

DRAFT ANNUAL GOVERNANCE STATEMENT

2018-19

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What is Governance?

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. A diagram chart of the governance framework is on page 5.

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.

What is the Annual Governance Statement?

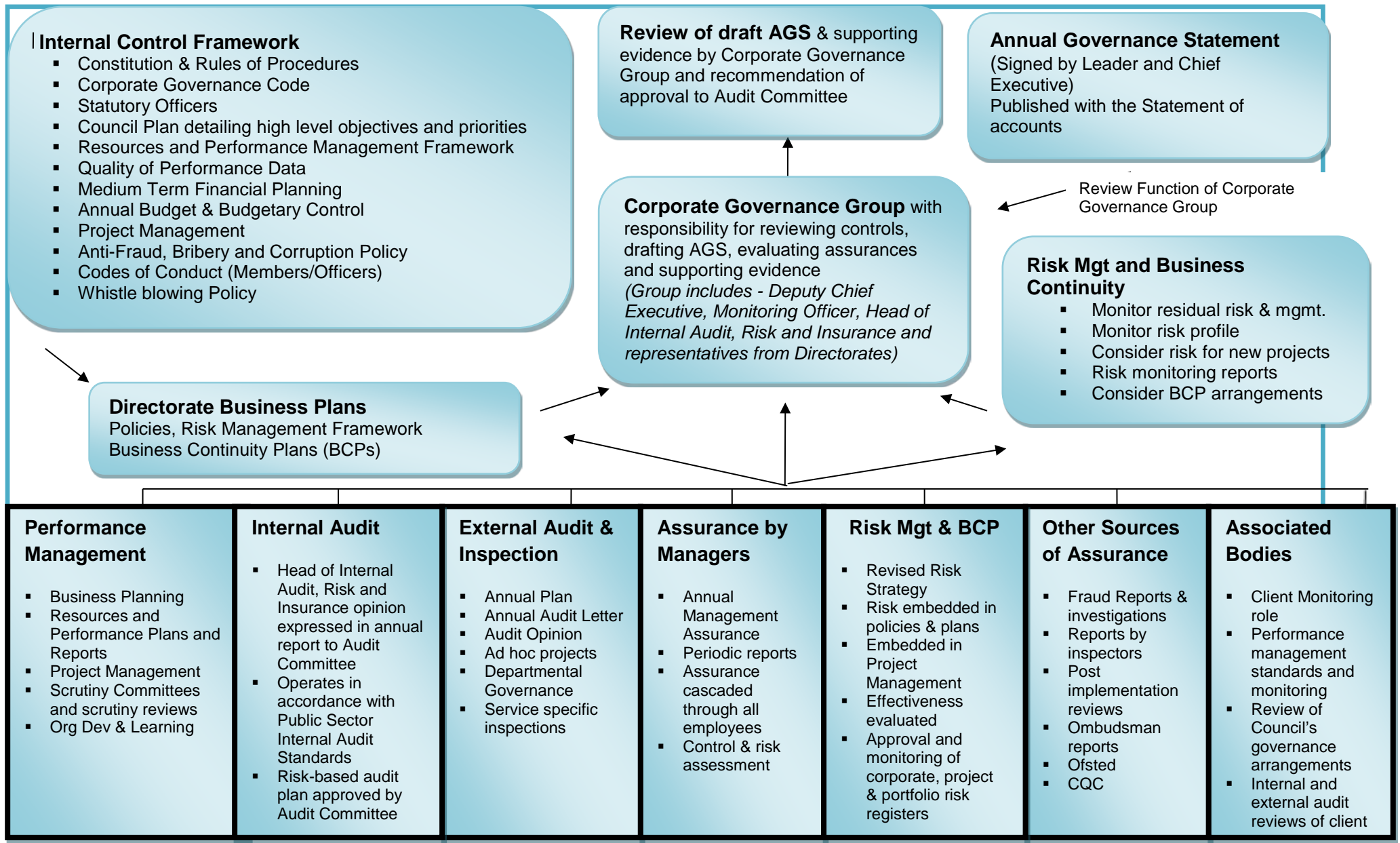
Each year, in line with the requirements of the Accounts and Audit Regulations 2015, the Council produces an Annual Governance Statement that explains how it manages its corporate governance arrangements, makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.

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 2019 and up to the date of approval of the statement of accounts.

Governance Framework



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 2018-19 are set out in the table below.

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|--|---|--|
| 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 | <p>The Standards committee met three times 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 September 2018.</p> <p>An Internal Audit report during 2017-18 regarding 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.</p> <p>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 June/July of each year.</p> <p>The outcomes of complaints investigations regarding service delivery have been reported to the Executive at quarterly intervals throughout the year.</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|--|---|---|
| | <p>Anti-fraud, bribery & corruption policy and strategy</p> <p>Confidential Reporting (Whistleblowing Policy)</p> <p>Anti-money Laundering Policy</p> <p>Corporate Complaints procedure</p> <p>Constitution</p> | <p>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.</p> <p>The Council has a robust process for dealing with whistleblowing issues supported by a clear and concise policy.</p> <p>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.</p> <p>Regular updates on the number and types of complaints received by the Council are reported and discussed by CRMG Scrutiny Committee.</p> |
| B. Ensuring openness and comprehensive stakeholder engagement | <p>Online, including the Council Website, Twitter, You Tube and Facebook</p> <p>Consultations including Have your say (Council website)</p> <p>Webcasts</p> <p>Borough Plan</p> <p>Area Committees</p> | <p>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</p> <p>All meeting dates, agendas and minutes have been published in accordance with legislation and are available on line and in local libraries.</p> <p>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 encouraging publicity via local newspapers and radio stations.</p> <p>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.</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|---|---|---|
| | <p>Joint committees</p> <p>Neighbourhood Forums</p> <p>Corporate complaints procedure</p> | <p>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.</p> |
| <p>C.</p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p> | <p>Council Plan</p> <p>Portfolio Performance & Resources Agreements</p> | <p>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 2019. The Council Plan defines its priorities and outcomes the Council is seeking to achieve for the next 12 months. 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.</p> <p>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 along with the Council's spending plans and financial position which have been considered by the Council's Corporate Leadership Team, the Executive 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 users in order to ensure improvement.</p> <p>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 into new areas of business which complement its core services. Stockport Homes present annual plans which are linked to the Council Plan to the Council's Member Committee.</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|--|---|--|
| | | 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 | <p>Corporate Plan</p> <p>Quarterly and Annual Portfolio Performance & Resources Reports</p> <p>Quarterly and Annual Corporate Performance & Resources Reports</p> <p>Medium Term Financial Strategy</p> <p>Business Case Working Papers reported to the Executive and Scrutiny committees</p> <p>Civil Contingency and Emergency Planning</p> | <p>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 for 2019-20 which were consulted upon.</p> <p>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 service areas and overall. The scrutiny function is also enhanced by joint scrutiny arrangements, principally with local health bodies.</p> <p>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.</p> <p>Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. Stockport Homes presented performance updates and delivery plan outcomes reports to the Member Committee during 2018-19. Totally Local Company presented financial and strategic updates to the Contributor Committee during 2018-19.</p> <p>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</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|-----------|---------------------|--|
| | Business Continuity | <p>(AGMA) service to coordinate 'emergency planning' on our behalf. We work to the plans drawn up by the CCRU.</p> <p>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.</p> <p>In order to ensure preparedness and response we maintain a bank of Silver Commanders, Forward Incident Officers and on-call Emergency Rest Centre Managers.</p> <p>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.</p> <p>The over-arching Corporate Business Continuity Plan and service area specific plans form the structure of the Council's Business Continuity Management Plan.</p> <p>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.</p> <p>Risks considered in the Business Impact Assessment include but not limited to:</p> <ul style="list-style-type: none"> 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 |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|--|--|---|
| | | Product Safety |
| 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 | <p>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.</p> <p>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.</p> <p>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.</p> |
| 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 Risk Registers contained within Portfolio Performance and Resources Agreements and Reports and | <p>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.</p> <p>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.</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|---|---|--|
| | <p>considered by Scrutiny Committees</p> <p>Annual Head of Internal Audit Opinion Report</p> <p>Totally Local Company ARAC committee meetings</p> <p>Stockport Homes Board meetings</p> | <p>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 are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website.</p> <p>The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2018 and the overall opinion on the level of assurance discussed.</p> <p>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. 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 quarterly to the Stockport Homes' Board. The Board has ultimate responsibility for the effective management of risk.</p> <p>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.</p> |
| <p>G.</p> <p>Implementing good practices in transparency,</p> | <p>Webcasts</p> <p>Executive reports</p> | <p>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.</p> |

Review of Effectiveness

| Principle | Assurances received | Assessment of the effectiveness of key elements of the Council's Governance processes during 2018-19 |
|---|--|--|
| reporting, and audit to deliver effective accountability | <p>Annual Governance Statement 2016-17 progress reports to Audit Committee</p> <p>Internal Audit progress reports</p> <p>Totally Local Company reports to Contributor Committee</p> <p>Stockport Homes reports to Member Committee</p> | <p>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 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.</p> <p>The Council has responded effectively and promptly to implement agreed actions resulting from the work of Internal Audit, external audit and other external inspectorates.</p> <p>Progress made against the issues identified in the 2017-18 Annual Governance Statement action plan was reported to the Audit Committee in November 2018 and March 2019. All 2017-18 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.</p> <p>The Council published its Annual Report and Statement of Accounts on its website.</p> <p>Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year.</p> |

Review of Effectiveness

The 2017/18 annual governance statement contained four key governance issues. Details of these issues and how they were addressed are provided below.

| No. | What the issue was | What we did to address it |
|-----|---|--|
| 1 | <p>Health and Social Care Integration (Stockport Together Programme)</p> <p><i>The complexity of integrating health and social care remain a challenge with regard to funding, performance issues with continued expected demand for quality services with limited resources.</i></p> | <p>The Locality Finance Group continues to consider the system finances collectively. This is in the context of continued challenging performance in the acute part of the system.</p> <p>As agreed by provider, the reformed Provider Alliance Board met fortnightly between July and December and along with the newly formed SNC leadership team led the implementation of the SNC model and has been addressing the performance issues on progress. The Provider Alliance agreement is now the subject of a review.</p> <p>A co-produced report on single commissioning was developed, for final sign off through respective CCG and Council governance in December. The CCG changed its position and we are now focused on joint commissioning of the current pooled budget only, for the next 12 months</p> <p>Governance arrangements continue to evolve and include:-</p> <ul style="list-style-type: none"> • Stockport Neighbourhood Care Leadership team ensuring the delivery of an integrated care model between Adult Social Care services and NHS Community Health along with Primary Care. Appropriate levels of controls have been agreed for all parties and delegations. • The Health and Care Integrated Commissioning Board (a Joint Committee of NHS Stockport Clinical Commissioning Group and Stockport Council). It is focused on the agreed Section 75 agreement that includes a pooled budget between Social Care and Health with the aim of cutting across organisational boundaries, improving the health and well-being of people in Stockport and providing better value for money. The Health and Care Integrated Commissioning Board (HCICB) as the vehicle through which both Parties will discharge their commissioning responsibilities in respect of the pooled funds and through which joint commissioning arrangements are being developed. |
| 2 | <p>Programme of Reform and achievement of Medium Term Financial Plan (MTFP)</p> | <p>The MTFP Summer Review of the Council's MTFP was completed and considered by Cabinet on 14 August 2018, alongside the Council's 2018/19 Reserve Policy and the Cabinet's response to the MTFP. The Cabinet's response included the framing of the Council's budget choices for 2019/20 and</p> |

Review of Effectiveness

| No. | What the issue was | What we did to address it |
|-----|--|---|
| | <p><i>The Council continues to face significant financial constraints and further demands for significant savings to be made. The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.</i></p> | <p>the medium term period, and set a strategy centred around five themes to identify saving proposals to address the Council's saving requirement:</p> <ul style="list-style-type: none"> • Getting the Most Out of Our Spending; • Improving Citizen Experience; • Having the Right Property in the Right Places; • Sharing Services with Other Organisations; and • An Organisation Fit for the Future. <p>Further work on the Cabinet's Medium Term Strategy was considered by the Cabinet on 2 October which included the development of implementation plans and saving proposals linked to each of the above themes.</p> <p>An all member briefing was arranged to present the work completed and the report, implementation plans and where applicable further detail was presented during the October cycle of Scrutiny Committees. It was recognised that this was the start of the medium term strategy and therefore plans and proposals would be developed further over the medium term period. As this is done the Council will be working with Partners, Trade Unions and with communities to inform how it will work in the future.</p> <p>MTFP updates have been presented to cabinet during the year to identify additional expenditure pressure and available resources. This has included reviews of:</p> <ul style="list-style-type: none"> • Cash Limit and Non Cash Limit budgets to identify expenditure and demand pressures particularly relating to Children's and Adults Social Care; • The impact of pay inflation, National Living Wage and price inflation on Totally Local Company, providers of Adult social care and the Council's external supply chain; • Existing strategic investments and whether the budgeting of future benefits derived from these investments could be prudently re-phased and brought forward; • Future strategic investment decisions linked to the regeneration of the Borough and the Greater Manchester region such as the Mayoral Development Corporation; |

Review of Effectiveness

| No. | What the issue was | What we did to address it |
|-----|--------------------|--|
| | | <ul style="list-style-type: none"> • Recommendations made following the SEND review; and • The 100% Business Rates Pilot and the potential benefit of the 2018/19 Pilot which can be considered to support the Council's 2019/20 budget. <p>The Final Local Government Finance Settlement was announced in January 2019. This announced the fourth year of the four year settlement agreement. No detail was given on the levels of Local Government funding beyond 2019/20 and what impact the Government's 2019 Spending Review and the intrinsically linked reviews on Fairer Funding and Business Rates Retention will have on this. As a result significant uncertainty remains about how Government intends to fund Local Government beyond 2019/20 which is making medium term planning difficult. On this basis updates to the MTFP will continue to be needed on a regular basis. The Council's Finance Team will continue to monitor the forecasts and assumptions underpinning the MTFP to ensure they remain robust.</p> <p>Quarterly monitoring of the 2018/19 budget position has been completed during the financial year. This has highlighted that significant pressures are still faced within Adults and Children's Social Care. The Quarter 3 position reported a deficit of £1.970m against Cash Limit (service) budgets mainly as a result of cost pressures linked to inflation, and increase demand and demographics in these service areas. This deficit has been offset by surpluses against Non Cash Limit budgets. However resources identified as part of the MTFP Summer Review and adjustments made during the year as the MTFP has been updated, relate to favourable adjustment to the Non Cash Limit budgets. As a result the flexibility to support Cash Limit budget deficits with Non Cash Limit budget surpluses in future years will be reduced.</p> <p>The Council's 2019/20 Capital Strategy has been completed and will be presented for approval to the Council meeting on 21 February 2019. The strategy provides a framework for the Council's capital investment plans over the medium to long term period, ensuring effective planning, option appraisal, risk management and governance. The strategy demonstrates how stewardship, value for money, prudence, sustainability and affordability is achieved. The strategy also details further work to be undertaken in 2019/20 to develop and embed the strategy further including the creation of a Capital Investment Programme Board which will facilitate the governance of the Council's capital investment decisions and ensure they are aligned to the Council's Capital Strategy.</p> |

Review of Effectiveness

| No. | What the issue was | What we did to address it |
|-----|---|--|
| 3 | <p>Property Services Provider</p> <p><i>The insolvency during January 2018 of the Council's property provider (Carillion) has been a significant matter for the Council.</i></p> <p><i>The oversight of contingency plans and management of the property services need to continue into 2018-19 as the impact of Carillion liquidation becomes clearer.</i></p> | <p>Urgent and immediate action was taken to ensure continuity of service following the liquidation of Carillion (AMBS) Limited ("Carillion") in January 2018. A short term contract was made with an external provider to provide FM and asset management to minimise risk within council responsibilities for statutory compliance.</p> <p>Management are now developing a proposal for consideration regarding the future delivery of services within the estates function. This will be presented for scrutiny prior to any final cabinet/council decisions when required.</p> <p>The cabinet approved a new delivery model for the Estate and Asset Management services in December 2018.</p> <p>The approach includes a new staffing structure with an in-house estates team, a dedicated schools estates team, a small Design and Technical team, and an FM and AM client team, supported by niche supplier commissioning as required on a project by project basis. This includes additional temporary support for remediation works to deal with back log. The procurement of a Facilities and Asset Management supplier to be undertaken, with a contract to commence in summer 2019.</p> |
| 4 | <p>Information Governance (IG)</p> <p><i>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</i></p> | <p>Core compliance with Information Governance requirements has improved throughout 2018/19, including performance in response rates for Freedom of Information enquiries and Subject Access Requests.</p> <p>A range of improvements were required to ensure compliance with the GDPR. These included changes to resident-facing privacy notices, internal information management, workforce arrangements, policy and technical controls.</p> <p>These changes were prioritised and the necessary changes to ensure a minimum level of compliance were in place for the introduction of GDPR from May 2018. Changes included the identification of a statutory Data Protection Officer for the Council; development of a Register of Processing Activity and searchable database of detailed Privacy Notices; establishment of Information Asset Owners at Senior level in the Council; and implementation of an email retention policy.</p> |

Review of Effectiveness

| No. | What the issue was | What we did to address it |
|-----|--------------------|--|
| | | <p>Significant work remains to fully implement a modern information management culture and practice across the Council. Plans are in place to deliver these improvements on an on-going basis. These plans continue to be governed by the Information Risk Board, reporting to CLT.</p> <p>The service is currently restructuring following a number of changes to personnel.</p> <p>The Senior Information Risk Officer (SIRO) has now received training on this key role.</p> <p>The Deputy DPO role has been delegated to the Council's Risk Manager.</p> <p>Internal Audit reviews of Freedom of Information (FOI) requests have been completed and the audit of GDPR are due to be completed as part of the 2018/19 Audit Plan.</p> |

Significant Governance Issues

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 2019/20.

| Issue | Action proposed during 2019-20 | Lead Officer |
|--|---|---|
| <p>1. Social Care restructuring</p> <p>Service transformation projects are risky, high-profile, complex, inter-dependent and costly, and ultimately challenging to deliver. They are prone to falling short of promised benefits and / or exceeding budgets and can present the greatest risk of failure to the Council.</p> <p>The recent CQC review of the Stockport Together programme demonstrated these difficulties that the Council and its partners had faced.</p> <p>There are currently two major projects within social care within the Council, all of which involves significant service transformational change:</p> <ul style="list-style-type: none"> • Redesign of adult social care • New model for Stockport Family and Education Services <p>The Council need to ensure that a significant service transformation project for Adult Social Care is effectively addressed through its significant restructuring programmes and the governance is appropriate for delivery.</p> | <p><u>Redesign of Adult Social Care</u></p> <p>Adult Social Care has currently been working with an external agency in a re-design of Adult Social Care, to ensure future sustainability and a pathway that focuses on outcomes and independence. The design phase of this work will be completed in Spring 2019 and implementation of the new operating model within Adult Social Care will commence immediately after.</p> <p>The risks of failure to deliver will be overseen by a Programme Board and Team that will be established to support implementation.</p> <p>The new operating model is designed to support people to self-care and maintain independence for as long as possible through the delivery of resilient communities, managing demand for Adult Social Care. We will do this by supporting people back to independence where this is possible, providing care & support to those people with longer term needs and working collaboratively with partners in neighbourhood settings.</p> <p>It is envisaged that by changing the nature of support from Adult Social Care services, benefits will be achieved through a reduction in staffing establishments and costly long term Adult Social Care placements.</p> <p>Work on commissioning within the social care market will need to continue to address the growing costs that Adult Social Care is currently funding, particularly within the residential sector.</p> <p><u>Stockport Family & Education Services</u></p> <p>The new model for Stockport Family and Education Services was one of the proposals through the MTFP process (2019/20). The</p> | <p>Chief Executive / Deputy Chief Executive / Director of Adult Social Care / Director of Children Services</p> |

Significant Governance Issues

| Issue | Action proposed during 2019-20 | Lead Officer |
|-------|---|--------------|
| | <p>Programme Lead is leading a strategic review of Children's and Education Services to identify areas of best practice, potential duplication and opportunities for integration. The review is being overseen by the Children and Education Review Group (Heads of Service from Education and Principal Leads in Stockport Family) chaired by the Director of Children's Services. The objective of the review has been to align and focus education and family support with key core essential services including Schools, Housing Support and Children and Young Peoples' Health services to maximise resources whilst reducing overall spend of £1.1million cash limit. The outcome of this work has been to collectively agree a new operating model for Children's and Education Services which is an integrated, locality focused, strengths-based approach.</p> <p>An Engagement and Listening exercise has taken place with over 200 stakeholders which includes Headteachers, Chairs of Governors, children and families, colleagues, strategic partners and the voluntary and community sector. Findings are available in an output report and are being considered through a number of workstreams to enable transformation such as workforce development and a review of all assessments. One of these workstreams is considering the development of Integrated Locality Teams to bring closer working between Stockport Family and Education within localities along with partners including the voluntary sector and communities. Heads of Service from Education and Principal Leads are leading these workstreams and drawing in colleagues from across the service as appropriate as well as expertise from Corporate Support Services around Finance, Business Support and Reform as required.</p> <p>The testbed for future transformation is the Werneth and Brinnington Enhanced Integration Programme which provides an opportunity to test new ways of working and integration within a defined and self-selected geographical cluster to further shape the</p> | |

Significant Governance Issues

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| | <p>Operating Model. This includes close working and co-production with the community of schools, partners, voluntary and community sector along with children and families.</p> <p>To support the Leadership team through integration, a Relational Leadership Course has been set up so that leaders across Stockport Family and Education are working to a common purpose and values through Restorative Practice. A refresh of the Restorative Practice training has also been undertaken to support the workforce through cultural change, new ways of working and integration</p> | |
| <p>2. Property services provider</p> <p>The Council has implemented a new service delivery model following the insolvency of Carillion in January 2018.</p> <p>The Council is liaising with the Carillion liquidators PwC to ensure that any legacy contract issues are finalised.</p> | <p>Continued liaison and engagement with Carillion liquidators PwC to manage ongoing legacy contract issues.</p> <p>There is provision in the approved 2019/20 Internal Audit Plan to undertake an independent review of payments to the Carillion liquidator to ensure the accuracy of transactions. The results of the audit will be formally reported to management and key stakeholders identified in the scoping document.</p> | <p>Deputy Chief Executive/Head of Asset Management</p> |
| <p>3. Programme of Reform and achievement of Medium Term Financial Plan</p> <p>The Council continues to face significant financial constraints and further demands for significant savings to be made. There is a significant amount of uncertainty about how Government intends to fund Local Government (if at all) beyond 2019-20.</p> <p>The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.</p> | <p>The 2020/21 to 2022/23 MTFP was approved by the Council meeting on 26 February 2019. The MTFP highlights that the Council continues to face significant financial constraints and further demands for significant savings to be made over the medium term period. The need to identify and achieve savings, income generation and reform to meet the MTFP forecast savings requirement of £10.123m in 2020/21 rising to £32.906m in 2022/23 continues to be challenging. The Council continues to operate in a volatile and uncertain environment with the Government's future direction for Local Authority funding yet to be confirmed. The outcome of the Government's 2019 Spending Review and consultations on Fairer Funding Formulas and Business Rates Retention which will determine the distribution of national funding to each Authority is</p> | <p>Chief Executive/Deputy Chief Executive/Borough Treasurer</p> |

Significant Governance Issues

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| | <p>unlikely to be confirmed until autumn 2019. In addition whilst welcomed, one-off Government funding announcements, particularly in relation to Adults and Children's social care, provide no certainty on which to base the Council's medium term financial planning.</p> <p>Despite this volatility and uncertainty the Council remains committed to developing its MTFP Strategy to address the financial challenge ahead. By using the MTFP Strategy's five themes as a lens with which to view services, the Council can ensure these decisions give consideration to the future shape and sustainability of the Council and the essential services it provides to Stockport's residents. Through the continuation and development of its MTFP Strategy, the Council will continue to develop its plans and priorities to address the financial challenge in an open and transparent manner. This will ensure Council services are transformed in readiness for changes to the Local Government financing regime and the need for greater self-financing and sustainability going forward. The Council's Corporate Leadership Team will continue to monitor progress on Budget and MTFP issues providing oversight, scrutiny and leadership on delivery of the 2019/20 budget position and plans to meet the challenges that the Council faces over the medium term period.</p> <p>During 2019/20 the Finance Team will continue to analyse budgets to identify the underlying budget pressures and mitigate the impact of the volatility and uncertainty. This will include the Borough Treasurer's 2019/20 MTFP Summer Review. This will review the assumptions and forecasts underpinning the MTFP to ensure they are based on the latest available information and that the Council's forecast savings requirement continues to be set on a robust basis to inform decision making. In addition the 2019/20 Reserves Policy will ensure the Council's earmarked reserves continue to be aligned to the Council's corporate and strategic objectives over the medium term period. The continuation of this strong financial management</p> | |

Significant Governance Issues

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| | <p>foundation will be increasingly important, enabling the Council to have confidence in its financial resilience whilst the required service transformation to meet the significant financial challenge takes place.</p> <p>In addition the Council's Capital Strategy will continue to be developed to provide a robust framework for the Council's capital investment plans over the medium to long term period. The strategy has identified areas of further work to be undertaken in 2019/20 to ensure it is embedded and continue to be developed including the creation of a Capital Investment Programme Board which will facilitate the governance of the Council's capital investment decisions and ensure they are aligned to the Council's Capital Strategy.</p> | |
| <p>4. Information Governance</p> <p>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.</p> | <p>The Council has robust processes in place to ensure the protection and security of personal and sensitive information. There has been a number of changes to designated roles and staff turnover was high in 2018/19 in a buoyant job market for staff with IG skills. The Council has responded quickly to these risks and has recruited a new Information Governance and Data Protection manager (designated as Data Protection Officer) and other new team members. The Borough Treasurer has been designated as the Senior Information Risk Owner and re-established a monthly SIRO Advisory Group that include the Data Protection Officer, IT security lead, Risk lead and the Head of Internal Audit. This group will shape the strategy and assurance framework for Information Governance and receives reports from the serious information governance incidents (SIGI) panel which develops appropriate actions through a review of policies, processes and procedures related to the incident. Key focus for the year include (inter alia) increasing compliance with Mandatory IG and cyber security training; ensuring the accountability and responsibility framework for Information Asset Owners is clearer for colleagues; maintaining</p> | <p>Deputy Chief Executive/Strategic Head of Policy and Information Services</p> |

Significant Governance Issues

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| | our cyber security credentials e.g. Cyber Essential Certificate, developing the new team members and learning from data breaches that occur. | |

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 2018-19 Annual Governance Statement at their meeting on 24th July 2019.

Our assessment of the effectiveness of our governance arrangements for 2018-19 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 Elise Wilson
Leader of the Council
Stockport Metropolitan Borough Council

Pam Smith
Chief Executive, Stockport Metropolitan Borough Council

Date: _____

Date: _____