

ANNUAL GOVERNANCE STATEMENT

2019-20

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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 10.

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 2020 and up to the date of approval of the statement of accounts.

Coronavirus Pandemic - Governance Arrangements

Coronavirus Pandemic

Conducting the Review of the Effectiveness of Governance Arrangements 2019/20

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

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

What is the Annual Governance Statement?

- The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual opinion and report to inform the governance statement. Again, this has been a significant challenge to complete the 2019/20 Audit Plan to provide significant evidence to support the annual opinion and report but has been prioritised as this report is a major source of assurance for the AGS.
- This year's annual review has been risk based and has focused on key gaps and risk areas that have been identified. Assurance over core corporate areas have been received from appropriate lead officers along with all members of the Corporate Governance Group. Where possible we have placed further reliance on existing performance and exception reports rather than asking for new evidence, in order to reduce workload.
- We have consulted fully with the Chair of the audit committee to discuss areas that the committee are satisfied with the application of the governance framework and where they have any concerns.
- The AGS clearly explains the limitations when undertaking this review and this has been highlighted in discussions held with the Corporate Leadership Team (CLT) and audit committee. It has been important to note that stakeholders do not take greater assurance than it is possible to give from a more limited review of this nature.
- Before the date of the final publication of our AGS it will hopefully be possible to undertake a more in-depth review of governance arrangements and address any gaps. Where there is a clear need for this, it will be made clear when the draft AGS is published.
- On 16 March 2020 the Prime Minister announced measures to combat the spread of COVID-19 which included to stop non-essential contact and unnecessary contact with other people. On 22 March 2020 the Prime Minister further advised that everyone had to follow social distancing recommendations and to stay 2 meters apart. The guidance on 16 and 22 March 2020 meant that committee meetings would be unable to be held in accordance with social distancing guidelines until legislation came into force to allow remote virtual committee meetings (this came into force on 4 April 2020).
- Accordingly, on 24 March 2020 the Leader, by giving notice to the Proper Officer, made a temporary amendment to the Leader's Executive Scheme of Delegation so that all decisions that would ordinarily require a Cabinet decision could be delegated to an Individual Cabinet Member in consultation with the relevant Corporate Leader and Chair of the relevant committee and by giving notice to Group Leaders and the Chair of the relevant Scrutiny Committee.
- Furthermore on 24 March 2020 the Monitoring Officer advised the Corporate Leadership Team and Group Leaders that the Urgent Action provision contained in the Constitution could be utilised by the relevant Corporate Director in consultation with the Chair of the relevant committee to undertake

What is the Annual Governance Statement?

urgent non-executive and non-key decisions such as planning and licensing decisions. Accordingly, planning decisions have been taken by the Corporate Director in consultation with the Chair of the relevant committees.

- No committee meetings took place in March following the Cabinet meeting on 17 March 2020 due to the Government advice provided on 16 and 22 March 2020 until the Annual Council Meeting which took place remotely on 26 May 2020, following which the Council has been able to continue fully with its Business Programme for 2020/21 by holding all meetings remotely either on Microsoft Teams or more recently, Connect Remote.

Reflecting the challenges from Coronavirus in the AGS

The AGS assesses governance in place during 2019/20 so the majority of the year will be unaffected by the coronavirus outbreak. The conclusion on whether governance arrangements at Stockport Council are fit for purpose will reflect the normal operations. However, coronavirus will have impacted on governance predominantly from March 2020 onwards and we are required to ensure that the AGS is current at the time of publication (which will be the 9th September 2020) so it is essential that the AGS also reflects the impact on governance. Where necessary a second conclusion on the adequacy of governance arrangements during this period will be included to make clear the impact.

The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the organisation's priorities and programmes.

Once the crisis is over the Internal Audit service will undertake or will be in the process of reviewing lessons learned from the Council's response to the Covid 19 outbreak from an overall governance perspective. This will be a suitable area for inclusion as one of the organisation's significant governance issues. If the lessons learned review has not concluded as at the date of final publication of the AGS then its completion will be included as an improvement area.

The key impacts are detailed below.

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

In line with Central Government guidelines, Council staff have been working from home where possible. Whilst this has inevitably had an impact, new ways of working for these staff and their teams have swiftly been adopted and technology used to minimise the extent of this impact.

Senior managers have reverted to service business continuity plans and this approach has been pivotal in developing a stable working from home platform.

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

What is the Annual Governance Statement?

The following services were originally suspended with staff redeployed to other areas including those new areas of activity identified below. Some of these services have now recommenced through various service delivery options.

- Libraries and local advice centres closed, with an online offer available.
- Museums closed until further notice.
- Leisure centres closed.
- Reduced registrars service.
- Reduced taxi licensing, with efforts focusing on those licensees continuing to operate.

2. New areas of activity as part of the national response to coronavirus and any governance issues arising,

Implementation of new policies and processes

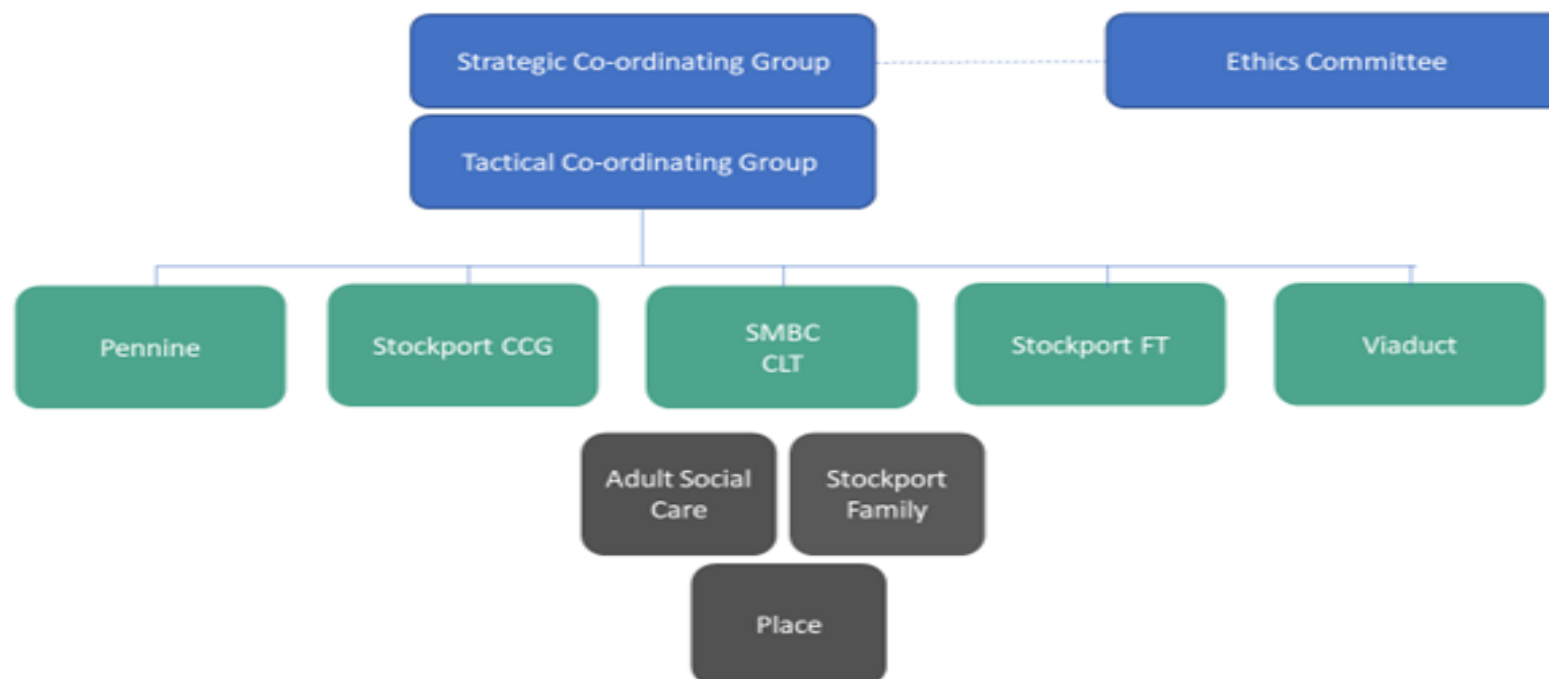
Emergency assistance

- Coronavirus helpline for vulnerable people.
- Stockport Council and Stockport NHS CCG have launched three emotional health, wellbeing and mental health services, which are available to staff and residents of Stockport.
- Stockport Local Fund: Community Support providing grants of up to £1000 for organisations providing assistance to the vulnerable and carers.
- A range of support for businesses including administering small business grants and rate relief and the establishment of an economic resilience group to oversee our response for businesses.
- Distribution of Personal Protective Equipment to care providers.

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

What is the Annual Governance Statement?

- A governance structure has been put in place to ensure a cohesive boroughwide response to key Coronavirus related challenges with partner organisations, as outlined below.



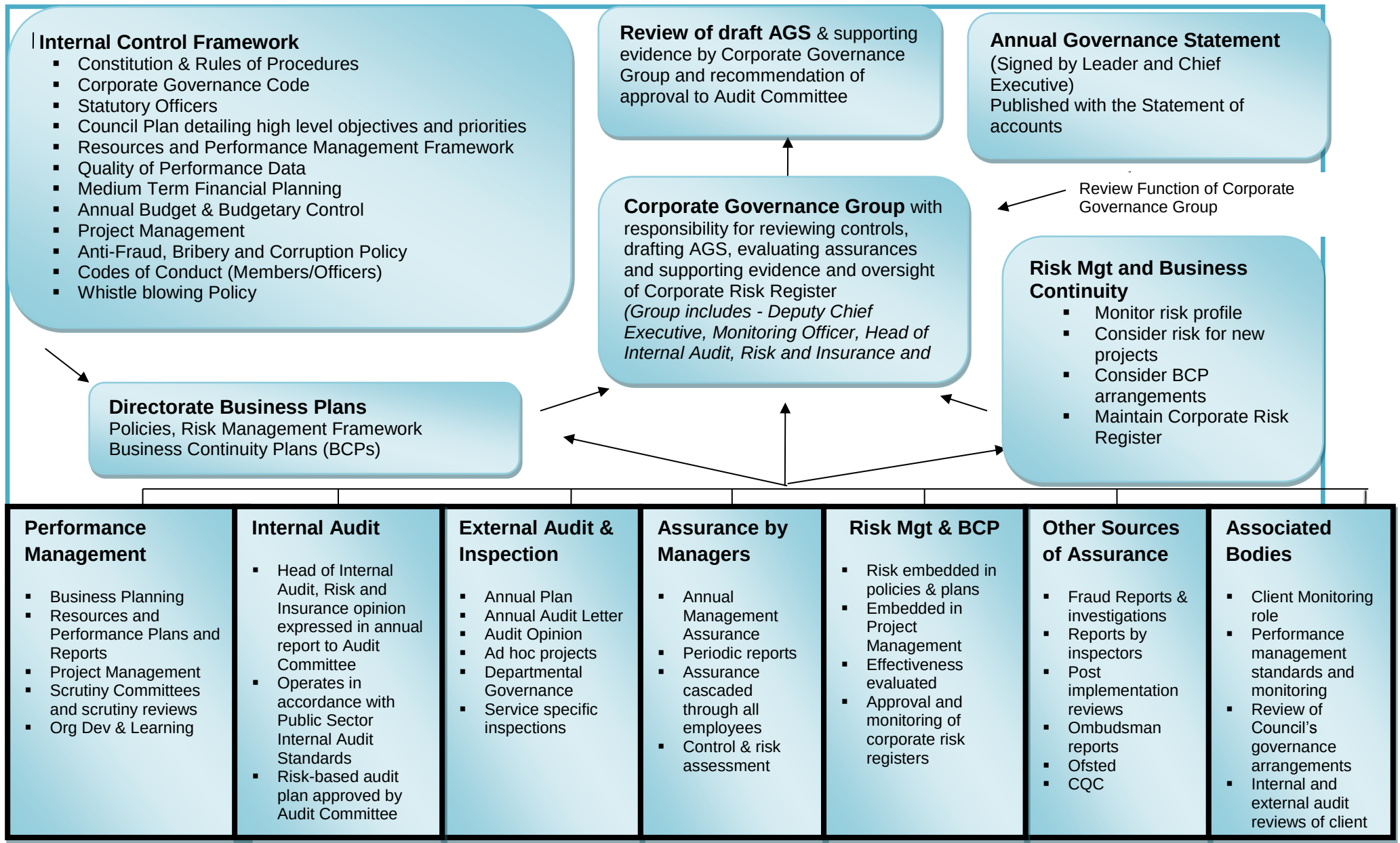
- Potential establishment of an Ethics Committee to consider decisions that may have a significant ethical dimension, including but not limited to decisions on how to prioritise resources should there be more demand than our ability to deliver.
- As referred to above, no committee meetings took place between 17 March 2020 and 26 May 2020 due to social distancing guidance. Group Leaders' Meetings have been taking place weekly up to and including July 2020 and Group Leaders have been briefed in relation to all decisions

What is the Annual Governance Statement?

required to be taken as have the Chairs of all relevant committees and Scrutiny committees to which decisions relate. Decision Records and reports are being published in the usual way. The first virtual meeting was held on Microsoft Teams was the Annual Council Meeting on 26 May 2020.

- New collaborative arrangements are being developed.
- Funding and cash flow challenges have been addressed in the MTFP update.
- 4. Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic. These include: -**
 - Existing projects and programmes that have been put on hold-. This has been addressed in the MTFP and Adult Social Care updates.
 - New priorities and objectives are being introduced and implemented on an ongoing basis (for example, remote working and business continuity planning).
 - New risks identified or existing risks escalated through existing corporate risk management arrangements.

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 2019-20 are set out in the table below.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2019-20
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Officers Code of Conduct Code of Conduct for Councillors and Co-opted Members Protocol on Councillor / Officer relations Proper Officer appointments Standards Committee Disciplinary Policy Anti-fraud, bribery & corruption policy and	The Standards committee met twice in the year to consider the outcomes of investigations of complaints about councillors and co-opted members, relating to the past year. The conduct of Councillors is monitored throughout the year by the Monitoring Officer and an annual report on the outcomes of complaints was presented to the Standards Committee in September 2019. The Standards Committee also discussed proposed changes to the Constitution in relation to recommendations made in the Report of the Committee on Standards in Public Life in January 2019 which have been approved by all committees in the governance process, save for

Review of Effectiveness

	strategy Confidential Reporting (Whistleblowing Policy) Anti-money Laundering Policy Corporate Complaints procedure Constitution	Council. The proposals were approved at the due to go before the Council Meeting on 9 July 2020. 2 April 2020 for consideration, but the Council Meeting was cancelled due to the Council's response to COVID-19. In addition, a draft Model Code of Conduct for Officers has been drafted by Hoey Ainscough on behalf of the LGA; an outcome of the Standard in Public Life Report. The Monitoring Officer has completed the response to the consultation document in conjunction with the Standards Committee. will report to the Standards Committee once the Model Code of Conduct has been published for Local Authority consultation. 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. 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
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Review of Effectiveness

		Audit Committee in June/July of each year. 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 Council's constitution has been reviewed and recently updated the proposed amendments have been approved through the Council's governance process save for the Council Meeting for the reasons referred to above. The proposed amendments have therefore not yet been approved or published. The Council has a robust process for dealing with whistleblowing issues supported by a clear and concise policy. The Anti-money Laundering Policy has been revised and updated in line with best practice and to reflect the updated requirements as set out in the Money Laundering Regulations 2017. Regular updates on the number and types of complaints received by the Council are reported
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Review of Effectiveness

		and discussed by CRMG Scrutiny Committee.
B. Ensuring openness and comprehensive stakeholder engagement	Online, including the Council Website, Twitter, You Tube and Facebook Consultations including Have your say (Council website) Webcasts Borough Plan Area Committees Joint committees Neighbourhood Forums Corporate complaints procedure Our Stockport Conversation	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 webcasts its meetings throughout the year http://stockport.public-i.tv/core/portal/home All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and in local libraries. Further to MTFP Proposal 6, Support and Governance (2018/19) it was agreed that the Constitution Working Party would explore proposals to reduce the number of cycles within the Business Programme from 9 cycles per year to 6 cycles per year. There was an appetite of both Members and Officers to reduce the intensity of the business programme in order to release further time to focus on Council business that arises outside of meetings whilst ensuring the Council's governance arrangements are fit for the future, working as efficiently and effectively as possible, whilst maintaining its statutory duties. There have also been several requests from Members to seek to design a Business Programme from 21/22 onwards, which avoids, in so far as possible, holding meetings within school holidays and to avoid holding meetings on religious festival/ holidays/ days, again in so far as

Review of Effectiveness

		possible. Reports were put to the relevant Scrutiny committee, Cabinet and Council on 16 January 2020 where amendments were approved and made to the Business Programme for 2020/21 which essentially removed three cycles of meetings from the already approved schedule of meetings and approved a new Business Programme for 2021/22 which essentially re-casts the Business Programme on a regular cycle of six sets of meetings throughout the year, rather than nine. However, Area Committees, Licensing and Planning Committees will remain where they are in the current Business Programme for statutory reasons and their number have not been reduced. The Audit Committees remain where they were previously as these run on a separate quarterly cycle. The Health and Wellbeing Board meetings have also not moved as the programme for these meetings has been designed around the Better Care Fund reporting deadlines to the Department for Health. 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
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Review of Effectiveness

		radio stations. The Council continues to engage with all sectors of the community through; Partnership and Community Engagement, Neighbourhood Management engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation. The 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. As part of the planned refresh of the Borough Plan, a major consultation programme was launched in late 2019. 'Our Stockport Conversation' aims to gather the views of a wide variety of residents and other stakeholders on what they'd like to see in Stockport by 2030. This started with engagement with young people through schools and youth forums and will inform the wider vision for the borough over the next ten-
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Review of Effectiveness

		years.
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	Council Plan Portfolio Performance & Resources Agreements	The Council has set out a clear statement of its purpose and vision for Stockport within the Council Plan which has been updated and approved by members in February 2020. 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 set out within seven Portfolio Performance and Resources Agreements, presented to Scrutiny Committees annually in June/July. 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)

Review of Effectiveness

		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 users residents in order to ensure improvement. Stockport Homes as a wholly owned company of the Council has a vision which is published on its website. The vision outlines its commitments to sustaining thriving neighbourhoods, meeting housing need and supporting vulnerable people. This means taking calculated risks and moving 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. 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	Corporate Council Plan Quarterly and Annual Portfolio Performance &	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

Review of Effectiveness

outcomes	Resources Reports Quarterly and Annual Corporate Performance & Resources Reports Medium Term Financial Strategy Business Case Working Papers reported to the Cabinet and Scrutiny committees Civil Contingency and Emergency Planning	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 recent use of business cases to develop a balanced budget for 2019-20 which were consulted upon. 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. The Council has an effective scrutiny function via five scrutiny committees and a scrutiny co-ordination committee which encourages constructive
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Review of Effectiveness

	Business Continuity	challenge and enhances the management of the Council's performance in service areas and overall. The scrutiny function is also enhanced by joint scrutiny arrangements, principally with local health bodies. Elected Members are collectively responsible for the governance of the Council. Decision making and scrutiny of these decisions are separated through the executive arrangements and reflects the legislative arrangements for defining executive and non-executive functions. Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. Stockport Homes presented performance updates and delivery plan outcomes reports to the Member Committee during 2019-20. Totally Local Company presented financial and strategic updates to the Contributor Committee during 2019-20. The Council works within the framework set by the Civil Contingencies Act 2004, which provides a single statutory framework for civil protection in the UK at a local level. We work with the Civil Contingencies and Resilience Unit (CCRU), which is an Association of Greater Manchester Authorities (AGMA) service to coordinate 'emergency planning' on our behalf. We work to
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		the plans drawn up by the CCRU. We are also a partner of the Greater Manchester Resilience Forum (GMRF). This partnership of agencies from across Greater Manchester has responsibility for coordinating and overseeing emergency planning. Its overall purpose is to ensure an appropriate level of preparedness for multi-agency response to emergency incidents which may have significant impact on the communities of Greater Manchester. In order to ensure preparedness and response we maintain a bank of Silver Commanders, Forward Incident Officers and on-call Emergency Rest Centre Managers. We have a planned business continuity process aimed at managing the many and varied, known and unknown risks inherent in the day-to-day activities involved in delivering our services. The main purpose of the process is to ensure continuity of service delivery following an unexpected disruption to normal working. 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
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Review of Effectiveness

		maintained by each service in readiness for use in an incident to enable the organisation to continue to deliver its critical functions at an acceptable pre-defined level. In the event of a service being overwhelmed the Corporate Plan would be invoked. Risks considered in the Business Impact Assessment include but not limited to: Loss of IT/Telecoms Loss of Site/Flood/Fire Loss of People/Skills /Industrial Action Utility Outage Employee H&S Issue Supply Chain Damage to Reputation Product Safety
E. 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	A corporate Member's induction programme is in place which has been signed off by the Corporate Leadership Team and the Member Learning and Development Group. Training for Members includes the member code of conduct, personal safety and procedures. The Council supports member development in

Review of Effectiveness

	Absence Management Policy Apprenticeship scheme	different ways including a comprehensive induction programme for new Councillors, new Cabinet Councillors and new Committee Chairs, bespoke training for individual political groups, attendance at conferences aligned with the member's particular responsibilities. In particular the Council fund a number of Cabinet Councillors and spokespersons from the main opposition group on the LGA Leadership Programme. Training in relation to Audit and Treasury Management is also provided annually to Cabinet Councillors and members of the Audit and Corporate, Resource Management and Governance Scrutiny Committee. All employees are required to have a Personal Development Review on an annual basis. A competency framework is in place for officers. The Council has an 'Employees Handbook' which brings together a range of conditions of service into a single resource. This handbook is complemented by a Manager's Handbook and forms the basis of a revised management induction and management development package.
F. Managing risks and performance through robust internal control and strong public	Corporate Risk Register considered by CLT and CCG and reported to Audit Committee Risk Registers contained within Portfolio	Decision making is supported by risk management arrangements. The Corporate Governance Group (CGG) monitors the development and maintenance of a Corporate

Review of Effectiveness

financial management	Performance and Resources Agreements and Reports and considered by Scrutiny Committees Annual Head of Internal Audit Opinion Report Totally Local Company ARAC committee meetings Stockport Homes Board meetings	Risk Register and the Corporate Leadership Team receive regular in-year updates on the management of risks within the Corporate Risk Register. An effective Audit Committee is in place which is independent of the 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 Internal Audit and Risk Manager supports the Audit Committee and reviews its effectiveness on an annual basis. The Chair of the Audit Committee produces an Annual Report that demonstrates the value added by the Committee over the previous year. The Internal Audit function operates in line with the Public Sector Internal Audit Standards for Local Government and the Internal Audit Plan is based on the high risks reported within the risk registers. Underpinning the Council's financial and operational management arrangements is a regulatory framework comprising Financial Procedure Rules, Contract Procedure Rules, 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
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Review of Effectiveness

		internal control. Concerns regarding non-compliance with rules, policies, procedures or legislation can be reported through channels set out in the Anti-Fraud, Corruption and Bribery Strategy/Policy and Confidential Reporting Procedure (Whistleblowing Policy) and a Fraud and Irregularities Panel has the remit to deal with these. In addition the Council's arrangements for providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website. The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2020 and the overall opinion on the level of assurance discussed. 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.
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Review of Effectiveness

		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. 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.
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Webcasts Cabinet reports Annual Governance Statement 2018-19 progress reports to Audit Committee Internal Audit progress reports Totally Local Company reports to Contributor Committee Stockport Homes reports to Member Committee Development of Performance Dashboards	The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability. Much of this is published in an 'open data' format to enable re-use by interested parties, and the Council is committed to meeting the standards set out in the Transparency Code of Practice. The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. These are logged onto a central system and the Council's Information Governance team 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

Review of Effectiveness

		to provide more information to the public. The Council has responded effectively and promptly to implement agreed actions resulting from the work of Internal Audit, external audit and other external inspectorates. Progress made against the issues identified in the 2018-19 Annual Governance Statement action plan was reported to the Audit Committee in November 2018 and March 2019. All 2018-19 issues are strategic and complex, reflecting the continued pace of change and significant financial challenges and continue to remain key governance issues for the Council. The Council published its Annual Report and Statement of Accounts on its website. Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. During 2019/20, the Council has developed a series of 'dashboards' to provide a regular visual summary of performance. These include development of a Corporate Performance Dashboard 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
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Review of Effectiveness

		Dashboard for the Corporate Leadership Team, which has resulted in a number of 'performance spotlights' helping to understand a number of key performance issues such as employment & skills, educational attainment and the local housing market. The Member Dashboard will support greater transparency and accountability around the Council's performance. It has been developed with Scrutiny Chairs, and will launch during 2020/21.
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Review of Effectiveness

The 2018/19 annual governance statement contained four key governance issues. Details of these issues and how they were addressed are provided below.

What the issue was	What we did to address it
1. Social Care restructuring 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. The recent CQC review of the Stockport Together programme demonstrated these difficulties that the Council and its partners had faced. There are currently two major projects within social care within the Council, all of which involves significant service transformational change: • Redesign of adult social care • New model for Stockport Family and Education Services 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.	Redesign of Adult Social Care Adult Social Care has now established a revised & transformed Operating Model for future service delivery, we previously reported that we were in the first phase of implementation of the management structure for the new Operating Model. The implementation of the new operating model has been delayed as a result of the covid-19 outbreak. The new model, once implemented will continue to work towards delivery of a neighbourhood model of care along with partners but has a strong emphasis on delivery of the Statutory Responsibilities of the Council and Adult Social Care and on this basis, there is further work taking place to redesign Mental Health Services from a Local Authority perspective, along with input from Pennine Care Foundation Trust, to ensure that Council Staff and Care Management resource is lead, managed and deploy back within Adult Social Care. The first phase business case was due to be completed in January 2020. Significant progress has been made in relation to the assimilation and recruitment to this business case however this has not been fully finalised. The final stages of assimilation and recruitment were put on hold in late February 2020. This will be re-visited during 2020/21. The deployment of Mental Health teams into Adult Social Care led management structures has also been effected. Work between the Council and Pennine Care Foundation Trust has continued to ensure a smooth transition during 2020/21. The redesign work will be underpinned by a commitment to an asset based approach to the way the service delivers to Stockport Residents and this will be

essential to the different cultural approach to service provision that is needed.

During 2019/20 alongside the redesign work had commenced to ensure that Adult Social Care Services deliver to their cash limit budget, ensuring that there is no requirements going forwards for Council Reserves to support mainstream delivery. A deficit position of £0.89m was reported for 2019/20.

This will remain an on-going challenge in 2020/21 given the volatility, risk and uncertainty that remains with regards to future Local Authority settlements and long term funding for Adult Social Care along with challenges brought about by covid19.

The cost of services within the Adult Social Care market remains a challenge although there has been some movement to accept the Council's usual price by some providers on the basis of significant uplift on fees in the last financial year and the Council's commitment to an Ethical Care Charter that has seen home care providers that are signed up to this paying staff the real living wage.

Stockport Family and Education Services

The "Brinnington and Werneth Enhanced Integration programme" which is the test bed for transformation has been established. Key learning from the first few months of operation is being collated and evaluated to inform the future model. This is whole system transformation and is looking at preventing exclusions and improving attendance by the very nature of having social workers and early help workers based in schools along with other services that provide support to children and families. It is also exploring how we collaborate across sectors in the wider neighbourhood to ensure closer working with the community people live in and to support improved outcomes taking learning from our place based early adopters.

The 3 interlinked programmes of Children's Services Transformation are now aligned - Integration, SEND Improvement Programme and the review of the High Needs Block of the Dedicated Schools Grant (DSG) which is focused on inclusion services.

Work streams for the DSG review are underway with headteachers and service leads to inform an options appraisal for how services will be delivered from the

Review of Effectiveness

	High Needs Block from September 2021. The draft Children's Plan built on the learning from the Children's and Education Services review is in development and has been presented to the Stockport Family Partnership Board (was the Children's Trust). Two key posts are now in post - the new interim Director of Education along with a Strategic Participation Leader to drive and support this transformation agenda. Both the Adults and Childrens' restructuring programmes remain live issues for 2020-21 and are included in the action plan, below.
2. Property services provider The Council has implemented a new service delivery model following the insolvency of Carillion in January 2018. The Council is liaising with the Carillion liquidators PwC to ensure that any legacy contract issues are finalised.	Following the collapse of Carillion in 2018 the Council has created in-house Estates, and Design & Technical Services Teams and has awarded the contract to secure a Facilities and Asset Management provider for a five year contract (with potential to extend the awarded contract). The in-house teams are progressing well and the services are delivering to a high level of performance, including being commissioned by two other GM local authorities to provide Estates Services. Following PwC being appointed as Liquidators of Carillion PLC and most of its group companies the Council continued to liaise with PwC on the services being provided by Carillion until the end of June 2018. The Estates and Legal teams have continued to negotiate on the delivery of the contracts and any payments that were due to either party in respect of such contracts. The parties have now agreed full and final settlement terms in respect of the payments due. From a risk perspective this process has been managed by senior Council officers and the final settlement figure has been approved by the Deputy Chief Executive and Borough Treasurer. In order to provide independent assurance around the process, a high level review is being undertaken by Internal Audit of the final payment settlement documentation and testing of a random selection of invoices.

3. Programme of Reform and achievement of Medium Term Financial Plan

The Council continues to face significant financial constraints and further demands for significant savings to be made. There is a significant amount of uncertainty about how Government intends to fund Local Government (if at all) beyond 2019-20.

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

The Council's 2020/21 Budget, 2020/21 Capital Programme and MTFP were approved at the Council meeting on 27 February 2020. The MTFP saving requirement for 2021/22 is £8.743m rising to £17.031m in 2022/23. As part of the 2020/21 Budget, the Cabinet reaffirmed its commitment to continue to develop the Council's MTFP Strategy to address the financial challenge posed by the increasingly uncertain, volatile and complex financial landscape and to strengthen the Council's long-term financial resilience. The MTFP Strategy continues to focus on the five themes which help frame the difficult choices that need to be made by the Council to meet the significant financial challenge ahead. Doing this will ensure the Council can continue to deliver essential services, and ensure the decisions made deliver against the Council's ambitions and priorities for the Borough and its residents.

Progress against a number of specific elements of the Council's MTFP and financial resilience are reported below:

Growth and Reform Programme

Whilst recognising the requirement for longer-term transformational change to the way services are delivered, the need to support the annual budget setting process for 2020/21 has also been recognised. Saving proposals totalling £4.225m were approved by Cabinet and included in the Council's 2020/21 Budget. This followed work with partners, Trade Unions and communities as part of the public consultation and scrutiny process. The Council remains committed to the MTFP Strategy and using this as a lens to frame its budgets choices linked to its transformation plans to ensure the Council is fit for the future and resilient to the

financial challenge ahead.

2020/21 Local Government Finance Settlement

The 2020/21 Local Government Finance Settlement was approved by Government on 24 February with no changes to the Council's 2020/21 Settlement Funding Assessment and 2020/21 Core Spending Power announced in the Provisional Settlement in December 2019. It is important to note that 2020/21 is a one-year roll-over settlement, with no certainty about funding beyond 2020/21 given by Government. There are a number of Government announcements and key events in 2020/21 that will impact on future funding. Council Officers will be working throughout the year to respond to consultations, understand the impact of the announcements made and reflect any changes to forecasts and assumptions in the Council's MTFP as part of the 2021/22 budget setting process.

MTFP Summer Review

Given the continuing uncertainty, complexity and volatility of the financial landscape, a MTFP Summer Review will be completed in summer 2020 to ensure the financial forecasts and assumptions that underpin the Council's MTFP remain robust. The future direction of Local Government funding remains uncertain and there are a number of Government announcements and key events in 2020/21 which will impact on this including the Government's Budget, the Government's Comprehensive Spending Review, Local Government Financing Reforms and the completion of trade deal negotiations with the European Union. For this reason it is likely that there will be a number of updates to the Council's MTFP throughout the year to ensure Members and Senior Officers are able to continue to make key decisions on an informed financial basis.

Reserves Policy

Review of Effectiveness

	The annual review of the Council's Reserve Policy will be completed following the 2020/21 year-end closedown process. As in previous years the Reserves Policy will align the Council's available one-off resources to its corporate and strategic priorities over the medium-term period. Reserves are critical in providing flexibility and responsiveness for the Council to address unforeseen circumstances, ensuring the Council's ongoing financial resilience.
4. Information Governance 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.	The Information Governance Team is more stable. All members of the team now hold a relevant qualification and senior members of the team either hold or are working towards professional Practitioner level qualifications. A multi-pronged strategy and proactive programme of training awareness has significantly increased compliance with mandatory IG training. The compliance figure captured in September was 95.27%. Targeted training events, focusing on specific areas of GDPR best practice, have been held and well attended. A digital software package is currently being procured for the service which will provide a greater oversight of data flows within the Council and provide a live Record of Processing Activity that IAO's will be able to monitor, update and reference with ease. The software will support a Privacy by Design approach and provide the tools for IAO's to report to SIRO. A full training package for IAO's to support the software implementation will be provided. In relation to Cyber Security Accreditation, the Council is working towards IASME Gold Certification.

Significant Governance Issues (AGS Action Plan)

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 2020/21.

Issue	Action proposed during 2020-21	Lead Officer
1. Social Care restructuring 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. The recent CQC review of the Stockport Together programme demonstrated these difficulties that the Council and its partners had faced. There are currently two major projects within social care within the Council, all of which involves significant service transformational change: • Redesign of adult social care • New model for Stockport Family and Education Services 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.	Adult Social Care As part of the transformation programme, Adult Social Care was due to implement a number of changes during 2020/21. In the first quarter, this included: • Building on the first phase of the staffing restructure to align teams to the new model. • The Mental Health team joining Council led management structures from 6th April. • Working with an external provider to undertake a diagnostic and advancement of a workforce development plan to embed a strength and asset based approach across the service. • To develop the reporting functionality through the newly implemented Liquid Logic system, culminating in the implementation of a performance framework. The implementation of the new operating model was paused in February 2020 as a direct result of covid-19. This means that the above work will no longer be achieved against the original timescales described above. The service is now undertaking a detailed review of the new operating model, considering any changes which need to be reflected as a result of covid-19 and preparing a revised implementation plan. It is envisaged that the work described above will be undertaken during the remainder of 2020/21.	Director of Adult Social Care (DASS) Programme Lead – Adult Social Care & CSS Strategic Financial Advisor (People) Management Accounting

Significant Governance Issues (AGS Action Plan)

Childrens and Education

The Werneth and Brinnington enhanced integration programme has recently been evaluated by the What Works Centre alongside the two other “social workers in schools” pilots in Lambeth and Southampton.

The final evaluation report has been published finding that *“interventions into family life reduced overall, and social workers building stronger relationships with both teachers and the young people they worked with”*

Learning from this pilot will inform the wider roll-out of this whole system transformation. However, timescales for this are currently impacted by the operational pressures of responding to Covid-19 as schools focus on further re-opening over coming weeks.

A forensic analysis of the high needs block of the dedicated schools grant has now concluded and the final report is going through governance. The conclusion of the review outlines a five-year transformation programme for phased implementation from September 2021 focussing on:

- Early Help and SEN Support
- Quality, Commissioning and Workforce
- Emotional Wellbeing
- Specialist Settings
- Inclusion and Pupil Referral Unit (PRU) Offer

To deliver the whole system change already identified through the SEND inspection, the wider children’s transformation programme and further echoed from the findings of the DSG

Director of Children’s Services

Service Leader Public Service Hub

Interim Director of Education

Significant Governance Issues (AGS Action Plan)

review, it is imperative to have the right leadership structure in place to drive significant and sustainable change.

A draft senior leadership structure was at the final stages of approval as Covid-19 escalated and will need to be revisited during quarter 1 20/21.

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

The Council continues to face significant financial constraints and further demands for significant savings to be made. There is a significant amount of uncertainty about how Government intends to fund Local Government (if at all) beyond 2019-20.

The programme of savings, income generation

The 2021/22 to 2022/23 MTFP was approved by the Council meeting on 27 February 2020. The MTFP highlights that the Council continues to face significant financial challenge with further 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 £8.743m in 2021/22 rising to £17.031m in 2022/23 continues to be challenging. The Council continues to operate in a volatile and uncertain environment evidenced by the Government's one-year spending review and subsequent one year Local

**Corporate Director,
Corporate and Support
Services**

**Strategic Head of Service –
Finance (Deputy S151)**

Significant Governance Issues (AGS Action Plan)

and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.

Government Finance Settlement for 2020/21, in addition to BREXIT and a General Election during 2019/20.

The Government's future direction for Local Authority funding remains uncertain and now subject to Government completing a multi-year spending review in 2020/21 and completion of the reforms linked to the Fairer Funding Formula and Business Rates Retention both of which will determine the distribution of national funding to Local Authorities going forward. Prior to the COVID19 pandemic these reforms were expected to impact on the Local Government Finance Settlement for 2021/22, but Government has since confirmed these reforms will be further delayed and implemented in 2022/23 at the earliest which whilst welcomed to allow COVID19 recovery plans to be implemented, presents the Council with further uncertainty about its future funding.

The Council's 2020/21 Budget and MTFP approved in February have clearly now been superseded by the COVID19 pandemic. The financial challenge presented by the impact of COVID19 is unprecedented. As part of the COVID19 financial impact returns to Government, the Council's current estimate of the financial impact (cost and loss of income) is circa £58.8m adverse financial impact. To date the Council has received £25.8m of COVID19 impact grant support from Government. This leaves a potential funding gap of circa £33m in 2020/21 with the permanent impact on the Council's MTFP being assessed.

Government has yet to announce what additional financial support will be given to Local Authorities to bridge this funding gap and what form this support will take i.e. additional grant funding, borrowing, flexibility around the use of available

Significant Governance Issues (AGS Action Plan)

resources etc. Following recent Government announcements though, there is an indication that the expectation is the financial burden of COVID19 will be shared with Local Authorities. The uncertainty about what this means in terms of continuing Government support is creating further uncertainty and making medium term financial planning increasingly challenging. Despite this the Finance Team is progressing a programme of work as part of the MTFP Summer Review and monthly iterations of the Government's COVID19 financial impact return. The following reviews and impact mitigations are being completed/considered as part of this work:

- Early budget monitoring and forecasting of the 2020/21 outturn position to identify and surpluses (for example where services have temporally ceased due to COVID19 and expected costs are not being incurred) as well as costs that have not been captured on the COVID19 cost codes setup in the financial ledger;
- Review of the Council's useable reserves (including earmarked reserves) to identify revenue resources which are available for realignment as part of the 2020/21 Reserves Policy to support the funding of the COVID19 impact;
- Review of the Council's earmarked reserves which have been set aside to fund revenue contributions to capital schemes and considering switching to other forms of capital funding (i.e. borrowing) to free up the revenue resources to bolster the Council's available earmarked reserves to support the funding of the COVID19 impact;
- Review of the Council's Capital Programme to consider rephasing of capital schemes and reduce the revenue costs of the schemes;

Significant Governance Issues (AGS Action Plan)

- Review of the possible use of available capital receipts to support transformation projects that revenue resources (budgeted and/or held in earmarked reserves) have been set aside to fund. Using available capital receipts in this way will free up revenue resources to support the funding of the COVID19 impact; and
- Review of the Council's MTFP to assess the impact of COVID19 on the Council's savings requirement across the medium term period.

This programme of work will assess the extent to which the financial impact of COVID19 can be mitigated by the Council, without further Government support, in the short term to ensure it is able to respond to the pandemic and recover in order to continue to deliver services to our residents. Considerations are obviously also being given to the delay of investment plans and projects as well as spending controls particularly for discretionary spend (i.e. spend not linked to the Council's legal requirements or statutory duties). There is obviously an opportunity cost of doing this in terms of the impact it would have on the schemes and the benefits they were expected to bring to Stockport. In addition, the Council remains hopeful that (and is actively lobbying for) confirmation of additional Government support funding will be announced.

As well as the above, the Finance Team will continue to analyse budgets during the year to identify the underlying budget pressures and mitigate the impact of the volatility and uncertainty. This will include the 2020/21 MTFP Summer Review, the 2020/21 Reserves Policy and further development of the Council's Capital Strategy and Capital Programme. The continuation of this strong financial management foundation will

Significant Governance Issues (AGS Action Plan)

be more important than ever to enable the Council to have confidence in its financial resilience to recover and continue to deliver essential services to Stockport residents.

The Council remains committed to developing its MTFP Strategy to address the financial challenge ahead. This is increasingly important given the significant financial impact of COVID19 added to the already challenging financial landscape. Continuing to use 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. This will be important to support the Council in its COVID19 recovery process and its move to a 'new normal' that builds on the opportunities presented by the lockdown to 'build back better'. The Council's Corporate Leadership Team will continue to monitor progress on Budget and MTFP issues during the year providing oversight, scrutiny and leadership on delivery of the

2020/21 Budget position and plans to meet the financial challenges that the Council faces over the medium term period.

Mayoral Development Corporation (MDC)

The Mayoral Development Corporation was formally launched by the Greater Manchester Mayor, Andy Burnham, in September 2019 to lead the regeneration of Stockport's Town Centre West as set out in the Council's Strategic Regeneration Framework for the area. It is supported by the Council, the Greater Manchester Combined Authority, and the government's housing delivery agency,

The MDC Board approved a new five year Strategic Business Plan at its meeting in May which sets out the MDC's objectives over that period. In order for the Council and GMCA to have the necessary oversight of the MDC, the Strategic Business Plan needs to be approved by both organisations (scheduled for June) at which point it will become the MDC's formally adopted plan through which its performance will be assessed. Any activity undertaken by the MDC that is not in the agreed Strategic Business Plan will require additional formal approval

Director of Development and Regeneration

Programme Manager

Significant Governance Issues (AGS Action Plan)

Homes England. The MDC is responsible for delivering up to 3,500 new homes and 1,000,000ft2 of new employment floorspace over a ten to fifteen year timeframe. The MDC is independent of the Council and has its own constitution and governance procedures. It is run by a Board which includes Council Members and representatives from GMCA and Homes England and is chaired by the former Head of the UK Civil Service, Lord Kerslake. The MDC's £0.5m per annum operational budget is provided by the Council which also approved a £100m investment facility in October 2019 from which funding can be drawn down (subject to detailed financial appraisal of individual proposals) to accelerate the regeneration of Town Centre West.	by the Council and GMCA. The MDC's Strategic Business Plan was largely formulated prior to the COVID-19 crisis whose long-term impact on the property market and regeneration ambitions for Town Centre West is difficult to ascertain at this stage. The fundamental challenges which the MDC was created to address – including increasing overall housing supply, redeveloping brownfield sites, reducing pressure for greenbelt release, and reshaping the housing market in the town centre - will remain during the COVID-19 crisis and in its aftermath. The delivery approach and mechanisms through which the MDC will lead development may need to be modified however as the impact on land and property values, development costs, return on investment via rental and sales values, and funding sources is better understood over the coming months.	
4. Impact of COVID19 The impact of COVID19 and how this has been managed to date is detailed fully in section 3 of this document. As and when the country begins to return to normality, there will need to be an exercise undertaken to identify any areas of good practice and learning to ensure the Council is in the strongest position possible during what	At an appropriate point, the Council will undertake a full review of actions taken and lessons learned during the crisis. This will involve officers, elected members and partners.	Corporate Leadership Team

Significant Governance Issues (AGS Action Plan)

are sure to be difficult times for everyone going forwards.

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 will approve the 2019-20 Annual Governance Statement at their meeting to be held in September 2020.

Our assessment of the effectiveness of our governance arrangements for 2019-20 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: _____