

# ANNUAL GOVERNANCE STATEMENT

2020-21

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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](http://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 2020/21

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 the majority of 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 2020/21 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. The annual opinion and report will be discussed at the next Audit Committee meeting scheduled for the 14 July 2021.
- 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. 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), Corporate Governance Group (CGG) 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. It is expected that Council and Committee meetings will recommence in person from May 2021.

### Reflecting the challenges from Coronavirus in the AGS

The AGS assesses governance in place during 2020/21 so the whole year is affected by the coronavirus outbreak. 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 in September 2021) 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.

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.

Considerable work has gone into 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.

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 a limited service from February 2021.

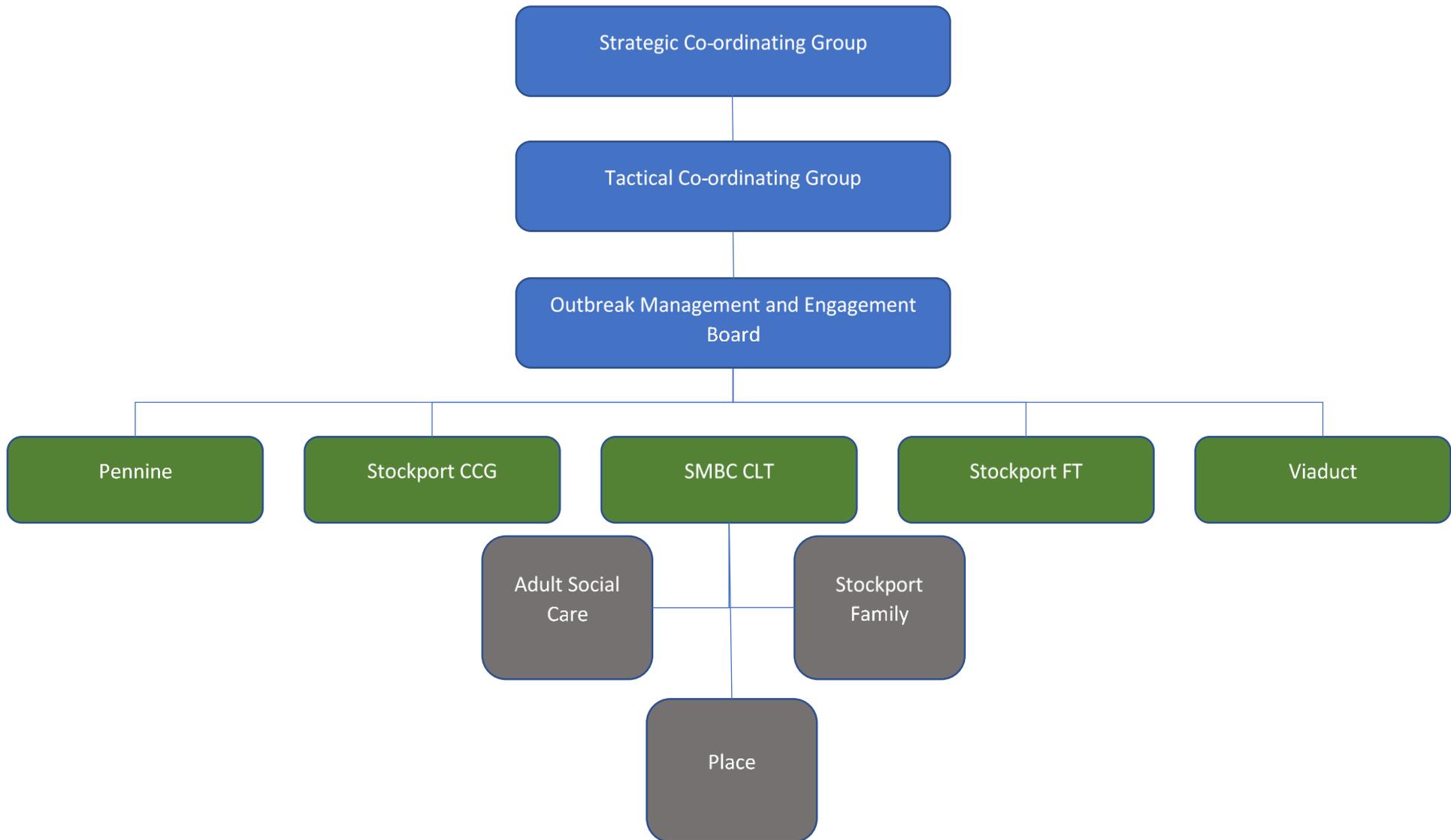
## What is the Annual Governance Statement?

- Museums closed with a phased reopening from May 2021
  - Leisure centres closed for the bulk of the year, reopening in April 2021.
  - 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,**

### **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**
- 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.

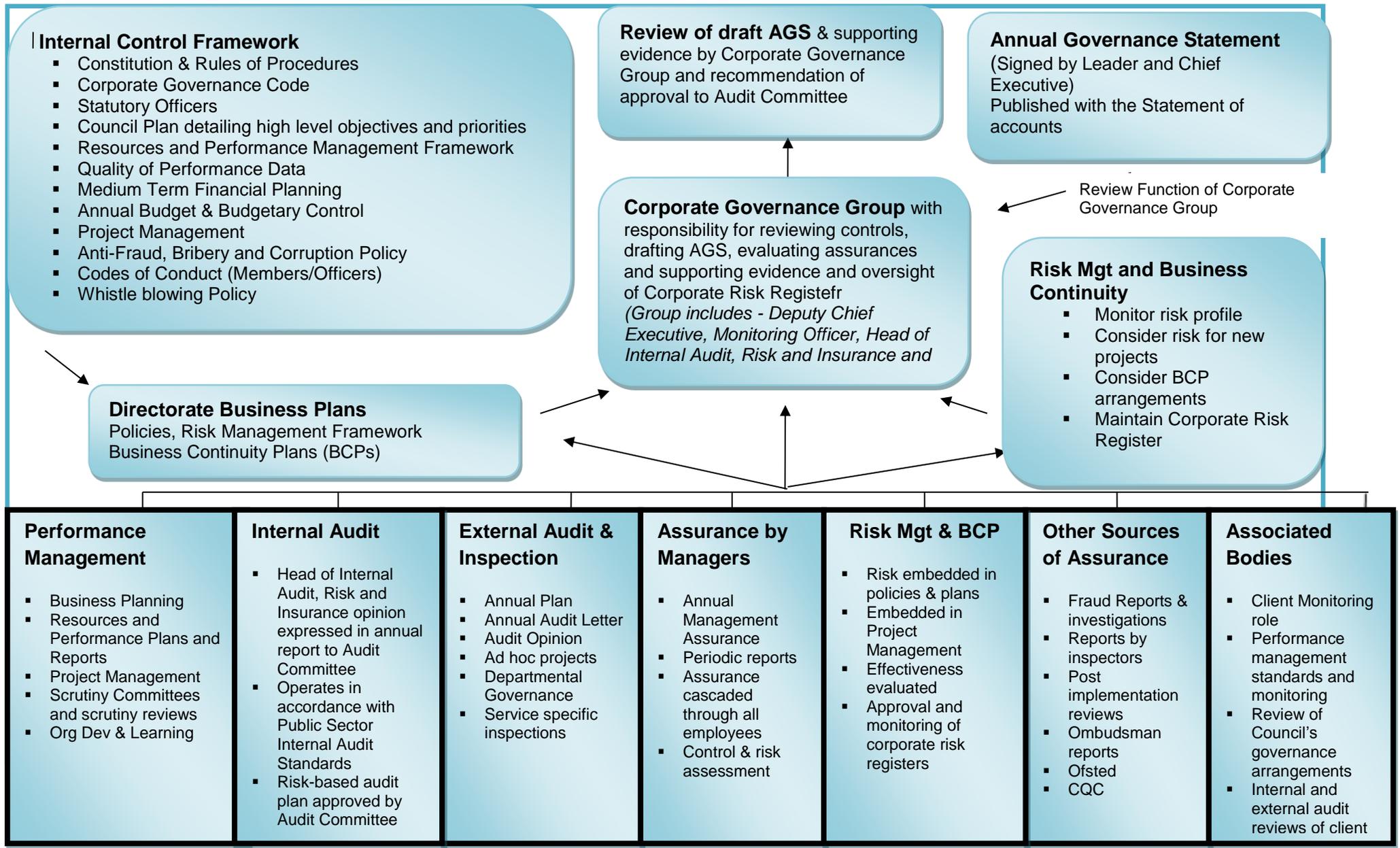
# What is the Annual Governance Statement?



## What is the Annual Governance Statement?

- 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 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 were developed with the voluntary and third sector.
  - 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 were initially put on hold, resuming throughout the year -. This has been addressed in the MTFP and Adult Social Care updates below.
  - 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 2020-21 are set out in the table below.

| <b>Principle</b>  | <b>Assurances received</b>  | <b>Assessment of the effectiveness of key elements of the Council’s Governance processes during 2020-21</b>   |
|---|---|---|
| <p><b>A.</b></p> <p><b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> | <p>Officers Code of Conduct</p> <p>Code of Conduct for Councillors and Co-opted Members</p> <p>Protocol on Councillor / Officer relations</p> <p>Proper Officer appointments</p> <p>Standards Committee</p> <p>Disciplinary Policy</p> <p>Anti-fraud, bribery &amp; corruption policy and</p> | <p>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 2020. 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</p> |

# Review of Effectiveness

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|  | <p>strategy</p> <p>Confidential Reporting (Whistleblowing Policy)</p> <p>Anti-money Laundering Policy</p> <p>Corporate Complaints procedure</p> <p>Constitution</p> | <p>Council. The proposals were approved and due to go before the Council Meeting on 9 July 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.</p> <p>A recent Internal Audit report on Members' declarations of interests, gifts and hospitality confirmed that adequate arrangements are in place. Such interests, gifts and hospitality continue to be published online and members declare any disclosable pecuniary interests.</p> <p>An Annual Fraud Report has been produced by the Head of Internal Audit, Risk and Insurance which demonstrates the work that the Council has undertaken in the preceding year to tackle identified instances of fraud and whistleblowing allegations and to highlight the proactive levels of work being undertaken. This is presented to the Audit Committee in July of each year. An appendix to this report is an assessment against</p> |
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# Review of Effectiveness



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|  |  | <p>the “Fighting Fraud and Corruption Locally Checklist developed by CIPFA.</p> <p>The outcomes of complaints investigations regarding service delivery have been reported to the Cabinet at quarterly intervals throughout the year.</p> <p>The Corporate Leadership Team has consulted with the Monitoring Officer as and when it considers that advice is required to ensure that the Council’s decisions accord with the law and Council’s constitution. The Council’s constitution has been reviewed and recently updated 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.</p> <p>The Council has a robust process for dealing with whistleblowing issues supported by a clear and concise policy.</p> <p>The Anti-money Laundering Policy has been revised and updated in line with best practice and to reflect the updated requirements as set out in the Money Laundering Regulations 2017.</p> <p>Regular updates on the number and types of</p> |
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## Review of Effectiveness

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|   |  | <p>complaints received by the Council are reported and discussed by CRMG Scrutiny Committee.</p>  |
| <p><b>B.</b></p> <p><b>Ensuring openness and comprehensive stakeholder engagement</b></p> | <p>Online, including the Council Website, Twitter, You Tube and Facebook</p> <p>Consultations including Have your say (Council website)</p> <p>Webcasts</p> <p>Borough Plan</p> <p>Area Committees</p> <p>Joint committees</p> <p>Neighbourhood Forums</p> <p>Corporate complaints procedure</p> <p>Our Stockport Conversation</p> | <p>All Committee meetings have been held in public unless legislation prevents this or allows them not to be and there is considered to be good reason to hold the meeting in private.</p> <p>All meeting dates, agendas and minutes have been published in accordance with legislation and are available online and in local libraries.</p> <p>Due to the ongoing impact of the coronavirus pandemic, and following the government's advice on social distancing, all of our committee meetings were held remotely. But the Council webcasts its meetings throughout the year <a href="http://stockport.public-i.tv/core/portal/home">http://stockport.public-i.tv/core/portal/home</a></p> <p>The Council Plan has been published on the Council website. Council priorities and spending plans are published in the Council newspaper 'the Review' which is sent annually to all households, with electronic bulletins emailed to subscribers on a monthly basis since October 2016. The Council also engaged with local communities by encouraging publicity via local newspapers and radio stations.</p> <p>The Council continues to engage with all sectors of the community through; Partnership and</p> |

## Review of Effectiveness

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|   |  | <p>Community Engagement, Neighbourhood Management engagement and panels, Area Committees, Ward Committees and Scrutiny Committees, and through targeted consultation and engagement. In addition to corporate consultation exercises, directorates conduct specific consultation.</p> <p>The One Stockport Borough Plan, was developed throughout 20/21 with extensive engagement with other local public services, businesses, community and voluntary organisations sets out the vision for the Borough until 2030.</p> <p>The Council is represented at regional level through the Greater Manchester Combined Authority (GMCA) and the Association of Greater Manchester Authorities (AGMA). The Leader and Chief Executive played a vital role in ensuring Stockport's interests are represented in key decisions around the regional economy, transport and planning, in addition to delivering the GM Public Service Reform programme.</p> |
| <p><b>C.</b></p> <p><b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> | <p>One Stockport Borough Plan</p> <p>Annual Council Plan</p> | <p>The Council has set out a clear statement of its purpose and vision for Stockport within the Council Plan which has been updated and approved by members in February 2021. The Council Plan defines its priorities and outcomes</p>  |

# Review of Effectiveness



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|  | Portfolio Performance & Resources Agreements | <p>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.</p> <p>The One Stockport Borough Plan, developed in conjunction with other local public services, businesses, community and voluntary organisations sets out the vision for the Borough until 2030.</p> <p>The Council used a range of methods to measure and review the achievement of key outcomes. This included carrying out satisfaction surveys and monitoring relevant performance indicators and objectives within plans and strategies. The Council produces comprehensive quarterly Performance and Resources Reports based on delivery of Council priorities, values and goals (as set out in the Council Plan, and detailed in Portfolio Performance and Resource Agreements) along with the Council's spending plans and</p> |
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# Review of Effectiveness



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|  |   | <p>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.</p> <p>Stockport Homes as a wholly owned company of the Council has a vision which is published on its website. The vision outlines its commitments to sustaining thriving neighbourhoods, meeting housing need and supporting vulnerable people. This means taking calculated risks and moving into new areas of business which complement its core services. Stockport Homes present annual plans which are linked to the Council Plan to the Council's Member Committee.</p> <p>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.</p> |
| <p><b>D.</b></p> <p><b>Determining the interventions necessary to optimise the achievement of the intended</b></p> | <p>Corporate Council Plan</p> <p>Quarterly and Annual Portfolio Performance &amp; Resources Reports</p> | <p>The Council has processes in place to demonstrate that decision makers follow due process, the decisions are properly documented and taken having regard to all relevant considerations. This is supported by robust</p>  |



# Review of Effectiveness

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|  | Business Continuity | <p>challenge and enhances the management of the Council's performance in service areas and overall. The scrutiny function is also enhanced by joint scrutiny arrangements, principally with local health bodies.</p> <p>Elected Members are collectively responsible for the governance of the Council. Decision making and scrutiny of these decisions are separated through the executive arrangements and reflects the legislative arrangements for defining executive and non-executive functions.</p> <p>Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year. Stockport Homes presented performance updates and delivery plan outcomes reports to the Member Committee during 2020-21. Totally Local Company presented financial and strategic updates to the Contributor Committee during 2020-21.</p> <p>The Council works within the framework set by the Civil Contingencies Act 2004, which provides a single statutory framework for civil protection in the UK at a local level. We work with the Civil Contingencies and Resilience Unit (CCRU), which is an Association of Greater Manchester Authorities (AGMA) service to coordinate 'emergency planning' on our behalf. We work to</p> |
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# Review of Effectiveness



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|  |  | <p>the plans drawn up by the CCRU.</p> <p>We are also a partner of the Greater Manchester Resilience Forum (GMRF). This partnership of agencies from across Greater Manchester has responsibility for coordinating and overseeing emergency planning. Its overall purpose is to ensure an appropriate level of preparedness for multi-agency response to emergency incidents which may have significant impact on the communities of Greater Manchester.</p> <p>In order to ensure preparedness and response we maintain a bank of Silver Commanders, Forward Incident Officers and on-call Emergency Rest Centre Managers.</p> <p>We have a planned business continuity process aimed at managing the many and varied, known and unknown risks inherent in the day-to-day activities involved in delivering our services. The main purpose of the process is to ensure continuity of service delivery following an unexpected disruption to normal working.</p> <p>The over-arching Corporate Business Continuity Plan and service area specific plans form the structure of the Council's Business Continuity Management Plan.</p> <p>Specific plans are developed, compiled and</p> |
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# Review of Effectiveness

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|   |   | <p>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:</p> <p>Loss of IT/Telecoms</p> <p>Loss of Site/Flood/Fire</p> <p>Loss of People/Skills /Industrial Action</p> <p>Utility Outage</p> <p>Employee H&amp;S Issue</p> <p>Supply Chain</p> <p>Damage to Reputation</p> <p>Product Safety</p> |
| <p><b>E.</b></p> <p><b>Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b></p> | <p>Members’ Training Plan</p> <p>Members’ Induction Process</p> <p>Corporate Induction Procedure</p> <p>Employees Personal Development Review</p> | <p>A corporate Member’s induction programme is in place which has been signed off by the Corporate Leadership Team and the Member Learning and Development Group. Training for Members includes the member code of conduct, personal safety and procedures.</p> <p>The Council supports member development in</p>  |

# Review of Effectiveness

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|  | <p>Absence Management Policy</p> <p>Apprenticeship scheme</p> <p>One Team – People Strategy</p> | <p>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.</p> <p>All employees are required to have a Personal Development Review on an annual basis. A competency framework is in place for officers. The Council has an ‘Employees Handbook’ which brings together a range of conditions of service into a single resource. This handbook is complemented by a Manager’s Handbook and forms the basis of a revised management induction and management development package.</p> <p>A Workforce Development Group was established that brought together key individuals from all directorates who meet fortnightly to discuss and develop plans for future workplace arrangements.</p> |
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## Review of Effectiveness

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| <p><b>F.</b></p> <p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> | <p>Corporate Risk Register considered by CLT and CCG and reported to Audit Committee</p> <p>Annual Head of Internal Audit Opinion Report</p> <p>Totally Local Company ARAC committee meetings</p> <p>Stockport Homes Board meetings</p> | <p>Decision making is supported by risk management arrangements. The Corporate Governance Group (CGG) monitors the development and maintenance of a Corporate Risk Register and the Corporate Leadership Team receive regular in-year updates on the management of risks within the Corporate Risk Register.</p> <p>In addition a range of risk workshops are planned in 2021/22 that will conclude with an update of the Council's current Risk Strategy.</p> <p>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.</p> <p>Underpinning the Council's financial and operational management arrangements is a</p> |
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# Review of Effectiveness

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|  | <p>regulatory framework comprising Financial Procedure Rules, Contract Procedure Rules, and risk based audit reviews of systems and procedures across the full range of Council operations on behalf of the S151 officer. The Constitution is clear that management have the responsibility for operating a sound system of internal control. Concerns regarding non-compliance with rules, policies, procedures or legislation can be reported through channels set out in the Anti-Fraud, Corruption and Bribery Strategy/Policy and Confidential Reporting Procedure (Whistleblowing Policy) and a Fraud and Irregularities Panel has the remit to deal with these. In addition the Council's arrangements for providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website.</p> <p>The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2020 and the overall opinion on the level of assurance discussed.</p> <p>Each year within Stockport Homes, business planning sessions are held with managers and Board Members and a risk register is compiled. This ensures that existing risks are reviewed and new risks are identified and 'owned'. Risk control</p> |
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## Review of Effectiveness

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|  |  | <p>actions are assigned to service managers and progress against implementation is monitored on a quarterly basis. Quarterly Risk Working Group meetings are held by a cross-directorate group of senior managers. These monitor the corporate risk register, identify emerging risks and discuss wider risk issues which affect the organisation. The Risk Register is supported by a list of the ‘top ten’ risks which are reported quarterly to the Stockport Homes’ Board. The Board has ultimate responsibility for the effective management of risk.</p> <p>Totally Local Company has an Audit, Risk and Advisory Committee (ARAC) and risk management processes are robust, and a strategic risk register is discussed at each ARAC committee. Operational risks are captured in separate risk registers.</p> |
| <p><b>G.</b></p> <p><b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> | <p>Webcasts</p> <p>Cabinet reports</p> <p>Fol publication scheme</p> <p>Annual Governance Statement 2019-20 progress reports to Audit Committee</p> <p>Internal Audit progress reports</p> | <p>The Council publishes a wide range of information on its website, with the aim of increasing transparency and accountability. Much of this is published in an ‘open data’ format to enable re-use by interested parties, and the Council is committed to meeting the standards set out in the Transparency Code of Practice.</p> <p>The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. These are logged onto a central system</p>  |

# Review of Effectiveness



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|  | <p>Totally Local Company reports to Contributor Committee</p> <p>Stockport Homes reports to Member Committee</p> <p>Development of Performance Dashboards</p> | <p>and the Council's Information Governance team coordinate and track progress on all requests to ensure responses are properly co-ordinated and to the right quality, standard and timescales. The Council is also committed to being as transparent as possible and has developed its website further to provide more information to the public.</p> <p>The Council has responded effectively and promptly to implement agreed actions resulting from the work of Internal Audit, external audit and other external inspectorates.</p> <p>Progress made against the issues identified in the 2019-20 Annual Governance Statement action plan was reported to the Audit Committee in November 2020 and March 2021. All 2019-20 issues are strategic and complex, reflecting the continued pace of change and significant financial challenges and continue to remain key governance issues for the Council.</p> <p>The Council published its Annual Report and Statement of Accounts on its website.</p> <p>Monitoring arrangements via the Council's Member Committee and Contributor Committee was in place during the year.</p> <p>During 2020-21, the Council has developed a series of 'dashboards' to provide a regular visual summary of performance. These include</p> |
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# Review of Effectiveness

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|  |  | <p>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 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 &amp; skills, educational attainment and the local housing market.</p> |
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# Significant Governance Issues (AGS Action Plan)



The 2019/20 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   |
|--|---|
| <p><b>1. Social Care restructuring</b></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"> <li>• Redesign of adult social care</li> <li>• New model for Stockport Family and Education Services</li> </ul> <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><b>Adult Social Care</b></p> <p>In March 2021 the service reported that a detailed review of the programme had been undertaken and that a number of workstreams had recommenced. Since then further workstreams have commenced and work has been undertaken to prioritise the programme. This has allowed the service to ensure that the programme is aligned to current business needs, builds back better through the pandemic and is fully reflective of the priorities set out in the One Stockport Borough Plan.</p> <p>The service continues to respond to the covid19 pandemic, this has influenced the pace of implementation and delivery timescales for many workstreams. Although some workstreams have been delayed, in some instances the service has had to respond at pace to implement changes arising from new guidance and legislation. For example, the implementation of the Hospital Discharge Policy and Discharge to Assess programme.</p> <p>A number of the current workstreams place a strong emphasis on partnership working. The service is working in a collaborative way across the health and social care economy to ensure that outcomes for individuals are maximised and that services are operationally and financially sustainable.</p> <p>Since March 21, the service has commenced the diagnostic with People Too; an external provider who are supporting the service to embed a strength and asset based approach. This phase of the work is now well progressed and once complete a development programme will be launched to enable the service to fully embed this way of working. Work will continue throughout 2021/22.</p> <p>The service continues to work to align all staffing teams to the new model as well</p> |

# Significant Governance Issues (AGS Action Plan)



as undertaking recruitment drives to fill vacant posts across the service.

Leaders from across the Service continue to take note and consideration of the changes that are described in the Health & Social Care white paper and the potential governance changes arising from the creation of integrated care systems within the NHS.

## **Childrens and Education**

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. As part of this a partnership plan for education recovery is in development.

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 have been consulted on and the results are informing the implementation plan and the next phases of the structure and delivery model.

There is currently a written statement of action in place in regard to the 2018 SEND Inspection. The work on this has continued during the last year. However there has been an impact upon the delivery of partner agencies during the covid period which have impacted upon delivery of services under the action plan. Stockport Childrens services have been working with partners on this and future planning.

# Significant Governance Issues (AGS Action Plan)



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

The Covid-19 financial impact has been significant, adding to the already uncertain, volatile and risk inherent financial landscape. During the year the Council has continually assessed its financial impact forecasts as part of the monthly financial impact returns to Government. This has ensured robust and informed decision making about the mitigation of this impact. The financial impact has been addressed through a combination of one-off Government support funding, budget savings due to reductions in service activity as a result of the lockdowns and restrictions and use of the Council's available one-off resources. The 2020/21 outturn position presented in this report demonstrates how the Council has managed this position during the year to reduce spending and use available one-off resources to mitigate the financial impact. The robust and resilient financial management in terms of the Council's budget monitoring, medium-term financial planning and Reserves Policy has helped the Council to do this. As a result, a manageable financial position has been achieved in 2020/21.

The 2020/21 outturn position reported to Cabinet in June is a deficit of £24.697m, made up of a Cash Limit deficit of £19.418m and a Non-Cash Limit deficit of £5.279m. 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 unringfenced grants received from Government during the financial year totaling £21.201m and £8.276m of unringfenced grant received in 2019/20 and held in reserves to support the financial position in 2020/21. The overall outturn position is a surplus of £1.022m after appropriations to reserves as required by accounting practice to reflect the matching of grant received to spend incurred, and to ensure the Council's General Fund Balance reflects the amount required per the 2021/22 Budget risk assessment. It is noted that the outturn position includes £2.355m of one-off resources relating to the GMCA return of waste reserve which have helped to manage the in-year position.

The outturn position detailed above does not include the deficit outturn position on the Collection Fund of £4.662m. The Council share of this deficit is £3.949m. As required by legislation that governs Collection Fund accounting a forecast deficit of £6.412m was declared as part of the Council's NDR1 (Budget) return to Government. This deficit will be realised in 2021/22 and spread over the next 3

# Significant Governance Issues (AGS Action Plan)



financial years 2021/22, 2022/23 and 2023/24 in line with Collection Fund accounting legislation put in place to smooth the Covid-19 impact. The approved 2021/22 Budget and MTFP reflects the spreading of this deficit. The difference between the declared position above and the outturn position will be managed in 2022/23 in line with the legislation that governs Collection Fund accounting.

Over the financial year, the MTFP forecasts and assumptions have been continually retested to reflect the impact of national decisions and announcements in terms of national lockdowns, tier restrictions and success of the vaccine rollout as well as other announcements impacting on Local Government funding. In October a 2021/22 saving requirement of £23.341m (increase from the forecast of £8.743m approved in February 2020) was reported to Cabinet reflecting the forecast financial impact of Covid-19. In proposing a 2021/22 Budget for approval, this saving requirement has been addressed whilst providing the Council with a robust and resilient financial platform on which to deliver its priorities and transformation programme as part of the Council's and Borough's recovery. In setting a balanced budget the Council took a strategic decision to minimise the impact on services using the MTFP Strategy framed decision making to identify areas of achievable savings on the basis that:

- They are deliverable immediately on 1 April 2021 – they do not require support from reserves to support implementation;
- Where possible they have minimal impact on front line service provision or that the impact can be managed as part of the future transformation programme; and
- Importantly they are aligned to and not detrimental to the Council's transformation priorities and ambitions.

As a result, £1.482m of savings were identified to balance the Council's 2021/22 Budget. In addition, a Council Tax increase of 3.5% (2% General and 1.5% Adult Social Care Precept) was approved to support the balance of the budget. This increase is less than the 4.99% Council Tax increase assumed by Government in their calculation of the Council's 2021/22 Core Spending Power.

The financial landscape continues to be challenging due to the significant levels of

# Significant Governance Issues (AGS Action Plan)



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|   | <p>uncertainty, volatility and risk exacerbated by the financial impact of the pandemic. The continuing possibility of further lockdowns and restrictions due to new Covid-19 variants and the gradual lifting of current restrictions aligned to the Government's national recovery roadmap is adding to this. The 2021/22 Local Government Finance Settlement continued the trend of one-year funding settlements seen in previous financial years which provide no certainty over funding and again add to the uncertainty of the financial landscape making medium term financial planning difficult. In addition, the Council awaits further announcements from Government in terms of its ongoing national Covid-19 recovery roadmap, Local Government finance reform in relation to fairer funding formula and Business Rates and an expected multi-year settlement in 2021/22. 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 Council's Reserves Policy will be reviewed in 2021/22 to ensure one-off resources held are aligned to the Council's corporate and strategic objectives and supporting the Council's financial resilience and robustness. The Council's Reserves Policy has an important role in ensuring a stable financial platform to enable the Council's transformation programme whilst supporting the Council to address the medium term financial challenge.</p> |
| <p><b>Mayoral Development Corporation (MDC)</b></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 is responsible for delivering up to 3,500 new homes and 1,000,000ft<sup>2</sup> of new employment floorspace over a ten to fifteen year timeframe.</p> | <p>The Stockport Mayoral Development Corporation Board continues to deliver against it's a five year Strategic Business Plan (SBP) that was updated in March and covers the period 2021-2026. The SPB is complemented by a more detailed Annual Action Plan for 2021/22. Both documents were approved by the MDC Board in March and Cabinet in April and are due to be approved by GMCA in June..</p> <p>The SPB and Action Plan are closely aligned with the Council's Strategic Regeneration Framework for Town Centre West and Town Centre Infrastructure Delivery Plan (including the Rail Station Growth Prospectus) to ensure that the MDC is working to deliver Council priorities. In the eighteen months of its life the MDC has overseen the Interchange, Royal George Village, St Thomas' Gardens, and Weir Mill schemes moving into delivery. As of March 2021, the first three of</p>  |

# Significant Governance Issues (AGS Action Plan)



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|--|---|
| <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 (subject to detailed financial appraisal of individual proposals) to accelerate the regeneration of Town Centre West.</p> | <p>those schemes have secured planning permission and are due to start on site in 2021/22 with the Weir Mill scheme having reached planning application stage. The MDC has also been instrumental in creating a partnership with the rail industry that is currently working on plans to progress the redevelopment of Stockport Station.</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><b>4. Impact of COVID19</b></p> <p>The impact of COVID19 and how this has been managed to date is detailed fully in section 3 of this 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>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 but any new plans and programmes are all considered through the lens of Covid 19 and the economic and social recovery as outlined throughout this document.</p> <p>This will include a review, and where appropriate, an update of the Council's Local Code of Governance.</p> |

# 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 2021/2022.

| Issue   | Action proposed during 2021-22  | Lead Officer  |
|---|---|---|
| <p><b>1. Transformation</b></p> <p>To meet the financial and operational challenges facing the Council the One Transformation programme is being developed.</p> <p>This will encompass new and existing key projects from across all Directorates including ongoing Childrens and Adults Social care restructuring projects highlighted in last years Annual Governance Statement</p> | <p>Transformation programmes for each directorate are mapped to delivery against the four values and Borough Plan.</p> <p>Each project has gone through an initial business case review and if feasible, developed into a full business case where resources, impact on MTFP, key milestones and dependencies will be identified before a project goes into delivery.</p> <p>The following governance groups will or have already been established and will operate throughout the year</p> <ul style="list-style-type: none"> <li>• Governance of the four cross cutting values from the Council Plan:                             <ul style="list-style-type: none"> <li>• Digital</li> <li>• Communities</li> <li>• Partnerships</li> <li>• Workforce</li> </ul> </li> <li>• Governance around delivery of the One Stockport Borough Plan</li> <li>• Governance through Directorate management teams</li> </ul> <p>We are procuring a digital programme management tool to ensure projects are managed coherently, progress tracked and risks and barriers are identified and managed.</p> | <p>Deputy Chief Executive (Section 151 Officer)</p> <p>Head of Strategy and Design</p> <p>Service Manager – Strategy and Change</p> |
| <p><b>2. Programme of Reform and</b></p>  | <p>The Council’s transformation programme will continue to</p>  | <p>Deputy Chief Executive</p>   |

# Significant Governance Issues (AGS Action Plan)

## **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 still a significant amount of uncertainty about how Government intends to fund Local Government beyond 2021-22.

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

reshape how the Council delivers services, building on the positives of the response across the Borough over the last 12 months reflecting the aspirations of One Stockport Borough Plan and responding to the ambitions and expectations of Stockport residents and businesses. As well as delivering better outcomes for residents and reshaping services so they are fit for the future, the transformation programme will be linked to the delivery of the MTFP in terms of addressing the financial challenge over the medium term period and delivering service within the resources available. This will be done through transformation that manages demand, delivers services more efficiently and/or focuses on the outcomes wanted.

Key to enabling the transformation programme is a resilient and stable budget that supports and leads Stockport's Covid-19 recovery in 2021/22. However, significant risks remain in the underpinning MTFP forecasts and assumptions for 2021/22 which could have an adverse impact of the Council's financial position. The financial position will be monitored during the year and adverse financial impact mitigated appropriately through the Council's robust financial management, use of available one-off resources and General Fund Balance. This will also ensure informed decision making in terms of the Council's financial position.

The approved saving requirement for 2022/23 is significant, a forecast saving requirement of £23.177m due to increasing demand and inflationary cost pressures in addition to the Covid-19 financial scarring impacts. 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 MTFP forecasts and assumptions will continue to be updated to reflect the impact of national and local decisions and announcements in terms of the progress of

(Section 151 Officer)

Strategic Head of Service –  
Finance (Deputy S151  
Officer)

## Significant Governance Issues (AGS Action Plan)

the national recovery roadmap and vaccine rollout, and the impact this has of the forecast Covid-19 financial scarring impacts included in the MTFP. Alongside this the Council will also complete its annual review of the Reserves Policy to ensure resources held in reserves are aligned to the Council's corporate and strategic objectives and also provide resilience to mitigate on a short term basis the financial impact of unexpected events such as the pandemic. In addition, the Council awaits Government announcement on Local Government funding reform and a promised multi-year spending review and Local Government finance settlement. Officers will continue to assess the impact of the Government announcements on the Council's MTFP and update the underpinning MTFP forecasts and assumptions as appropriate.

2020/21 is a "shadow" year for the introduction of the CIPFA Financial Management Code 2019 (FM Code), introduced to assist bodies in ensuring their financial management structures and processes are robust and resilient. An assessment will be undertaken to formally assess the Council systems against the new FM code and any areas of improvement or non-adherence highlighted in an Action Plan.

## 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 2020-21 Annual Governance Statement at their meeting to be held in September 2021.

Our assessment of the effectiveness of our governance arrangements for 2020-21 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: XX September 2021**

**Date: XX September 2021**