

Cheshire West & Chester Council

# Annual Governance Statement

2025-26

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Cheshire West  
and Chester

## Annual Governance Statement 2025-26

### Executive Summary

The Council recognises 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 2025-26. 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)).

All significant governance issues carried forward from the previous year's statement have been monitored through the year. The current significant governance issues are as follows and are detailed in section four:

- **Financial control and sustainability** – Local Authorities operate in a challenging financial environment, with demand and cost pressure - particularly in social care - outpacing funding. While the multi-year settlement improves certainty, risks remain. The Council has strengthened controls, governance and investment to manage pressures and reduce overspend, but delivery of savings remains challenging. The Council will focus on improving savings delivery, investing in priority services, and strengthening resilience to ensure long-term financial sustainability.
- **Managing Growth in Demand for Statutory Services** – The Council is experiencing sustained demand and rising costs, including adult, children's, and SEND services, as well as in a number of Place based services. While social care need has stabilised through targeted action, financial risks remain. The Council has strengthened forecasting, early intervention, and cost control, alongside service reforms. Future plans focus on prevention, SEND transformation, improved service pathways, and stronger financial accountability to manage ongoing demand and budget pressures.
- **Maintaining the Council's assets** – The Council continues to take steps to ensure its assets are maintained and safe. The Council strengthened Facilities Management arrangements and inspection arrangements in 2025-26, priorities in 26-27 are to continue to better understand the risk exposure (including through inspections), and strengthen prioritisation of spend in a challenging financial environment.
- **Creating the capability and capacity to transform whilst delivering key services** - The organisation needs to change at pace to improve outcomes for residents and contribute to

the financial sustainability of the organisation. The introduction of a Major Programmes Board, and a Digital and Data Strategy were key in 2025-26, focus in 2026-27 is on strengthening capacity and capability and the delivery of associated change, and strengthening the focus on rigour required to deliver cross cutting programmes of change and ensure robust benefits management.

Considering the various forms of assurance the overall opinion is that the Council's governance arrangements remain robust. For example:

- External assessments from the CQC and Ofsted have demonstrated positive direction of travel in key areas;
- Prompt corrective action has been taken where recommendations for improvement have been made; and
- Positive assurances were provided by Directors on governance, risk management and control framework within their services.

The Council's areas for development and significant governance issues all relate to how the Council responds to external challenges. The resulting action plans for 2026-27 give confidence in the resilience of the Council's governance arrangements to future external stimuli.

The external challenges that the Council faces are significant and diverse. Policy and demographic change and continued economic pressures all contribute to increased demand for services, pressures on the Council's ability to continue to meet statutory duties, and pressures on the Council's budget. There is also a shifting strategic landscape with the creation of a Cheshire & Warrington Combined Authority.

The above challenges and opportunities, shared with many other Local Authorities, place a growing importance on the strength of the Council's governance arrangements. Looking forward, the focus is on ensuring the Council's governance strengthens accountability, supports the delivery of savings and effectively manages the growth in demand.

**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

Date:

## 1. 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 2025-26 and explains how it has complied with its own Code of Corporate Governance, including how the effectiveness of arrangements has been monitored. As part of preparing this statement, the Code of Corporate Governance has been reviewed and updated. The new code will be shortly published; once it is, it will be [available here](#).

Guidance on Best Value was published on 8 May 2024, which was incorporated into the 2024-25 and this Annual Governance Statement. [New guidance](#) from CIPFA and Solace on the annual review of governance and internal controls and the preparation of an annual governance statement was published in May 2025 and has been reflected in this Statement as required.

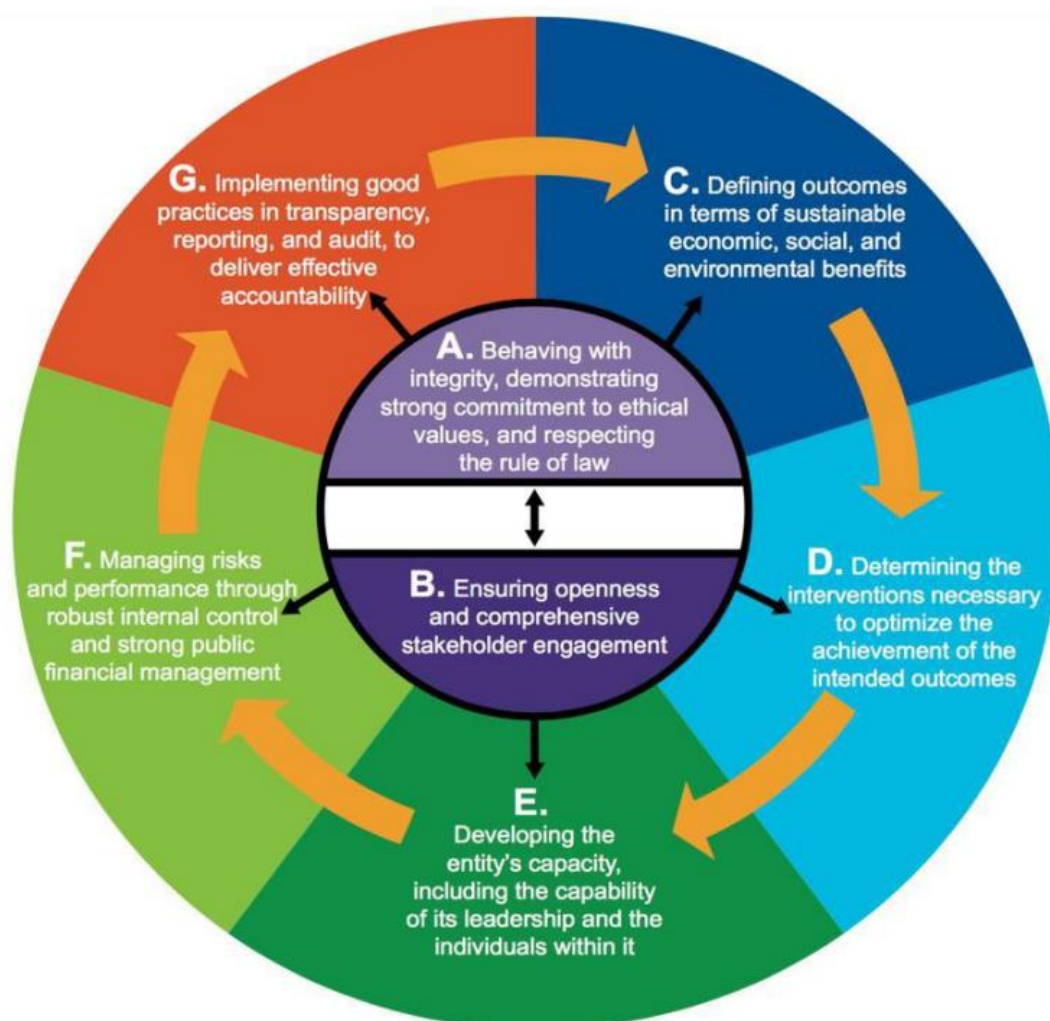
### What is the purpose of the governance framework?

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' and the updated 2025 guidance from CIPFA noted above. Aligned to the CIPFA guidance, the Council aims to achieve good standards of governance by continuously improving against the seven principles below.



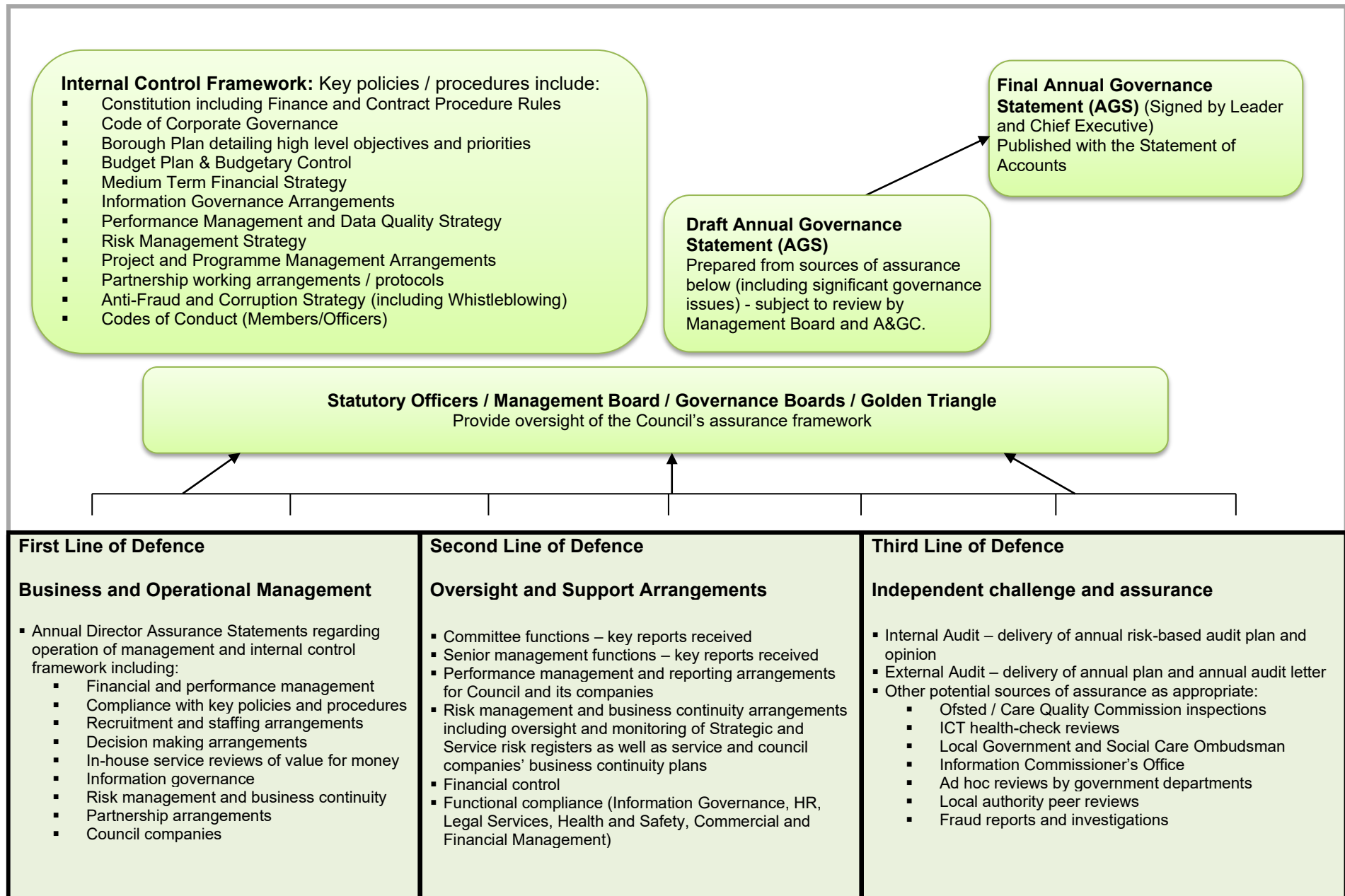
Source: CIPFA/SOLACE

### 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.



## 2. What assurances help to assess the Council's governance?

The above visual sets out that each line of defence provides a source of assurance to assess the Council's governance, key aspects from each source of assurance for 2025-26 are detailed below.

### **Business and Operational Management Assurance [First Line]**

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 2025-26. 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 had continued to experience difficulties with HR related processes, specifically recruitment, as well as financial forecasting via the Council's Enterprise Resource Planning system (Unit 4). An ongoing UNIT4 Optimisation Programme focussing on HR and Payroll is aimed at streamlining HR processes and maximising the functionality of the ERP system. A new Financial Planning and Analysis forecasting tool is to be implemented with effect from 2026-27.

The returns also highlighted that whilst in general services had business continuity plans in place, some needed updating and, in several cases, 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, with a number of workshops arranged to help update, embed and test their plans under various potential scenarios. A corporate business continuity plan is under development and will be adopted in 2026-27. 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 [Second Line]

### 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 2025-26 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.
- Assurance that the Council was sufficiently prepared for, and was adapting to, new legislation, such as Terrorism (Protection of Premises) Act 2025 and Economic Crime and Corporate Transparency Act 2023.
- 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.
- 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 deep dives into strategic risks as well as related areas such as insurance.
- Information governance reports, covering data protection incidents (causes and lessons learnt), and proposals to improve information governance.

In 2025-26, the Golden Triangle (Chief Executive, Chief Operating Officer and Monitoring Officer) continued to meet monthly, providing early oversight on key governance issues and risks. This included consideration of all in-year issues arising from audit reports with a 'limited' or 'no' assurance opinion on the governance, risk management and internal control framework; as well as significant data governance, health and safety and HR matters.

### Financial Control

In February 2026 the Council set a balanced budget for 2025-26 and indicative budget plans for 2027-2030, aligned to the Borough Plan 2024-28. This included the need to address a funding gap of £40.5m during 2026-27 and £150.3m in the period to 2030. 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 2025-26 was an overspend of £1.1m, a significant improvement compared to the £6.9m forecast overspend reported to Cabinet in January 2026. Continuing pressures from increasing need in adult social care were a primary contributor to the overspend. Increases in need for Communities and Older People services significantly exceeded budgeted growth, there was also increases in need for support to younger adults (18-25) and delays in delivering savings targets in the Communities and Older People and VIVO services. Other areas experiencing budget pressures included Education due to delays in delivering transport related savings along with expenditure no longer funded by the Dedicated Schools Grant (DSG). The overspends were largely offset by

underspends in other services and the approved use of some one-off funding. This included savings from capital financing costs that were used immediately instead of being saved for the future, and receipts from asset sales to support improvement projects.

Due to these cost pressures, spending controls, developed in 2024-25, remain in place. 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; 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 is in place 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 2025-26 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. The self-assessment also evidenced full compliance with these requirements.

Directors' Statements of Assurance for 2025-26 highlighted that Service schemes of financial delegation generally operated satisfactorily during the year though it was noted in some cases there had been significant delays in updating them. For 2026-27, the process of updating these has been brought forward and additional controls will be in place to ensure schemes are in place and understood.

### **Performance Management Framework**

Regular performance reports were taken to Cabinet during the year, with mid-year and annual reports also subject to scrutiny by Overview and Scrutiny Committee. As at the third review, reported to Cabinet in January 2026, a significant majority of the actions and measures being reported were shown as green – performance which is better than target or actions that have been completed or on track against agreed milestones. The report noted that 75 indicators were reporting as green, 14 were amber and 31 were red.

Areas of improvement included a reduction in the number of children in care and the number of young people subject to a child protection plan, with the number of children in care falling to its lowest level since May 2022. The Council's total greenhouse gas emissions had reduced by 14% on the previous year and electricity consumption and gas usage had reduced. It was also noted that significant improvements had been made to the timeliness of responses to complaints. The timeliness of completing Education, Health and Care Plans (EHCPs) still required improvement although some progress was being made.

## **Risk Management and Business Continuity**

During 2025–26, the Council has continued to strengthen its approach to risk management and business continuity, building on the progress made in the previous year. The focus has been on embedding consistency, improving visibility, and increasing the maturity of risk practices across the organisation.

The Council's strategic risks have remained broadly stable at year-end, with no material change to the overall risk landscape. While a small number of risks continue to present higher exposure, the majority remain within a moderate range, reflecting a more controlled and understood risk environment.

A key development this year has been the transition to a more structured and digital approach to risk management. Directorate risk registers have been migrated to SharePoint and aligned to a consistent scoring methodology, improving accessibility and standardisation across services. This has strengthened the quality of risk recording and highlighted gaps where risks were not previously captured clearly, resulting in improved visibility and a stronger evidence base for decision-making.

Work is ongoing to refine the Council's strategic risk framework, including the separation of risks across Adult Social Care, Children's Social Care, and Special Educational Needs and Disabilities (SEND). This refinement will improve reporting clarity, oversight, and the targeting of mitigations.

Targeted oversight has been applied to key risks during the year. In particular, the strategic risk related to 'Oversight and Maintenance of Built and Natural Infrastructure Assets' has been prioritised, with positive progress including the development of a High-Risk Asset Register and strengthened asset ownership. This has led to improvements in accountability, visibility of controls, and assurance around inspection and maintenance activity.

Version 3 of the Risk Management Framework was presented to Audit and Governance Committee in May 2026, building on progress to date and supporting greater consistency, clearer guidance, and improved use of digital tools. During 2026-27, a programme of strategic risk deep dives will be introduced to further strengthen oversight, test control effectiveness, and enhance assurance.

The focus on business continuity during 2025–26 has been on supporting services to update, test, and embed their plans. This has included running tailored workshops and scenario-based exercises with teams to ensure plans are practical, well understood, and tested from multiple perspectives. This approach has strengthened service-level resilience and preparedness.

A corporate Business Continuity Framework is under development and will be adopted in the next period, providing a more consistent and structured approach across the organisation. During 2026–27 the focus will be on embedding this framework and continuing to support services in maturing and testing their arrangements.

## Functional compliance

### Health and Safety

During 2025–2026, the Council continued to deliver its Health and Safety Strategy through the promotion of its compliance framework, aligned with the Health and Safety Executive’s (HSE) guidance framework (HSG 65) for managing workplace health and safety using a Plan–Do–Check–Act, supported by a targeted action plan. The framework outlines mandatory legal requirements, while the action plan focuses on key priorities, including communication, risk assessment, training, and accountability. The Health and Safety Team maintains oversight of arrangements across the Council.

In February 2025, the Council was issued with a Notice of Contravention by the HSE as part of a wider review into the management of asbestos within the public sector. In response, a significant focus was placed during 2025–2026 on strengthening training provision and understanding and clarifying responsibilities. This included the introduction of expanded mandatory training modules.

Directors provide annual reports on performance and present case studies at bi-monthly Health and Safety Forum meetings, this focus was around training, identification, delivery and evaluation. These meetings are chaired by the Director for Vivo Care Choices and are overseen by the Chief Operating Officer. The Health and Safety Forum also review RIDDOR-reportable incidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) and has broadened its scope to include all accidents and incidents, thereby improving organisational awareness and learning. This approach is supported by the annual Health and Safety Week (January 2026), which focused on responsible person duties, enhanced scrutiny of risk assessments, and the management of organisational stress.

Incident reporting levels remained stable, supported by continued promotion. Of all reported accidents and incidents, 33% related to education services and 42% to Vivo and Adult Social Care. All incidents are reviewed for compliance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013. There were 10 reportable incidents in 2025–2026, consistent with the previous year (2024–2025), all of which occurred within education settings, with no resulting prosecutions.

The Council continues to promote director-level accountability alongside individual responsibility for health and safety. In 2026–2027, the Health and Safety Forum will maintain a strong focus on communication, alongside delivery of the action plan aligned to the Council’s strategic priorities.

### Information Governance

The Council recognises that effective information governance is central to public trust, service delivery, and lawful decision-making. The focus of the Information Governance (IG) function during the year has therefore been on managing immediate compliance risks while strengthening governance, accountability, and organisational readiness for phased legislative change. Demand across statutory information rights, data protection assurance, and data sharing continues to increase, alongside growing public expectations, rising case complexity, and significant legislative reform following the introduction of the Data (Use and Access) Act 2025.

In 2025–26 there were 223 information security incidents (compared to 116 in 2024-25), of which 41% met the threshold to be classed as formal personal data breaches due to an identified loss of control of personal data or a clear risk of harm to individuals. However, only two of these incidents met the criteria for notification to the Information Commissioner’s Office.

As in previous years, most incidents were assessed as low risk. The most common cause remains the misdirection of personal data via email, which accounted for approximately 47 % of reported incidents. This risk continues to be actively managed through a combination of technical controls, staff guidance, awareness activity, and organisational oversight. The Council recognises that failure to take reasonable steps to address a known risk could itself constitute a breach of data protection obligations and therefore continues to treat this as a priority area for preventative action.

There has been a sustained increase nationally in compensation claims arising from data protection incidents. This reinforces the importance of robust incident prevention, early escalation, and clear accountability. The Council currently has three open data protection-related claims.

Demand for statutory information access rights continues to increase year on year (15.6% increase compared to 2024-25). During 2025–26 the Council received 1,751 Freedom of Information and Environmental Information requests, with 68% responded to within statutory timescales. Overall performance remains under pressure due to increased volume, broader scope, and greater case complexity, including multi-topic and AI-assisted requests requiring extensive consultation and collation.

Subject Access Requests (SARs) have similarly increased, with 457 SARs received during the year (a 45% increase compared to 2024–25). The majority of requests relate to social care records, and many involve large and complex case files requiring detailed review and redaction. Of the statutory SARs processed, 75 % were completed within the applicable statutory timescale.

In response to sustained demand growth, work is underway to strengthen service-level accountability for the personal data held and processed within each service area, including clearer expectations around record quality, search responses and timely engagement with statutory requests. Under this model, services remain responsible for record quality, retrieval and timely searches, while the Information Governance Team provides central governance, expert advice, challenge, and assurance to support lawful, consistent and proportionate decision-making across the organisation.

Maintaining workforce capability remains central to effective information governance. During 2025–26 2,030 staff completed data protection training, with further redevelopment of training materials underway to reflect legislative change and emerging risks.

The Council delivered its annual Information Governance Month in February 2026, providing targeted sessions on FOI, SARs, DPIAs (Data Protection Impact Assessments), data sharing, breach management and records governance. This initiative complements mandatory training and supports continuous improvement, staff confidence, and risk reduction across services.

The Data (Use and Access) Act 2025 received Royal Assent in June 2025 and is being implemented in phases between June 2025 and June 2026. It introduces a number of reforms intended to support responsible data use, innovation and public service delivery while

maintaining protections for individuals. Focus for 2026-27 will remain on managing the impact of increased demand, rising use of artificial intelligence in request generation, and the introduction of new statutory complaints-handling requirements.

### Contract Management

The Commercial Management Service 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 14 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 2025-26 identified that for six of the 13 contracts, contract performance was satisfactory, with the other seven contracts amber rated. The amber rating reflects a wide range of factors that are assessed on each contract including compliance 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 and a particular example related to the Housing contract that led to the in-housing of the service in April 2026. In all cases, the risks identified are being managed, with appropriate mitigations in place. As such, there are no significant governance issues arising.

### Members' Training

Members' training sessions during 2025-2026 were undertaken 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, including sessions on Inclusive Economy; Complaints Handling and the role of Members; Family Hubs; SEND provision; Corporate Parenting; Social Media training by the LGA as well as updates from the Refugee Team, and on Devolution and the HyNet Programme to name but a few. The Induction Programme for use following the 2027 May elections is under development and will be included in Nomination Packs from March 2027.

### 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. As a result of recent Central Government reforms of LGPS asset pooling, the company is now jointly and equally owned by fourteen LGPS partner funds, of which Cheshire is one.

The Fund has undertaken a self-assessment against the requirements of The Pension Regulator's "General Code of Practice". A number of improvements have been introduced to increase levels of compliance with the Code, and an action plan is in place to deliver further compliance enhancements. The outcomes of our self-assessment and progress in delivering our governance compliance action plan are reported to the Local Pension Board and the Pension Fund Committee. This plan will ensure that continued progress is made in closing the small number of gaps between the General Code's requirements and current Fund practice.

The outcomes from the Government's "LGPS: Fit for the Future" consultation, since formalised in the Pension Schemes Act 2026 and in emerging governance regulations and statutory guidance, have taken forward aspects of the previous "Good Governance" review commissioned by the LGPS Scheme Advisory Board, including the introduction of an LGPS Senior Officer role, a requirement for Funds to appoint an "independent person" to advise those charged with responsibility for pensions functions, a requirement for Funds to commission a triennial Independence Governance Review, and updated requirements for key policies and publications such as a Governance Strategy (to replace the current Governance Compliance Statement), a Conflicts of Interest Policy, a Training Strategy, and an Administration Strategy. The new legislation and regulations will also drive changes to the governance of the Fund as set out in the Council's Constitution. The Fund will deliver these new requirements, once statutory and regulatory changes are confirmed, as part of its Business Plan for 2026-27.

## **Independent Challenge and Assurance [Third Line]**

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

During 2025-26 Internal Audit completed a programme of risk-based work, issuing 17 reports on Council activities where an assurance opinion was delivered. Of the 17 reports where an assurance opinion was provided, 11 (65%) were assessed as providing 'substantial' or 'reasonable' assurance regarding the effectiveness of governance, risk management, and control arrangements in the areas reviewed. The remaining seven reports were assessed as providing 'limited' assurance.

The proportion of 'limited' assurance opinions is partly attributable to Internal Audit's risk-based planning approach, which prioritises areas of higher inherent risk and known or emerging control weaknesses. In most instances, these audits were carried out in areas where Services were already aware that controls were under pressure. Directors actively sought an independent review and opinion from Internal Audit to help identify and support improvements.

The issues identified through this work largely relate to specific control weaknesses and inconsistent application of established procedures, rather than indicating any fundamental or systemic failure in the Council's overall control environment. The proportion of reports achieving 'substantial' or 'reasonable' assurance has increased compared to the previous year (2024-25: 55%). Internal Audit is satisfied that appropriate actions have been identified to address the matters raised.

In addition to assurance work, Internal Audit undertook 35 non-assurance assignments, including grant certification work (where there is a statutory requirement) and advisory / consultancy engagements. These assignments did not identify any significant control concerns. All such work undertaken contributes to improving the Council's governance, risk management and control arrangements.

Internal Audit also undertook School Financial Value Standard (SFVS) reviews at five schools, selected on a risk-assessed basis. Of these, four were assessed as limited assurance. The findings from these reviews identified several common control weaknesses, particularly in relation to procurement practices and compliance with expected procedures. Due to the targeted nature of this work, the outcomes are not considered representative of the overall control environment across all schools, but they do highlight areas requiring management attention. Actions have been agreed with the schools to address these issues and strengthen controls and a key themes document was developed from this review and issued to all schools via the Council schools' bulletin. This guidance should, if followed, help support improvement in the quality of future school SFVS returns.

Actions agreed to address the recommendations in all audit reports are followed up by Internal Audit to ensure implementation and enhancement of the Council's internal control framework. Overall, 119 of 129 (92%) agreed actions were identified as having been implemented during the financial year, against a target of 85%. Internal Audit provide regular updates to the relevant Directors to highlight overdue actions related to audits in their services, to ensure their awareness and, where possible, expedite their implementation. The 'Golden Triangle' of statutory officers, Management Board and Audit and Governance Committee also receive reports on actions overdue their target date by more than six months. 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.

During the year, Internal Audit transitioned to operating in line with the Global Internal Audit Standards in the UK public sector, implemented with effect from 1 April 2025. Through internal self-assessment, the service is considered to generally conform to these standards. This position is supported by the outcome of an external quality assessment completed in March 2024, which confirmed full conformance with the previous Public Sector Internal Audit Standards. CIPFA has stated that, where this is the case, audit teams can have reasonable confidence that their approach is broadly aligned with the requirements of the new global standards. Work is ongoing to embed further improvements and strengthen conformance.

During 2025-26, the Corporate Fraud team dealt with 279 referrals, of which 123 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. Two of these cases met the threshold for disciplinary action in relation to issues raised through whistleblowing, with the others relatively 'low level', where the need for limited action in accordance with internal policies and procedures, including additional training / guidance, was identified.

Overall, work undertaken by the Internal Audit and Counter Fraud teams in 2025-26 indicates that the Council's framework of governance, risk management and internal control is generally

effective, although improvements are required in several areas to ensure controls are consistently applied and operating effectively. The majority of these relate to specific areas of control weakness rather than systemic failure across the Council's overall control environment. As such the Head of Internal Audit's Annual Report for 2025-26 will include the conclusion that 'the Council has in place a satisfactory system of governance, risk management and internal control designed to meet its objectives'.

### **External Audit**

During 2025-26 the external auditors completed their review of the financial statements for 2024-25. In their audit findings report received by Audit and Governance Committee in November 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 2024-25, also received by Audit and Governance Committee in November 2025, the auditors reported that they had identified one significant weakness in the Council's arrangements for financial sustainability and had made one key recommendation relating to developing the Dedicated Schools Grant deficit management plan. This recommendation has been applied to many authorities across the country who are experiencing cumulative deficits as a result of increased need and demand. The Government has announced financial support for funding a significant proportion of the deficits alongside the need for Council's to submit SEND Reform Plans in June 2026. No significant weaknesses were identified in respect of the Council's arrangements for governance and improving value for money. Four improvement recommendations were included in the annual report. In all cases, actions and processes are already in place to address the recommendations.

### **Other Key Sources of Assurance**

#### CQC Inspection of Adult Services

The Care Quality Commission (CQC) carried out its first local authority assessment of adult social care at the Council in 2025 under its newer inspection framework. Its report, published in August 2025 provided an overall rating of "Good." The inspection found that the Council was meeting its duties under the Care Act 2014, with a clear commitment to supporting people to access care tailored to their needs and promoting independence and wellbeing for residents and carers.

Inspectors highlighted a number of strengths, including strong and consistent leadership, a positive organisational culture, and a workforce described as professional, compassionate and responsive. People reported generally positive experiences when seeking advice, assessments and support, and the service was recognised for improving waiting times, prioritising urgent cases effectively, and offering preventative services to reduce long-term care needs. Partnership working and the use of data and learning to drive improvement were also seen as key enablers of good performance.

The assessment also identified areas for further improvement. These included the timeliness and consistency of assessments and care planning, support for unpaid carers, and aspects of partnership working with some health providers, which at times affected service delivery. While

these issues did not undermine the overall “Good” rating, the CQC noted the importance of continued focus on these areas to ensure more consistent experiences and outcomes for all residents.

#### Ofsted and CQC SEND Inspection

In November 2025 Ofsted and CQC undertook an inspection of Cheshire West and Chester local area’s effectiveness in identifying and meeting the needs of, and improving outcomes for, children and young people who have special educational needs and/or disabilities (SEND). The report, published in February 2026 highlighted that the local area partnership (including NHS Cheshire and Merseyside Integrated Care Board (ICB)) is delivering inconsistent experiences and outcomes for children and young people with SEND and must work jointly to make improvements. While some children benefit from effective, well-coordinated support and achieve positive outcomes, this is not the case across the system, resulting in variability in both provision and impact.

The Inspectors highlighted that while experiences and outcomes remain variable, there had been encouraging progress in several key areas. These included a stronger SEND leadership and governance structure; improved joint planning between education, health, and care; better communication with families and parent carer forums; more coordinated work between schools and health teams; and rigorous scrutiny and monitoring of children not in employment, education training.

The report set out the required actions for the partnership to address. These included the need to improve the consistency, quality and timeliness of Education Health and Care (EHC) plans, ensure earlier identification of need and more coordinated delivery of support, and reduce waiting times for assessment and specialist services. In addition, inspectors highlighted the importance of strengthening joint commissioning, governance and accountability arrangements across education, health and care partners to secure more consistent outcomes. While recognising recent progress in partnership working and strategic leadership, the report requires a robust, jointly owned improvement plan, with progress to be reviewed at a subsequent inspection within approximately three years.

#### LGA SEND Local Area Peer Challenge

The Peer Challenge undertaken late September / early October 2025 noted that the Council operates within a highly pressurised national SEND context, with rising requests for Education Health and Care Plans and increasingly complex needs. The review found evidence of significant energy, enthusiasm and commitment from staff across a range of settings within the local area who want to sustain and improve services and outcomes for children and young people. Partnership working across the local area was considered well developed with a growing level of trust and confidence between partners alongside effective elements such as health services and the Virtual School.

However, the review noted that strengths are offset by significant operational pressures, particularly in meeting statutory duties. Delays in EHCP assessments and reviews were noted, with an inconsistent application of the graduated approach, and a system that can default too quickly to EHCPs rather than earlier intervention. It also identified weaknesses in communication, strategic clarity, and data use, with leaders often focused on day-to-day delivery rather than driving longer-term improvement, and limited shared systems to monitor performance and outcomes.

The recommendations focussed on resetting the SEND system around a clearer, more strategic and outcomes-driven approach. Central to this is a shift in culture towards inclusion and early intervention, supported by a stronger, consistently understood graduated approach. The partnership is advised to improve communication at all levels, embed co-production with parent carers, and create a single, coordinated improvement plan with clear priorities and measurable outcomes. This should be underpinned by a refreshed self-evaluation framework, better use of data, and a unified performance framework focused on children's outcomes.

The peer team emphasised the need for stronger planning and system sustainability. This includes developing a robust sufficiency strategy for SEND and alternative provision, addressing workforce challenges (especially educational psychology capacity), and producing a long-term financial recovery plan for the high needs block. Together, these actions are intended to improve timeliness and quality of services, reduce reliance on EHCPs, and ensure that resources are used more effectively to deliver consistent, high-quality support for children and young people with SEND.

#### Ofsted focused visit – Children's Services

The focused visit by Ofsted in July 2025 found that recently appointed senior leaders in the Council had rapidly developed a clear and accurate understanding of service performance for children in need of help and protection, supported by comprehensive improvement plans aligned to findings from the 2024 Inspection of Local Authority Children's Services (ILACS) review. The visit found that progress had been made in addressing fundamental issues such as workforce stability and caseload pressures, with social workers reporting manageable workloads, strong peer and managerial support, and access to effective training and development. Also, that frontline practice demonstrates strengths, including timely responses to most children in need, effective multi-agency working, regular visits to children, and meaningful engagement with families, resulting in generally appropriate support and improved outcomes in many cases.

However, inspectors identified several areas where further development is required. Child-in-need and child protection plans were not consistently focused on clearly defined outcomes for children, with success often measured by parental engagement rather than demonstrable impact. There were inconsistencies in management oversight, decision-making, and recording, alongside variable quality and impact of supervision and quality assurance activity. Delays in convening some strategy discussions, limited contingency planning, and unclear documentation

of interim safeguarding actions were also noted, which can reduce the effectiveness of safeguarding arrangements. In addition, capacity constraints for child protection chairs and legacy delays within pre-proceedings have affected the timeliness and oversight of some cases.

While there has been some improvement in private fostering arrangements, including more timely visits and assessments, key safeguarding processes—such as timely checks on carers and robust review of arrangements—remain insufficiently embedded. Leaders recognise these weaknesses and have secured additional capacity and external support to strengthen quality assurance, management oversight, and practice consistency. Overall, the inspection identified a service with improving foundations and strong leadership intent, but where further work is required to embed consistent, outcome-focused practice and ensure that all children receive consistently high-quality and effective support.

#### Payroll Healthcheck

An external Payroll Healthcheck, commissioned in May 2025, found that the shared payroll service is generally accurate, compliant, and supported by an experienced and customer-focused team. The healthcheck identified that several core processes remain overly manual and require greater automation. These are being addressed through the Unit4 Optimisation Programme. Risks were highlighted where improvement opportunities could be further maximised with one red risk highlighted in relation to backlog submissions to HMRC regarding historic overpayment corrections.

All historic HMRC adjustments have now been fully processed and corrected. The end-to-end process is now fully documented, including user guides, standard operating procedures, and business process maps and training has been incorporated into the Workforce Development Plan to strengthen resilience and compliance.

#### External Review of ICT Controls

The Council's ICT systems continue to be subject to evaluation through several external reviews as well as self-assessments in line with 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; various other external audits or self-assessments are also undertaken 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 received an update on current and proposed cyber security controls in January 2026.

The security of council systems and data has underpinned the redesign of ICT through the Gemini 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. It is due to fully complete in August 26. 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. Significant tools have been added throughout 25-26 including a new Security Operations Centre partner.

#### Local Government and Social Care Ombudsman

The Local Government and Social Care Ombudsman's report on complaints received against the Council in 2024-25 was reported as part of the Annual Corporate Complaints and Compliments Report received by Overview and Scrutiny Committee in January 2026. During the year the Ombudsman received 84 complaints of which 10 were upheld (compared to 13 cases upheld in 2023-24). The volume of complaints upheld is very low compared to the level of contact received (around 0.1%). Nearly half these cases related 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.

### 3. Are the Council's governance arrangements effective?

The Code of Corporate Governance has been reviewed and updated as part of preparing this statement, and will be published once approved [here](#). The Code explains how the Council ensures it is governed well: doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable way. It sets out many of the ways in which the Council can show it is meeting the CIPFA's principles of good governance (the principles are set out in the visual as part of the Introduction section of this statement, and also [here](#)).

In this section, the Council's key areas of strength and for development against the seven principles are summarised, considering the findings from the various sources of assurance highlighted above. This should be read alongside the Code of Corporate Governance to provide assurance. This summary below informs the reported significant governance issues (section 4).

CIPFA Good Governance Principle	Areas of strength	Areas for development
<p><b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>A review of ethical organisational practices was concluded in November 2025 and presented to Audit &amp; Governance Committee, and a review will now be undertaken every two years to assure that the Council are working in an ethical way.</p> <p>Good progress has been made in the areas for development identified by the Council's first ethical review. For example, the declaration of interest process has been strengthened, and many key policies and guidance have been reviewed.</p> <p>The Council has been responsive to a HSE notice in 2024-25, ensuring steps were taken to ensure strong ongoing compliance where issues are identified. There are also strong processes in place to learn from breaches through the Council's governance. Services have also been responsive overall in actioning areas where Internal Audit have identified</p>	<p>The leadership's commitment to the Council's whistleblowing arrangements is clear. There are plans to promote this, which will further encourage the use of whistleblowing.</p> <p>Whilst there has been an internal strengthening of arrangements to ensure ethical conduct for members and officers, a review should take place as to how the ethical behaviour of external service providers is assured. There are existing strengths in having a well established Commissioning Board and procurement processes, and so there is an opportunity to improve practice on existing strengths. These will include transparency, corruption and bribery, declaring an Interest, social responsibility, Health and Safety and the local living wage.</p> <p>The Council has recently resolved that it is important that a regular review of its policies and procedures should be in place. Some services have taken action to review accordingly,</p>

CIPFA Good Governance Principle	Areas of strength	Areas for development
	<p>where compliance with laws, regulations and internal policies and procedures could be improved.</p> <p>There are strong examples of proactive work being done to ensure compliance with laws, regulations and internal policies as they develop. For example, work was done in advance to build awareness and preparedness within the Council and its partners of the 'Failure to Prevent' legislation, which was introduced in September 2025.</p>	<p>and this action needs to be consistent across the Council, and this action monitored on an ongoing basis too.</p>
<p><b>Principle B:</b> Ensuring openness and comprehensive stakeholder engagement</p>	<p>The Council has strong processes for recording decisions as part of Decision Notices, which includes information on the context to explain the decisions made. 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. The Code of Corporate Governance has also been updated.</p> <p>The Council carries out a range of consultations on its future plans and other matters affecting residents and businesses. The Council has a strong practice of working with its communities in co-production and consulting formally. It 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.</p>	<p>The Council has strong processes for recording decisions, and is strengthening its publishing of these in line with legislation and best practice and as part of the Council's focus on building openness and transparency.</p> <p>The Council is reviewing its governance to support the delivery of the Borough Plan, so ensuring that decisions are made in the public interest.</p>

CIPFA Good Governance Principle	Areas of strength	Areas for development
	<p>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 Council’s Health and Wellbeing Strategy, Local Transport Plan and 2026-27 Budget.</p> <p>To further strengthen engagement arrangements, a consultation training hub has been developed to ensure services are using consultation appropriately, and consultations are effective.</p>	
<p><b>Principle C:</b> Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>The Council’s vision, targeting of outcomes, and long term plans are clearly set out in its Borough Plan and underlying strategies and service plans. A strong link is made to sustainability, which is carried through the governance arrangements to agree and monitor these plans, including through the Performance Management Framework and Annual Delivery Plan.</p> <p>The Council’s Value for Money Board is well embedded which ensures that financial sustainability is assured and opportunities for delivering financial savings are identified and delivered.</p>	<p>The council has effective partnership arrangements in place overall, and the Council will continue to strengthen the Council’s strategic approach to its partnership. This has been identified as part of a review of the Council’s governance structure at an officer level, and consideration will be given to our multi-agency partnerships.</p> <p>It has been identified that although the Commissioning Governance Board provides strong infrastructure to support the commissioning and recommissioning of services, in some areas, contract management could be strengthened to ensure that post contract award, providers are effectively monitored and held to account based on their committed obligations.</p>

CIPFA Good Governance Principle	Areas of strength	Areas for development
	<p>The Council's Commissioning Board is well embedded which ensures the Council achieves best value from its contracts.</p>	<p>Following the establishment of the Cheshire and Warrington Combined Authority in early 2026, the Council will review its governance arrangements and organisational capacity to ensure it operates effectively within this new landscape. This includes reviewing and enhancing internal governance processes, decision-making structures, and partnership arrangements to support effective collaboration.</p>
<p><b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>The Council has established a Major Programmes Board in 2025-26 to support projects and programmes, with a focus in 2026-27 being given to further embedding this approach.</p> <p>The Council's Value for Money Board and Commissioning Board provide strong assurance on the delivery of value for money, and alongside regular reviews by Directorate Management Teams, and Management Board as appropriate.</p> <p>The Council has recently strengthened its performance management arrangements, including the development of corporate leadership objectives which builds better alignment to the Council's overall objectives.</p>	<p>As the Council's financial challenges persist, focus in 2026-27 will be given to strengthen the focus on delivering cross-cutting savings through projects and programmes. This, and other associated actions in terms of managing the Council's change, are covered in more detail in a significant governance issue (section 4).</p>
<p><b>Principle E:</b> Developing the entity's capacity, including the capability of its</p>	<p>Strong arrangements are in place to ensure alignment of the council's financial management roles with CIPFA's Financial Management Code and the relevant CIPFA Statements, and to discharge the monitoring and head of paid service function.</p>	<p>Whilst Schemes of Financial Delegation are in place, there were some delays to schemes being agreed at the start of 2025-26. This process will be strengthened in 2026-27 to ensure schemes are promptly updated, and changes are well understood at all levels.</p>

<b>CIPFA Good Governance Principle</b>	<b>Areas of strength</b>	<b>Areas for development</b>
leadership and the individuals within it	<p>There is well established independent challenge of workforce planning through recent exercises to identify and deliver financial savings. The organisational development model for the Council is currently being reviewed to ensure it helps to deliver the Council’s future objectives.</p> <p>The Council has a structured leadership development approach focused on compassionate, inclusive and authentic leadership, equipping managers to lead high-performing teams and deliver outcomes. It combines formal development pathways, leadership expectations, and a comprehensive wellbeing framework to enable officers to perform at their best and deliver for communities. The Play Your Part Charters and Conversations approach underpins leadership expectations, performance, development discussions and accountability. Leaders are expected to role model values, be visible and accessible, inspire teams, and create inclusive environments that support wellbeing and development.</p>	<p>The Council will continue to strengthen its leadership and wellbeing offer as part of its ambition to be an employer of choice and deliver a high-performing, resilient workforce. Leadership pathways will be expanded to strengthen succession planning and ensure a strong pipeline of “job-ready” talent. There will be an increased emphasis on coaching, mentoring and knowledge-sharing approaches, alongside co-mentoring to support inclusion and remove barriers. Leaders will be held to greater accountability for engagement, wellbeing and performance outcomes, supported by improved use of workforce data and insight to drive continuous improvement.</p> <p>The Council has elections for all wards scheduled for May 2027, which present a potential continuity risk to effective governance, service delivery, and decision-making. In 2026–27, the Council will prepare a comprehensive induction and development programme for councillors, to be delivered in 2027–28, ensuring members have the capability and knowledge required to carry out their roles effectively</p>
<b>Principle F:</b> Managing risks and performance through robust internal control and strong public financial management	The Council’s risk management framework, has been further strengthened during 2025-26 with a transition to a more structured and digital approach, improving accessibility, transparency and engagement with services, facilitating greater consistency and a stronger, evidenced based, approach to decision making.	Whilst there are improved controls in relation to the Council’s various types of high risk assets as a result of work conducted in 2025-26 (such as across the Council’s bridges), there is a need to better understand the priorities for ensuring adequate asset condition taking the asset stock as a whole.

CIPFA Good Governance Principle	Areas of strength	Areas for development
	<p>Finance self-assessments indicate full compliance with the requirements contained in the Role of the Chief Financial Officer in Local Government and Financial Management Code. There are two significant issues in relation to the Council's management of finances relating to external pressures (section 4) which recognises areas of strength (which provide resilience), and areas for development in 2026-27.</p> <p>The four Overview and Scrutiny Committees have continued to meet regularly during the year to hold the Cabinet to account on a range of topics, through their individual work programmes.</p> <p>Work undertaken by the Internal Audit and Counter Fraud teams in 2025-26 indicates that the Council's framework of governance, risk management and internal control is generally effective. Whilst several reviews highlighted a need for improvement to ensure controls are consistently applied, in most instances Services were already aware that controls were under pressure and had sought independent insight from Internal Audit. Improvements identified relate to specific areas of control weakness rather than systemic failure across the Council's overall control environment.</p> <p>Internal audit arrangements are generally in line with the Global Internal Audit Standards in the UK Public Sector, with no fundamental areas of non compliance. An Audit and</p>	<p>Whilst there is a strengthened understanding of the assets within the Council and their suitability and condition, more work is needed to strengthen the Council's risk management which is captured in a significant governance issue (section 4).</p> <p>There is an opportunity to further strengthen the Council's governance arrangements and support informed decision-making by senior leadership, through developing and embedding a comprehensive assurance framework aligned to the principles of the "three lines" model. This framework should provide greater clarity over sources of assurance across operational management, oversight functions, and independent assurance providers, ensuring that risks are effectively identified, managed, and reported. In line with CIPFA guidance, the framework would support improved coordination and transparency of assurance activity, enabling senior leaders and Members to gain a more holistic and reliable view of the organisation's control environment and the effectiveness of risk management and governance arrangements.</p> <p>Council officers will continue to ensure that governance, oversight and risk management arrangements continue to evolve in line with the growth and changing role of the Council's companies, while remaining aligned with emerging best practice.</p>

<b>CIPFA Good Governance Principle</b>	<b>Areas of strength</b>	<b>Areas for development</b>
	<p>Governance Committee self-assessment exercise, undertaken in March 2006, indicates that the Committee is operating effectively and in line with the core principles of good practice.</p> <p>The Council has established clear and effective governance arrangements in relation to its companies, with defined shareholder roles and responsibilities supported by appropriate structures. There is regular oversight of company performance and financial position against approved business plans, with risks managed through each company’s risk framework. Strong governance controls are in place, including the use of shareholder agreements and reserved matters, alongside internal audit and other assurance mechanisms. Member and officer oversight is appropriately skilled, and decision-making is undertaken transparently in line with the Council’s Constitution.</p>	<p>The Council recognises opportunities to strengthen its record management approach, including how it retains records and what information it chooses to publish online to help stakeholders to self-serve.</p> <p>The Council is seeking to implement enhanced monitoring of savings proposals in 2026-27 in order to improve the savings proposals delivery rate. In 2025-26 the delivery rate was 65% which is a reduction on previous financial years and it is essential that this rate is improved in 2026-27.</p> <p>Complaints and information requests increased during 2025–26, alongside reduced Ombudsman response times and the return of the management of council housing, placing pressure on existing arrangements. These factors create a risk to the Council’s ability to maintain compliance and manage performance through robust internal control. In response, during 2026–27 the Council will strengthen its information governance framework, systems, and capacity, and improve records management and transparency to support effective accountability and customer access.</p> <p>As the Council strengthens its financial resilience and transforms its operating model, it will enhance its assurance framework to support effective governance and risk management through robust internal control. This will help ensure statutory duties are prioritised and supported through appropriate resource allocation. The Council will also develop</p>

CIPFA Good Governance Principle	Areas of strength	Areas for development
		<p>an integrated assurance and monitoring framework and review governance arrangements for service delivery, compliance, and transformation during 2026–27.</p> <p>The Council recognises that Artificial Intelligence presents both opportunities and risks, requiring robust governance and internal control arrangements. A Digital/AI Board has been established and policies strengthened, and these will be kept under review to ensure the safe, ethical and well-managed use of AI. During 2026–27, the Council will further embed its AI framework and integrate AI governance within its wider assurance and governance arrangements.</p> <p>Cyber attacks present a significant risk to the Council, as for all public sector organisations. In 2026–27 it will strengthen its in-house ICT service, security controls, and seek external assurance to support robust internal control. This will include implementing a formal ICT Disaster Recovery Plan, regular penetration testing, and staff awareness training to improve resilience and incident response. The Council will also maintain and enhance corporate and service-level business continuity plans, addressing identified gaps to strengthen preparedness and risk management.</p>
<p><b>Principle G:</b> Implementing good practices in</p>	<p>The Council frequently seeks assurances on its performance frameworks, including where external expertise would be beneficial. For example, through peer reviews e.g. of SEND</p>	<p>There have in the past been some delays in data being made available on the Council’s website to satisfy the Transparency Code, and attention will be given to ensuring the data is</p>

<b>CIPFA Good Governance Principle</b>	<b>Areas of strength</b>	<b>Areas for development</b>
<p>transparency, reporting and audit to deliver effective accountability</p>	<p>arrangements, undertaken in 2025, and following the in-housing of the Council's ICT services, it has been agreed that a programme of external ICT audits will be commissioned.</p> <p>There are robust arrangements in place to facilitate the work of internal audit, external audit and other regulatory bodies as well as regarding the timeliness with which recommendations made are acted on. The independent assessment and insight into areas that may need improving is generally welcomed and evidenced through requests for and participation in local authority peer reviews and requests for review by Internal Audit. Work may occasionally be delayed due to capacity pressures within the service but this is usually the exception, with constructive engagement maintained to rearrange the work at a more suitable time.</p> <p>92% of actions agreed by council services, in response to recommendations raised by Internal Audit, were implemented within agreed timescales. No issues of concern were highlighted by any of the other external bodies in respect of the timeliness of the Council's response to its work during the year.</p> <p>Both financial and performance data were reported to Cabinet and Overview and Scrutiny Committee regularly during the year, allowing transparent analysis and challenge of outcomes. Performance indicators and targets are refreshed on an annual basis. The Performance Framework</p>	<p>uploaded promptly. There are also opportunities going beyond the transparency code to publish further information to support residents and stakeholders to self-serve which will be considered.</p>

<b>CIPFA Good Governance Principle</b>	<b>Areas of strength</b>	<b>Areas for development</b>
	<p>has been previously referenced by the Local Government Association as an example of good practice.</p> <p>Transparency and accountability across collaborations and arm's length bodies, including trading companies and joint ventures, are maintained through clear governance frameworks and defined roles and responsibilities. Regular financial and performance reporting provides effective oversight and ensures alignment with the Council's objectives, with company-related matters also reported to the Council's Overview and Scrutiny Committee for independent challenge. Under the Council's direction, each company undertakes an annual self-assessment aligned to relevant best practice guidance, which is shared with and reviewed by the Council's Internal Audit function, providing additional assurance. These arrangements are supported by shareholder agreements, partnership governance structures and reserved matters, alongside audit and public reporting processes, ensuring openness and effective accountability.</p>	

## 4. What are the Council's Significant Governance Issues?

Policy and demographic change and continued economic pressures all contribute to increased demand for services, pressures on the Council's ability to continue to meet statutory duties, and pressures on the Council's budget. There is also a shifting strategic landscape with the creation of a Cheshire & Warrington Combined Authority.

These challenges, shared with many Local Authorities, are at the core of the following significant governance issues, and the growing importance the Council is placing on strengthening its governance arrangements.

### Financial control and sustainability

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

Nationally, local government continues to operate in a challenging and uncertain financial environment, with acute pressure on council finances and evidence of deteriorating financial resilience across the sector. Whilst there have been increases in funding, these have not kept pace with population growth, rising demand for services, the increasing complexity of need, or the cost of delivering statutory services, particularly within Adult and Children's Social Care.

Consequently, an increasing number of councils continue to experience financial difficulty, with an increasing number requiring Exceptional Financial Support from Central Government in recent years, reflecting the extent to which demand-led pressures are exceeding available resources.

Following the confirmation of the Fair Funding Review 2.0 the Government announced a multi-year Local Government Finance Settlement in December 2025 covering the three-year period from 2026–27 to 2028–29. This introduces a simplified funding framework, including consolidated grant streams and updated baseline funding allocations, and provides a greater degree of certainty to support medium-term financial planning.

However, whilst the move to a three-year settlement is welcomed, significant challenges remain. The underlying national position of sustained demand growth, inflationary pressures, and structural funding constraints continues to present considerable risk to the financial sustainability of local authorities.

Locally, within Cheshire West and Chester we are experiencing these challenges, with growth and complexity pressures within Adult Social Care and Home to School Transport outstripping the investment included within the 2025-26 budget. Also, whilst Government has announced support to Council's to fund up to 90% of the Dedicated School Grant deficit accrued up to the end of 2025-26, the residual DSG deficit and any impact of pending SEND reforms means that this area could impact on the overall financial resilience in the medium term and represent a significant risk to the Council's financial sustainability. The Council set a balanced budget for 2026-27 however that is reliant on delivering £33m savings in 2026-27.

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 2025-26, the Council has:

- Maintained the enhanced robust financial controls in relation to challenge and approval of proposed pay and non pay spending.
- Introduced additional controls in relation to approving the use of consultants
- Regularly reviewed the delivery of high value and/or high risk savings proposals through the Council's Value for Money Board and Management Board;
- Undertaken six monthly reviews of the performance of its regeneration investments
- Invested £42.8m into Children and Families and Adult Social Care whilst prioritising service transformation to manage the growth in demand in the long term.
- Undertaken a robust budget setting process for 2026-27, with plans including replenishing the general fund reserve to ensure it is within the risk assessed range by 2027-28.
- 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
- Established a Major Programmes Board in October 2025 to provide strategic oversight, scrutiny, and support for the Council's major change programmes – to ensure that these programmes are aligned with corporate priorities, deliver their intended benefits, and are managed effectively.
- Began to see slowing growth and stabilisation across both adults' and children's social care, reflecting targeted interventions and strengthened management
- Gained senior leadership buy in to enhancing financial accountability within the Council, by ensure budget holders are enabled to manage their budgets effectively

These steps, alongside performance and monitoring frameworks and rooting out inefficiencies, have enabled the Council to reduce its overspend in 2025-26 from a forecast £6.9m overspend reported at the end of November to a final outturn position of a £1.1m overspend. Whilst the Council has seen signs of slowing growth and stabilisation across both adults' and children's social care, Integrated Adult Social Care did report an overspend of £10.9m despite the additional funding invested in 2025-26; this was mitigated by underspends elsewhere, which were mainly non recurrent e.g. use of grants. Also, of the £29.2m savings built into the 2025-26 budget, 65% were delivered in year. A delivery rate of 65% is a concern and it is essential that the Council improves its savings delivery in 2026-27.

In 2026-27, the Council will further strengthen its resilience by:

- Continue to deliver on its savings and transformation plans, which are focussed on further reducing growth in demand and need within statutory adults and children's services;
- Strengthening governance arrangements for monitoring delivery of savings targets to ensure early identification and mitigation of emerging risks, and increased accountability, which in turn should increase the overall delivery rate of savings.
- Investing in priority areas, including £77.0m investment over four years to ensure the local adult population is enabled to flourish, be healthy, happy and independent for longer in supportive communities and £30.1m investment to ensure the Council enables the best possible start for children and young people
- Developing a four-year budget plan (2027-28 to 2030-31) which does not rely on the use of reserves, and will see a long term shift to focus on outcomes and ensure sustainability of services
- Embedding enabled budget management across the Council, ensuring budget holders have appropriate tools to manage their budgets effectively, ensuring spend remains within agreed budgets, and proactively identifying and mitigating financial risks
- Refocusing the remit of the Value for Money Board to encompass the overall organisational health of the Council, enabling a more holistic view of performance, risk, and resource use.

This broader focus will strengthen accountability and supports more informed decision-making, ultimately contributing to long-term financial stability.

### **Managing Growth in Demand for Statutory Services**

**Responsible officers:** Executive Director Adult Services, Executive Director for Children and Families, Chief Operating Officer (S151)

Nationally, local authorities are experiencing sustained increases in demand for statutory services, particularly growing need within Adult Social Care (ASC), Children’s Social Care (CSC), and Special Educational Needs and Disabilities (SEND) and also in a number of Place based services. This is driven by demographic growth, increasing complexity of need, and wider system pressures across health and education, with costs continuing to rise faster than funding.

Locally, Cheshire West and Chester faces similar demand-led pressures, particularly within ASC and SEND/Home to School Transport but also in a number of Place based services. While investment has been made, demand and complexity continue to exert pressure on budgets.

During 2025–26, the Council has seen signs of slowing growth and stabilisation across both adults’ and children’s social care, reflecting targeted interventions and strengthened management. Integrated Adult Social Care & Health reported an overspend of £10.9m, largely due to unexpected growth in Q4 of 2024-25; however, this remained stable throughout the year as demand tracked forecasts, placing the Council in a stronger position heading into 2026-27. CSC reported a £1.8m underspend, with the number of children in care reducing by 16% from a peak of 641 in November 2024 to 538 in March 2026.

The most significant pressure is now within SEND, with a £22.7m deficit on the Dedicated Schools Grant in 2025-26, driven by rising EHCP numbers and limited local school-place capacity leading to increased reliance on costly independent provision. There is a corresponding impact on the General Fund through Home to School Transport, with a £1.1m overspend despite additional investment.

In response to these pressures, the Council has continued to strengthen its approach to forecasting, managing, and mitigating demand-led spend. In 2025–26, the Council has:

- Enhanced demand forecasting and modelling in ASC and SEND through improved forecasting tools and data analytics.
- Strengthened oversight through reviews and audits of placement-approval panels within ASC and CSC, alongside the introduction of monthly performance and finance workshops in ASC.
- Implemented targeted demand management and early intervention strategies within ASC, including the Occupational-Therapy first approach for Older People, and an Enablement pilot for Learning Disability services.
- Reduced reliance on high-cost provision through our Working-Age Adult Care Models and Accommodation programme, promoting independent while delivering cost-effective care.
- Progressed government reform designed to improve services and ultimately manage demand within children’s services, including the Families First Partnership Programme and the rollout of Best Start Family Hubs.
- Strengthened cost control and market management, including developing plans for the expansion of our internal children’s residential home provision and through the continued operation of our brokerage service within adult social care.
- Continued with the implementation of recommendations arising from our SEND High Needs Sustainability Review in 2024, including the establishment of a new SEND Inclusion Service.
- Held weekly sessions between the Chief Executive, Chief Operating Officer, Director of Finance, Director of Strategy and Transformation and the Executive Directors for Adult services to agree actions to manage the overspend within adult social care.

These actions have contributed to managing increases in demand during 2025-26, as outlined above, although risks remain given the scale and volatility of demand in these services, particularly in SEND.

In 2026–27, the Council will further strengthen its approach by:

- Continuing to invest in prevention and early intervention, including through the Families First Partnership Grant, Best Start Family Hubs Grant, and SEND Transformation funding, as well as establishing a new Community Investment Fund to maximise the Community and Voluntary Sector’s contribution to prevention.
- Continuing to review and reshape services including through our Thriving Futures transformation programme focused on how young adults move from children’s to adult’s services, and our Learning Disability Provider Services programme focused around enablement and improved day opportunities.
- Developing and implementing our SEND Reform Plan aligned with national reforms, including the establishment of an Experts at Hand service in conjunction with health, and delivering significant capital investment to expand school places for those with SEND.
- Continuing the implementation of our Families First Partnership Programme designed to put early intervention at the heart of children’s services, ahead of the national timetable. Alongside this we will explore the opportunities presented by further reforms such as the establishment of a Regional Care Collaborative across Cheshire & Merseyside which will assist in commissioning and managing the market for children’s placements.
- Ensuring a council-wide focus on the role accommodation can play in delivering savings within Adult Social Care through the Working Age Adults programme, including maximising the benefits of ‘own front door’ models to promote independence, improve outcomes for service users, and reduce long-term care costs.
- Ensuring a continued focus on financial and operational accountability, with all budget holders having the tools and information to manage demand and performance effectively, with ongoing reporting to Directorate Management Teams and Management Board.

### **Maintaining the Council’s assets**

**Responsible officers:** Chief Operating Officer, Executive Director Places & Growth

The Council has responsibility for a diverse range of assets across the Borough. Understanding their condition and compliance, and then maintaining these assets through a challenging financial envelope so they are safe and suitable for use is a challenge which requires strong governance. Strengthened governance will enable the Council to join together assessments of condition and compliance across different asset types, and different regulatory and compliance frameworks, to assure that it is prioritising resources effectively.

In 2025-26, the Council:

- Acted on an Internal Audit review of high risk assets, agreeing an accelerated programme to complete principal inspections of its bridges and other structures.
- Took action following a notice of contravention by the HSE in February 2025 as part of a wider review from the Health & Safety Executive into how well public sectors manage the control of asbestos. The Council convened a working group to improve its management of asbestos which will continue to incorporate other property risks, strengthening the role of the building responsible person and delivering training across colleagues in the Council
- Transferred its Facilities Management arrangements to Equans in April 2025, which strengthened the Council's strategic oversight, operational assurance, and financial control. As part of the transfer, an internal Facilities Management client role was created. These steps ensure that all Council buildings within the FM contract are maintained in a safe and legally

compliant condition, supported by strong governance, effective contract management, and continuous performance monitoring. Further strengthening is required for those buildings outside the FM contract, supported by the below actions.

In 2026-27, the Council will:

- Assign all assets without a designated lead person to a senior leader, strengthening first line accountability for ensuring the asset is of sufficient condition and is compliant. This provides assurance that each asset is maintained to an appropriate standard, remains safe, meets all statutory and regulatory requirements, and benefits from strengthened oversight, decision-making, and risk escalation. Budgets will be considered as part of this assignment.
- Continue developing its high risk assets risk register, both to assure that inspections are done according to requirements and that spend is prioritised across these assets to best maintain the pool of assets; and
- Implement a more structured and co-ordinated risk-based approach to tree health and safety management through the Tree Risk Management Plan and Tree Zoning Plan and address the backlog of electrical testing for its streetlighting.
- Act on areas for improvement identified through a current Internal Audit review of Council compliance with HSE core statutory responsibilities in respect of asbestos, legionella, and fire safety.
- Procure a replacement Property System and database, taking the opportunity to incorporate key property data including statutory compliance records and inspection regimes and reviews. This establishes a single, reliable source of asset and compliance data, enhancing visibility, efficiency, risk management, and decision-making.

### **Ensuring sufficient capacity to transform at scale and pace whilst delivering key services**

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

The organisation needs to change at pace to improve outcomes for residents and contribute to the financial sustainability of the organisation. This requires significant resource which from an operational perspective is often the same resource responsible for managing business as usual. Effective governance is fundamental to managing the challenges of maintaining business as usual delivery whilst delivering ambitious change, as it enables the prioritisation of investment, the management of interdependencies and risks to delivery, and ensures delivery of change does not compromise service delivery but instead strengthens it.

In 2025-26, the Council has:

- Launched the Digital Ambition and Data to Insights Strategies which set out an ambition for change benefitting and enabling the whole organisation
- Further embedded the role of the Project Management Office to provide rigour to the Major Change Portfolio and guidance to service-led change
- Embedded a Management Board endorsed 'hub and spoke' model for managing change across the organisation
- Launched a Council-wide change toolkit to support and enable service-led change
- Undertaken thorough, insight-enabled budget control rooms, to review the organisation for opportunities for doing things differently
- Refreshed the Major Projects Portfolio in light of 2026-27 budget-setting approach
- Launched a Major Programmes Board focussed on delivery and assurance of our major change programmes
- Continued to review prioritisation of resources from corporate services to best support delivery of change.

In 2026-27, the Council will:

- Continuously review the change delivery model in place within the Council
- Strengthen focus on delivery of cross-cutting savings
- Strengthen rigour around transitioning benefits monitoring from programme governance into business as usual
- Further iterate and develop the role of Major Programmes Board
- Launch a number of new major programmes including ‘customer Experience’ which will bring together process, data and digital opportunities for doing things differently.
- Embed Change Management and Change Readiness across the organisation

## 5. What previous Significant Governance Issues have been significantly mitigated in 2025-26?

There were four governance issues raised in the 2024-25 Annual Governance Statement. One of these issues concerned strengthening the enterprise resource planning system. This is now considered lower risk and is being managed on an ongoing basis as business as usual as detailed below.

2024-25 Issue	Actions in 2025-26
<p><b>Strengthening Enterprise Resource Planning (ERP)</b></p> <p>The Council recognised the need to stabilise and further optimise the ERP system and wider Transactional Shared Service ensuring 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.</p>	<p>During 2025–26, the Council has delivered the following key improvements:</p> <ul style="list-style-type: none"> <li>• <b>Target Operating Model Development</b> Following the recommendations of the Service Model Review, a comprehensive Target Operating Model has been developed, alongside a supporting governance framework, to enable mobilisation from July 2026.</li> <li>• <b>UNIT4 Optimisation Programme</b> Continued progress has been made in the rollout of the UNIT4 Optimisation Programme, with a particular focus on HR and Payroll. This has enhanced system functionality and significantly reduced reliance on manual workarounds.</li> <li>• <b>Integration Framework Development</b> Significant advancement has been achieved in developing an in-house Integrations Framework. This enables more efficient and scalable data exchange to and from UNIT4, leveraging modern technology to improve data flow and system interoperability.</li> <li>• <b>Change Prioritisation and Governance</b> A risk-based UNIT4 Change Prioritisation Protocol has been implemented, supported by a cross-organisational Change Advisory Board comprising key stakeholders from both Cheshire East and Cheshire West and Chester Councils. This ensures structured, transparent,</li> </ul>

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2024-25 Issue	Actions in 2025-26
	and strategically aligned decision-making for system changes.