STOCKPORT
METROPOLITAN BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT

2016-17

Contents

1.	Executive Summary and Approval	3
2.	Introduction	4
3.	Governance Framework	4
4.	Review of Effectiveness	10
5.	Governance Issues	25
Appendix 1	Overall Governance Framework and Assurance Map	26
Appendix 2	Action Plan 2017-18	27

1. Executive Summary and Approval

1.1 Each year, the Council produces an Annual Governance Statement that explains how it manages it corporate governance arrangements, makes decisions, manages it resources and promotes values and high standards of conduct and behaviour.

1.2 The Annual Governance Statement reports on:

- The Council's assessment of the effectiveness of the key elements of its governance arrangements
- What improvements or changes in governance arrangements are proposed during the forthcoming year

1.3 The Borough Treasurer, as the Council's Section 151 officer, has reviewed this statement together, with the more detailed assessments that support its conclusions.

1.4 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 2016-17 Annual Governance Statement at their meeting on 19th July 2017.

1.5 Our assessment of the effectiveness of our governance arrangements for 2016-17 identified governance issues as outlined at Appendix 2. 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 Alex Ganotis
Leader, Stockport Metropolitan Borough Council

Laureen Donnan
Interim Chief Executive, Stockport Metropolitan Borough Council

2 Introduction

2.1 Corporate governance generally refers to the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Council's governance arrangements aims to ensure that it sets and meets its objectives while acting in the public interest at all times. The Council achieves this by ensuring that it carries out its responsibilities in a lawful, timely, open, inclusive and honest manner and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

2.2 Like much of the public sector the Council is facing on-going and continuing unprecedented financial and service delivery challenges. Difficult decisions will, and are, being made to remodel and redesign services that provide the best possible outcomes to stakeholders within Stockport. However this process is not without considerable risk to the Council and all changes will need to be managed in a structured and co-ordinated manner. Having a focus on governance issues, including processes for review and challenge within the Council will help it to manage risk and make the right decisions.

2.3 To make the radical changes necessary and still continue to provide good levels of service is a constant challenge. Stakeholders need to know that the Council has sound procedures and processes in place to ensure that decisions are made that are effective and comply with applicable laws and regulations and proper governance practices.

2.4 Through the reviews done to produce this Annual Governance Statement, we have again been able to demonstrate that work within the Council is generally carried out to the high standards that local people expect and need, for the delivery of good quality and value for money services.

3 Governance Framework

Scope of Responsibility

3.1 Stockport Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Stockport Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

3.3 In April 2016, CIPFA published a new Governance Framework for Local Government, defining the principles which should underpin the governance of local government organisations. Within 2016/17 the Council reviewed its existing governance arrangements and has recently updated its local Code of Governance. The Council has subsequently approved and adapted a local Code of Governance consistent with the seven principles of the CIPFA/SOLACE 2016 Framework *Delivering Good Governance in Local Government.* A copy of the Council's code is on our website at www.stockport.gov.uk or can be obtained from the Internal Audit & Risk Manager on 0161 474 4033.

3.4 This annual governance statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

The purpose of the Governance Framework

3.5 The Governance Framework comprises the systems and processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework brings together an underlying set of legislative requirements, good practice principles and management processes. The governance principles in the Framework are set out in the Council's Local Code of Governance. It enables the Council 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.

3.6 The system of internal control (i.e. the processes for assuring achievement of the Council's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies) is a significant part of that framework and is designed to manage risk to a reasonable level. It 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 and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The 2016-17 Governance Framework

3.7 The Governance Framework has been in place at Stockport Council for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Statement of Accounts. The process of review and monitoring of governance arrangements across the Council is an ongoing process with updates provided throughout the year as determined by the Corporate Governance Group. A summary of the Council's Governance Framework and Assurance Map can be found in Appendix One.

3.8 The Corporate Governance Group met before each scheduled Audit Committee in 2016/17.

3.9 Five Scrutiny Committees met regularly throughout the year supported by a Scrutiny Co-ordination Committee. These were Adult Care Services and Housing Scrutiny Committee, Children's and Young People's Scrutiny Committee, Corporate Resource Management and Governance Scrutiny Committee, Environment and Economy Scrutiny Committee and Health and Wellbeing Scrutiny Committee.

3.10 Following the May 2016 elections, the overall control of the Council transferred to Labour from Liberal Democrat control.

The Stockport Council Group.

3.11 The bodies considered to be part of the Stockport Council Group are Stockport Homes Limited, Solutions SK Limited, Stockport Hotel Management Company Limited and Stockport Exchange Phase 2 Limited. The Council controls these companies. The 2014/15 Code of Practice adopted a new suite of standards for accounting for subsidiaries, associates and joint arrangements. In line with the Code, the Council continues to review its relationship with other entities, particularly in respect of the definition of control and accounting for joint arrangements. Consequently the governance arrangements for both are outlined below.

The Council now wholly owns [Stockport Phase 2] Limited, a Special Purpose Vehicle delivery company established originally as a joint venture to develop for Stockport Exchange grade A office space together and the 115 bedroom town centre Holiday Inn Express.

The Council has established Stockport Hotel Management Limited for the purpose of trading as a hotel and has leased the hotel building to the company.

Stockport Homes Limited was formed to take over the responsibility for managing and maintaining the Council's dwellings and became a wholly owned subsidiary of Stockport Council from 1 October 2005. It is an ALMO (arms-length management organisation) of the Council and is a company limited by guarantee. The liability of the Council is limited to £1.

In terms of governance, the board of directors of Stockport Homes consists of voluntary members including tenants, independent members and co-optees. In addition the Stockport Homes Member Committee, a cross party Council body, monitors and oversees the company's work and is responsible for appointing board directors. Stockport Homes Limited principal source of income is a management fee, paid by Stockport Council, for managing and maintaining the Council's housing stock. It is also paid a fee to operate the Homelessness Service.

The organisation has a contract with PWC to provide internal audit services and regular audit committee meetings take place.

The organisation has a Corporate Finance Strategy, People and OD Strategy, Treasury Management Strategy and Risk Management Strategy.

The development of a new headquarters building is continuing.

Governance

The organisation has a robust governance structure and its Board has a vision as outlined on its website. The vision outlines its commitment to sustaining thriving neighbourhoods, meeting housing need and supporting vulnerable people. This means taking calculated risks and moving into new areas of business which complement its core services.

During 2013 Stockport Homes extensively reviewed its governance arrangements, moving to a smaller Board and two Sub-Groups to which some decisions are delegated. Reports to the Board are now more strategic and less focused on operational performance issues. The Board's make-up was strengthened by the addition of 'stakeholder' members to complement the skills of its existing non-Executive Directors. Ongoing capacity-building work takes place to ensure that Members and potential Members have the skills to function effectively as non-Executive Directors of the company.

The Board is made up of: four independents; four customers; and three 'stakeholders'. These 'stakeholders' can be drawn from partner organisations or be members of the local community with an interest in Stockport Homes' work.

Stockport Homes' work is overseen by a 'Council Member Committee' made up of senior local Councillors. The function of the Committee is to protect the Council's interests as the sole shareholder of the company and it focuses on reviewing performance and financial information. In addition the Company's Articles of Association provide for the Council to appoint and remove directors from the Board.

The day-to-day running of the organisation is delegated to the Chief Executive of Stockport Homes and a team of four Directors. In addition, a Leadership Forum meets monthly to discuss strategic cross-cutting issues, including: business planning; performance; risk; audit and financial management.

Financial Management

Stockport Homes has a clear and effective financial management and control framework. The increasingly complex finances of the Company are managed through an annual budget setting process with budget managers responsible for identifying their resource requirements, with support and advice from the Corporate Finance Team. Financial activity is then managed through monthly budget monitoring reports that are reviewed in detail by the Leadership Forum and Business Development Sub Group. There are detailed financial procedures and a scheme of delegation to protect the integrity of financial transactions.

Managing Risk

Effective risk management has been identified by Stockport Homes as integral to good governance. Examples at Stockport Homes include ensuring that appropriate levels of control are in place to provide adequate protection from risk without compromising service improvement, organisational development or innovation. Furthermore a Risk Management Strategy is in place for 2014-17. The risk management process ensures effective identification and analysis of risks and delivers mitigation actions to minimise their negative impact on organisational objectives. This safeguards the tangible and intangible assets of the organisation.

Each year, 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'. Gross risk ratings are calculated, risk control actions identified and residual risk ratings agreed. Risk control actions are assigned to service managers and progress against implementation is monitored on a quarterly basis.

Quarterly Risk Working Group meetings are held by a cross-directorate group of senior managers. These monitor the corporate risk register, identify emerging risks and discuss wider risk issues which affect the organisation. The Risk Register is supported by a list of the 'top ten' risks which are reported on quarterly to the Board.

There is a discreet risk register for the Housing Revenue Account (HRA). This outlines specific risks which could impact upon the health and viability of the HRA. This register includes risk issues such as new Government policy, changes to interest rates and building cost inflation. This is overseen by the Director of Finance and the HRA Strategy Group and monitored at the Board's Business Development Sub-Group.

The Board has ultimate responsibility for the effective management of risk. Annually, it reviews and approves the corporate risk register and its Business Development sub-group receives quarterly progress reports. These provide an update on risk control actions and highlight any emerging risk issues.

The annual internal audit plan is derived from the corporate risk register to ensure that adequate checks are being undertaken and reported on core business processes. In addition: business continuity; money laundering; fraud; and bribery policies are in place and regularly reviewed.

The link below provides access to a range of plan and strategies.

http://www.stockporthomes.org/about-us/annual-and-financial-reports/

With the consent of the Council, Stockport Homes has established two subsidiaries in 2016 called Viaduct Partnership Ltd and – Three Sixty SHG Ltd. The former has been established to develop new housing and the other one is the trading company. The Council has a shareholder agreement with SHL to ensure that any subsidiaries are controlled in the same manner as SHL Limited and SHL has established an intercompany agreement to ensure that the subsidiaries are similarly controlled

Solutions SK Limited was formed to take over the responsibility for providing highways maintenance, property and building maintenance, catering, and refuse collection services. The company became a wholly owned subsidiary of Stockport Council from 1 November 2006. The Board comprises one independent non-executive Chairman, two independent non-executive Directors and two executive Directors of the company, five in total. To support the Council's business objectives, a Contributor Committee has been established consisting of seven Members drawn from all the Party Group. The Contributor Committee appoints all directors. Solutions SK Limited has a wholly owned subsidiary company; Waste Solutions SK Limited. This company collects waste and products for recycling in the Greater Manchester Area.

The company has an Audit, Risk and Advisory Committee (ARAC) which consists of a Chair and two non-executive members. Stockport Internal Audit, Risk and Insurance services provide the internal audit service to the company on a yearly basis.

Risk management processes have been strengthened and a strategic risk register is discussed at each ARAC committee. Furthermore operational risks are captured in separate registers.

Stockport Sports Trust was established as a company to provide leisure and recreational facilities for the Stockport area. It is a company limited by guarantee, a non-profit distributing organisation with charitable status, which commenced trading on 1 April 2002. Stockport Sports Trust is an independent organisation from the Council but works in partnership with the Council to develop mutual strategic aims and objectives. The governance arrangements for this separate organisation have not been included in this AGS.

4. Review of Effectiveness

4.1 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 Internal Audit and Risk Manager'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 and assurance map in Appendix 1

4.2 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.

4.3 The Council relies on different sources of assurance when preparing the Annual Governance Statement including:-

- Line Management – Assurance on individual Directorate and services are provided by Disclosure Statements.
- Internal Review – The delivery of Internal Audit and the Audit Committee throughout the year informs the preparation of the Statement.
- External Review – The findings and feedback from external inspectorates like Ofsted and the Care Quality Commission also provide assurance which is considered in preparing this Statement.

4.4 The results of the annual review of the effectiveness of the key elements of the Council's governance processes during 2016-17 are set out in the table below.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
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 Anti-fraud, bribery & corruption policy and strategy Confidential Reporting (Whistleblowing Policy) Corporate Complaints procedure Constitution	The Council's Constitution details the code of conducts and protocols which the Council has adopted to reflect the behaviour that is expected. The Council's Monitoring Officer has played an active part in ensuring that the codes are followed and an effective Standards Committee acts as the means to raise awareness and take the lead in ensuring high standards of conduct are firmly embedded within the culture. A Standards sub-committee was in place throughout the year to consider the outcomes of investigations of complaints about councillors and co-opted members and to determine whether a councillor or member had failed to comply with the Code of Conduct in cases referred to it by the Monitoring Officer pursuant to the Monitoring Officer's procedure for investigation of complaints. The sub-committee also considers possible actions and sanctions if appropriate, and this was effectively performed during the year. Member declarations of interests, gifts & hospitality are published online and members are also required to declare any disclosable pecuniary interests and any changes to these must be notified within 28 days. The Monitoring Officer reviews the register of business interests annually and it is now a criminal offence to not disclose such interests. An Annual Fraud Report has been produced by the Internal Audit and Risk Manager 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 June/July of each year. The outcomes of complaints investigations have been reported to the Executive at quarterly intervals throughout the year. 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 and recently updated.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
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 Borough Plan Area Committees Joint committees Neighbourhood Forums Corporate complaints procedure	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. The Council has webcasts its meetings throughout the year http:stockport.public-i.tv/core/portal/home All meeting dates, agendas and minutes have been published in accordance with legislation and are available on line and in local libraries. 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 editions published on a monthly basis since October 2016. The Council also engaged with local communities by encouraging publicity via local newspapers and radio stations. The Council complies with the Local Government Transparency Code 2015. 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 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. A detailed quarterly report on complaints received is presented to the Corporate Resource Management and Governance Scrutiny Committee.
C. **Defining outcomes in terms of sustainable**	Council Plan Portfolio Performance & Resources Agreements	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 2017. The Council reviewed its vision for the local area through a variety of means including ongoing analysis of performance, a review of national and local drivers for change and consultation with stakeholders, including residents,

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
economic, social, and environmental benefits	Quarterly and Annual Portfolio Performance & Resources Reports Quarterly and Annual Corporate Performance & Resources Reports	businesses, partners and agents. The vision is stated in terms of five outcomes for the Borough of Stockport citizens and service users. The Council Plan is the overarching strategy for the Council and defines its priorities and outcomes the Council is seeking to achieve. The Council Plan has been 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 reported in the Portfolio Performance and Resources Agreement to Scrutiny Committees annually in June/July. The Council uses a range of methods to measure and review the achievement of key outcomes. This includes 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 along with the Council's spending plans and financial position which are considered by the Council's Corporate Leadership Team, the Executive and Scrutiny committees. 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 users in order to ensure improvement.
D. **Determining the interventions necessary to optimise the achievement of the intended outcomes**	Corporate Plan Quarterly and Annual Portfolio Performance & Resources Reports Quarterly and Annual Corporate Performance & Resources Reports Medium Term Financial Strategy	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 the recent use of business cases to develop a balanced budget in 2017-18 which were consulted upon. The Council, Executive and Committee meetings are open to the public 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

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
	Business Case Working Papers reported to the Executive and Scrutiny committees	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. The Council's Business Continuity Plan is updated annually and was approved by the Corporate Resource Management and Governance Scrutiny Committee.in November 2016.
E. **Developing the entity's capacity, including the capability of its leadership and the individuals within it**	Members' Training Plan Members' Induction Process Corporate Induction Procedure Employees Personal Development Review Absence Management Policy Apprenticeship scheme	A corporate Member's induction programme is in place which has been signed off by the Corporate Leadership Team and the Member Learning and Development Group. Training for Members includes the member code of conduct, personal safety and procedures. The Council supports member development in different ways including a comprehensive induction programme for new Councillors, new Executive 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 Executive 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 Executive 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. The Council has increased its capacity with regards to Organisational Development.
F.	Corporate Risk Register considered by CLT and	Decision making is supported by risk management arrangements. The Corporate Governance Group (CGG) monitors the development and maintenance of corporate risk registers and the Corporate

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
Managing risks and performance through robust internal control and strong public financial management	CCG and reported to Audit Committee Risk Registers contained within Portfolio Performance and Resources Agreements and Reports and considered by Scrutiny Committees Annual Head of Internal Audit Opinion Report	Leadership Team receive regular in-year updates on the management of risks within the Corporate Risk Register. An effective Audit Committee is in place which is independent of the Executive and whose purpose is to provide independent assurance of the adequacy of the internal control environment, and to oversee the financial reporting process. The Internal Audit and Risk Manager 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. 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 which were updated and aligned to Rochdale and Trafford Councils as part of the STAR procurement arrangements, 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 are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website. The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2016 and the overall opinion was an adequate level of assurance.
G. **Implementing good practices in transparency, reporting, and audit to deliver**	Webcasts Executive reports Annual Governance Statement 2015-16	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 and the Council's Information Governance team

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2016-17
effective accountability	progress reports to Audit Committee Internal Audit progress reports	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 2015-16 Annual Governance Statement action plan was reported to the Audit Committee in November 2016. All 2015-16 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 publishes its Annual Report and Statement of Accounts on its website.

4.5 The table below sets out the progress made against the issues identified in the previous years' annual governance statement. In summary, all issues have been carried forward as work continues to be addressed.

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
1	Health and Social Care Integration (Stockport Together Programme)	*Lack of capacity and funding remain key challenges for the Stockport Together Programme along with continued increasing and expected demand for quality services with limited resources* The programme governance arrangements are now more embedded and a decision making process owned by all partners. Through the Vanguard programme a move towards a 'shadow entity' has	Corporate Director – Services to People	Governance arrangements in respect of commissioning are now in place. The Health and Care Integrated Commissioning Board (a committee of members of the Council and CCG) has now met and agreed both detailed terms of reference and an approach to managing both the pooled budget and procurement of provider

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		consolidated a commissioning/provider split which will mean further changes to how the current programme is governed. A Provider Board is in place to act in shadow form in relation to the Pooled Budget. The Council and the Clinical Commissioning Group have agreed a significantly expanded Section 75 agreement and pooled budget for 2016/17 of c£200m. In addition the Provider Board, which comprises senior representatives of the partner organisations, has produced a Memorandum of Understanding which sets out the broad collaborative and financial arrangements to underpin joint working for the coming financial year Further work continues to embed the programme governance, decision making processes, financial arrangements as well as the risk management framework.		services. The detail of a longer term risk management framework will be dependent on the nature of the joint provider form. The Provider Board has carried out an appraisal of the realistic options for creating a Multi-specialty Community Provider (MCP), and all partners reached a consensus that they would recommend establishing a Care Trust. This preferred option Was agreed by the Council's Executive in November 2016 and is now being assessed by the CCG and Council jointly under arrangements pursuant to section 75 of the National Health Service Act 2006. Should the consensus endure, each partner will then carry out an individual assurance process, leading to a decision about "form" which will then enable procurement to be completed subject to NHS validation and approval.
2	Programme of Reform and achievement of Medium Term Financial Plan (MTFP)	*At a time of significant financial constraints the IiS Programme is a major challenge in terms of budgeting, cost control, performance monitoring and governance* Work continues to implement the new delivery models agreed by the Executive to address MTFP	Chief Executive Deputy Chief Executive Borough Treasurer Corporate Leadership Team	Following the change of political control in May, the new Executive in August set out a strategic framework and guiding principles for a programme of savings, income generation and reform. Business Cases to deliver a balanced budget in 2017/18 are currently being consulted on, along with working papers that identify areas to

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		challenges. This will continue to be monitored and reported within the agreed governance framework. The range of potential future spending reduction requirements is understood and work is on-going to model and monitor year on year variations. This will include incorporating a full understanding of the impact of local taxation (including business rates retention) and risk share arrangements for the Health and Social Care pooled budget in our analysis of steps needed to meet MTFP commitments. A programme of reform and investment will be brought forward by the Council's Executive to a timescale that allows for robust public consultation, which will inform budget proposals.		support and drive further reform and spending reductions in the future. The Programme support arrangements in place are monitored on an on–going basis and have been updated to reflect the current plans, for example with closer and more direct input from HR in light of proposal linked to staff pay and benefits. The Programme Board continues to oversee the delivery of existing plans – drawing on updates provided through quarterly reports and elsewhere – and the development of future ones in light of medium-term financial and other plans and expectations.
3	Stockport's Programme of Growth	*Significant capital investment, strategic and regeneration projects are underway, designed to deliver growth in the economy. This is a major challenge for the Council in terms of cost control, performance monitoring, and governance at a time of declining workforce resources.* Effective programme and project management are critical to the success of this programme. Each major project requires strong governance and risk management, and programme management will be utilised to ensure linkages and dependencies are addressed. Clear escalation procedures are also important and in place.	Corporate Director, Services to Place	Work is ongoing to ensure the Council has capacity to deliver the Investing in Stockport Programme of Growth. Additional delivery roles in the town centre team have been established to deliver the programme, manage risks and create new opportunities. Governance has also been strengthened with the creation of a Corporate Town Centre Investment Board which governs delivery across the programme and supports each individual project board. Strong relationships are maintained across the Council with legal, finance and audit

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		The programme requires involvement from a range of internal stakeholders and each project board will have necessary representation from all necessary disciplines including legal, finance, and property. Member engagement will be ensured through regular briefings with the Executive Councillor and other member committees such as the Town Centre Task Force.		departments to ensure project delivery is supported within a clear legal and financial framework. Active Member engagement remains a priority. The programme overall reports regularly to the Town Centre Task Force.
4	Stockport Property Alliance (SPA)	*The SPA is a relatively new and innovative delivery model with ambitious cost savings which need to be closely monitored and controlled* Operation of the Partnership has identified certain issues. Work continues to consider the impact of these and is being progressed by appropriate officers. Their resolution will help to secure achievement of the Partnership's essential objectives. The SLT continues to work at achieving further efficiencies and effectiveness from the estates strategy/asset management plan and supply chain.	Deputy Chief Executive Head of Estate and Asset Management	Officers have worked to ensure that structure and governance arrangements for the Alliance are fully embedded together with the processes to support development of new projects to support the partnership objectives. The SPA continues to drive efficiencies and identify opportunities to support savings, growth and regeneration from the estate.
5	Information Governance (IG)	*Ensuring all personal and sensitive information is properly protected and only used for appropriate purposes is still a priority for the Council, particularly during a period of transformation and change.* To continue to manage the Council's information risks including the effective management of any potential data protection incidents. This will include	Strategic Head of CSS	The Corporate IG workplan continues to be delivered. A current priority is the implementation of an Information Asset Register and system of named Senior Information Asset Owners who together will provide the infrastructure for the SIRO to

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		continued raising awareness of Information Governance, provision of IG resilience and reinforcement of the Council's robust systems and frameworks to ensure compliance with the Data Protection Act 1998, Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004.		seek and provide assurance about the management of information risk. A review of policy and training is underway to ensure staff are adequately informed and supported to undertake their agreed roles and responsibilities. A new SIRO management team is in place, in addition to the Serious Information Governance Incident panel and IG Policy Forum, to provide additional leadership on strategic development of and improvements to the IG assurance system within the Council. Additional capacity has also been brought in to offer expert advice and support to manage IG risk within the Digital by Design programme.
6	Digital capability and capacity	*Improving the Borough's digital capability and capacity is crucial for the success of the iiS Programme of Reform and achievement of the MTFP.* The project management, risk management and governance arrangements for the Digital by Design Project are being finalised and will be implemented when the project moves from the mobilisation phase. Traditional controls are now being replaced with automated controls which increases the extent to which reliance is placed on this new way of working. This will be monitored to ensure that efficient	Deputy Chief Executive Strategic Head of Corporate and Support Service – policy and reform	The DbD programme has been delivering since January 2016, and a fully functioning Programme Management Office is in place to structure and prioritise work and to manage and report on key governance issues including financial, performance and other risks. The programme is delivering to an Agile methodology which ensures end users and services are consistently involved in the development of new software – mitigating the key risk that new digital products and services don't have the required impact.

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		assurance mechanisms are in place to confirm the effectiveness of the new automated controls.		The use of staged, fixed cost and duration procurement through the Crown Commercial Services Digital Marketplace ensures that the risk of overspending is managed and the programme is currently on budget, with significant improvements to be delivered in the coming months. Elected Members provide regular oversight of the programme through Executive and Scrutiny roles, and a Members' Digital Engagement Group ensures the interests of Councillors and the wider public are directly represented in the work. Progress made is show-cased to staff and others every two weeks and regular updates are provided at www.digitalstockport.info
7	Workforce capacity	*At a time of significant financial constraints, a key challenge is evident in terms of reduced workforce capacity and skills impacting on business continuity and ability to meet legal duties / statutory requirements, whilst implementing major change and supporting complex delivery models.* Work continues to support and develop employees through changes to working practices and the environment, and to improve flexibility and adaptability. POD continues to work with managers and the wider workforce to improve efficiency and ensure that work is carried out at an appropriate level. Job redesign	Deputy Chief Executive Corporate and Support Service – Business Support & People and Organisational Development (POD)	A number of key initiatives have been undertaken since April 2016. • **Service re-design & efficiencies:** The POD Team have been involved in service redesigns and associated staffing consultation in a range of services to support the Councils efficiency agenda and enable new ways of working. The POD Team is also currently supporting the formal consultation exercise on proposals to change terms and conditions of employment relating to overtime and staff travel.

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
		and end-to-end process redesign are key features of many of the service reviews currently underway as part of the Investing in Stockport programme. In addressing the financial challenges the Council is also continuing to take steps to minimise the impact of the workforce by creating efficiencies which do not directly impact upon our staffing budgets. A revised approach to procurement, partnership working and commercial growth are key components of our Investing in Stockport activity.		• **Sickness Absence management:** The POD team has undertaken significant work to streamline sickness absence management and ensure managers have the necessary support in place to effectively manage sickness absence in line with Council policy. Training of over 400 managers on managing sickness absence has been provided and sickness absence figures are on a downward trend. • **Health Safety & Wellbeing:** As part of the on-going drive for improvements to the health, safety and wellbeing of the Council's workforce (as outlined in our strategic framework LiveWellWorkWell) a full review of the Council's Stress Policy has been undertaken. The new revised Stress Policy places a greater emphasis on the LivewellWorkwell framework and wellbeing. It also places a greater emphasis on the role that managers have in recognising stress within their teams and themselves and the responsibility that individuals have to their own health and mental wellbeing. Briefing sessions are currently being held to bring managers and supervisors up to speed on the revised stress policy and new approach

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
				to recognising and managing stress at work. • **Reward and Recognition:** As part of the Council's Live Well Work Well plan a new corporate approach to Reward & Recognition within the Council have been developed. The new scheme, going under the title of 'Give to others, credit where it's due', will provide a simple way for people across the Council to recognise a job well done. • **Travel scheme:** As part of its commitment to lower car usage and to encourage the use of public transport, Stockport Council opened a new Travel Scheme to employees for Rail and Bus travel on 12 October 2016. The Scheme aims to enable employees to use public transport services more affordably and save money on their travel to work. The Council will provide an 'interest free loan' for eligible staff to purchase an annual season ticket. In addition to this the Cycle Scheme, which enables employees to purchase a cycle using salary sacrifice arrangements, will be open to employees all year round from 1 October 2016 • **Learning Pool:** In April POD introduced a new e-learning platform (Learning Pool) that will hold all the corporate e-

No.	Governance Issue	Description of Governance Issue and action required	Responsible Officer / Timescale	Progress Update – March 2017
				learning courses. The new platform provides learners with an intuitive way to browse available training and a much wider selection of courses than the previous provider. • **Roll out of Employee Self-Service (ESS):** The POD Team are web-enabling iTrent ESS to allow staff to access ESS from non-Council network computers, including home computers and mobile devices. All staff will also be able to access their payslips through ESS, and the Council will be able to stop producing printed payslips for Council employees and save the Council money.

5. Governance Issues 2016-17

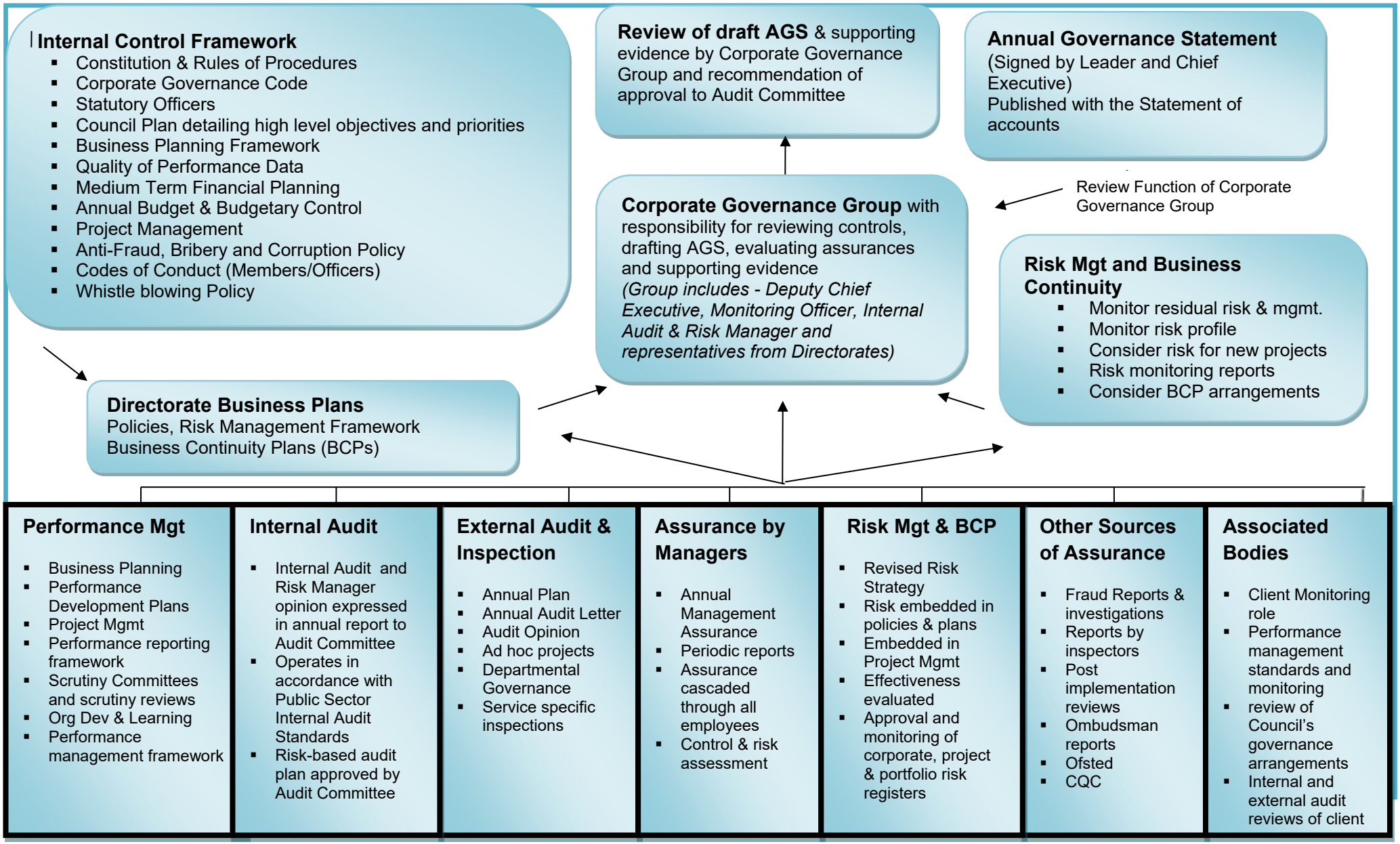
5.1 Appendix 2 sets out governance issues the Council recognises as either

- New issues arising during 2016-17 or
- Issued carried forward from the previous year where these continue to test the Council, reflecting the continued pace of change and significant financial challenges.

5.2 A description of the issue along with details of the actions undertaken to date, and any further actions required to manage the issue is also given. These issues will need action and monitoring by the Council to ensure that actions are undertaken in line with this plan. Progress will be monitored by the Corporate Governance Group during 2017-18, and reported to the Audit Committee.

OVERALL GOVERNANCE FRAMEWORK AND ASSURANCE MAP

APPENDIX 1



2017-18 ACTION PLAN APPENDIX 2

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
1	Health and Social Care Integration (Stockport Together Programme)	*Lack of capacity and funding remain key challenges for the Stockport Together Programme along with continued increasing and expected demand for quality services with limited resources* Governance arrangements in respect of commissioning have been in place for over 12 months: the Health and Care Integrated Commissioning Board (a committee of members of the Council and of the CCG) agreed detailed terms of reference and an approach to managing both the pooled budget and procurement of provider services. However, NHS (England) introduced an assurance process for procurement of the local integrated provider arrangements which led first to a delay in decision-making, which resulted in the need to review the way in which the process fit with the new assurance process. In the absence of an agreement on risk allocation, the ability of commissioners to move from a pooled budget from which health and care services are separately commissioned, to one in which there is an integrated and single approach, remains at high risk. An agreement to integrate budgets, with a clear, longer term risk management framework, remains an essential element of the Council's financial forward plan. The CCG and the Council are actively reviewing the agreement for managing the pooled budget with a view to identifying risk allocation and clarifying the pathway to fully joint commissioning. The Provider Board carried out an appraisal of the realistic options for creating a Multi-specialty Community Provider (MCP), and all partners reached a consensus that they would recommend establishing a Care Trust. Should the consensus endure, each partner will then carry out an individual assurance process, leading to a decision about "form" which will then enable procurement to be completed subject to NHS validation and approval. However, in the absence of an agreed procurement strategy, this timetable may become subject to further delay. Final business cases in respect of new models of care, which have been designed over the past 18 months to transform integrated working and improve services keeping people at home, will be approved in March 2017. Funded partly by the GM Transformation Fund, but largely by deploying existing resources in new ways, the new models of care incorporate detailed activity and financial modelling which will underpin the economy's move to a sustainable position. In the absence of a decision that the Provider Board	Ongoing	Corporate Director – Services to People Borough Treasurer

2017-18 ACTION PLAN APPENDIX 2

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		proposals meet the CCG requirements for an MCP a temporary, collaborative provider management structure will be created to ensure focus on delivery.		
2	Programme of savings, income generation and reform and achievement of Medium Term Financial Plan (MTFP)	*At a time of significant financial constraints the programme of savings, income generation and reform is a major challenge in terms of budgeting, cost control, performance monitoring and governance* As described within the previous AGS update, following the change of political control in May 2016, the new Executive in August set out a strategic framework and guiding principles for a programme of growth and reform. Since this period, further work has been underway to develop this framework, underpinned by an understanding of the medium term ambition, challenges and priorities faced by the Council. In February 2017, a report on the Council's approach to developing a growth and report plan was published accompanying the Council's MTFP. Within this the Executive made a commitment to develop its growth and reform plan and to undergo a cyclical process of identifying future reform and growth opportunities. This activity is commencing more broadly and builds on existing programmes of work underway to identify and deliver opportunities in the Borough. To support this, programme governance is being established to ensure that the Council has robust arrangements in place to ensure delivery of its medium term plans. This includes the establishment of a Growth and Reform Board, which will be underpinned by a programme delivery group and supported through programme resource.	Ongoing	Chief Executive Deputy Chief Executive Borough Treasurer Corporate Leadership Team
3	Stockport Programme of Growth	*Significant capital investment, strategic and regeneration projects are underway, designed to deliver growth in the economy. This is a major challenge for the Council in terms of cost control, performance monitoring, and governance at a time of declining workforce resources.* Effective programme and project management continue to be critical to the success of this programme. Each major project requires strong governance and risk management,	Ongoing	Corporate Director, Services to Place

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		and programme management will be utilised to ensure linkages and dependencies are addressed. Clear escalation procedures are also important and in place. The programme requires involvement from a range of internal stakeholders and each project board will have necessary representation from all necessary disciplines including legal, finance, and property. Member engagement will be ensured through regular briefings with the Executive Councillor and other member committees such as the Town Centre Task Force. Dedicated Programme Management resources are now in place for the Town Centre Development Programme to enhance our governance and monitoring arrangements. A Town Centre Investment Board is also in place chaired by the Deputy Chief Executive and with Senior Finance and Legal representation to manage the overall programme of investment.		
4	Stockport Property Alliance (SPA)	*The SPA is a relatively new and innovative delivery model with ambitious cost savings which need to be closely monitored and controlled* Operation of the Partnership has previously identified certain issues. A six month review in currently underway to assess how the Partnership is performing, whether it is fit for purposes and an action plan to secure the achievement of the Partnership's essential objectives will be carried out. The SLT continues to work to achieve further efficiencies and efficacy to enable the delivery of the Council's objectives across the estates strategy, asset management plan and supply chain.	Ongoing	Deputy Chief Executive Head of Estate and Asset Management
5	Information Governance (IG)	*Ensuring all personal and sensitive information is properly protected and only used for appropriate purposes is still a priority for the Council, particularly during a period of transformation and change.* Ensuring that a privacy by design and privacy by default culture and technical capabilities are actively pursued, monitored and reviewed across the council and with partners. The	Ongoing	Corporate Governance Group SIRO / Head of Business Support

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		Council will continue to effectively manage data protection incidents and embeds the learning through developing new practices. We will continue to raise awareness of Information Governance requirements to ensure compliance with the Data Protection Act 1998, Caldicott Principles, Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004. Privacy Impact Assessments (PIAs) are being routinely complete and updated to ensure all transformational change is assessed for privacy implications and appropriate technical and organisational sureties are in place. The Information Asset Register is currently being developed with senior officers being identified as Asset Owners. These senior staff members will be responsible for providing assurance about the management of their information and risks. A revised Managing Personal Information Policy has been developed alongside updated Level 1 Information Management training. This is currently being promoted to support the annual requirement for all staff (including bureau, apprentices and contractors) to undertake training. Level 2 training is currently under review. A coherent framework is currently being developed to provide robust information governance and privacy compliance which meets General Data Protection Regulation (GDPR) requirements which are due to come into effect from April 2018. Preparation is ongoing to ensure compliance with the General Date Protection Regulation in 2018.		Information Asset Owners
6	Digital capability and capacity	*Improving the Borough's digital capability and capacity is crucial for the success of the Programme of Savings, Income generation and Reform and achievement of the MTFP.* The Digital by Design programme has been delivering since January 2016, and a fully functioning Programme Management Office remains in place to structure and prioritise work and to focus on learning and organisational development. It also services to manage and report on key governance issues including financial, performance, benefits and risks and issues.	Ongoing	Deputy Chief Executive Strategic Head of Corporate and Support Service – policy and reform

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		The programme is still delivering to an Agile methodology which ensures end users and services are consistently involved in the development of new software – mitigating the key risk that new digital products and services don't have the required impact. The methodology also supports the mitigation of risks by identifying things that are not working well earlier and allowing continuous optimisation of working practices alongside the refinement of scope and priorities. The use of staged, fixed cost and duration procurement through the Crown Commercial Services Digital Marketplace ensures that the risk of overspending is managed. The specification of work packages is occurring in small iterative stages to allow scope change and prioritisation. The programme is currently on budget, with significant improvements already delivered over 2016/17. A continuous delivery methodology has been adopted with value to the business released throughout the coming year. Elected Members provide regular oversight of the programme through Executive and Scrutiny roles, and a Members' Digital Engagement Group ensures the interests of Councillors and the wider public are directly represented in the work. Progress made is show-cased to staff and others every two weeks and regular updates are provided at www.digitalstockport.info		
7	Workforce capacity	*At a time of significant financial constraints, the programme of savings, income generation and reform presents a key challenge in terms of reduced workforce capacity and skills impacting on business continuity and ability to meet legal duties / statutory requirements, whilst implementing major change and supporting complex delivery models.* A number of key initiatives have and are being undertaken since April 2016 to address the the reduced workforce capacity issues • **Service re-design & efficiencies:** The POD Team continue to support service redesigns and associated staffing consultation in a range of services to support the Councils efficiency agenda and enable new ways of working. A key feature of this	Ongoing	Deputy Chief Executive Corporate and Support Service – Business Support & People and Organisational Development (POD)

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		activity for 2017/18 will be to support the Stockport Together Reform Programme. The POD Team is also currently in collective consultation with the Trade Unions in order to reduce expenditure relating to overtime and staff travel. • **Sickness Absence management:** The POD team has undertaken significant work to streamline sickness absence management and ensure managers have the necessary support in place to effectively manage sickness absence in line with Council policy. Training of over 400 managers on managing sickness absence has been provided. The functionality of i-Trent has been improved to provide prompts to managers at key points in the sickness procedure and to improve the management information available. Absence figures are on a downward trend. • **Health Safety & Wellbeing:** As part of the on-going drive for improvements to the health, safety and wellbeing of the Council's workforce (as outlined in our strategic framework LiveWellWorkWell) a new Stress Policy has been introduced and over 200 managers have been briefed on the new policy. A new fast track system for referral to the physiotherapy service has been introduced to give employees immediate access to physio support where they are suffering from a musculoskeletal injury. This type of injury is the second largest cause of sickness absence across the Council. In line with the CSS traded service agenda the Health Safety & Wellbeing Team have secured new service level agreements with Boroughcare and 2 schools in Tameside which will bring in additional income during 2017/18. • **Reward and Recognition:** The new corporate Reward & Recognition scheme has been successfully introduced with over 70 employees receiving recognition in the first 6 months from a range of services across the Council. Reports have been regularly shared with the Corporate Leadership Team on progress and nominations. • **Learning Pool:** Learning Pool, the Council's e-learning system, has grown in use in the 11 months since it was introduced. There are now almost 200 courses available for employees to complete and over 1,870 people have already signed up for a user account. In late February our first mandatory training course, on data protection, was launched and reports sent to managers to monitor completion by employees. Further mandatory training courses will be introduced over the coming months. • **Roll out of Employee Self-Service (ESS):** The POD Team are web-enabling i-Trent ESS to allow staff to access ESS from non-Council network computers, including		

No.	Governance Issue	Description of Governance Issue and action required	Timescale	Responsible Officer
		home computers and mobile devices. From April 2017 all staff in the Council and in Schools will also be able to access their payslips through ESS, and the Council will be able to stop producing printed payslips for employees saving the Council money. • **Greater.jobs**: working in collaboration with all AGMA Council's and other partner Councils, Stockport has launched the new greater.jobs web site to replace the former your council jobs site. This provides a new and vibrant hub for jobs and careers in the public sector across the north west region. www.greater.jobs		