

ANNUAL GOVERNANCE STATEMENT

2021-22

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What is Governance?

Development of the latest Annual Governance Statement has been undertaken against the backdrop of a number of Public Interest Reports and general governance failings that have contributed to significant financial and reputational risks to those councils concerned.

Furthermore the Cipfa “Advisory note one” published in March 2022 – “Understanding the challenge to local authority governance” has been issued to formalise key messages surrounding recent governance failures that have been identified in statutory and non-statutory reviews and public interest reports. It reinforces the good practice principles local government bodies in the UK should adopt, and signposts relevant documentation.

The note provides further guidance to ensure that organisations acknowledge their responsibility for ensuring governance is effective. To this end the AGS should:

- focus on outcomes and value for money
- evaluate against the local code and principles
- be written openly and be easily digestible
- include an opinion on whether arrangements are fit for purpose
- include identification of significant governance issues and an action plan to address them
- explain action taken in the year to address the significant governance issues identified in the previous year's statement
- be signed by the chief executive and leading member in a council (the police and crime commissioner (PCC) and chief constable should sign theirs)

Our Annual Governance Statement 2021/22 has been written in the spirit of the above principles.

What is the Annual Governance Statement?

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance leads to:

- effective leadership.
- good management.
- good performance.
- good stewardship of public money.
- good public engagement, and
- good outcomes for our citizens and service users.

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes. Diagrams of the governance framework is on page 9.

Stockport Metropolitan Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance within the Council and to ensure it can rely on processes that provide assurance over its wholly owned companies. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council's website www.stockport.gov.uk or can be obtained from the Head of Internal Audit, Risk and Insurance on 0161 474 4033.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner.
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvements in the way that it operates.

Each year, in line with the requirements of the Accounts and Audit Regulations 2015, the Council produces an Annual Governance Statement that explains how it manages its corporate governance arrangements, makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.

In this document, the Council:

- Summarises its assessments of the effectiveness of the key elements of its governance arrangements, and the roles of those responsible for the development and maintenance of the governance environment.
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year.
- Provides details of how the Council has responded to any issues identified in last year's governance statement.
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at Stockport Metropolitan Borough Council and its wholly owned companies for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

Coronavirus Pandemic - Governance Arrangements

Coronavirus Pandemic

Conducting the Review of the Effectiveness of Governance Arrangements 2021/22

The Covid-19 pandemic has had significant implications for the residents and economy of Stockport as well as the Council's day to day operations from February 2020 onwards with significant organisational disruption, new emergency responsibilities and increased staff absence from the traditional workplace replaced with the majority of staff delivering services whilst working from home. This has inevitably impacted on corporate governance arrangements throughout the Council. In the context of the above, conducting the annual review of the effectiveness of governance arrangements has been a challenge. Consequently, the following points have been taken into consideration to ensure the delivery of a meaningful but focused review.

- Where possible we have used existing reports and assessments. Annual reports that support the overall assurance framework have, in some cases, been delayed but interim reports have been made available and have been used instead.

- The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual opinion and report to inform the governance statement. Again, this has been a significant challenge to complete the 2021/22 Audit Plan to provide significant evidence to support the annual opinion and report but has been prioritised as this report is a major source of assurance for the AGS. The annual opinion and report will be presented to the next Audit Committee meeting on the 20th July 2022. A copy of the agenda and corresponding reports will be available on the Council's website
- In forming the opinion on the Council's internal control environment, risk management process and corporate governance, the Head of Internal Audit considered the work undertaken by the Internal Audit Service throughout the year. The conclusion considered the coverage of audit work delivered in both the Risk Based Internal Audit Plan 2021/22, the Covid 19 Assurance Plan, work on new and emerging high-risk areas including significant assurance and support around business and community grants and reliance on other assurance areas, for example as identified in both the updated Local Code of Governance and the Annual Governance Statement.
- ***On the basis of the overall programme of work for the year, the Head of Internal Audit provided a moderate assurance overall that there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being applied consistently. However, some weaknesses in the design and inconsistent application of controls put the achievement of particular objectives at risk.***
- This year's annual review has been risk based and has focused on key gaps and risk areas that have been identified. Assurance over core corporate areas have been received from appropriate lead officers. Where possible we have placed further reliance on existing performance and exception reports rather than asking for new evidence, in order to reduce workload.
- We have consulted fully with the Chair of the audit committee to discuss areas that the committee are satisfied with the application of the governance framework and where they have any concerns.
- The AGS clearly explains the limitations when undertaking this review and this has been highlighted in discussions held with the Corporate Leadership Team (CLT), Corporate Governance Group (CGG) and audit committee. It has been important to note that stakeholders do not take greater assurance than it is possible to give from a more limited review of this nature.
- Committee meetings were held remotely during the previous year in line with guidance, however, in line with subsequent guidelines, meetings since April 2021 have been held in person.

Reflecting the challenges from Coronavirus in the AGS

The AGS assesses governance in place during 2021/22 so the majority of the year is affected by the coronavirus outbreak and associated restrictions.

The key impacts are detailed below.

1. The Impact on business as usual in the delivery of services

In line with Central Government guidelines, Council staff have been working from home where possible. Where staff have been working in the office or delivering public facing services this has been done in a risk assessed way.

The Council is refurbishing the Civic complex to provide an environment that better suits a modern hybrid working and from February 2022 staff have been adopting hybrid working with the majority of office-based staff working flexibly between home and office environments underpinned by a robust technology platform.

Risk management arrangements have been considered around the working from home environment, the reliability and robustness of IT systems and technologies, health and safety issues, consideration of data and the security of data held in line with GDPR regulations and legislative requirements.

The bulk of services that were restricted in prior years have been opening as restrictions eased throughout the year with some restrictions or modified services remaining.

2. New areas of activity as part of the national response to coronavirus and any governance issues arising, as outlined in the flow diagram below showing strengthened governance arrangements to co-ordinate a response to the pandemic.

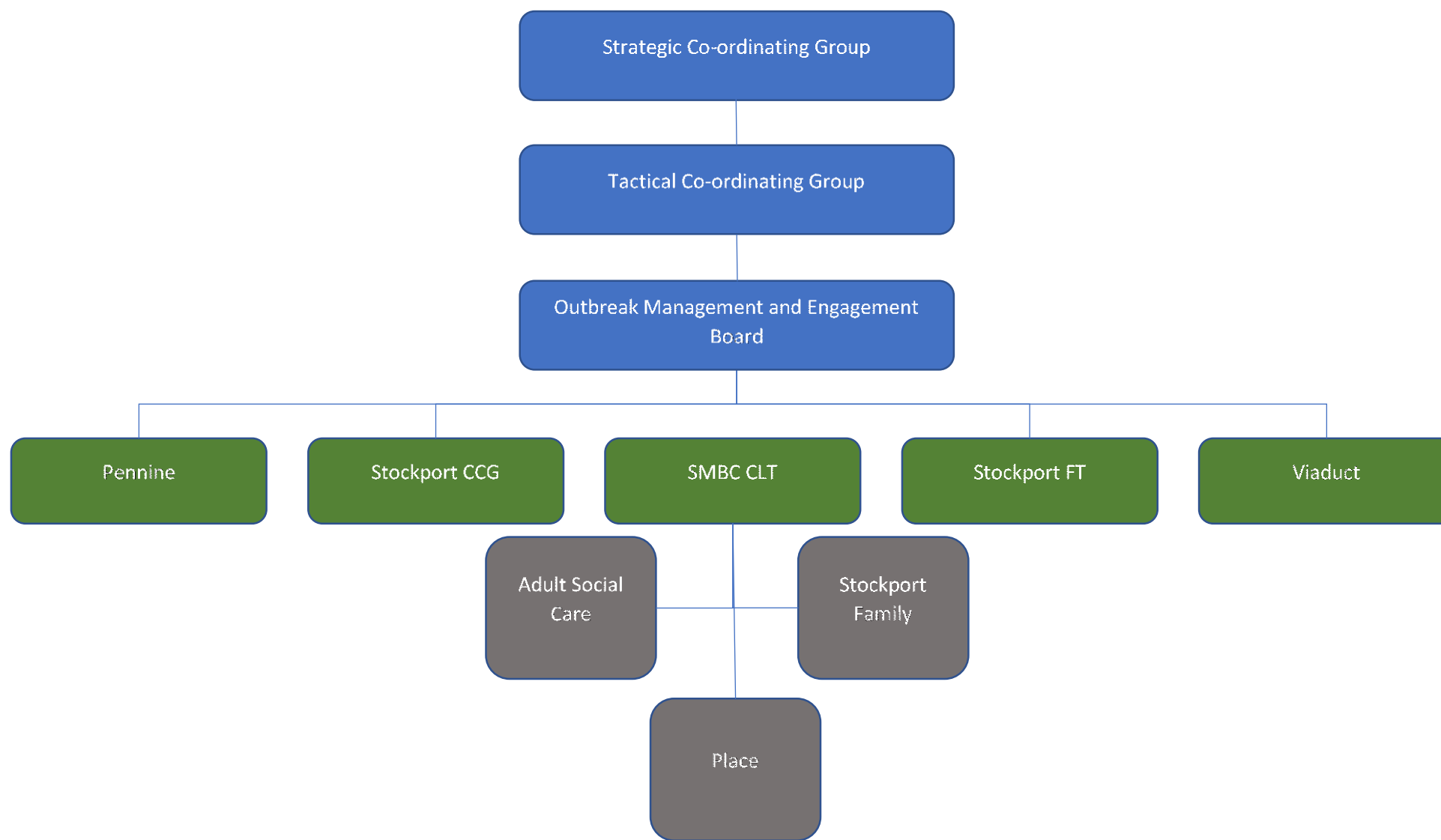
Emergency assistance

- Coronavirus helpline for vulnerable people.
- Stockport Council and Stockport NHS CCG have launched three emotional health, wellbeing and mental health services, which are available to staff and residents of Stockport.
- A range of support for businesses including administering small business grants and rate relief and the establishment of an economic resilience group to oversee our response for businesses.

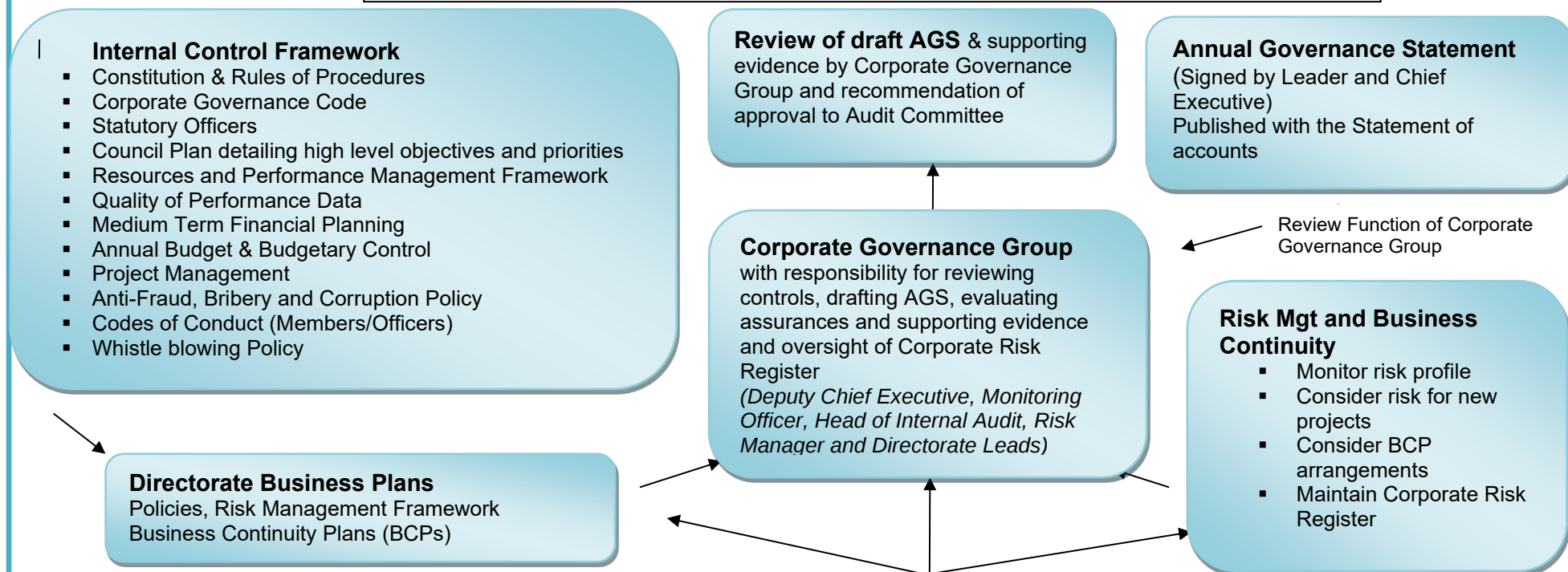
3. The funding and logistical consequences of delivering the local government response

- The impact on local government has been significant and full details of the impact as well as the Council's response has been included in the Action Plan this year and in last year's Action plan.

INTERIM GOVERNANCE ARRANGEMENTS TO ENABLE CO-ORDINATED RESPONSE TO PANDEMIC.



Governance Framework Overview – outlining the interdependencies between system, processes, controls, officers and boards



Performance Management	Internal Audit	External Audit & Inspection	Assurance by Managers	Risk Mgt & BCP	Other Sources of Assurance	Associated Bodies
- Business and Strategic Planning - Performance and Resources Framework - Project Management - Scrutiny Committees and scrutiny reviews - Org Dev & Learning	- Head of Internal Audit, Risk and Insurance opinion expressed in annual report to Audit Committee - Operates in accordance with Public Sector Internal Audit Standards - Risk-based audit plan approved by Audit Committee	- Annual Plan - Annual Audit Letter - Audit Opinion - Ad hoc projects - Departmental Governance - Service specific inspections	- Annual Management Assurance - Periodic reports - Assurance cascaded through all employees - Control & risk assessment	- Risk embedded in policies & plans - Embedded in Project Management - Effectiveness evaluated - Approval and monitoring of corporate risk registers	- Fraud Reports & investigations - Reports by inspectors - Post implementation reviews - Ombudsman reports - Ofsted - CQC	- Client Monitoring role - Performance management standards and monitoring - Review of Council's governance arrangements - Internal and external audit reviews of client

Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Council and its group companies who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit, Risk and Insurance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The processes applied and sources of assurance obtained in maintaining and reviewing the effectiveness of governance arrangements is set out in the overall governance framework.

The Corporate Governance Group has responsibility for overseeing the annual review of the governance framework, providing evidence of conformity, as outlined in the Council's Code of Governance and the preparation of this Annual Governance Statement.

The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2021-22 are set out in the table below.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2021-22
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Officers Code of Conduct Code of Conduct for Councillors and Co-opted Members Protocol on Councillor / Officer relations Proper Officer appointments Standards Committee Disciplinary Policy	The Standards committee met twice in the year to consider the outcomes of investigations of complaints about councillors and co-opted members, relating to the past year. The conduct of Councillors is monitored throughout the year by the Monitoring Officer and an annual report on the outcomes of complaints was presented to the Standards Committee in July 2021. The Standards Committee also discussed the draft Model Code of Conduct for Officers which has been drafted on behalf of the LGA; an outcome of the Standard in Public Life Report. The Standards Committee has agreed to adopt the new LGA Code of Conduct, with additional

Review of Effectiveness

	Anti-fraud, bribery & corruption policy and strategy Confidential Reporting (Whistleblowing Policy) Anti-money Laundering Policy Corporate Complaints procedure Constitution	sections relating to the local code on interests. The decision on whether to adopt the new Code has been approved at a full Council Meeting on 14 July 2022. A recent Internal Audit report on Members' declarations of interests, gifts and hospitality confirmed that adequate arrangements are in place. Such interests, gifts and hospitality continue to be published online and members declare any disclosable pecuniary interests. An Annual Fraud Report has been produced by the Head of Internal Audit, Risk and Insurance which demonstrates the work that the Council has undertaken in the preceding year to tackle identified instances of fraud and whistleblowing allegations and to highlight the proactive levels of work being undertaken. This is presented to the Audit Committee in July of each year. An appendix to this report is an assessment against the "Fighting Fraud and Corruption Locally Checklist" developed by CIPFA. The outcomes of complaints investigations regarding service delivery have been reported to the Cabinet at quarterly intervals throughout the year.
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Review of Effectiveness

		The Corporate Leadership Team has consulted with the Monitoring Officer as and when it considers that advice is required to ensure that the Council's decisions accord with the law and Council's constitution. The Council's constitution has been reviewed by the Constitution Working Party. The proposed amendments will now be reported through the Council's governance process and have been approved by the Council Meeting on 14 July 2022. The proposed amendments now approved will be published. The Council has a robust process for dealing with whistleblowing issues supported by a clear and concise policy. The Anti-money Laundering Policy has been revised and updated in line with best practice and to reflect the updated requirements as set out in the Money Laundering Regulations 2017. Regular updates on the number and types of complaints received by the Council are reported and discussed by Corporate, Resource Management & Governance (CRMG) Scrutiny Committee. Internal Audit undertook a leading role among STAR internal audit teams to review contracts with potential links to Russia, following ongoing
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Review of Effectiveness

		escalations with neighbouring Ukraine. The only contract identified with links to Russia and Belarus was Gazprom as the Council's gas supplier. This is now the subject of an ongoing procurement exercise. STAR have been providing ongoing advice on this matter.
B. Ensuring openness and comprehensive stakeholder engagement	Online, including the Council Website, Twitter, You Tube and Facebook Consultations including Have your say (Council website) Webcasts Area Committees Joint committees Neighbourhood Forums Corporate complaints procedure Our Stockport Conversation – part of large-scale engagement to develop the One Stockport Borough Plan (published June 2021)	All Committee meetings have been held in public unless legislation prevents this or allows them not to be and there is considered to be good reason to hold the meeting in private. All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and in local libraries. Due to the ongoing impact of the coronavirus pandemic, and following the government's advice on social distancing, all committee meetings were held remotely until April 2021. The Council webcasts its meetings throughout the year at http://stockport.public-i.tv/core/portal/home The Council Plan has been published on the Council website. Council priorities and spending plans are published in the Council newspaper 'the Review' which is sent annually to all households, with electronic bulletins emailed to subscribers on a monthly basis since October 2016. The Council also engaged with local communities by

Review of Effectiveness

		encouraging publicity via local newspapers and radio stations. The Council continues to engage with all sectors of the community through; Partnership and Community Engagement, Neighbourhood Management engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation. The One Stockport Borough Plan was launched in June 2021 following extensive engagement with other local public services, businesses, community and voluntary organisations which sets out the vision for the Borough until 2030. The Council is represented at regional level through the Greater Manchester Combined Authority (GMCA) and the Association of Greater Manchester Authorities (AGMA). The Leader and Chief Executive played a vital role in ensuring Stockport's interests are represented in key decisions around the regional economy, transport and planning, in addition to delivering the GM Public Service Reform programme.
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Review of Effectiveness

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	One Stockport Borough Plan Annual Council Plan Portfolio Performance & Resources Agreements	The One Stockport Borough Plan, developed in conjunction with other local public services, businesses, community and voluntary organisations sets out the vision for the Borough until 2030. An outcomes framework is currently in development which will report annually on progress against key objectives and measures, aligning with existing strategic plans such as the One Stockport Health and Care Plan, and the Economic Plan. It is also aligned with new the Greater Manchester Strategy and Marmot Beacon indicators from the GM Inequalities commission. The Council has set out a clear statement of its purpose and vision for Stockport within the Council Plan which has been updated and approved by members in February 2022. The Council Plan defines the priorities and outcomes the Council is seeking to achieve for the next 12 months, with the 2022/23 Plan adopting the nine shared outcomes from the Borough Plan. The Council Plan is developed and agreed within the context of the Council's budget and underpinned by the Medium-Term Financial Plan, Capital Programme and Treasury Management Strategy. The Plan provides a clear basis for corporate and service planning which is carried out in accordance with the Corporate Planning cycle and articulated through seven Portfolio
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Review of Effectiveness

		Performance and Resources Agreements, presented to Scrutiny Committees annually in June. The Council used a range of methods to measure and review the achievement of key outcomes. This included carrying out satisfaction surveys and monitoring relevant performance indicators and objectives within plans and strategies. The Council produces comprehensive quarterly Performance and Resources Reports based on delivery of Council priorities, values and goals (as set out in the Council Plan and detailed in Portfolio Performance and Resource Agreements) along with the Council's spending plans and financial position (MTFP) which have been considered by the Council's Corporate Leadership Team, the Cabinet and Scrutiny committees throughout the year. This ensures that the Council reviews and monitors the achievement of key outcomes within the Council Plan and continues to reflect the needs of its residents in order to ensure improvement. Stockport Homes as a wholly owned company of the Council has a vision which is published on its website. The vision outlines its commitments to sustaining thriving neighbourhoods, meeting housing need and supporting vulnerable people. This means taking calculated risks and moving
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Review of Effectiveness

		into new areas of business which complement its core services. Stockport Homes present its Five-Year Delivery Plan and performance information (along with other relevant reports) to the Council's Member Committee. Totally Local Company (formerly Solutions SK) as a wholly owned company of the Council presents annual plans and reports which are linked to the Council Plan to the Council's Contributor Committee.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	Corporate Council Plan Quarterly and Annual Portfolio Performance & Resources Reports Quarterly and Annual Corporate Performance & Resources Reports Medium Term Financial Strategy Business Case Working Papers reported to the Cabinet and Scrutiny committees	The Council has processes in place to demonstrate that decision makers follow due process, the decisions are properly documented and taken having regard to all relevant considerations. This is supported by robust options appraisals, risk assessments and consideration of the impact of decisions on delivery of outcomes. The Council actively consults with stakeholders and service users when making decisions about service improvements, changes to service delivery or proposing any reductions to service delivery. All of this is supported by effective service planning, budget planning and performance planning processes, which are underpinned by the Medium-Term Financial Strategy. This is evidenced through a series of detailed business cases which underpin proposals within the

Review of Effectiveness

	Civil Contingency and Emergency Planning	Medium-Term Financial Plan to deliver a balanced budget for the year ahead. In addition to comprehensive, targeted consultation with service users, employees and any other stakeholders, these are considered by Scrutiny Committees at each stage. The Council, Cabinet and Committee meetings are open to the public (albeit virtually during the Coronavirus pandemic) and the vast majority of decisions are made in open session and are formally recorded and published. The Council has an effective scrutiny function via five scrutiny committees and a scrutiny co-ordination committee which encourages constructive challenge and enhances the management of the Council's performance in service areas and overall. The scrutiny function is also enhanced by joint scrutiny arrangements, principally with local health bodies. Elected Members are collectively responsible for the governance of the Council. Decision making and scrutiny of these decisions are separated through the executive arrangements and reflects the legislative arrangements for defining executive and non-executive functions. Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. Stockport Homes
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Review of Effectiveness

	Business Continuity	presented performance updates and Delivery Plan outcomes reports to the Member Committee during 2021-2022. Totally Local Company presented financial and strategic updates to the Contributor Committee during 2021-2022. The Council also has interests in the following entities established to further our strategic aims and objectives: • Stockport Active CIC. The Council is sole member and officers constitute the Board. • Stockport Exchange Ph 2 & Ph3 Ltd. The Council is the sole shareholder of these and senior officers are the Directors • Stockport Mayoral Development Corporation. Council members are on the Board and Council officers discharge the executive functions • Interchange LLP is a joint venture between the Council, GMCA, an Equity Investor. The Council have a third of the equity and have reserved rights to give it a certain degree of control/protection The Council works within the framework set by the Civil Contingencies Act 2004, which provides a single statutory framework for civil protection in the UK at a local level. We work with the Civil Contingencies and Resilience Unit (CCRU), which is an Association of Greater Manchester Authorities (AGMA) service to coordinate
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Review of Effectiveness

		'emergency planning' on our behalf. We work to the plans drawn up by the CCRU. We are also a partner of the Greater Manchester Resilience Forum (GMRF). This partnership of agencies from across Greater Manchester has responsibility for coordinating and overseeing emergency planning. Its overall purpose is to ensure an appropriate level of preparedness for multi-agency response to emergency incidents which may have significant impact on the communities of Greater Manchester. In order to ensure preparedness and response we maintain a bank of Silver Commanders, Forward Incident Officers and on-call Emergency Rest Centre Managers. We have a planned business continuity process aimed at managing the many and varied, known and unknown risks inherent in the day-to-day activities involved in delivering our services. The main purpose of the process is to ensure continuity of service delivery following an unexpected disruption to normal working. This year's continuity planning exercise for services has utilised a more effective digitised system to allow better completion, collation and retrieval of service continuity plans.
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Review of Effectiveness

		The over-arching Corporate Business Continuity Plan and service area specific plans form the structure of the Council's Business Continuity Management Plan. Specific plans are developed, compiled and maintained by each service in readiness for use in an incident to enable the organisation to continue to deliver its critical functions at an acceptable pre-defined level. In the event of a service being overwhelmed the Corporate Plan would be invoked. Risks considered in the Business Impact Assessment include but not limited to: Loss of IT/Telecoms Loss of Site/Flood/Fire Loss of People/Skills /Industrial Action Utility Outage Employee H&S Issue Supply Chain Damage to Reputation Product Safety
E.	Members' Training Plan	A corporate Member's induction programme is in place. Training for Members includes the member

Review of Effectiveness

Developing the entity's capacity, including the capability of its leadership and the individuals within it	Members' Induction Process Corporate Induction Procedure Employees Personal Development Review Absence Management Policy Apprenticeship scheme One Team – People Strategy	code of conduct, planning, licensing personal safety and procedures. The Council supports member development in different ways including a comprehensive induction programme for new Councillors, new Cabinet Councillors and new Committee Chairs, bespoke training for individual political groups, attendance at conferences aligned with the member's particular responsibilities. In particular the Council fund a number of Cabinet Councillors and spokespersons from the main opposition group on the LGA Leadership Programme. Training in relation to Audit and Treasury Management is also provided annually to Cabinet Councillors and members of the Audit and Corporate, Resource Management and Governance Scrutiny Committee. All employees are required to have a Personal Development Review on an annual basis. A competency framework is in place for officers. The Council has an 'Employees Handbook' which brings together a range of conditions of service into a single resource. This handbook is complemented by a Manager's Handbook and forms the basis of a revised management induction and management development package.
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Review of Effectiveness

		A Workforce Development Group was established that brought together key individuals from all directorates who meet fortnightly to discuss and develop plans for future workplace arrangements.
F. Managing risks and performance through robust internal control and strong public financial management	Corporate Risk Register considered by CLT and CCG and reported to Audit Committee Annual Head of Internal Audit Opinion Report Totally Local Company ARAC committee meetings Stockport Homes Board meetings	Decision making is supported by risk management arrangements. The Corporate Governance Group (CGG) monitors the development and maintenance of a Corporate Risk Register and the Corporate Leadership Team receive regular in-year updates on the management of risks within the Corporate Risk Register. A range of risk workshops were held in 2021/22 concluding with an update of the Council's current Risk Strategy. An effective Audit Committee is in place which is independent of the Cabinet and whose purpose is to provide independent assurance of the adequacy of the internal control environment, and to oversee the financial reporting process. The Head of Internal Audit supports the Audit Committee and reviews its effectiveness on an annual basis. The Chair of the Audit Committee produces an Annual Report that demonstrates the value added by the Committee over the previous year. Since 6th May 2022 the makeup of the Audit Committee has changed and a new Chair and Deputy Chair are now in place. The new

Review of Effectiveness

		members have all attended introductory training delivered by the Head of Internal Audit and regular Risk Workshops of key risk areas will be reintroduced for members in the 2022/23 financial year. The Internal Audit function operates in line with the Public Sector Internal Audit Standards for Local Government and the Internal Audit Plan is based on the high risks reported within the risk registers. Underpinning the Council's financial and operational management arrangements is a regulatory framework comprising Financial Procedure Rules, Contract Procedure Rules, and risk-based audit reviews of systems and procedures across the full range of Council operations on behalf of the S151 officer. The Constitution is clear that management have the responsibility for operating a sound system of internal control. Concerns regarding non-compliance with rules, policies, procedures or legislation can be reported through channels set out in the Anti-Fraud, Corruption and Bribery Strategy/Policy and Confidential Reporting Procedure (Whistleblowing Policy) and a Fraud and Irregularities Panel has the remit to deal with these. In addition, the Council's arrangements for providing economy, efficiency and effectiveness
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Review of Effectiveness

		are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website. The Council broadly complies with the CIPFA Financial Management Code. The aim in 2022/23 is to undertake a full assessment. The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2021 and the overall opinion on the level of assurance discussed. The report is presented annually and will be discussed in the July 2022 Audit Committee. Each year within Stockport Homes, business planning sessions are held with managers and Board Members and a risk register is compiled. This ensures that existing risks are reviewed and new risks are identified and 'owned'. Risk control actions are assigned to service managers and progress against implementation is monitored on a quarterly basis by Senior Leadership Team and the Board. It is the Audit and Risk Committee that has oversight of the corporate risk register, any emerging risks and wider risk issues which may affect the organisation. The Risk Register is supported by a list of the 'top ten' risks which are reported quarterly to the Stockport Homes' Board. The Board has ultimate responsibility for the effective management of risk.
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Review of Effectiveness

		Totally Local Company has an Audit, Risk and Advisory Committee (ARAC) and risk management processes are robust, and a strategic risk register is discussed at each ARAC committee. Operational risks are captured in separate risk registers. Arrangements for how the Council will interact with the Greater Manchester Integrated Care System are highlighted in the AGS Action Plan below as a significant challenge for 2022/23. A recent internal audit review of the Council's Financial Resilience was undertaken. The objective of the audit was to ensure that adequate and effective controls are in place to minimise business risks around Financial Resilience. The key risks include: • Savings are not achieved, inaccurate or duplicated by multiple projects, thereby impacting on current and future budgets and affecting the levels of savings required on other projects. • Reduced external funding and related local budget pressures impacting on capacity to deliver preventative services and planned changes. • Insufficient return on investments, with new developments not let or occupied, or
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Review of Effectiveness

		occupiers unable to meet rental charges for council properties, impacting on Business Rate collection, reduced income to Council and ability to fund capital spend. • Over-use of reserves, with services reliant on reserves to meet budget future deficits, leaving Council exposed to financial risk and failure to deliver MTFP. • Inability to generate additional income. The review provided substantial assurance that the strategic financial planning and management arrangements to ensure financial sustainability / resilience are robust. The following areas were considered as part of this review: • Alignment of the financial strategy to strategic objectives, • Demonstration of how risks identified have informed the financial strategy, • Effectiveness of financial resilience assessment (e.g. adequate assumptions & financial estimates, testing of sensitivity of financial sustainability and scenarios for the key cost drivers, service demands and resources),
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Review of Effectiveness

		• Preparation of the MTFP, regular review and inclusion of adequate contingencies to address risks, • Effectiveness of reserves policy, • Scheme of delegation of responsibilities and accountabilities to those responsible for delivery of services (including income generating activities) and achievement of savings plans, • Financial governance effectiveness within the leadership team and relevant members, in particular rigorous examination of objectives, underlying assumptions and implementation plans with constructive challenge being provided throughout.
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Webcasts Cabinet reports Fol publication scheme Annual Governance Statement 2019-20 progress reports to Audit Committee Internal Audit progress reports	The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability. Much of this is published in an 'open data' format to enable re-use by interested parties, and the Council is committed to meeting the standards set out in the Transparency Code of Practice. The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. These are logged onto a central system

Review of Effectiveness

	Totally Local Company reports to Contributor Committee Stockport Homes reports to Member Committee Development of Performance Dashboards	and the Council's Information Governance team coordinate and track progress on all requests to ensure responses are properly co-ordinated and to the right quality, standard and timescales. The Council is also committed to being as transparent as possible and has developed its website further to provide more information to the public. The Council has responded effectively and promptly to implement agreed actions resulting from the work of Internal Audit, external audit and other external inspectorates. Progress made against the issues identified in the 2020/21 Annual Governance Statement action plan was reported to the Audit Committee in November 2021 and March 2022. All 2020/21 issues are strategic and complex, reflecting the continued pace of change and significant financial challenges and continue to remain key governance issues for the Council. The Council published its Annual Report and Statement of Accounts on its website. Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. During 2021/22, the Council has used a series of 'dashboards' to provide a regular visual summary of performance. These include development of
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Review of Effectiveness

		Corporate and Portfolio Performance Dashboards for members, complementing the Performance and Resource Reports (see above) and providing the ability to see more detailed trends and commentary on specific measures. This follows the development of a Performance Dashboard for the Corporate Leadership Team, which has resulted in a number of 'performance spotlights' helping to understand a number of key performance issues such as employment & skills, educational attainment and the local housing market.
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Significant Governance Issues (AGS Action Plan)



The 2021/22 annual governance statement contained two key governance issues. Details of these issues and how they were addressed are provided below.

What the issue was	What we did to address it
1. Transformation To meet the financial and operational challenges facing the Council the One Transformation programme is being developed. This will encompass new and existing key projects from across all Directorates including ongoing Children's and Adults Social Care restructuring projects highlighted in last year's Annual Governance Statement	As outlined within our planned actions a digital programme management tool has now been procured and is being embedded across the organisation. This tool is supporting a greater cross-cutting view of projects and programmes and will over the medium to longer term facilitate improved benefit tracking. This is also supported by a series of approval mechanisms to ensure understanding of the breadth of projects or programmes within delivery, this includes: regular (e.g. monthly) directorate management team updates and an e-approval route for initial business cases. Updates on the transformation programme are published within the Cabinet's response to the MTFP. This includes identification of proposals to support a balanced budget. Contributing to the delivery of the Borough Plan is a core part of our transformation programme. Mapping of borough plan priorities to partnership boards and delivery plans (new/ existing / to be developed) has been undertaken to ensure there is a clear golden thread between the strategic partnership ambitions and tangible actions and change. The outcomes framework continues to be developed across the partnership, the first stage of this has involved the launch of the Big Stockport Picture, initial feedback from partners on the emerging framework and an alignment of existing measures to key partnership priorities. The next stage of this work involves further exploration of the qualitative measures which will support and inform our understanding of progress against the priorities within the Plan. Additionally, the following supporting mechanisms have been implemented:

Significant Governance Issues (AGS Action Plan)

	• A transformation steering group which brings closer links across colleagues who are enabling change within the organisation, including: data, strategy and design, business support, procurement, risk and internal audit, HR and OD, and transformation leads. • An established business relationship management model across transformation and systems teams. • Regular change and MTFP (Medium Term Financial Plan) updates provided to CLT (Corporate Leadership Team) and DLTs (Directorate Leadership Team) • Further change resource recruited to ensure we have sufficient change and project management capacity within the organisation.
2. Programme of Reform and achievement of Medium-Term Financial Plan The Council continues to face significant financial constraints and further demands for significant savings to be made. There is still a significant amount of uncertainty about how Government intends to fund Local Government beyond 2021-22. The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.	During the year the Council has continued to provide updates to the MTFP to retest the underpinning forecasts and assumptions. These updates have also taken into account Government announcements in relation to their plans for social care reform, the 2021 Spending Review and the Local Government Finance Settlement. The Council's MTFP continues to be set in the context of the ongoing national and local recovery from the pandemic. Whilst there have been positive steps forward during the year as restrictions have been lifted, the fragility of this recovery has been highlighted. This continuous update of the MTFP has been essential to understand the ongoing financial scarring impact of the pandemic and address the ongoing uncertainty and volatility within the financial landscape. This has supported and informed decision making during the year and ensured the Council's MTFP continues to be set on a robust and resilient basis. At the start of the financial year the Council had a saving requirement of over £23m to address and balance the Council's 2022/23 Budget. In response to the MTFP Updates during the year, the Council set out its approach to responding to the financial forecasts over the medium-term period. The focus of the response is to deliver impactful, and outcomes focused transformational change for Stockport communities and businesses, whilst recognising the importance of a resilient budget to enable this change. On this basis the balancing of the Council's 2022/23 Budget was addressed via corporate adjustments to MTFP forecasts and

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assumptions during the year, consideration of local taxation, use of reserves and saving proposals aligned to transformational change and robust corporate governance.

The Council's 2022/23 Budget was approved at the Budget Council meeting on 24 February 2022.

As part of balancing the Council's 2022/23 Budget, saving proposals of £10.291m were considered by Scrutiny Committees and Cabinet during the year prior to approval at the Budget Council meeting in February. The saving proposals identified focus on addressing the financial and demand challenges, enabling longer term transformation and shared ambitions and delivering robust corporate governance. Aligned to this and to supporting the robustness of the MTFP, saving proposals of £6.930m 2023/24 and £5.800m 2024/25 were also approved. The proposals will be delivered through four programmes of work aligned to the unifying themes of the Borough Plan and the Council Plan:

- Demand Management
- Value for Money and Commissioning
- Robust Corporate Governance
- Radically Digital

The Council continues to face significant financial challenge over the medium-term period. The MTFP remains prudent on the assumption on the speed of recovery to support the Council's Section 151 Officer's assessment of the robustness and resilience of the Council's MTFP. Following review by Officers, the level of Covid-19 financial scarring impact contingency has been updated to reflect the current expected financial impact over the medium-term period. It is recommended that £36.163m of contingency is held corporately over the medium-term period 2022/23 to 2024/25 to mitigate costs and offset income losses as they are incurred. This will ensure the Council has sufficient contingency to mitigate and smooth the financial impact of the pandemic whilst the local recovery continues. As the Council continues to recover from the pandemic, it is expected that the need for this contingency can be phased out of the MTFP as service costs are realigned to

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pre-pandemic levels. Officers will continue to review the need for this contingency as part of future MTFP Updates. If the contingency budgets are not needed (in full or part) then they can be released in future years when prudent to do so. The Council is also aware of the impact of adverse changes to the national economy will have locally in terms of inflation rates, interest rates, energy costs and demand for services particularly those that support vulnerable residents.

The approved MTFP presents a three-year financial position (2022/23 to 2024/25) aligned to the Government's Spending Review period. However, it is noted that the Local Government Finance Settlement announcements were for a one-year settlement only covering 2022/23 resource allocations, with no indication of resource allocations for 2023/24 and 2024/25. In addition, planned Government reforms to Local Government Financing are likely to be delayed further to 2024/25, with some commentators questioning whether they will now be delivered at all. This makes the Council's medium-term financial planning difficult and as a result it is important that the MTFP continues to be iteratively updated during 2022/23 to inform decision making. This process of continually retesting the MTFP forecasts and assumptions is even more important given the significant uncertainty, volatility and risk inherent in the financial landscape.

The Council's forecast saving requirement over the next two financial years 2023/24 to 2024/25 is £19.952m. The council's financial position will continue to be monitored closely during 2022/23 to address the volatility, complexity and risk inherent in the financial landscape.

The Reserves Policy was updated for 2021/22 and approved by Cabinet in September. The Policy ensures earmarked reserves remain aligned to priority areas identified over the medium term, whilst also providing assurance about the Council's ability to mitigate the impact of unplanned and unexpected events. Reserves continue to be a key part of the Council's financial resilience and robustness, whilst recovering from the financial scarring impacts of the pandemic. Reserves support the Council to smooth the financial impact and address funding gaps in the short-term. However, a significant use of reserves for this purpose presents an opportunity cost to the Council in terms of the impact on the Council's

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	priorities and ambitions which resources held in reserves were originally earmarked to support. For this reason, the Cabinet approved a £20m cap on the use of reserves linked to the MTFP to support the Council's continuing recovery from the pandemic over the medium-term period. The annual review of the Council's Reserves Policy will be completed in 2022/23.
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The review of the effectiveness of the Council's governance framework has identified and confirmed the following significant issues that will need to be addressed or continue to be addressed during 2022/2023.

Issue	Action proposed during 2022-23	Lead Officer
1. Transformation As highlighted in last year's Annual Governance Statement, to meet the financial and operational challenges facing the Council the One Transformation programme was developed. This encompasses new and existing key projects from across all of the Council, many of which span several years including the last financial year and 2022/23.	We will continue to follow governance processes introduced in the previous year, including: • Updates on the transformation programme will be published within the Cabinet's response to the MTFP. This includes identification of proposals to support a balanced budget. • The outcomes framework continues to be developed across the partnership. The next stage of this work involves further exploration of the qualitative measures which will support and inform our understanding of progress against the priorities within the Plan. Additionally, the following supporting mechanisms will continue: • A transformation steering group which brings closer links across colleagues who are enabling change within the organisation, including: data, strategy and design, business support, procurement, risk and internal audit, HR and OD, and transformation leads. • An established business relationship management model across transformation and systems teams. • Regular change and MTFP updates provided to CLT and DLTs	Deputy Chief Executive (Section 151 Officer) Director of Strategy Head of Strategy and Design

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2. Programme of Reform and achievement of Medium-Term Financial Plan

As highlighted in the 2020/21 Annual Governance Statement, the Council continues to face significant financial constraints and further demands for significant savings to be made. There is still a significant amount of uncertainty about how Government intends to fund Local Government beyond in 2022/23 and onwards.

The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.

We will undertake the following activities in 2022/23 to ensure the MTFP activities receive appropriate oversight and governance:

- Ongoing updates of MTFP based on latest information/data that could impact on the MTFP. For example, regular forecast outturn monitoring, inflation updates, government announcements including government spending review and local government finance settlement. These updates will be reported to Members throughout the year to inform decision making.
- Incorporate the savings updates as part of the PPRRs and regularly closely monitor the savings required for 2022/23 and progress in achieving these.
- Ensure balanced budget at year end.
- Highlight and assist in providing solutions if savings become unachievable/ensure double running reserves utilized appropriately for timing issues of achieving the savings.
- Prepare and set the Council's Reserves' Policy for 2022/23 for member approval in September 2022 that takes into account latest information and requirements to utilize the reserves appropriately and ensuring a balanced MTFP.
- Finance Officers will continue to further strengthen the Council's financial management and financial resilience.

Deputy Chief Executive
(Section 151 Officer)

Strategic Head of Service –
Finance (Deputy S151
Officer)

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3. Integrated Care System – Health and Care Bill (June 2022).

Triple aim - better health for everyone, better care for all and efficient use of health and care resources

Whilst the date for the establishment of Integrated Care Boards has moved from 1 April 2022 to 1 July 2022, the ambition is to start to work differently in some areas from 1 April 2021 to support a smooth transition to the 1 July 2022.

It is important that the Council actively engages with the establishment of the ICS and ensures it is adequately represented in key strategic and operational decisions.

Locality governance arrangements were expected to move from shadow form and did become operational on 1st July 2022. Work is underway to ensure that the locality will have in place robust governance arrangements, including:

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- A Locality Board to ensure the priorities are decided together in the locality and support the effective joint stewardship of public resources benefiting health and care.
- A Place Based Integrated Care Lead with dual accountability to the local authority and to the ICB
- A place-based provider collaborative providing comprehensive integrated care at neighbourhood and place levels
- A means of ensuring clinical and care professional input and leadership to place based working

The Health and Wellbeing Board, council scrutiny committees, Quality Committee and patient voice mechanisms will provide an overview and scrutiny function to ensure independent challenge on delivery of the integrated health and care expectations.

An outcomes framework is being developed to monitor performance and provide further assurance.

Further clarity will be provided when the Accountability Agreement is released which will be used by the GM ICB to hold Localities to account. This document will set out the governance of the interaction between the locality board and the ICB and describe the delegations that we will have

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as a system (such as performance reporting arrangements, quality oversight, safeguarding and CHC).

The Greater Manchester Health and Social Care System operating model is still being developed and consequently there will be a period of time needed for the Greater Manchester operating model to mature. It is proposed that the pooled budget is initially restricted to the minimum legal requirement (Better Care Fund, Improved Better Care Fund and Disabled Facilities Grant). This will provide a developing foundation to grow in parallel and further integrate as the GM ICS and Stockport locality evolve and mature.

Assurance of ICP and ICBs - ICSs will be held to account by the Care Quality Commission (CQC) Integrated Care System inspection framework, which will be used from The CQC will look broadly across Integrated Care Systems, and in particular at how Integrated Care Boards, local authorities, providers of NHS care, public health and adult social care services are working together to deliver safe, high quality and integrated care to the public.

ICBs will be held to account by NHS England annual performance assessments, which will assess how well each ICB has discharged its functions.

ICBs will also be held to account for how they discharge their child safeguarding duties through joint targeted area inspections (JTAs), conducted by CQC, the Office for Standards in Education, Children's Services and Skills (Ofsted) and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). These

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inspections will assess how well local agencies (including the ICB) work together to protect children. ICBs will also be held to account on the discharge of their SEND duties through CQC and Ofsted joint local area SEND inspections, which hold local area leaders to account for how they implement the SEND Code of Practice and for their strategic leadership of services in the local area.

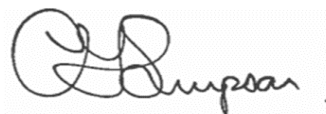
Conclusion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Group and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Audit Committee approved the 2021/22 Annual Governance Statement at their meeting held on the 7th September 2022.

Our assessment of the effectiveness of our governance arrangements for 2021-22 identified governance issues as outlined in this document. We propose over the coming year to take all appropriate action to address the matters outlined in this Statement and any other issues to further enhance our overall governance and stewardship arrangements. We are satisfied that our plans will address the improvement areas identified in our review of effectiveness. We will monitor their implementation and operation as part of our next annual review.



Cllr Mark Hunter
Leader of the Council
Stockport Metropolitan Borough Council



Caroline Simpson
Chief Executive
Stockport Metropolitan Borough Council

Date: 15th November 2023

Date: 15th November 2023