

ANNUAL GOVERNANCE STATEMENT

2020-21

PROGRESS UPDATE

November 2021

Governance Issue	Action proposed during 2020/21	Lead Officer	Progress Update – October 2021
<p>1. Transformation</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"> • Governance of the four cross cutting values from the Council Plan: <ul style="list-style-type: none"> • Digital • Communities • Partnerships • Workforce • Governance around delivery of the One Stockport Borough Plan • Governance through Directorate management teams <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>As outlined within our planned actions a digital programme management tool has now been procured and is being embedded across the organisation. This tool is supporting a greater cross-cutting view of projects and programmes and will over the medium to longer term facilitate improved benefit tracking. This is also supported by a series of approval mechanisms to ensure understanding of the breadth of projects or programmes within delivery, this includes: regular (e.g. monthly) directorate management team updates and an e-approval route for initial business cases.</p> <p>More widely an overall update on the transformation programme has been published within the Cabinet’s response to the MTFP. This includes identification of proposals to support a balanced budget. This report and accompanying proposals have been circulated to scrutiny committees for initial comments and feedback. They will be circulated again in the January committee cycle.</p> <p>Contributing to the delivery of the Borough Plan is a core part of our</p>

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			<p>transformation programme. Mapping of borough plan priorities to partnership boards and delivery plans (new/ existing / to be developed) has been undertaken to ensure there is a clear golden thread between the strategic partnership ambitions and tangible actions and change. The outcomes framework continues to be developed in partnership, the first stage of this has involved the launch of the Big Stockport Picture and some initial feedback from partners on the emerging framework. A further version for discussion and feedback will be available over the coming months.</p>
<p>2. Programme of Reform and achievement of Medium Term Financial Plan</p> <p>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.</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 Council's transformation programme will continue to 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</p>	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Strategic Head of Service – Finance (Deputy S151 Officer)</p>	<p>The MTFP Update was presented to Cabinet in September. The update highlighted the continuing financial scarring impacts as a result of the pandemic and the adjustments needed to the underpinning MTFP forecasts and assumptions in order to present the most accurate forecast of the Council's financial position and saving requirement over the medium term period. The revised 2022/23 forecast cumulative saving requirement is £20.170m rising to £34.185m in 2023/24. The financial challenge facing the Council remains significant given the uncertainty, volatility and risk inherent in the financial landscape. For</p>

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	<p>demand, delivers services more efficiently and/or focuses on the outcomes wanted.</p> <p>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.</p> <p>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 the national recovery roadmap and vaccine</p>		<p>this reason, the MTFP will continue to be updated and reported to scrutiny and Cabinet during the financial year as part of the Council's budget setting process.</p> <p>Despite the significant uncertainty, volatility and risk inherent in the financial landscape, the MTFP presented to Members extends to 2023/24 to maintain the current plus two years presentation. The internal MTFP modelling does extend beyond this period but the likelihood of continual change to MTFP as a result of the ongoing uncertainty and risk, the MTFP forecasts and assumptions beyond 2023/24 have not been presented. If the Local Government Finance Settlement mirrors the period of the Government's Spending Review future iterations of the MTFP will extend to 2024/25.</p> <p>In response to the MTFP Update, Cabinet set out its proposed approach to responding to the financial forecasts. The focus of Cabinet in this response is to deliver impactful and outcomes focussed transformational change for Stockport communities and businesses, whilst recognising the importance of a resilient budget to enable this change.</p>

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	<p>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.</p> <p>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.</p>		<p>Addressing the financial challenge includes further budget adjustments identified in future MTFP forecast and assumption updates, consideration of local taxation, use of reserves and transformational change and robust corporate governance saving proposals. Cabinet's saving proposals of £10.321m were presented and considered by the October cycle of Scrutiny Committees. The saving proposals build on previous updates to scrutiny and cabinet providing the latest considerations on how Cabinet intend to address financial and demand challenges, enable longer term transformation and shared ambitions. Comments from Scrutiny Committees will inform the final proposals to be considered by Cabinet in early December.</p> <p>The 2021 Autumn Budget and Spending Review was announced to Parliament by the Chancellor of the Exchequer, Rt Hon Rishi Sunak MP on 27 October 2021. The announcements made build upon those announced in the Government's Budget announcement in March and more recently in terms of the reform of Adult Social Care. On the face of it, the unexpected announcement of £4.8bn of</p>

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			<p>Reserves support the Council to smooth the financial impact and address funding gaps in the short-term. However, a significant use of reserves for this purpose presents an opportunity cost to the Council in terms of the impact on the Council's priorities and ambitions which resources held in reserves were originally earmarked to support. For this reason, the Cabinet approved a £20m cap on the use of reserves linked to the MTFP Update to support the Council's continuing recovery from the pandemic over the medium term period.</p> <p>Internal Audit are currently undertaking a review of the Council's financial resilience, recognising the high corporate risk of failure to deliver the MTFP. This audit was last completed in 2019 and provided assurance over the robustness of the Council's financial management and resilience. Given the unprecedented financial challenge the Council now faces as a result of the pandemic, Officers felt a further audit and assurance of the Council's financial resilience would be beneficial.</p>