

ANNUAL GOVERNANCE STATEMENT

2019-20

PROGRESS UPDATE

November 2020

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<p>Social Care restructuring</p> <p>Service transformation projects are risky, high-profile, complex, inter-dependent and costly, and ultimately challenging to deliver. They are prone to falling short of promised benefits and / or exceeding budgets and can present the greatest risk of failure to the Council.</p> <p>The recent CQC review of the Stockport Together programme demonstrated these difficulties that the Council and its partners had faced.</p> <p>There are currently two major projects within social care within the Council, all of which involves significant service transformational change:</p> <ul style="list-style-type: none"> • Redesign of adult social care • New model for Stockport Family and Education Services <p>The Council need to ensure that a significant service transformation project for Adult Social Care is effectively addressed through its significant restructuring programmes and the governance is appropriate for delivery.</p>	<p>Adult Social Care</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	<p>Director of Adult Social Care (DASS)</p> <p>Programme Lead – Adult Social Care & CSS Strategic Financial Advisor (People) Management Accounting</p>	<p>Adult Social Care</p> <p>A detailed review of the programme has been undertaken and a number of workstreams have recommenced, however, implementation will be significantly slower than originally anticipated as the service continues to respond to the ongoing pandemic.</p> <p>The service continues to work to align all staffing teams to the new model as well as undertaking recruitment drives to fill vacant posts across the service.</p> <p>Mental Health teams re-joined Council led management structures from 28th September. There is a specific workforce development workplan in place to support colleagues as well as a programme in place to support the necessary process and procedural changes.</p> <p>Leaders across ASC have met with the external provider, People Too who will be supporting the service to embed a strength and asset based approach. Diagnostic work will commence in the coming weeks with the programme running into 2021/22.</p> <p>We are also taking note and consideration of potential governance</p>

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	<p>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.</p> <p>Childrens and Education</p> <p>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.</p> <p>The final evaluation report has been published finding that <i>“interventions into family life reduced overall, and social workers building stronger relationships with both teachers and the young people they worked with”</i></p> <p>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.</p> <p>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</p>	<p>Director of Children’s Services</p> <p>Service Leader Public Service Hub</p> <p>Interim Director of Education</p>	<p>changes arising from the creation of integrated care systems within the NHS.</p> <p>Childrens and Education</p> <p>Responding to the many challenges created by Covid-19 continue to impact on the wider transformation programme, however collaborative work between the Council and partners is taking place to analyse the impact of the pandemic and to support the process of recovery across the Borough. This work will be key to understanding the impact of the pandemic, lockdown and enduring social distancing on children, young people and families, including unidentified and unmet needs, the impact on inequality of outcomes and service delivery / demand.</p> <p>The findings and recommendations from the DSG review are now in a period of consultation with relevant stakeholders and the results of this consultation will inform the wider transformation agenda.</p>

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	<p>review outlines a five-year transformation programme for phased implementation from September 2021 focussing on:</p> <ul style="list-style-type: none"> • Early Help and SEN Support • Quality, Commissioning and Workforce • Emotional Wellbeing • Specialist Settings • Inclusion and Pupil Referral Unit (PRU) Offer <p>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 review, it is imperative to have the right leadership structure in place to drive significant and sustainable change.</p> <p>A draft senior leadership structure was at the final stages of approval as Covid-19 escalated and will need to be revisited during 20/21.</p>		
<p>Programme of Reform and achievement of Medium Term</p>	<p>The 2021/22 to 2022/23 MTFP was approved by the Council meeting on 27 February 2020.</p>	<p>Corporate Director,</p>	<p>As part of the COVID19 financial impact returns to Government, the Council’s</p>

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<p>Financial Plan</p> <p>The Council continues to face significant financial constraints and further demands for significant savings to be made. There is a significant amount of uncertainty about how Government intends to fund Local Government (if at all) beyond 2019-20.</p> <p>The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.</p>	<p>The 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 Government Finance Settlement for 2020/21, in addition to BREXIT and a General Election during 2019/20.</p> <p>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</p>	<p>Corporate and Support Services & Deputy Chief Executive</p> <p>Strategic Head of Service – Finance (Deputy S151)</p>	<p>current estimate of the financial impact (cost and loss of income) is circa £64.9m gross adverse financial impact. To date the Council has received £36.5m of Government support funding (including £14.1m relating to the funding of Infection Control, Track and Trace, Council Tax Hardship, Food Poverty and Essentials Support etc). This leaves a potential funding gap (linked to COVID19) of circa £28.4m in 2020/21.</p> <p>The MTFP forecast and assumptions continue to be updated to reflect the impact of national decisions and announcements in terms of national lockdowns, tier restrictions and emerging vaccines.</p> <p>The Q1 financial update report presented to Cabinet on 28 July presented a Q1 financial position for the Council of £20.6m (including £10.2m deficit on Collection Fund). An update for Q2 forecast will be presented to Scrutiny and Cabinet meetings in December.</p> <p>It has been confirmed by Government that the CSR will cover one year only - 2021/22 rather than the expected multi-</p>

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	<p>whilst welcomed to allow COVID19 recovery plans to be implemented, presents the Council with further uncertainty about its future funding.</p> <p>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.</p> <p>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 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</p>		<p>year settlement. The expectation is the CSR will now be announced in mid-November at the earliest. The lateness in the announcement of the CSR will impact on the subsequent announcement of the 2021/22 Local Government Finance Settlement. This is expected to be announced in mid-December at the earliest and linked to the one-year CSR is likely to be a one year 'roll-over' settlement. The MTFP update presented to the Cabinet meeting in October forecasts a savings requirement of £23.341m in 2021/22 rising to £34.825m in 2022/23 taking into account the forecast COVID19 financial scarring impacts and updates to the underpinning MTFP forecasts and assumptions. The financial landscape continues to be challenging due to the significant levels of uncertainty, volatility and risk exacerbated by the financial impact of the pandemic.</p> <p>The strategy of response to balance the Council's 2021/22 Budget is based on:</p> <ul style="list-style-type: none"> - The Council's recovery plan and One Stockport strategy; - The MTFP Strategy;

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	<p>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:</p> <ul style="list-style-type: none"> • 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 		<p>- Local Taxation; and - Reserves.</p> <p>Linked to the MTFP Strategy a series of MTFP saving proposals have been identified as part of delivering a 2020/21 balanced and resilient budget. These proposals will be taken through the required consultation and scrutiny process before being presented to the Cabinet meeting in December.</p> <p>Our wider transformation proposals and development of the boroughwide One Stockport strategy will be developing alongside the MTFP Strategy to ensure the MTFP remains robust and resilient to support the Council's medium to longer term ambitions.</p> <p>The Council Reserves Policy was approved by Cabinet in October. Reserves are a key part of the Council's financial resilience and robustness. On this basis reserves are a key part of the Council's financial response to the pandemic. The balance here is to understand the risk the significant use of resources held in reserves will have on the Council's financial resilience and robustness over</p>

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	<p>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;</p> <ul style="list-style-type: none"> • Review of the Council's Capital Programme to consider rephrasing of capital schemes and reduce the revenue costs of the schemes; • 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. <p>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</p>		<p>the medium-term period.</p>

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	<p>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.</p> <p>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 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.</p> <p>The Council remains committed to developing its MTFP Strategy to address the financial challenge ahead. This is increasingly</p>		

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	<p>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</p> <p>2020/21 Budget position and plans to meet the financial challenges that the Council faces over the medium term period.</p>		
<p>Mayoral Development Corporation (MDC) The Mayoral Development Corporation was formally launched by the Greater</p>	<p>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 line with the governance</p>	<p>Director of Development and</p>	<p>The Stockport Mayoral Development Corporation Board endorsed a new five year Strategic Business Plan (SBP) for the period 2020-2025, with a more</p>

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<p>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, Homes England.</p> <p>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.</p> <p>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.</p> <p>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 on a recyclable basis (subject to detailed financial appraisal of individual proposals) to accelerate the regeneration of Town Centre West.</p>	<p>arrangements approved for the MDC, both the Council and GMCA have formally considered the Strategic Business Plan and approved it as 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 by the Council and GMCA.</p> <p>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.</p> <p>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.</p>	<p>Regeneration Programme Manager</p>	<p>detailed Annual Action Plan as an appendix, at its Board meeting in May 2020. The SBP was subsequently approved by the Greater Manchester Combined Authority and Stockport Council in June 2020 and sets out in a single strategic document the ambition the MDC has for the regeneration of Stockport's Town Centre West. It forms one of the main mechanisms through which the MDC Board can manage performance and through which both the GMCA and Stockport Council can hold the MDC to account.</p> <p>The new business plan is consistent with the Strategic Regeneration Framework for Town Centre West that Stockport Council approved in November 2019 and sets out the MDC's objectives for the plan period in terms of Community, Innovation, and Sustainability.</p> <p>An annual action plan aligned to the SBP was endorsed by the MDC Board at its September meeting.</p> <p>The MDC's activity is directed by the</p>

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			MDC Board (which includes cross-party Member representation) with proposals over deployment of the £100m capital Investment Facility considered and determined by the Council through its normal decision-making processes.
<p>Impact of COVID19</p> <p>The impact of COVID19 and how this has been managed to date is detailed fully in section 3 of the AGS document.</p> <p>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 are sure to be difficult times for everyone going forwards.</p>	<p>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.</p>	<p>Corporate Leadership Team</p>	<p>The threats and challenges from Covid19 continue to impact on the Council and the Borough.</p> <p>Lessons are continually being learned and officers, members and partners continue to work together in a dynamic way.</p> <p>An intensive retrospective review of actions since the initial lockdown in March 2020 is not considered appropriate at the current time.</p>