exceeded that which was forecasted. Within Adult Social Care the main pressure was due to a significant increase in external care costs relating to Mental Health, along with pressures within Older People Services and Learning Disability Services. In Children's Social Care the main pressure related to employing agency social workers to cover vital vacant roles.

Both Adults and Children's services are pursuing mitigating actions to control cost and reduce demand. However, due to the lead-in time that some of the actions and decisions required, it was not possible to fully achieve these impacts in 2024-25. Other budget pressures in-year included home to school transport, park and ride, markets income, commercial property income and parking and enforcement income. Actions to address these pressures were considered as part of the 2025-26 budget setting process.

Due to these cost pressures there was a tightening of spending controls from December 2024. These included review and approval by Management Board for all new spending commitments over £5,000 to ensure the proposed spend is essential; tighter vacancy management and approval by Management Board; Increased oversight and challenge of Social Care Resource Panels; and increased focus on prompt raising of debt invoices and collection. In addition, enhanced in-year reporting was developed with the Value for Money Board monitoring savings delivery and identifying the actions required to deliver savings proposals.

A self-assessment of the arrangements in place for 2024-25 has been completed against the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government Framework, published in 2016. The Statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in carrying out their role. The self-assessment evidenced full compliance with these requirements.

A self-assessment has also been undertaken against the principles in the Financial Management Code, published by CIPFA in 2019. The Code provides guidance on good and sustainable financial management in local authorities and compliance to provide assurance that an authority is managing its resources effectively. No areas of non-compliance were identified through this self-assessment.

Directors' Statements of Assurance for 2024-25 highlighted that Service schemes of financial delegation generally operated satisfactorily during the year with no significant issues arising.

### **Performance Management Framework**

The performance management framework, implemented with the Borough Plan 2024-28, includes an assessment of performance against 90 Council Plan indicators. Regular performance reports were taken to Cabinet during the year, with the mid-year and annual reports also subject to scrutiny by Overview and Scrutiny Committee.

As at the third review, reported to Cabinet in January 2025, the report noted that, of the 90 indicators, 25 were assessed as 'green' and performing well against target, 11 were 'amber', and 23 were 'red', performing below target, with five new measures with no target set for 2024-25 whilst a baseline is established. The remaining 26 indicators relate to indicators that are only available on an annual basis and not reported at this time.

Significant areas of strong performance and improvement included work around homelessness; the number of carers receiving assessments; people supported into employment; the number of road defects and pot-holes repaired; the ongoing success of the Trees for Climate programme; the number of people interacting digitally with the Council; and the low level of non-recyclable waste. Ongoing challenging areas included the timeliness of completing Education, Health and Care Plans; and the slight increase in fly-tipping, although still very low compared to other authorities.

### **Risk Management and Business Continuity**

During 2024-25, significant steps have been taken to enhance and strengthen risk management and business continuity practices. The focus has been on implementing

recommendations from previous external audit reports to ensure a robust and proactive approach to managing risks. The Audit and Governance Committees received a presentation on version 1 of the risk management framework in May 2024.

In May 2025, version 2 of the risk management framework was presented to the Audit and Governance Committee. This updated framework includes detailed risk scorecards for each strategic risk currently on the risk register. These scorecards feature the Senior Responsible Officer (SRO) for each risk, risk appetite statements, current and target scores, mitigations with responsible persons, and future mitigations with responsible persons.

A key development this year has been the design and implementation of a new method for documenting risks for each directorate. In 2025-26, each risk register will transition to a SharePoint list and adopt a 5 x 5 matrix for risk assessment. This will provide a more granular assessment of risks, enhancing the ability to manage them effectively. The move to SharePoint ensures that risk management activities are readily available, providing an up-to-date picture that supports informed decision-making.

Throughout the year, significant risks have been identified, including the adequacy of the inspection regime to mitigate bridges failure, continuity and performance of ICT and Customer Services. These risks were flagged, and a meeting held with relevant officers and Head of Customer, Companies, Compliance and Assurance to ensure corrective actions were taken and to provide assurance that the respective risks were being managed effectively.

Looking ahead to 2025-26, the key plan is to create and refine a Power BI dashboard to enhance the ability to report and investigate the risk landscape. This tool will provide better insights and support more effective risk management across the Council.

Regarding business continuity, significant work has been undertaken following the 'Operation Uninterrupted' council-wide workshop session held in April 2024 for heads of service. Within the session, the impact and response plans in respect of a cyber-attack, loss of staff, and loss of a key supplier were discussed. Key learnings were cascaded following the session. Since then, individual services have been working to conduct mini tailored sessions focusing on their specific business continuity plans. These sessions aim to increase resilience to any future business continuity issues or threats.

For 2025-26 the focus is to deliver a corporate business continuity plan and continue to support services in updating and testing their plans. Several services have taken up the offer of further support from the Emergency Planning and Compliance and Assurance Teams. Additionally, in response to Directors' assurance statements, further offers of support have been extended where there are indications that business continuity plans may need further updates or testing.

## **Functional compliance**

### Health and Safety

During 2024-2025 the Council has continued to ensure the aims of the health and safety strategy through the continued promotion of the health and safety compliance framework in line with Health and Safety Executive guidance (HSG 65) and through a targeted action plan. The health and safety compliance framework sets out the mandatory

requirements to ensure compliance with health and safety legislation and the action plan builds on key areas such as communication, risk assessment, training, and responsibilities. The team monitors health and safety arrangements across the Council.

Directors report annually on their health and safety performance and present a case study throughout the year at bi-monthly Health and Safety Forum meetings which are overseen by the Chief Operating Officer. The Forum meetings have a focus on RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013) reportable incidents to the Health and Safety Executive which allows for improvements to be managed and raises awareness of health and safety matters across the Council. The framework and forum meetings were supported by an annual Health and Safety Week Month in November 2024 during which time an employee survey was distributed, with results shared with directorates and action taken as appropriate.

During 2024-25 accident / incident reporting has stayed consistent, with continued promotion of reporting. 39% of all accidents / incidents reported related to an education setting, with 42% reported relating to Vivo and adult social care. All accidents and incidents reported are reviewed by the health and safety team to ensure that the Council meets its statutory reporting under the RIDDOR Regulations 2013. There were 12 RIDDOR reportable incidents during 2024-2025, which is in line with the number reported in 2023-2024, 9 of these were within Education. None of the reported incidents led to prosecution by the Health and Safety Executive.

The Council continues to empower directors to take ownership, accountability, and responsibility for managing the health and safety risks within their service areas, in addition promoting individual responsibilities regarding health and safety. The health and safety forum will continue in 2025-26 with a focused case study all directors will share during the scheduled meetings along with delivery of the action plan targeting key areas relating back to the health and safety strategy themes.

### Information Governance

There was a reduction in the number of reported security incidents involving the loss of personal data during 2024-25, with 116 reported compared to 149 in 2023-24. Twenty incidents met the threshold to be classed as a formal breach of data protection due to an identified loss of data or clear detriment / risk to the data subject (constituting a loss of control of personal data).

Additionally, three incidents required reporting to the Information Commissioner's Office (ICO) as having hit the threshold for reporting. Two related to the inadvertent disclosure of personal data and the other to the deliberate accessing of personal data with no authority or permission to do so. The first case involved the disclosure of a confidential address to a former partner when it had been identified it should have been withheld, the second related to a member of staff accessing a family member's social care records and the final case involved the disclosure of sensitive health information to a former partner in error. While the ICO took no further action in any of these cases, the disclosures of the confidential address and medical records has led to claims for compensation and the inappropriate access is currently the subject of disciplinary proceedings.

While the majority of incidents were considered low risk, it remains a concern that 58% of all reported incidents related to the incorrect emailing of data to the wrong recipient

(both internal and external). As a result, it is necessary for the Council to demonstrate it has taken appropriate steps to address this ongoing risk in the form of both technical and organisational measures. A failure to take steps to address a known risk could be deemed a breach of the Council's data protection responsibilities and be actionable by the ICO should a reportable incident occur.

While the ICO continues its policy of not issuing monetary penalties to public sector organisations, there is an increase in the number of compensation claims being made, and settled, due to data protection incidents. There are currently seven open claims relating to breaches of data protection, including two of the cases noted above.

There has also been a marked increase in the numbers of Freedom of Information and Subject Access Requests and the mandatory deadlines for dealing with such requests continues to add additional pressure on to the service. There was a total of 1,524 FOIs in 2024/25 with 71% answered within the statutory 20-day timescales. This is an area of concern and steps are being taken to address the issue.

Similarly, 2024/25 saw a total of 319 Subject Access Requests, a 13% increase on 2023/24, with the vast majority related to social care information. Of these, some 177 were assessed as being eligible to be treated in line with statutory requirements, with the remainder responded to as necessary in line with business-as-usual requests or refused. Of the 177 requests processed as Subject Access Requests 86% were processed within statutory timescales. For 2025-26 there will be a realignment of responsibilities to ensure appropriate accountability for data held and processed in each individual service, with the Information Governance Team ensuring appropriate governance and compliance arrangements in these areas.

As a result of proposed changes to data protection legislation under the new Data Protection Digital Information Bill, staff training was paused during 2023-24 to allow for changes to practices to be integrated. Following the change in government in July 2024, this bill did not progress. However, the new government has now moved forward with the Data Access Bill, which is currently passing through parliament, with a greater focus on Artificial Intelligence and joined up data sharing. A schedule of new data protection training based on the changes brought in by this bill will be organised once it has been passed.

The first annual Information Governance month was held in February 2025 and included a series of training sessions attended by staff across the authority. These annual events will continue to allow the Information Governance Team to address concerns, issues or developments identified over the previous 12 months and will be run in addition to mandatory data protection training for all staff which will be reintroduced as an annual requirement.

### Contract Management

The Commercial Management team adopts a standardised contract management approach focusing on the principles of accountability, value for money, robust performance management and reporting and health and safety compliance. The Service prepares quarterly reports on the performance of the Council's 13 major strategic contracts it manages (including all Council companies except Edsential). The reports consider, for each contract, performance against the performance management



framework. A balanced score card approach is used to arrive at an overall contract health assessment. This considers financial performance, service delivery, health and safety compliance, risk and reputational damage and performance against contract outcomes.

The final quarter review for 2024-25 identified that for five of the 13 contracts, contract performance was satisfactory, with the other eight contracts amber rated. The amber rating partly reflects inspection failures in specific contracts, though none were individually significant of themselves. In addition, for some contracts, the assessment also related to financial challenges for the Council arising from their delivery and / or potential associated risks with recommissioning and ensuring a smooth transition. This is natural for contracts of such a strategic nature. In all cases, the risks identified are being managed, with appropriate mitigations in place. As such, there are no significant governance issues arising.

## **Committee Functions**

### Council

The Council met on five occasions in 2024-25 and received / approved reports on a range of matters, including the appointments of the new Executive Director of Place and Growth, Executive Director Children's Services, and Assistant Chief Executive – Director of Transformation and Strategy; Review of HRA Budget; Combined Overview and Scrutiny Annual Report 2023-24; Budget Report 2025-26, Medium Term Financial Strategy 2026-29 and Council Tax Setting 2025-26.

Agendas and reports are accessible here: [Council meetings](#)

### Cabinet

The Cabinet met on eight occasions in 2024-25 and received / approved reports on a range of matters including Adult Social Care Strategy – Enabling Great Lives; Commissioning Intentions for Children's Residential Care and Care Leavers Accommodation; Health and Safety Policy 2024-26; Northgate, Chester – Future Phases; Review of Financial Performance 2023-24; Summary Corporate Performance Report 2023-24; Youth Justice Service Plan 2024-27; Council Housing – Future Service Delivery Options Consultation; Medium Term Financial Strategy 2025-2029; Extra Care and Care at Home Commission; Schools Block and Early Years Funding 2025-26; Homelessness and Rough Sleeping Strategy 2025-2030; and the Compact Review 2024.

Agendas and reports are accessible here: [Cabinet meetings](#)

### Audit & Governance Committee

The Audit & Governance Committee met on six occasions during 2024-25 and received / approved reports including those related to the Statement of Accounts for the Council and Cheshire Pension Fund 2022-23 and 2023-24; External Auditor's Annual Reports 2021-22, 2022-23 and 2023-24 and Audit Plan and Progress Reports 2023-24 ; Annual Governance Statement 2022-23; Waivers of Finance and Contract Procedure Rules 2021-22 to 2023-24; Internal Audit Plan and Plan Progress Reports 2024-25; Head of Internal Audit Annual Report and Opinion 2023-24; Risk Management Framework; Standards Report 2022-23 and 2023-24; Updated Health and Safety Policy; Treasury Management Update 2024-25 and Strategy 2025-26; and Recruitment of Independent Persons Under Localism Act 2011.

Agendas and reports are accessible here: [Audit & Governance Committee meetings](#)

#### Cheshire West and Chester Overview and Scrutiny Committee

The Committee met on five occasions during 2024-25 and scrutinised items including 2023-24 Financial and Corporate Summary Performance; 2024-25 Mid-Year Review of Financial and Corporate Summary Performance; Property Asset Strategy – Annual Report; Council's Approach to Public Consultation; Corporate Compliments and Complaints 2023-24; Section 106 Payments; and Budget Report 2025-26, Medium Term Financial Strategy 2026-29 and Council Tax Setting 2025-26.

The Committee also undertook in-depth annual scrutiny reviews of Flood Management and Council Companies.

Agendas and reports are accessible here: [Cheshire West and Chester Overview and Scrutiny meetings](#)

#### People Overview and Scrutiny Committee

The Committee met on seven occasions during 2024-25 and its work programme included scrutinising Adult Social Care and Children and Families Safeguarding and Performance Reports; Ofsted Inspection of Children's Services; Summary of Regulation 44 Reports; Recommendation 41 Visits; and Adults and Children's Social Care Compliments and Complaints Annual Report.

The Committee also undertook in-depth scrutiny reviews of Special Educational Needs and Disabilities Provision; and Children in Care.

Agendas and reports are accessible here: [People Overview and Scrutiny meetings](#)

#### Places Overview and Scrutiny Committee

The Committee met on four occasions during 2024-25 and its work programme included scrutinising: Delivery Model Options for the Household Waste Recycling Service; Streetcare Services; Community Safety Partnership; Heritage Strategy; and Housing Strategy 2025-2035

The Committee also undertook an in-depth annual scrutiny review of the Household Waste Recycling Centres, Colas Highways Contract

Agendas and reports are accessible here: [Places Overview and Scrutiny meetings](#)

#### Health Overview and Scrutiny Committee

The Committee met on seven occasions during 2024-25, and included consideration of Cheshire and Wirral Partnership Performance and Quality Accounts 2023-24; Countess of Chester Hospital NHS Foundation Trust – Care Quality Inspection Report; Winter Planning Arrangements for Health and Social Care Services; Community Pharmacy; and Primary Care Optometry Service.

Agendas and reports are accessible here: [Health Overview and Scrutiny Committee meetings](#)

## Members' Training

Members' training sessions during 2024-2025 have taken place both remotely and in person, with increased reference material available on the Councillor's Portal on the Sharepoint site. A number of services have used the Member Training reserved sessions for online or in person training, covering Governance, Regulatory Training and service specific training and awareness sessions in Waste Management, Flooding, SEND provision, Emergency Planning and Climate Emergency Response Plan to name but a few. A revised programme of training has recently been developed and will be rolled out over 2025/2026.

## Cheshire Pension Fund

Cheshire West and Chester Council is the statutory Administering Authority for the Cheshire Pension Fund (the name of the Local Government Pension Scheme in Cheshire). The Council has delegated decision making responsibility for the Fund's affairs to the Chief Operating (S151) Officer who in turn has appointed an advisory panel known as the Pension Fund Committee.

The Council, as Administering Authority, publishes an Annual Report including the Statement of Accounts for the Fund each year and includes a "Governance Compliance Statement". The Fund's governance arrangements are assessed as fully compliant with the Public Service Pensions Act 2013. These arrangements include those put in place to ensure appropriate oversight of LGPS Central Ltd, a wholly owned investment management company regulated by the Financial Conduct Authority. The company is jointly and equally owned by eight LGPS partner funds, of which Cheshire is one.

During 2024-25, with the Pension Regulator's "General Code of Practice" having come into force, the Fund undertook an initial self-assessment against those requirements of the General Code which are understood to be requirements for the LGPS and introduced a number of improvements to increase levels of compliance with the new Code. A full self-assessment against the Code was then carried out, with the outcomes reported to the Local Pension Board and the Pension Fund Committee in May 2025. The resulting governance compliance action plan will ensure that continued progress is made in closing identified gaps between the General Code's requirements and current Fund practice.

The Government's "LGPS: Fit for the Future" consultation included proposals seeking to take forward aspects of the previous "Good Governance" review commissioned by the LGPS Scheme Advisory Board, including introduction of an LGPS Senior Officer role, an independent governance review regime, and updated requirements for key policies and publications such as the Governance Compliance Statement, conflicts of interest policies, administration strategies and annual reports. The Fund will integrate any new requirements, once statutory and regulatory changes are confirmed, into our overall governance compliance action plan.

## **Independent challenge and assurance**

### **Internal Audit and Counter Fraud**

Internal Audit has continued to work to the UK Public Sector Internal Audit Standards. An external review undertaken in March 2024 confirmed that the team continue to fully conform to the Standards.

During 2024-25 Internal Audit issued 22 reports on Council activities where an assurance opinion was delivered (including one report where the draft report and opinion was issued in 2024-25 but was finalised in May 2025, before the Annual Governance Statement was prepared). In addition, there were 33 non-assurance activity work assignments undertaken, including the audit of several grants where there is a statutory requirement and other consultancy / advisory work. All work undertaken contributes to improving the Council's governance, risk management and control arrangements.

Of the 22 reports where an assurance opinion was delivered, 12 (55%) were assessed as having 'substantial' or 'reasonable' assurance on the system of governance, risk management and control for the areas examined. Of the remainder, nine were assessed as 'limited' and one assessed as 'no' assurance.

Whilst the 'limited / no' assurance assessments identify areas of control weakness; in most cases they relate to areas where the controls were known to be at risk by the respective Services. In these cases, an independent review and opinion from Internal Audit was actively sought by the Director, with a view to identifying areas for improvement. Nevertheless, the proportion of reports assessed as 'substantial / reasonable' assurance continues to reduce (2023-24 – 59%; 2022-23 – 65%; and 2021-22 - 69%) with services increasingly referencing capacity pressures as a factor in their ability to maintain an appropriate control regime.

Internal Audit is satisfied that appropriate actions have been identified to address the issues raised in its. However, for some of these audit reviews capacity issues within the Services first need to be addressed and may delay the effective implementation of agreed actions.

The actions agreed in all reports are followed up by Internal Audit to ensure implementation and enhancement of the Council's internal control framework. Overall, 118 of 135 (87%) agreed actions were identified as having been implemented during the financial year, against a target of 85%. Internal Audit provide regular reports to Directors to highlight overdue actions related to audits in their services, to ensure their awareness and, where possible, expedite their implementation. Internal Audit is satisfied that services are acting on the issues raised in its reports, with overdue actions either in progress or needing to be rescheduled where delay was unavoidable. Internal Audit continue to monitor, and report on, performance in this area escalating as appropriate to ensure actions raised are implemented on a timely basis.

Internal Audit work included a review of the governance of the Council's significant partnerships and found generally effective governance arrangements in place. The audit report finalised in November 2024 identified no areas of significant concern but noted a few areas for improvement. For example, ensuring that all partnerships maintain up to date risk registers, and ensuring detail on confidentiality / data protection and exit arrangements is included within the partnership agreement.

During 2024-25, the Corporate Fraud team dealt with 269 referrals, of which 135 were subject to investigation during the year. None of these investigations identified systemic failings in Council services and were relatively 'low level'. The investigations led to outcomes such as discounts and exemptions being withdrawn, and civil penalties applied (primarily in respect of Council Tax). In addition, the Corporate Fraud Manager reviewed six allegations made through the Council's whistleblowing arrangements. These allegations were found to be either without foundation or 'low level', where the

need for limited action in accordance with internal policies and procedures, including additional training / guidance, was identified.

The Head of Internal Audit's Annual Report for 2024-25 will include the opinion that 'the Council has in place a satisfactory system of governance, risk management and internal control designed to meet its objectives'. This is based on the positive engagement with senior managers in terms of their openness in identifying areas at risk for review and in their timely responses to addressing recommendations for improvement. Also, that no significant fraud concerns were identified during the year. However, it will be difficult to maintain that opinion if there is any further increase in the proportion of audits that highlight concerns with the Council's capacity to maintain an adequate control framework for the areas examined.

### **External Audit**

During 2024-25 the external auditors completed their sign off of the outstanding Council's Group and Council's financial statements for 2022-23, with the annual reports covering 2021-22 and 2022-23 received by Audit and Governance Committee in September 2024. The primary cause of delay related back to issues identified in the 2020-21 financial statements regarding the Council's valuation of its land and buildings assets alongside capacity and delivery delays by External Audit (this situation was mirrored across the country). There was a need for revaluations on most asset categories and a review of valuation processes which have taken time to resolve, with several adjustments needed.

The review of the financial statements for 2023-24 was also substantially completed. In their audit findings report received by Audit and Governance Committee in February 2025 the auditors stated there were no matters of which they were aware that would require modification of their audit opinion or material changes to the financial statements. In their annual report for 2023-24, also received by Audit and Governance Committee in February 2025, the auditors reported that they had not identified any significant weaknesses in the Council's arrangements for improving value for money. Seven improvement recommendations were included in their annual report. In all cases, actions and processes were already in place to address the recommendations made at the time they were reported to the Committee.

### **Ofsted - Inspection of Local Authority Children's Services (ILACS)**

In July 2024, the Council received an ILACS inspection by Ofsted. The report, published in August 2024 noted that since its last inspection in 2019, some key services for children living in the Borough had deteriorated and requires improvement. Ofsted judged one area of Children's services as 'Good' (services for children in care) with three other areas assessed as 'Requires improvement to be good', giving an overall effectiveness rating of 'Requires improvement to be good'. Key areas for improvement identified were in respect of services and support to children who need help and protection; care leavers; and the impact of leaders on social work practice with children and families. It was considered that while there were improvement plans in place over-optimism by leaders had led to a lack of pace and impact in their delivery.

In response to the report Children's Services prepared an action plan to address the issues raised. Update reports in implementing the action plan have been provided to People Overview and Scrutiny Committee.



## **Other Sources of Assurance**

### **Investors in People (IIP)**

The IIP Assessment was carried out by the Council's IIP Practitioner who spoke to over 150 staff over a three-week period in January 2025. The assessment considered how the Council's people management practices align to the nine indicators of the IIP Standard. Also, as part of the assessment, a survey aligned to the IIP indicators was rolled out to all Council staff in autumn 2024.

The Council achieved gold level IIP accreditation, an increase on its previous silver level status. The report noted that the approach to health and well-being had been successful in driving a supportive culture, contributing to people feeling that the Council is a good place to work. The review noted that staff expressed confidence in the leadership team with them described as visible, knowledgeable and passionate as public servants to serve the community.

It was also noted that the Council's THRIVE values continue to be well embedded and inherent in how staff work and are largely responsible for creating a positive working culture and enabling people to understand the context for change and value to customers. It was acknowledged that planning for the future has been streamlined and coproduced, and a structured framework has been developed. The report stated that developing the ambition into missions has simplified the objectives and made them more meaningful. The report made recommendations to support further improvement, and these will be incorporated into the Council's People and Culture Strategy Action Plan 2025-2028.

### **Local Government and Social Care Ombudsman**

The Local Government and Social Care Ombudsman's report on complaints received against the Council in 2023-24 was reported as part of the Annual Corporate Complaints and Compliments Report received by Overview and Scrutiny Committee in November 2024. During the year the Ombudsman received 70 complaints of which 13 were upheld (compared to 8 cases upheld in 2022-23). The volume of complaints upheld is very low compared to the level of contact received (around 0.1%). Nearly half these cases related to Education and Children's Social Care, with several specific to special educational needs and disabilities issues. In each case the required remedies were implemented. It should be noted that there has been a general increase in special education needs and disabilities complaints nationally, which has been referenced in reports issued by the Ombudsman.

### **ICT Controls**

The Council's ICT systems continue to be subject to review through a number of external reviews as well as self-assessments in line with an assessment of the current external risk profile. There is an annual independent ICT health check by an accredited organisation which includes penetration testing to assess system security and vulnerability to cyber-attack; as well as various other external audits or self-assessments to satisfy the requirements of bodies such as the Council's external auditors; the NHS, central government departments such as the Department for Work and Pensions and Cabinet Office. The Council's Audit and Governance Committee receives a bi-annual update on current and proposed cyber security controls.

The security of council systems and data has underpinned the redesign of ICT through the programme to disaggregate services from the current ICT shared service arrangement. The delivery of this programme is being assured externally and through joint Council and Member governance. Further enhancements to the Council's security tools and systems identified through this programme will be considered where they ensure the overall security and integrity of the ICT estate.

**Other Assurances**

Other sources of assurances on the robustness of the control framework that operated in 2024-25, as referenced by Directors in their annual assurance statements, included:

- BACS Accreditation audit – no issues arising
- Ofsted review of Adult Education and BASE review of supported employment – Both reviews resulted in positive assessments for the service.
- Completion of LGA Public Health Self-Assessment Tool which identified no significant areas of concern and has led to further progress in implementation of intelligence-led decision making and planning by Public Health and Place partners.
- CQC inspections of regulated services – no issues of significant concern identified.
- Inspection of Chester crematorium and associated facilities by the Federation of Cremation and Burial Authorities under the crematorium compliance scheme identified 97% compliance.
- 'Satisfactory' assurance opinion on the Local Government Pension Scheme (LGPS) Central Limited governance arrangements for 2023-24 further to a review issued in May 2024 by Wolverhampton Council Internal Audit. The audit was undertaken on behalf of the LGPS Central Pool partner funds, of which the Cheshire Pension Fund is one.

## What were the significant governance issues in 2024-25?

The four significant governance issues to be reported are as follows:

### 1. Financial Sustainability

**Responsible officers:** Director of Finance, Chief Operating Officer (s151)

Nationally, local government is under extreme financial pressure. Whilst funding for local government has increased in recent years, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support. There are an increasing number of councils now reporting that they are facing financial difficulties. Several have issued Section 114 notices or requested exceptional financial support from Central Government for 2025-26 because service demand is outstripping the level of funding available. Whilst the 2025-26 local government financial settlement did announce additional funding, the single year nature of the settlement coupled with the currently unknown impact of the upcoming funding reforms which are intended to place Local Government in a more sustainable financial position from 2026-27, is leading to considerable uncertainty about the funding position for all councils in future years.

Locally, within Cheshire West and Chester we are experiencing these challenges, with growth and complexity pressures in Children's and Adults Social Care outstripping the investment included within the 2024-25 budget, and opportunities to achieve savings to close the funding gap becoming increasingly difficult. The Council set a balanced budget for 2025-26 however that is reliant on delivering £29.2m savings in 2025-26 and includes the use of one off reserves of £5.4m.

The Council has a well established financial management framework for reporting on financial performance and delivery of savings and has continued to build on the enhanced governance for overseeing delivery of savings proposals and major transformation programmes which was implemented in 2023-24; but delivery of this level of savings to be resilient to demand growth has been challenging and will continue to be.

In 2024-25, the Council has:

- Maintained the enhanced robust financial controls it introduced in 2023-24 to give greater challenge and scrutiny to proposed pay and non pay spending.
- Regularly reviewed the delivery of high value and/or high risk savings proposals through the Council's Value for Money Board;
- Undertaken six monthly reviews of the performance of its regeneration investments
- Invested £45.7m into Children's and Adults Social Care whilst prioritising service transformation to manage the growth in demand in the long term.
- Undertaken a robust budget setting process for 2025-26, with plans including replenishing the general fund reserve to ensure it is within the risk assessed range by 2028.
- Held weekly sessions between the Chief Executive, Director of Finance, Director of Strategy and Transformation and the Executive Directors for Adults and Children's to agree actions to reduce the underlying overspend within adults and children's social care

- Increased the oversight of use of agency staff, resulting in reduction in agency staff spend during the year.

These steps, alongside performance and monitoring frameworks and rooting out inefficiencies, have enabled the Council to reduce its overspend in 2024-25 from a forecast £9.5m overspend reported at the end of November to a final outturn position of a £3.5m overspend. However, within this, there is a £15m pressure within Adult Social Care, despite the additional funding invested in 2024-25, and there is an increasing risk that spend in Adult Social Care in 2025-26 could exceed the available budget, despite the further investment in social care included in the 2025-26 budget

In 2025-26, the Council will strengthen its resilience by:

- Delivering on its savings and transformation plans, which aim to reduce growth in demand;
- Investing in priority areas, including £60.9m investment to ensure the local adult population is enabled to flourish, be healthy, happy and independent for longer in supportive communities and £28.3m investment to ensure the Council enables the best possible start for children and young people
- Developing a four-year budget plan (2026-27 to 2029-30) which will see a long term shift to focus on outcomes and ensure sustainability of services
- Continuing to review financial controls, models and service level forecasts to ensure the Council is responsive to changing demand.
- Further enhancing financial accountability within the Council, and ensure budget holders have appropriate tools to manage their budgets effectively
- Lobby Government for fairer funding and participate in the consultation on local government funding reforms

## **2. Strengthen Enterprise Resource Planning (ERP) system**

**Responsible officers:** Director of Finance, Chief Operating Officer

A stabilisation plan for the Transactional Shared Service has been agreed and is being implemented across the Shared Service portfolio. This will ensure sufficient stability and capacity to deliver both statutory duties and maximise the availability of data and insight to inform both demand management and improved financial forecasting across the Council.

Progress will continue to be made against this plan aligned with a future UNIT4 Optimisation and Improvement Programme, and this will be monitored through Management Board. The Council will also review its other key systems to identify and exploit similar opportunities for improvements.

In 2024-25, the Council has:

- Developed and mobilised an Optimisation and Improvement Plan linked to the outcome from the UNIT4 health check to ensure the system is fully optimised;
- Reviewed the change control governance arrangements to ensure a risk-based approach is embedded in both incident and development management protocols.
- Jointly commissioned a Target Operating Model review of the Shared Service.

In 2025-26, the Council will strengthen its Enterprise Resource Planning system by:

- Implementing the recommendations of the Service Model review. Purpose of the review is to ensure service delivery model is fit-for-purpose, value for money and supports the strategic direction of both Councils.
- Continuing with the roll out of the UNIT4 Optimisation Programme focussing on HR and Payroll to maximise the functionality of the ERP system.
- Delivering the Integrations Framework in-house supporting the transfer of data in and out of UNIT4 utilising the latest technology.

### **3. Strengthening and protecting the Council's assets**

**Responsible officer:** Chief Operating Officer

Given the financial challenge (see 1. above) and the transformation of services necessary to achieve financial sustainability, missions and the Borough Plan, the Council needs to realise strong value for money from the assets it uses. A key part of this is to ensure the assets enable the delivery of service priorities, the Council missions and the new Borough Plan.

At the same time, the Council must ensure the wider physical assets it is responsible for across the Borough (including all highways and property assets) are appropriately maintained and so safe for residents, communities, and wider stakeholders. This links into the need to conclude the development of an assurance framework for the Council's assets. This will help ensure risks are mitigated quickly, and the Council has assurance on building risks such as asbestos.

In 2024-25 the Council implemented its Asset Rationalisation Programme and developed the first round of Service Asset Management Plans. This identified almost 900 property assets that did not sit within any particular Council service so in 2025-26 these assets will be reviewed to determine whether or not they should be retained by the Council.

In 2025-26 the completed Service Asset Management Plans will be developed to include more detailed financial assessment as part of the Council's broader programme of budget setting.

At the beginning of April 2025, the Council's new Facilities Management arrangements transferred to Equans. During the financial year 2025-26 work is underway on the procurement of a replacement Property System and database, taking the opportunity to incorporate key property data including statutory compliance records and inspection regimes and reviews. This will serve to strengthen the Compliance Framework around key building risks.

### **4. Creating the capability and capacity to transform whilst delivering key services**

**Responsible Officers:** Assistant Chief Executive, Chief Operating Officer



The scale of the financial challenge, the challenges residents are facing, and the pace of external change are placing pressures on the capacity and capability to transform services in a way which manages the changes well from a governance perspective, whilst retaining sufficient pace and continuing to deliver services today.

In 2024-25, the Council has:

- Broadened the remit of the Corporate Project Management Office to enable it to support all 'change' going forward
- Established clear criteria to identify our most complex and high impact change programmes
- Continued to robustly programme manage and deliver major change programmes
- Commenced work on development of a Digital Strategy as well as a Data Strategy

In 2025-26, the Council will:

- Launch the Digital Strategy and Data Strategy
- Further embed the Project Management Office
- Embed a clear 'hub and spoke' model for managing change
- Launch a Council-wide change toolkit
- Revise the Major Projects Portfolio
- Continue to review prioritisation of resources
- Work alongside finance in undertaking a service-led approach to budget-setting and informing of new major change programmes

## What are the governance development priorities for 2025-26?

As a result of the self-assessment against the new Best Value guidance, priorities were agreed for strengthening our governance framework over 2025-26. These are not considered significant issues, but if achieved would show progress against [the seven best value themes](#).

2025-26 Development Priority	Responsible Officer
<p><b>Devolution</b></p> <p>The Government published its English Devolution White Paper in December 2024, and following a submission in January, the Government confirmed that Cheshire and Warrington would be included in the Devolution Priority Programme.</p> <p>Should this receive formal sign-off by the political leadership of the three Councils and Cheshire and Warrington Joint Committee, the Council will need to consider the suitability and sufficiency of its current internal governance arrangements as well as its appropriate arrangements to work with the Combined Authority.</p>	Director of Governance

2025-26 Development Priority	Responsible Officer
<p><b>Continue to strengthen business continuity plans and our cyber framework</b></p> <p>Services have business continuity plans in place and a programme of testing and review is underway. A corporate business continuity plan is being developed to support Management Board in responding effectively to a major incident. Both will be reported up to Compliance, Assurance and Risk Board.</p> <p>A particular focus is cyber readiness and resilience, given growth in the cyber threat and the emergence of Artificial Intelligence. Exercises have already been conducted cross-Council, and these will be continued to assure the overall framework. As the Council onboards its own IT service, security controls will be reviewed and strengthened as required underpinned by an external assurance programme.</p>	<p>Head of Companies, Compliance and Assurance working with all Heads of Service and Directors</p> <p>Head of Digital, Data and Technology</p>
<p><b>Strengthening of the Council's Assurance Framework</b></p> <p>As the Council strengthens its financial resilience and transforms how it works, there is a heightened need to strengthen the Council's assurance framework. Strengthening this framework includes bringing together the various sources of assurance on the Council's various statutory responsibilities and key areas of work into an overall monitoring framework. This strengthened approach will also enable improved monitoring of the impact of changes to controls and processes to Compliance, Assurance and Risk Board.</p>	<p>Head of Companies, Compliance and Assurance working with all Heads of Service and Directors.</p>

## What progress has been made on issues in the 2023-24 Annual Governance Statement?

There were five governance issues raised in the 2023-24 Annual Governance Statement. Issues related to financial resilience, strengthening the enterprise resource planning system, strengthening and protecting the Council's assets and creating the capability to transform whilst delivering key services are reflected in significant governance issues in 2024-25. The other issue (management of risks and opportunities) is now considered lower risk and is being managed on an ongoing basis as business as usual as noted below.

2023-24 Issue	Actions in 2024-25
<p><b>Management of Risks and Opportunities</b></p> <p>The Council recognised a need to review its risk management framework, to ensure it is responsive to a challenging and dynamic risk landscape and be able to effectively manage its risks and exploit opportunities to support delivery of the new Borough Plan. This attention on risk is also key to ensuring the Council makes use of resources</p>	<p>In 2024-25, the Council has:</p> <ul style="list-style-type: none"> <li>Strengthened the links between the new Risk Management Framework and the strategic audit plan and overall assurance framework.</li> <li>Focused on strategic risks, ensuring scorecards for each have been created and risk appetites held against them to ensure mitigation plans are correct.</li> </ul>

2023-24 Issue	Actions in 2024-25
effectively and takes into account recommendations made by external audit in its recent annual reports.	<ul style="list-style-type: none"> <li>• Evaluated the risk maturity of the Council to identify areas for improvement.</li> <li>• Continued to horizon scan for risks and opportunities, making full use of insight and data.</li> <li>• Continued to scrutinise red and amber level risks at all levels, supporting the aim to deliver differently and prioritise key activities within available funding.</li> </ul> <p>Further work will be undertaken in 2025-26 to enhance risk management practices and ensure they are integrated into all strategic and operational processes and aligned with best practice. This includes targeted work in respect of commissioning risk and opportunities as well as strengthening the linkage between the Council's strategic risks and those of its Council Companies.</p>