

ANNUAL GOVERNANCE STATEMENT

2019-20

PROGRESS UPDATE

March 2021

Governance Issue	Action proposed during 2020/21	Lead Officer	Progress Update – March 2021
<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>The service is now undertaking a detailed</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 changes arising from the creation of</p>

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	<p>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 review outlines a five-year transformation programme for phased implementation from</p>	<p>Director of Children’s Services</p> <p>Service Leader Public Service Hub</p> <p>Interim Director of Education</p>	<p>integrated care systems within the NHS.</p> <p>Childrens and Education</p> <p>The continuing challenges created by Covid-19 are impacting on the wider transformation programme and the delivery timescales. However, alongside the collaborative work between the Council and partners as part of One Stockport, work is taking place to establish a structure and model for delivery of children’s services that will support children and families through a period of recovery. This will include work to understand 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 transformation programme will bring an integrated Stockport Family and Education Service and the business case has been developed for the leadership levels. The findings and recommendations from the DSG review</p>

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	<p>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>have been consulted on and the results are informing the next phases of the structure and delivery model.</p>
<p>Programme of Reform and achievement of Medium Term Financial Plan</p> <p>The Council continues to face significant</p>	<p>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</p>	<p>Corporate Director, Corporate and Support Services &</p>	<p>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 £66.1m gross adverse financial impact.</p>

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<p>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>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 whilst welcomed to allow COVID19 recovery plans to be implemented, presents the Council with further uncertainty about its future funding.</p>	<p>Deputy Chief Executive</p> <p>Strategic Head of Service – Finance (Deputy S151)</p>	<p>To date the Council has received £39.9m of Government support funding. This leaves a potential funding gap (linked to COVID19) of circa £26.2m in 2020/21.</p> <p>The Budget Monitoring Update report presented to Cabinet on 9 February forecast an outturn position for Cash Limit and Non-Cash Limit budgets as a deficit of £24.765m. This deficit is directly linked to cost pressures and income losses as a result of the pandemic. The deficit is mainly offset by Covid-19 related grants received from Government totalling £24.421m, reducing the Council's forecast revenue budget deficit to £0.344m. It is noted that the forecast includes £2.355m of one-off resources relating to the GMCA return of waste reserve which have helped to balance the in-year position. In addition, the unprecedented uncertainty, volatility and risk within the financial landscape the position at Quarter 3 means the forecasts are subject to change – favourable and adverse. Finance Officers will continue to monitor the position as part of the 2020/21 outturn and to inform the Council's 2021/22 Budget and MTFP. The Quarter 3 forecasts were prepared pre-dominantly prior to the announcement of tier 4 restrictions and</p>

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	<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 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</p>		<p>subsequent third national lockdown by Government. The potential financial impact from this latest lockdown have not been considered and therefore the forecasts are subject to potential change and will be reported in the Quarter 4 2020/21 outturn report.</p> <p>The Quarter 3 forecast outturn position detailed above does not include the forecast deficit outturn position on the Collection Fund of £6.164m. This deficit will be realised in 2021/22 and spread over the next 3 financial years 2021/22, 2022/23 and 2023/24 in line with Collection Fund accounting legislation. The MTFP presented to the Budget Council meeting on 25 February reflects the spreading of this deficit.</p> <p>The MTFP forecasts and assumptions have been continually retested during the year to reflect the impact of national decisions and announcements in terms of national lockdowns, tier restrictions and emerging vaccines as well as other announcement impacting on Local Government funding. The savings requirement for 2021/22 reported to Cabinet in December 2020 was £8.115m which has reduced to £7.551m in the February report to Cabinet following further review of the</p>

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	<p>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 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>COVID19 financial scarring impacts based on the expectation of continuing restrictions and the gradual lifting of these in 2021/22 offset by expected one-off Government COVID19 support funding in 2021/22 (subject to consultation on the funding methodologies) and £1.482m of approved saving proposals. The uncertainty, volatility and risk within the financial landscape is significant and is making medium term financial planning difficult. For this reason, the updating of the MTFP will remain iterative during 2021/22 to ensure the underpinning financial forecasts and assumptions remain robust and resilient and provide a stable financial platform throughout the year.</p> <p>The 2021/22 Final Local Government Finance Settlement was announced by Government on 10 February. The settlement confirmed the funding announcements already made in the 2020 Spending Review and Provisional Local Government Settlement earlier in the year. Importantly the settlement is a one year settlement providing certainty over funding in 2021/22 only. One year funding settlements are adding to the uncertainty of the financial landscape making medium term</p>

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	<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 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</p>		<p>financial planning difficult. The Council awaits further announcements from Government in terms of its national Budget in March, an expected multi-year settlement in 2021/22 and Local Government funding reforms. Officers will continue to assess the impact of the Government announcements on the Council's MTFP and update the underpinning forecasts and assumptions as appropriate.</p> <p>The strategy of response to balance the Council's 2021/22 Budget has been based on:</p> <ul style="list-style-type: none"> - The Council's recovery plan and One Stockport strategy; - The MTFP Strategy; - Local Taxation; and - Reserves. <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. The 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>

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	<p>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 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.</p>		<p>In proposing a 2021/22 Budget for approval by Council, the £7.551m saving requirement has been addressed through a 3.5% increase in Council Tax (subject to approval) and use of reserves. However, the forecast saving requirement for 2022/23 is significant - £23.177m - due to the Government's COVID19 support funding ending in 2021/22. In setting a balanced, stable and robust budget in 2021/22, the Council has given itself time to address the financial challenge in 2022/23 and deliver the service transformation needed in order to continue its pandemic response and recovery.</p> <p>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. The continuing possibility of an extension to the current national lockdown, further periods of tier restrictions and the gradual lifting of these restrictions in 2021/22 is adding to this.</p> <p>The Council's Reserves Policy was approved by Cabinet in October. Reserves are a key part of the</p>

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	<p>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.</p>		<p>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 the medium-term period. The annual review of the Council's Reserves Policy will be completed in 2021/22 to ensure they remain aligned to the Council corporate and strategic objectives and provide the financial robustness need to support the Council to address the medium term financial challenge.</p>
<p>Mayoral Development Corporation (MDC)</p> <p>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, Homes England.</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 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</p>	<p>Director of Development and Regeneration Programme Manager</p>	<p>The Stockport Mayoral Development Corporation Board continues to work to its five year Strategic Business Plan (SBP) 2020-2025 and accompanying Annual Action Plan that were approved at the MDC Board in May 2020 and subsequently approved by GMCA and the Council in June 2020.</p> <p>A new Annual Action Plan is in preparation and will be submitted to the</p>

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<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>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>march meeting of the MDC Board. It will take into account a number of key developments over 2020/21 including its role in jointly-delivering the Town Centre Infrastructure Delivery Plan (including the Rail Station Growth Prospectus) that was approved by the Council in November 2020.</p> <p>In the first year of its life the, MDC has overseen the Interchange, Royal George Village, Weir Mill, and St Thomas' Gardens schemes moving into delivery. As of February 2021, the first two of those schemes have now secured planning permission and are due to start on site in 2021/22 and the latter two have reached planning application stage.</p> <p>The MDC's activity continues to benefit from the dedicated £100m capital Investment Facility approved by the Council in October 2019 which is deployed through the Council's normal decision-making processes.</p>
<p>Impact of COVID19</p> <p>The impact of COVID19 and how this has</p>	<p>At an appropriate point, the Council will undertake a full review of actions taken and lessons learned during the crisis. This will</p>	<p>Corporate Leadership</p>	<p>The threats and challenges from Covid19 continue to impact on the</p>

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<p>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>involve officers, elected members and partners.</p>	<p>Team</p>	<p>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> <p>This will include a review, and where appropriate, an update of the Council's Local Code of Governance.</p>