

## **DRAFT ANNUAL GOVERNANCE STATEMENT 2025/26**

### **1. INTRODUCTION AND PURPOSE OF REPORT**

- 1.1 This is the draft Annual Governance Statement (AGS) of the Council for the year 2025/26. The final AGS will be considered by the Corporate Leadership Team and provided there has been no material change in governance matters, it will be signed by the Leader and Chief Executive of the Council and issued as the final AGS alongside the Annual Accounts.
- 1.2 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.
- 1.3 All Local Authorities in England and Wales are required to produce an Annual Governance Statement to support the Annual Statement of Accounts. Its purpose is to publicly demonstrate that there is a continuous review of the effectiveness of the Council's governance, internal control and risk management arrangements.
- 1.4 Until June 2025, the covering committee report and AGS has previously been in the name of the council's Head of Service for Internal Audit, Risk and Insurance and presented by him as well as being signed off by the Leader and the Chief Executive. In 2025, CIPFA recommended that a council's Annual Governance Statement be prepared by the council's Monitoring Officer going forwards.
- 1.5 In May 2025, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace) published new guidance on the annual review of governance and internal controls and the preparation of the annual governance statement. The guidance forms an addendum to Delivering good governance in local government: framework (2016). It applies to all UK local government statements from 2025/26 onwards and a link to it is here:-  
  
<https://www.cipfa.org/-/media/Files/Policy-and-guidance/Standards/Delivering-Good-Governance-in-Local-Government.pdf>
- 1.6 The above guidance recognises that governance has not been fit for purpose in some Local Authorities, leading to some significant high-profile failings of local authorities in recent years. The governance reviews following Section 114 reports and reports in the public interest, or other interventions, have highlighted governance weaknesses as well as financial concerns. Although

not present in every case, the following have been noted by CIPFA and Solace:-

- a culture that allows for widespread failure to follow due process, the constitution, and codes of conduct;
- leadership that has lost sight of an authority's role and function as a leader of place and provider or enabler of services;
- poor understanding of risk or inadequate management of risks;
- weaknesses in internal controls;
- weak oversight and challenge from those charged with governance;
- dysfunctional relationships between senior officers and members;
- reduced capacity and/or capability in critical areas;
- poor data quality or flawed information used in decision making;
- limited oversight of arm's length arrangements such as trading companies and joint ventures through a failure to put in place appropriate governance, risk and control arrangements;
- a lack of self-assessment and commitment to continuous improvement; and
- a lack of transparency and/or openness to external challenge.

1.7 Our AGS demonstrates that the council does not have the governance weaknesses described above. However, it does outline the governance challenges that the council continues to face (along with many other councils) which need to be effectively managed. We are not complacent and will continue to review and identify challenges and risks and improve our governance wherever necessary.

1.8 The AGS includes an Action Plan on the key governance challenges the Council faced in the year 2025/26. The report explains how each of those four key areas have been addressed. Three of these will continue to be considered as key areas for review in the council's AGS for 2026/27.

## **2. BACKGROUND**

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

2.2 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.

2.3 The council's governance framework aims to ensure that in conducting its business it, its members and officers:

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

2.4 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.

2.5 This year's annual review has been risk based and has focused on gaps and areas of potential risk that have been identified. Assurance over core corporate areas has been received from appropriate lead officers via discussions at the Corporate Leadership Team (CLT) and with colleagues including Heads of Services, Assistant Directors, Directors and Executive Directors. Furthermore, and where possible, we have placed reliance on existing performance and exception reports rather than asking for new evidence, to reduce workload on officers.

2.6 We have consulted fully with the Chair of the Audit committee to discuss areas where the committee are satisfied with the application of the governance framework and where they have any concerns.

2.7 The AGS clearly explains the limitations when undertaking this review and this has been highlighted in discussions held with the CLT and Audit committee. It is important to note that stakeholders do not take greater assurance than it is possible to give from a more limited review of this nature.

### 3. KEY GOVERNANCE AREAS TO ADDRESS FROM THE 2024/2025 ANNUAL GOVERNANCE STATEMENT

3.1 Last year’s annual governance statement identified four key governance areas to address and review. These are set out below together with an update as to progress.

Governance Area and Lead officer	Action Proposed during 2025/26	Progress Update – Year end 2025/26
<p><b><u>Transformation - Assistant Director Strategy, Transformation and Digital</u></b></p>		
<p>Our transformation programme is closely aligned to our MTFP so that we can transform services whilst ensuring we remain financially sustainable.</p> <p>The challenge to reduce spend across the organisation remains a key pressure this year with significant savings needing to be found through transforming the way we work, to achieve a balanced budget.</p> <p>It will be crucial to ensure we have robust and clear prioritisation of</p>	<p>Our transformation programme is aligned to the ambition set out in our One Future strategy and our MTFP. Our resource will be focused on delivering transformation that will make the biggest impact for the organisation in ensuring that we remain financially sustainable.</p> <p>This will be clearly aligned to delivery of our council plan ambitions, particularly around ensuring we are delivering efficient and effective services.</p> <p>We will ensure robust governance and effective prioritisation of transformation resource to ensure we are focusing on the</p>	<p>The transformation programme supported the MTFP and the council achieved a balance budget for 2025/26.</p> <p>An Ethics Board regarding the use of Artificial Intelligence within the council has been established, draft terms of reference prepared and will have its first meeting in 26/27.</p> <p>Following the government’s confirmation that the final Local Government Finance Settlement for 2026/27 would be the first year of a three-year funding package running to 2028-29 the council is adapting its approach to transformation. This work</p>

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
<p>transformation resource aligned to deliver the key transformation programmes.</p> <p>A new area of potential risk in relation to governance is emerging, as referred to above, in relation to AI and how its implementation may affect decision making.</p>	<p>areas that will deliver the biggest return on investment for the organisation.</p> <p>We will ensure that any proposals for the use of AI will be considered from a governance and ethical position to ensure that the use of such will result in a continued robust and transparent approach to governance.</p>	<p>began at the end of 2025/26 and will be shifting to be deliberately focused on what the council’s priorities are (One Stockport, One Future) and targeting transformation resource to the priorities that will have the biggest positive impact for residents. This is the first multi-year local government funding provision in a decade.</p>
<p><b><u>Delivering the Medium-Term Financial Plan (MTFP) – Director of Finance</u></b></p>		
<p>The council’s financial position over the medium term is increasingly challenging. Councils across the country are facing significant and urgent funding gaps which cannot be balanced. Council funding is not keeping pace with increasing service costs due to the increasing need for support from residents and businesses.</p>	<p>We will undertake the following activities in 2025/26 to ensure the MTFP activities receive appropriate oversight and governance:</p> <ul style="list-style-type: none"> <li>• Ongoing updates of MTFP based on latest information/data that could impact on the MTFP. For example, regular forecast outturn monitoring, inflation updates, government announcements</li> </ul>	<p>As referred to above, the council achieved a balanced budget in 2025/26. The year-end deficit was funded via one-off resources, ear marked reserves and the council’s General Fund Balance. The budget for 2026/27 was approved at the council’s budget meeting in February 2026.</p> <p>As referred to above the council has already moved to considering and delivering the MTFP through a three-year</p>

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
<p>Whilst confident about the robustness of the council’s Medium Term Financial Plan (MTFP), the saving requirement the council needs to address in the next three years is significant.</p> <p>The importance of the council having a robust and resilient financial platform to support the delivery and transformation of services, continues to be key to addressing this. There is still a significant amount of uncertainty, complexity and risk within the financial landscape which the Council must address through robust financial planning and management. Now more than ever the council needs a stable budget that mitigates and smooths the financial impact of significant uncertainty.</p> <p>Despite the continuing ask of Government for greater certainty of future funding, we await further detail on the recent Spending Review.</p>	<p>including government budget and spending review announcements and local government finance settlement. These updates will be reported to Members throughout the year to inform decision making.</p> <ul style="list-style-type: none"> <li>• Incorporate the savings updates as part of the PPRRs and CPRR and regularly monitor the savings required for 2025/26 and progress in achieving these.</li> <li>• Ensure balanced budget at year end.</li> <li>• Highlight and assist in providing solutions if savings become unachievable/ensure double running.</li> <li>• Ensure reserves utilised appropriately for timing issues of achieving the savings.</li> <li>• Prepare and set the Council’s Reserves’ Policy for 2025/26 for member approval in September 2025 that takes into account latest information and requirements to utilise the reserves appropriately to support investment priorities, mitigate risk and support a balanced budget and MTFP.</li> </ul>	<p>based lens given the three-year multi-year settlement provided by the Government.</p>

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
<p>The insufficiency of council funding comes at a time when there is an increasing need for support from Stockport residents and businesses. The increased cost of living continues to create challenging circumstances for our local communities. This is coupled with the increasing ask on many council services such as Social Care, Greenspace, Highways and Homelessness.</p> <p>Delivering the MTFP will continue to be shaped around the Borough Plan and Council Plan.</p> <p>We firmly believe that investing in longer term transformation is vitally important for our organisation and communities whilst ensuring the council is financially resilient.</p> <p>Transformation priorities are underpinned by a focus on invest to save to deliver longer term financial sustainability</p>	<ul style="list-style-type: none"> <li>• Finance Officers will continue to further strengthen the Council’s financial management and financial resilience through continuous improvement of financial management processes.</li> <li>• Continuing development of the Capital Board to ensure the Capital Strategy and Capital Programme are delivered and available capital resources used effectively aligned to the Council’s ambitions and priorities.</li> <li>• Consider the MTFP through a three year lens in terms of proposals for savings, cost avoidance, income generation and recovery programmes rather than on a one year basis.</li> </ul>	

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
and neighbourhood and prevention delivery models (now known as Live Well) to reduce the need for support which creates demand on services.		
<p><b><u>Stockport Integrated Care System/ Integrated Care Board – Deputy Place Based Lead (Phillipa Johnson)</u></b></p>		
<p>As referred to above, the ICB reported a significant deficit at year end.</p> <p>The Government reforms will cause uncertainty and unavoidable cuts to staffing resources which may impact upon quality of governance and decision making.</p>	<p>ICBs continue to be held to account by NHS England annual performance assessments, which will assess how well each ICB has discharged its functions</p> <p>A Place oversight process has been implemented. This will hold localities to account for delivery of financial performance and quality metrics.</p> <p>We will continue to work with partners across the Stockport and Greater Manchester area in order to support the ICB in meeting and adjusting to the NHS</p>	<p>The council continues to work closely with the ICB.</p> <p>The NHS reforms led to a two-phase voluntary redundancy programme during 2025 to reduce ICB running costs which will be finalised during 2026.</p> <p>The future operating model is still in development with 2026/27 being described as a transition year.</p>

Governance Area and Lead officer	Action Proposed during 2025/26	Progress Update – Year end 2025/26
	England Reforms (including any governance changes or requirements) whilst continuing to deliver its services to our residents.	<p>NHS GM's operating model has been designed so that Place Partnerships remain a key component.</p> <p>The focus will be on delivering the Neighbourhood Model, (within the council's Live Well model) with NHS Greater Manchester acting as the strategic commissioner.</p>
<p><b><u>Arms' length and subsidiary companies – Corporate Leadership Team</u></b></p>		
<p>The Council has several wholly owned companies and linked entities where senior Council officers and members also serve on the Board or equivalent governance body.</p> <p>Being a director of a local authority-controlled company requires officers and elected members appointed to those</p>	<p>The digital register of interests for officers of the council will be finalising in the first half of 25/26. Draft conflicts of interest guidance specifically for officers and provide training to officers who become new members of boards of the wholly owned companies and undertake refresher training annually for all such officers.</p> <p>We await the outcomes, recommendations and implementation of such from the two</p>	<p>Guidance and training has been undertaken for our senior officers who are directors or non-executive directors of the council owned companies. The Monitoring Officer has recommended that this is provided to each officer once they have taken an appointment with a refresher for all officers, every two years.</p> <p>The digital register of interests for officers has yet to be finalised due to resource of</p>

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
<p>roles to operate in a potentially different legal and cultural framework to that which they are used to inside Stockport Council. This can lead to real conflicts between the duty owed to the company and the interests of the council.</p> <p>It is necessary to make different assumptions about how different bodies operate and what issues have been taken into account, and what had no influence. Too often, this is not necessarily understood until problems arise, resulting in reputational and financial damage.</p> <p>Council officers and members also have fiduciary duties to the council. Situations can inevitably arise where the same officer/member will be a decision maker or advisor both for the council and one of its entities. Examples of this include matters of reporting, contractual discussions,</p>	<p>reports referred to above relating to Shared Services and Stockport Homes Group. We will ensure that any changes to governance processes are thoroughly tested before they are introduced and remain robust.</p>	<p>the relevant colleagues being directed elsewhere.</p> <p>In terms of the reports relating to Shared Services and Stockport Homes group, the Shared Services work is being embedded across the council and two of the wholly owned companies with a further review of what else could be in scope continuing during 2026/27.</p> <p>With regard to the report relating to Stockport Homes Group, the recommended Cabinet Housing Sub-Committee Group (The Cabinet (Housing) Committee) has been established as part of the council's core-governance cycle and takes place six times a year, usually the day after the Cabinet Meeting.</p>

<b>Governance Area and Lead officer</b>	<b>Action Proposed during 2025/26</b>	<b>Progress Update – Year end 2025/26</b>
<p>investment requests or resourcing agreements.</p> <p>In addition to potential or real conflicts of interest, the two reports referred to above on Shared Services and the Independent Review of Stockport's Housing Arrangements are likely to have an impact on governance arrangements in some way which we will need to ensure are addressed.</p>		
<p><b><u>Publication of Decisions – Monitoring Officer</u></b></p>		
<p>As part of the refresh of the committee report templates and method of publishing officer decisions the Monitoring Officer will be undertaking a review of the process.</p>	<p>This is not a significant or key concern but the Monitoring Officer wanted to include it in the Action Plan to demonstrate good practice and robust approach to continuing review and improvement if necessary to our governance processes.</p>	<p>The introduction of a new committee report template and guidance has supported officers in identifying when officer decisions should be published.</p> <p>A review of the Decision Record Template and process for publication of decisions is</p>

Governance Area and Lead officer	Action Proposed during 2025/26	Progress Update – Year end 2025/26
		being undertaken in 2026/27 to maximise digital processes and efficiencies to support officers and residents.

#### 4. REVIEW OF EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

- 4.1 The council has a legal 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 leaders within the Council and its wholly owned companies, who have responsibility for the development and maintenance of the governance environment, the Monitoring Officer, the Head of Internal Audit, Risk and Insurance, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 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.
- 4.3 CLT 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. In addition to the oversight of CLT, monthly statutory officer meetings continue to take place between the Chief Executive, Section 151 Officer and the Monitoring Officer to consider any governance related matters.
- 4.4 There are seven core principles of good governance in the public sector which are incorporated into the council’s Code and are set out below (Principles A through G). Each core governance principle has a set of sub-principles beneath it. This section of the AGS lists key examples of how the council has met the commitments set out in the Code.
- 4.5 The council has a broad range of strategies and policies in place, and therefore the below is not intended to be an exhaustive list.

4.6 The results of the annual review of the effectiveness of the key elements of the Council’s governance processes during 2025/26 are set out in the table below.

<b><u>Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</u></b>	
<b>Assurances Received</b>	<b>Assessment of the effectiveness of key elements of the Council’s Governance processes during 2025/26</b>
<p>Officers Code of Conduct</p> <p>Code of Conduct for Councillors and Co-opted Members</p> <p>Protocol on Councillor / Officer relations</p> <p>Proper Officer appointments</p> <p>Standards Committee</p> <p>Disciplinary Policy</p> <p>Anti-fraud, bribery &amp; 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 Standards Committee met once during the year to consider the annual report regarding councillor conduct for the previous year and to agree the General Dispensations for councillors.</p> <p>The Standards Sub-Committee met once during the year to consider a complaint against a councillor.</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 July of each year.</p> <p>Proposals to update the Confidential Reporting Policy (Whistleblowing) were taken to the Constitution Working Party in April 2026 and will be approved by the July 2026 Council Meeting.</p> <p>The Council’s constitution has been reviewed by the Constitution Working Party. Various amendments to the constitution were undertaken during the last municipal year and further reviews will continue to be undertaken on an annual basis to improve the efficacy and robustness of the constitution so that it evolves year on year in support of the council's vision of an Ambitious Stockport.</p>

**Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

The outcomes of complaints investigations regarding service delivery have been reported to the Cabinet 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 Anti-money Laundering Policy contains the requirements as set out in the Money Laundering Regulations 2017.

Regular updates on the number and types of complaints received by the Council are reported and discussed by Corporate, Resource Management & Governance (CRMG) Scrutiny Committee.

**Principle B - Ensuring openness and comprehensive stakeholder engagement**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

Online, including the Council Website, X (formerly Twitter), You Tube and Facebook  
Consultations including Have your say (Council website)  
Webcasts  
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 Monitoring Officer has to confirm their agreement to any item of business (even partial) being treated as confidential (not for publication). The new committee meeting report template includes, if relevant, a confirmation that the Monitoring Officer has been consulted and has agreed that the item, or part of it, is to be treated as exempt.

All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and in local libraries.  
The Council webcasts its meetings throughout the year at <http://stockport.public-i.tv/core/portal/home>  
The Council Plan has been published on the Council website. Council priorities and spending plans are published in the Council newspaper 'the Review' which is sent annually to all households, with electronic bulletins emailed to subscribers on a monthly basis since October 2016. The Council also engaged with local communities by encouraging publicity via local newspapers and radio stations.

The Council continues to engage with all sectors of the community through; Partnership and Community Engagement, Neighbourhood Management engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation.

**Principle B - Ensuring openness and comprehensive stakeholder engagement**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

The One Stockport Borough Plan, was launched in June 2021 following extensive engagement with other local public services, businesses, community and voluntary organisations which sets out the vision for the Borough until 2030.

The Council is represented at regional level through the Greater Manchester Combined Authority (GMCA) and the Association of Greater Manchester Authorities (AGMA). The Leader and Chief Executive played a vital role in ensuring Stockport's interests are represented in key decisions around the regional economy, transport and planning and Children's Social Care.

**Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

One Stockport Borough Plan – One Stockport: One Future  
Our Council Plan 2024-27  
Portfolio Performance & Resources Agreements  
Climate And Nature (formerly Climate Action Now)

The One Stockport Borough Plan (One Stockport; One Future), developed in conjunction with other local public services, businesses, community and voluntary organisations sets out the vision for the Borough until 2030.

The next phase of the Borough Plan has been launched (One Stockport; One Future) setting out how the council will deliver the “5 Big Things”. One Stockport, One Future has been shaped by listening to the young people of Stockport, local businesses, community organisations and residents. In total over 450 people have contributed to One Future.

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.

The Council Plan defines the priorities and outcomes the Council is seeking to achieve for the next 12 months, with the 2023/24 Plan adopting the 4 big ambitions of the Council.

The Council Plan is developed and agreed within the context of the Council's budget and underpinned by the Medium-Term Financial Plan, Capital Programme and Treasury Management Strategy. The Plan provides a clear basis for corporate and service planning which is carried out in accordance with the Corporate Planning cycle and articulated through seven Portfolio Performance and Resources Agreements, presented to Scrutiny Committees annually in June.

	<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 (as set out in the Council Plan and detailed in Portfolio Performance and Resource Agreements) along with the Council's spending plans and financial position (MTFP) which have been considered by the Council's Corporate Leadership Team, the Cabinet and Scrutiny committees throughout the year. This ensures that the Council reviews and monitors the achievement of key outcomes within the Council Plan and continues to reflect the needs of its residents in order to ensure improvement.</p>
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**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

Corporate Council Plan  
Quarterly and Annual Portfolio Performance & Resources Reports  
Quarterly and Annual Corporate Performance & Resources Reports  
Medium Term Financial Strategy  
Business Case Working Papers reported to the Cabinet and Scrutiny committees  
Service and Directorate level business plans  
Service level business plans  
Civil Contingency and Emergency Planning  
Business Continuity

The Council has processes in place to demonstrate that decision makers follow due process, the decisions are properly documented and taken having regard to all relevant considerations. This is supported by robust options appraisals, risk assessments and consideration of the impact of decisions on delivery of outcomes. The Council actively consults with stakeholders and service users when making decisions about service improvements, changes to service delivery or proposing any reductions to service delivery. All of this is supported by effective service planning, budget planning and performance planning processes, which are underpinned by the Medium-Term Financial Strategy. This is evidenced through a series of detailed business cases which underpin proposals within the Medium-Term Financial Plan to deliver a balanced budget for the year ahead. In addition to comprehensive, targeted consultation with service users, employees and any other stakeholders, these are considered by Scrutiny Committees at each stage.

The Council, Cabinet and Committee meetings are open to the public and the vast majority of decisions are made in open session and are formally recorded and published (as referred to above). 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 and scrutiny review panels which undertake deep dive reviews on subjects agreed by the scrutiny committees.

Elected Members are collectively responsible for the governance of the Council. Decision making and scrutiny of these decisions are separated through the executive arrangements (Cabinet) and reflects the legislative arrangements for defining executive and non-executive functions.

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 Greater Manchester Resilience Unit (GMRU), which is an Association of Greater Manchester Authorities (AGMA) service to coordinate 'emergency planning' on our behalf. We work to the plans drawn up by the GMRU.

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.

To ensure preparedness and response we maintain a bank of Silver Commanders, Forward Incident Officers and on-call Emergency Rest Centre Managers who are on call 24/7/365.

We have a planned business continuity process aimed at managing the many and varied, known and unknown risks inherent in the day-to-day activities involved in delivering our services. The main purpose of the process is to ensure continuity of service delivery following an unexpected disruption to normal working. This year's continuity planning exercise for services has utilised a more effective digital platform and dashboard to allow better completion, collation and retrieval of service continuity plans. The highest priority activities are desk top tested.

The over-arching Corporate Business Continuity Plan and service area specific plans form the structure of the Council's Business Continuity Management Plan.

Specific plans are developed, compiled and maintained by each service in readiness for use in an incident to enable the organisation to continue to

deliver its critical functions at an acceptable pre-defined level. In the event of a service being overwhelmed the Corporate Plan would be invoked. Risks considered in the Business Impact Assessment include but not limited to:

Loss of IT/Telecoms

Loss of Site/Flood/Fire

Loss of People/Skills /Industrial Action

Utility Outage

Employee H&S Issue

Supply Chain

Damage to Reputation

Civil contingencies and business continuity are now included as risks on the corporate risk register.

**Principle E :- Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

<b>Assurances Received</b>	<b>Assessment of the effectiveness of key elements of the Council’s Governance processes during 2025/26</b>
<p>Members’ Training Plan Members’ Induction Process Corporate Induction Process One Team – People Plan Employees’ My Conversation Leadership Forum Global Majority Leadership Programme GM Elevate Programme Absence Management Policy Apprenticeship scheme</p>	<p>A corporate Members’ induction programme is in place for all newly elected Members although all Members are invited and encouraged to attend.</p> <p>Training for Members includes Mandatory training such as the members’ code of conduct, planning and licensing in addition to sessions such as decision making, corporate parenting, digital and personal safety and procedures.</p> <p>The training platform available to officers, namely Learning Pool, has now been extended to Members so that they have their own dedicated training platform where both e-learning and recorded training sessions are uploaded. The creation of the platform was in response to Member feedback that they would like to catch up with training in their own time.</p> <p>The council supports member development in different ways including a comprehensive induction and training programme for new Councillors, new Cabinet Councillors and new Committee Chairs, bespoke training for individual political groups, attendance at conferences aligned with the member’s particular responsibilities. In particular the Council fund a number of Cabinet Councillors and spokespersons from the main opposition group on the LGA Leadership Programme. Training in relation to Audit and Treasury Management is also provided annually to Cabinet Councillors and members of the Audit and Corporate, Resource Management and Governance Scrutiny Committee.</p> <p>All employees are required to have a personal development review, which is now undertaken via the council’s new digital platform called “My Conversation”. The My Conversation is based on our council values along</p>

with setting out objectives of how each individual colleague in the council contributes to and delivers the council plan. There will no longer be a reliance on an annual conversation about performance as My Conversations will take place at quarterly intervals throughout the year. Personal development plans will also be developed in the My Conversation process outlining any training or development needs that the individual has.

The Council has an 'Employee 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 leadership development package. The Manager's handbook is currently been revised and updated.

The Workforce Steering Group that has key individuals from all directorates continues to meet monthly as part of the One Team People Plan governance to discuss and develop plans for future workplace arrangements. This Steering Group has now transitioned to the People Plan Programme Board.

New leadership programmes have been launched in the previous year including the Leadership Forum (face to face quarterly session which all colleagues that have management responsibilities) and the Inclusive Leadership programme run by an external provider for all colleagues with management responsibilities. The Global Majority Leadership programme has successfully completed its first cohort and is about to launch its second and third cohorts. We have launched a Social Worker Academy and have several colleagues on the GM Elevate programme and the GM Legal Academy.

The council has several employee networks to support the development of colleagues with protected characteristics and there are further support groups established by and for colleagues with other common interests. They are:

The Palette of Colour Network

The Dis-Ability Network

LGBTQ+ Network

Neurodivergent Support Group

Carers Support Group

Menopause Support Group

Mental Health Peer Support Group

Bereavement Network

Early Careers Network

Women's Network

Sponsorship Network – This is a new network supported by senior colleagues to colleagues who have joined the council via the Social Worker sponsorship programme.

We also have a Reverse Mentoring programme operating for colleagues to mentor senior colleagues (linked to the above networks and outside of that) and pool of qualified coaches.

**Principle F:- Managing risks and performance through robust internal control and strong public financial management**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

Corporate Risk Register considered by CLT and relevant partners and reported to Audit Committee  
Annual Head of Internal Audit Opinion Report  
Board Meetings of wholly owned companies  
Publication of Officer Decisions and Executive Decisions (Individual Cabinet Member and Cabinet Decisions)  
Business Programme and Governance Cycle  
Monthly Statutory Officers Meeting

Decision making is supported by risk management arrangements. CLT monitors the development and maintenance of a Corporate Risk Register and receives 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 Cabinet and whose purpose is to provide independent assurance of the adequacy of the internal control environment, and to oversee the financial reporting process. The Head of Internal Audit supports the Audit Committee and reviews its effectiveness on an annual basis. The Chair of the Audit Committee produces an Annual Report that demonstrates the value added by the Committee over the previous year.

The Internal Audit function operates in line with Global Internal Audit Standards (GIAS) 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 of 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

**Principle F:- Managing risks and performance through robust internal control and strong public financial management**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

(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 2025 and the overall opinion on the level of assurance discussed.

Arrangements for how the Council interacts with the Greater Manchester Integrated Care System are highlighted in the AGS Action Plan below as a continuing challenge for 2026/27.

**Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

<b>Assurances Received</b>	<b>Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26</b>
<p>Webcasts</p> <p>Publication of Committee Reports and decisions</p> <p>Freedom of Information Act requests</p> <p>Annual Governance Statement progress reports to Audit Committee</p> <p>Internal Audit progress reports</p> <p>Development of Performance Dashboards</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 Local Government Transparency Code 2015.</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. Towards the end of 2025/26 a piece of work commenced which looked at bringing together various types of enquiries to be able to track trends, ensure consistent responses and reduced duplication. The project is also looking at how we can publish our FOI responses online.</p> <p>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 areas identified in the 2024/25 Annual Governance Statement action plan was reported to the Audit Committee in March 2026.</p>

**Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Assurances Received**

**Assessment of the effectiveness of key elements of the Council's Governance processes during 2025/26**

All 2025-26 issues are strategic and complex, reflecting the continued pace of change and significant financial challenges and continue to remain key governance issues for the Council.

The Council published its Annual Report and Statement of Accounts on its website.

During 2025/26, the Council has used a series of 'dashboards' to provide a regular visual summary of performance. These include development of Corporate and Portfolio Performance Dashboards for members, complementing the Performance and Resource Reports (see above) and providing the ability to see more detailed trends and commentary on specific measures. This follows the development of a Performance Dashboard for the CLT, which has resulted in a number of 'performance spotlights' helping to understand what has been causing and impacting some areas of performance.

## 5. GOVERNANCE AREAS TO BE ADDRESSED DURING 2026/27

5.1 The review of the effectiveness of the council’s governance framework has identified and confirmed the following areas that will need to be addressed or continue to be addressed during 2026/2027.

5.2 The review recommends that three of last year’s areas remain in scope for 2026/27 namely:-

- a. Transformation with an enhanced focus on AI
- b. MTFP with an enhanced focus on the three-year settlement approach
- c. The ICB

<b>Governance Area and Lead Officer</b>	<b>Action proposed during 2026/27</b>
<p><b>Transformation – Assistant Director for Strategy, Transformation and Digital</b></p> <p>Our transformation programme is closely aligned to our MTFP and therefore it will need to flex and pivot to be able to respond to the three-year financial settlement.</p> <p>The challenge to reduce spend across the organisation remains a key pressure this year with significant savings needing to be found through transforming the way we work, in order to achieve a balanced budget over the next three years.</p> <p>It will be crucial to ensure we have robust and clear prioritisation of transformation resource aligned to deliver the key transformation programmes, aligned to our priorities.</p> <p>A new area of potential risk in relation to governance is emerging, as referred to above, in relation to AI and how its</p>	<p>Our transformation programme is aligned to the ambition set out in our One Future strategy and our MTFP and will move to a three-year focus.</p> <p>Our resource will be focused on the council’s priorities and delivering transformation that will make the biggest impact for our residents and the council, ensuring that we remain financially sustainable.</p> <p>We will ensure robust governance and effective prioritisation of transformation resource to ensure we are focusing on the areas that will deliver the biggest return on investment for the organisation.</p> <p>Proposals for the use of AI will be considered from a governance and ethical position at the newly formed Ethics Board to ensure that the use of such will result in a continued robust and transparent approach to governance. This will ensure that we include the residents’ voice in our approach.</p>

<p>implementation may affect decision making.</p>	
<p><b>Delivering the Medium-Term Financial Plan (MTFP) - Director of Finance</b></p> <p>The council's financial position over the medium term is increasingly challenging.</p> <p>Whilst confident about the robustness of the council's Medium Term Financial Plan (MTFP), the saving requirement the council needs to address in the next three years is significant.</p> <p>The importance of the council having a robust and resilient financial platform to support the delivery and transformation of services, continues to be key to addressing this.</p> <p>The insufficiency of council funding comes at a time when there is an increasing need for support from Stockport residents and businesses. The increased cost of living continues to create challenging circumstances for our local communities. This is coupled with the increasing ask on many council services such as Social Care, Greenspace, Highways and Homelessness.</p> <p>Delivering the MTFP will continue to be shaped around the Borough Plan and Council Plan and our Live Well programme.</p> <p>We firmly believe that investing in longer term transformation and prevention (via Live Well) is vitally important for our organisation and communities whilst ensuring the council is financially resilient.</p>	<p>We will undertake the following activities in 2026/27 to ensure the MTFP activities receive appropriate oversight and governance:</p> <ul style="list-style-type: none"> <li>• Ongoing updates of MTFP based on latest information/data that could impact on the MTFP. For example, regular forecast outturn monitoring, inflation updates, government announcements including government budget and spending review announcements and local government finance settlement. These updates will be reported to Members throughout the year to inform decision making.</li> <li>• Incorporate the savings updates as part of the PPRRs and CPRR and regularly monitor the savings required for 2026/27 and progress in achieving these.</li> <li>• Ensure balanced budget at year end.</li> <li>• Highlight and assist in providing solutions if savings become unachievable/ensure double running.</li> <li>• Ensure reserves utilised appropriately for timing issues of achieving the savings.</li> <li>• Prepare and set the Council's Reserves' Policy for 2026/27 for member approval in September 2026 that takes into account latest information and requirements to utilise the reserves appropriately to support investment priorities, mitigate risk and support a balanced budget and MTFP.</li> <li>• Finance Officers will continue to further strengthen the Council's</li> </ul>

<p>Transformation priorities are underpinned by a focus on invest to save to deliver longer term financial sustainability and neighbourhood and prevention delivery models (now known as Live Well) to reduce the need for support which creates demand on services.</p>	<p>financial management and financial resilience through continuous improvement of financial management processes.</p> <ul style="list-style-type: none"> <li>• Continuing development of the Capital Board to ensure the Capital Strategy and Capital Programme are delivered in line with sustainable approaches and available capital resources used effectively aligned to the Council's ambitions and priorities.</li> <li>• Consider and continue to review and report back on the MTFP through a three-year lens in terms of proposals for investment, savings, cost avoidance, income generation and recovery programmes rather than on a one-year basis.</li> </ul>
<p><b>Stockport Integrated Care System/ Integrated Care Board – Deputy Place Based Lead</b></p> <p>The Government reforms will cause uncertainty and unavoidable cuts to staffing resources which may impact upon quality of governance and decision making.</p>	<p>We will continue to work with partners across the Stockport and Greater Manchester area in order to support the ICB in meeting and adjusting to the NHS England Reforms (including any governance changes or requirements) whilst continuing to deliver its services to our residents.</p> <p>We have been working with the ICB and stakeholders regarding the delivery of governance at the different committee meetings to seek to make it as efficient and effective as possible, given the reduction in staffing resources for the ICB, whilst still ensuring decisions are being made by the right committee. This will be finalised in early 2026/27.</p>

## 6. FORWARD LOOK

- 6.1 The most recent guidance from CIPFA and Solace referred to above, encourages all local authorities to consider what governance areas and issues may arise in the

future. Changes requiring flexibility and adaptability could occur for example, because of changes in legislation and technology.

- 6.2 An example of an expected change in legislation that was flagged in last year's AGS (for 2024/2025) (which is still awaited) is to allow local authorities to hold their committee meetings in a hybrid way which will require a review and refresh of the governance processes related to decisions made at such hybrid meetings.
- 6.3 The ongoing growth and development of AI is an example of how changes in available technology will lead to changes in governance and oversight of how decisions are taken and that is why it is flagged above for being an emerging/ongoing challenge for governance during 2026/27.
- 6.4 Our council is not complacent and will continue to forward look and plan in order to be agile and be able to adapt to the inevitable changes which will be needed to our governance processes in the future.

## **7. CONCLUSIONS**

- 7.1 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Monitoring Officer, Corporate Leadership Team and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 7.2 The draft AGS will be taken to the July 2026 Audit Committee for their approval and on the basis that nothing significant will change thereafter, the final 2025/26 Annual Governance Statement will be published later in 2026 with the final signed accounts.
- 7.3 Our assessment of the effectiveness of our governance arrangements for 2025/26 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.

**Signed**

**Leader of the Council  
Stockport Metropolitan Borough  
Council**

**Signed**

**Chief Executive  
Stockport Metropolitan Borough  
Council**

Dated this                      day of                      2026.