

ANNUAL GOVERNANCE STATEMENT

2022-23

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What is Governance?

Development of the latest Annual Governance Statement has been undertaken against the backdrop of a number of Public Interest Reports and general governance failings that have contributed to significant financial and reputational risks to those councils concerned.

Furthermore, the Cipfa “Advisory note one” published in March 2022 – “Understanding the challenge to local authority governance” has been issued to formalise key messages surrounding recent governance failures that have been identified in statutory and non-statutory reviews and public interest reports. It reinforces the good practice principles local government bodies in the UK should adopt, and signposts relevant documentation.

The note provides further guidance to ensure that organisations acknowledge their responsibility for ensuring governance is effective. To this end the AGS should:

- focus on outcomes and value for money
- evaluate against the local code and principles
- be written openly and be easily digestible
- include an opinion on whether arrangements are fit for purpose
- include identification of significant governance issues and an action plan to address them
- explain action taken in the year to address the significant governance issues identified in the previous year's statement
- be signed by the chief executive and leading member in a council

Our Annual Governance Statement 2022/23 has been written in the spirit of the above principles.

What is the Annual Governance Statement?

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. Diagrams of the governance framework is on page 7.

Stockport Metropolitan Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance within the Council and to ensure it can rely on processes that provide assurance over its wholly owned companies. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council's website www.stockport.gov.uk or can be obtained from the Head of Internal Audit, Risk and Insurance on 0161 474 4033.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner.
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvements in the way that it operates.

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 2023 and up to the date of approval of the statement of accounts.

- 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 challenge to complete the 2022/23 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 presented to the next Audit Committee meeting on the 19th July 2023. A copy of the agenda and corresponding reports will be available on the Council's website.
- In forming the opinion on the Council's internal control environment, risk management process and corporate governance, the Head of Internal Audit considered the work undertaken by the Internal Audit Service throughout the year. The conclusion considered the coverage of audit work delivered in both the Risk Based Internal Audit Plan 2022/23, work on new and emerging high-risk areas and reliance on other assurance areas, for example as identified in both the current Local Code of Governance and the current Annual Governance Statement.
- ***On the basis of the overall programme of work for the year, the Head of Internal Audit provided a moderate assurance overall that there is a generally sound system of internal control, adequately designed to meet the Council's objectives, and controls are generally being applied consistently. However, some weaknesses in the design and inconsistent application of controls put the achievement of particular objectives at risk.***
- 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 has been received from appropriate lead officers via the re-introduction of Directorate Assurance Statements. Furthermore, and 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 where 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.

LGA Corporate Peer Challenge Review

Assurance in preparing the AGS for 2022/23 has been taken from the favourable LGA Corporate Peer Challenge Review. The final report with the findings of the Corporate Peer Challenge has now been published. The report highlights Stockport Council as:

- An impressive organisation that works closely with local partners.
- A leader in place-shaping & leadership citing our strong partnership working (with external partners as well as across the council, particularly our strong relationships with the VCFSE (Voluntary, Community and Faith and Social Enterprise) sector).
- Delivering high performing services that meet the current needs of the local population well.
- Having strong financial management within the organisation and good governance.
- Working as one in the interests of our residents, we have a strong collaborative culture.
- Having strong and trusting relationships across councillors and officers.

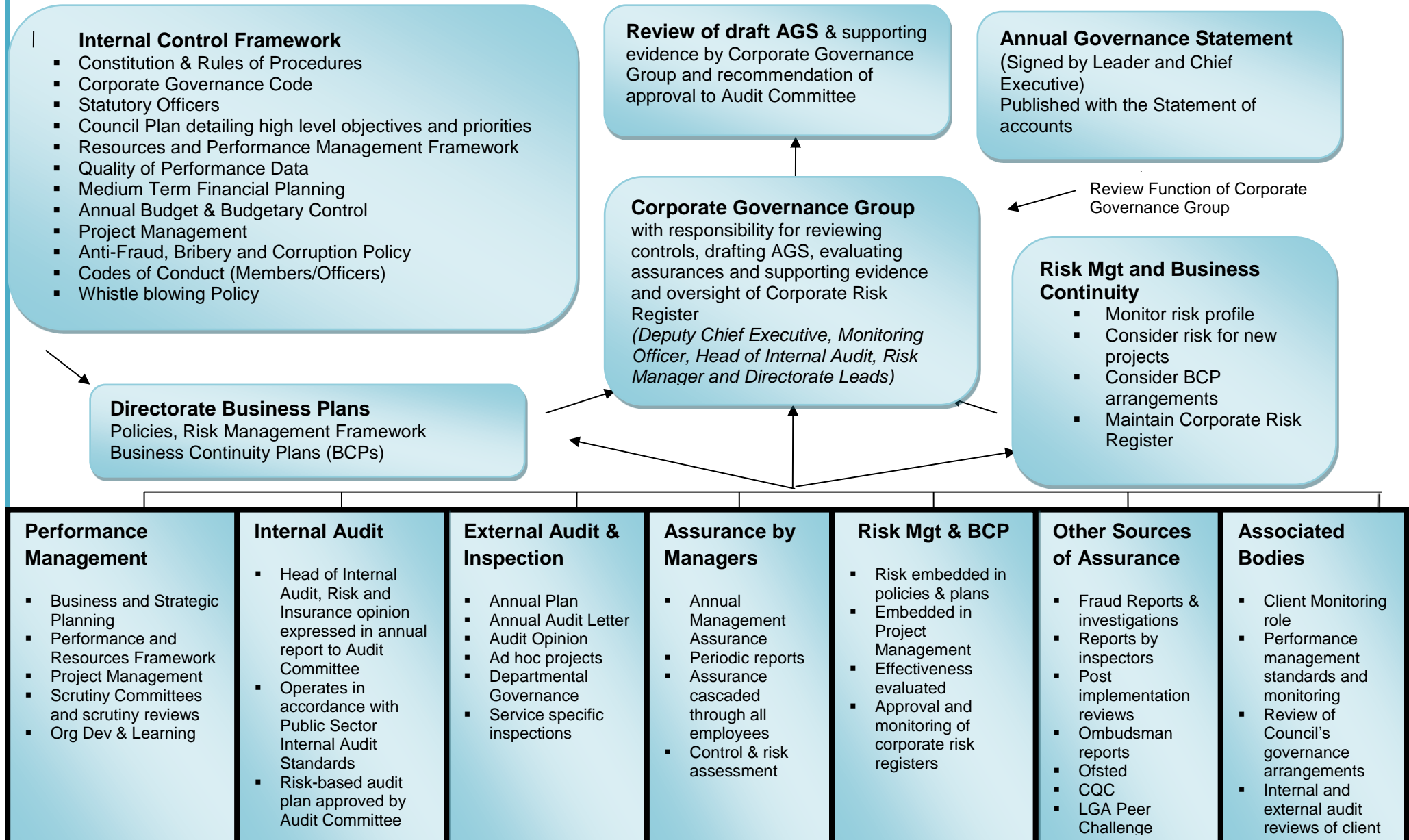
The report recognises the strong financial position the council is in despite the national backdrop but recognises the challenges of budget-setting in the current climate. It also notes the recruitment challenges the council is facing, particularly in areas where there is a national staff shortage such as social care roles.

The report also makes some recommendations for areas where improvement could be made. particularly around further strengthening our neighbourhood working, the way we work with partners, and building Stockport's brand further so we are the desirable employer to work for in the region.

In response to these recommendations in the Corporate Peer Challenge report, the council has developed a robust action plan. The activities in the action plan will be delivered across the coming year, with a progress review with the LGA scheduled for six months. The findings and recommendations from the Peer Challenge have been key to the development of the Council Plan for 23/24. The insight from the Peer Challenge will be further used to develop core strategies and business plans over future months

Governance Framework

Governance Framework Overview – outlining the interdependencies between system, processes, controls, officers and boards



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 2022-23 are set out in the table below.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2022-23
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Officers Code of Conduct Code of Conduct for Councillors and Co-opted Members Protocol on Councillor / Officer relations Proper Officer appointments Standards Committee Disciplinary Policy Anti-fraud, bribery & corruption policy and strategy Confidential Reporting (Whistleblowing Policy) Anti-money Laundering Policy Corporate Complaints procedure Constitution	The Standards committee met once in the year to consider the outcomes of investigations of complaints about councillors and co-opted members, relating to the past year. The standards sub-committee met twice during the year (having not met since September 2016) to hear two separate complaints about two councillors; the minutes of both those meetings have been published. The conduct of Councillors is monitored throughout the year by the Monitoring Officer and an annual report on the outcomes of complaints will be presented to the Standards Committee in September 2023. The new LGA Code of Conduct was adopted by the Council during 2022/23. This requires all councillors to confirm their agreement to the code of conduct and that they will agree to any recommendations of the Monitoring Officer.

Review of Effectiveness

	Corporate Peer Challenge Review	<p>An 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 the "Fighting Fraud and Corruption Locally Checklist" developed by CIPFA (Chartered Institute of Public Finance and Accountancy).</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 by the Constitution Working Party. Various amendments to the constitution were undertaken during the last municipal year (including the scheme of delegation) and further reviews will continue to be undertaken on an</p>
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Review of Effectiveness

		<p>annual basis to improve the efficacy and robustness of the constitution so that it evolves year on year in support of the council's vision of an Ambitious Stockport.</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 complaints received by the Council are reported and discussed by Corporate, Resource Management & Governance (CRMG) Scrutiny Committee.</p>
<p>B.</p> <p>Ensuring openness and comprehensive stakeholder engagement</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>Area Committees</p> <p>Joint committees</p> <p>Neighbourhood Forums</p> <p>Corporate complaints procedure</p> <p>Our Stockport Conversation – part of large-scale engagement to develop the One Stockport Borough Plan (published June 2021)</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>The Council webcasts its meetings throughout the year at http://stockport.public-i.tv/core/portal/home</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</p>

Review of Effectiveness

	Corporate Peer Challenge Review	<p>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 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 launched in June 2021 following extensive engagement with other local public services, businesses, community and voluntary organisations which 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 (Greater Manchester) Public Service Reform programme.</p>
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Review of Effectiveness

<p>C.</p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>One Stockport Borough Plan</p> <p>Annual Council Plan</p> <p>Portfolio Performance & Resources Agreements</p> <p>Corporate Peer Challenge Review</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. An outcomes framework is currently in development which will report annually on progress against key objectives and measures, aligning with existing strategic plans such as the One Stockport Health and Care Plan, and the Economic Plan. It is also aligned with new the Greater Manchester Strategy and Marmot Beacon indicators from the GM Inequalities commission.</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. The Council Plan defines the priorities and outcomes the Council is seeking to achieve for the next 12 months, with the 2023/24 Plan adopting the 4 big ambitions of the Council.</p> <p>The Council Plan is 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 articulated through seven Portfolio Performance and Resources Agreements, presented to Scrutiny Committees annually in June.</p>
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Review of Effectiveness

		<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 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 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 growing the business where this complements its core services. Stockport Homes present reports demonstrating the outcomes delivered from the Five-Year Delivery Plan and performance information (along with other relevant reports) to the Council's Member Committee.</p> <p>Totally Local Company (formerly Solutions SK) as a wholly owned company of the Council presents</p>
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Review of Effectiveness

		annual plans and reports which are linked to the Council Plan to the Council's Contributor Committee.
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>Corporate Council Plan</p> <p>Quarterly and Annual Portfolio Performance & Resources Reports</p> <p>Quarterly and Annual Corporate Performance & Resources Reports</p> <p>Medium Term Financial Strategy</p> <p>Business Case Working Papers reported to the Cabinet and Scrutiny committees</p> <p>Corporate Peer Challenge Review</p> <p>Civil Contingency and Emergency Planning</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 options appraisals, risk assessments and consideration of the impact of decisions on delivery of outcomes. The Council actively consults with stakeholders and service users when making decisions about service improvements, changes to service delivery or proposing any reductions to service delivery. All of this is supported by effective service planning, budget planning and performance planning processes, which are underpinned by the Medium-Term Financial Strategy. This is evidenced through a series of detailed business cases which underpin proposals within the Medium-Term Financial Plan to deliver a balanced budget for the year ahead. In addition to comprehensive, targeted consultation with service users, employees and any other stakeholders, these are considered by Scrutiny Committees at each stage.</p> <p>The Council, Cabinet and Committee meetings are open to the public (albeit virtually during the Coronavirus pandemic) and the vast majority of decisions are made in open session and are formally recorded and published. The Council has</p>

Review of Effectiveness

	Business Continuity	<p>an effective scrutiny function via five scrutiny committees and a scrutiny co-ordination committee which encourages constructive 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 2022-23. Totally Local Company presented financial and strategic updates to the Contributor Committee during 2022-2023.</p> <p>The Council also has interests in the following entities established to further our strategic aims and objectives:</p> <ul style="list-style-type: none"> • Stockport Active CIC. The Council is sole member and officers constitute the Board. • Stockport Exchange Ph 2 & Ph3 Ltd. The Council is the sole shareholder of these, and senior officers are the Directors
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Review of Effectiveness

		<ul style="list-style-type: none"> • Stockport Mayoral Development Corporation. Council members are on the Board and Council officers discharge the executive functions • Interchange LLP is a joint venture between the Council, GMCA, an Equity Investor. The Council have a third of the equity and have reserved rights to give it a certain degree of control/protection <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 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>
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Review of Effectiveness

		<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. This year's continuity planning exercise for services has utilised a more effective digitised system to allow better completion, collation and retrieval of service continuity plans.</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 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&S Issue</p> <p>Supply Chain</p>
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Review of Effectiveness

		<p>Damage to Reputation</p> <p>Product Safety</p> <p>Civil contingencies and business continuity are now included as risks on the corporate risk register.</p>
<p>E.</p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Members' Training Plan</p> <p>Members' Induction Process</p> <p>Corporate Induction Procedure</p> <p>Employees Personal Development Review</p> <p>Absence Management Policy</p> <p>Apprenticeship scheme</p> <p>One Team – People Strategy</p>	<p>A corporate Member's induction programme is in place. Training for Members includes the member code of conduct, planning, licensing personal safety and procedures.</p> <p>The Council supports member development in 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 (PDR) on an annual basis. A competency framework is in place for officers. A project is underway to refresh the PDR process. The Council has an 'Employees Handbook' which brings together a range of conditions of service into a single resource. This handbook is</p>

Review of Effectiveness

		<p>complemented by a Manager's Handbook and forms the basis of a revised management induction and management development package. The PDR process is currently under review to better align to the Council ambitions and objectives.</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>
<p>F.</p> <p>Managing risks and performance through robust internal control and strong public financial management</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>Corporate Peer Challenge Review</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>A range of risk workshops were held in with both Officers and Members in 2022/23 following 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 Head of Internal Audit 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</p>

Review of Effectiveness

		<p>year. Since 6th May 2022 the makeup of the Audit Committee has changed, and a new Chair and Deputy Chair are now in place. The new members have all attended introductory training delivered by the Head of Internal Audit and regular Risk Workshops of key risk areas will be reintroduced for members in the 2023/24 financial year following the May 2023 election. Furthermore, and in line with Local Audit best practice, a new non-executive (co-opted) member has been recruited to further enhance the skills base and broader experience of the committee.</p> <p>The Internal Audit function operates in line with the Public Sector Internal Audit Standards (PSIAS) for Local Government and the Internal Audit Plan is based on the high risks reported within the risk registers. During the year the Internal Audit service was independently assessed and found to be compliant with PSIAS.</p> <p>Underpinning the Council's financial and operational management arrangements is a regulatory framework comprising Financial Procedure Rules, Contract Procedure Rules, and risk-based audit reviews of systems and procedures across the full range of Council operations on behalf of the S151 officer. The Constitution is clear that management have the responsibility for operating a sound system of 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</p>
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Review of Effectiveness

		<p>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>T The Council broadly complies with the CIPFA Financial Management Code. An assessment against the Code has been undertaken in 2022/23, independently audited to confirm accuracy of the outcome and subsequently reported to Audit Committee in November 2022. The Annual Head of Internal Audit Report was considered by the Audit Committee in July 2022 and the overall opinion on the level of assurance discussed. The report is presented annually and will be discussed in the July 2023 Audit Committee.</p> <p>Each year within Stockport Homes, business planning sessions are held with managers and Board Members, and a risk register is compiled and agreed. This ensures that existing risks are reviewed, and new risks are identified and 'owned'. Risk control actions are assigned to service managers and progress against implementation is monitored on a quarterly basis by Senior Leadership Team and the Board. It is the Audit and Risk Committee that has oversight of the corporate risk register, any emerging risks and wider risk issues which may affect the organisation. The most strategic risks are reported to the Stockport Homes' Board each</p>
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Review of Effectiveness

		<p>quarter. 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>Arrangements for how the Council will interact with the Greater Manchester Integrated Care System are highlighted in the AGS Action Plan below as a continuing challenge for 2023/24.</p> <p>A recent internal audit review of the Council's Financial Resilience was undertaken in 2022. The objective of the audit was to ensure that adequate and effective controls are in place to minimise business risks around Financial Resilience. The key risks include:</p> <ul style="list-style-type: none">• Savings are not achieved, inaccurate or duplicated by multiple projects, thereby impacting on current and future budgets and affecting the levels of savings required on other projects.• Reduced external funding and related local budget pressures impacting on capacity to deliver preventative services and planned changes.• Insufficient return on investments, with new developments not let or occupied, or occupiers unable to meet rental charges for council properties, impacting on Business
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Review of Effectiveness

		<p>Rate collection, reduced income to Council and ability to fund capital spend.</p> <ul style="list-style-type: none"> • Over-use of reserves, with services reliant on reserves to meet budget future deficits, leaving Council exposed to financial risk and failure to deliver MTFP. • Inability to generate additional income. <p>The review provided substantial assurance that the strategic financial planning and management arrangements to ensure financial sustainability / resilience are robust. The following areas were considered as part of this review:</p> <ul style="list-style-type: none"> • Alignment of the financial strategy to strategic objectives, • Demonstration of how risks identified have informed the financial strategy, • Effectiveness of financial resilience assessment (e.g., adequate assumptions & financial estimates, testing of sensitivity of financial sustainability and scenarios for the key cost drivers, service demands and resources), • Preparation of the MTFP, regular review and inclusion of adequate contingencies to address risks, • Effectiveness of reserves policy, • Scheme of delegation of responsibilities and accountabilities to those responsible for delivery of services (including income
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Review of Effectiveness

		<p>generating activities) and achievement of savings plans,</p> <ul style="list-style-type: none"> Financial governance effectiveness within the leadership team and relevant members, in particular rigorous examination of objectives, underlying assumptions and implementation plans with constructive challenge being provided throughout.
<p>G.</p> <p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</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>Totally Local Company reports to Contributor Committee</p> <p>Stockport Homes reports to Member Committee</p> <p>Development of Performance Dashboards</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 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 2021/22 Annual Governance Statement action</p>

Review of Effectiveness

		<p>plan was reported to the Audit Committee in November 2022 and March 2023. All 2022-23 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 2022/23, the Council has used a series of 'dashboards' to provide a regular visual summary of performance. These include development of Corporate and Portfolio Performance Dashboards 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 & skills, educational attainment and the local housing market.</p>
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Significant Governance Issues (AGS Action Plan)



The 2022/23 annual governance statement contained three 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>1. Transformation</p> <p>As highlighted in last year's Annual Governance Statement, to meet the financial and operational challenges facing the Council the One Transformation programme was developed.</p> <p>This encompasses new and existing key projects from across all of the Council, many of which span several years including the last financial year and 2022/23.</p>	<p>A 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 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>We are establishing more robust programme governance to enable us to clearly monitor risk, interdependencies and provide greater transparency of our overall transformation programme/ A Transformation steering group is meeting monthly.</p> <p>Updates on the transformation programme are published within the Cabinet's response to the MTFP. This includes identification of proposals to support a balanced budget.</p> <p>Contributing to the delivery of the Borough Plan is a core part of our 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</p> <p>Outcomes frameworks have been developed (e.g., Borough Plan and One Health & Care Plan) and others are developing. Dashboard and reports have been created, or are being produced, to assist with monitoring outcomes, alongside existing reporting frameworks (e.g., PPRR).</p>

Significant Governance Issues (AGS Action Plan)

What the issue was	What we did to address it
<p>2. Programme of Reform and achievement of Medium-Term Financial Plan</p> <p>As highlighted in the 2020/21 Annual Governance Statement, 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 in 2022/23 and onwards.</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>Regular updates to the MTFP have been completed as part of the annual budget setting process. These updates have retested the underpinning MTFP assumptions and forecasts particularly in relation to pay inflation, price inflation and energy inflation, and taken account of Government announcements in the 2022 Autumn Statement and Local Government Finance Settlement. The updates have also taken account of budget pressures identified in the in-year monitoring which have been addressed to ensure a robust budget position and MTFP.</p> <p>2023/24 budget proposals and MTFP updates have been through Scrutiny Committee and Cabinet meetings since September to inform decision making as part of the annual budget setting process</p> <p>The 2023/24 Revenue Budget and MTFP was presented for approval to the Budget Council meeting on 23 February. In setting its 2023/24 Budget the Council has recognised the need for a robust and resilient financial position over the medium-term period to address the significant uncertainty, complexity and volatility in the financial landscape.</p> <p>The 2023/24 Budget includes change proposals totaling £7.302m, which went through two rounds of Member scrutiny in addition to public consultation and engagement. The change proposals identified have been shaped by the four cross-cutting programmes of the MTFP Strategy to identify areas where change is needed to improve the effectiveness of service delivery to residents and deliver a balanced budget. Namely:</p> <ul style="list-style-type: none">- Demand Management- Value for Money and Commissioning- Robust Corporate Governance- Radically Digital

Significant Governance Issues (AGS Action Plan)

What the issue was	What we did to address it
	<p>During the year, a Council peer review provided external assurance on the robustness of the Council's financial management including its approach to budget setting, financial planning and monitoring which is embedded across the Council. In addition, a self-assessment against the CIPFA Financial Management Code was taken to the November Audit Committee, with an update report to the March 2023 Audit Committee following an Internal Audit review of the self-assessment.</p> <p>The PPRRs and CPRR performance and financial monitoring reports have been reported to Scrutiny Committees and Cabinet throughout the year. In addition, Q1+ and Q2+ budget monitoring update reports were reported to CRMG and Cabinet in September and January governance cycles.</p>
<p>3. Integrated Care System – Health and Care Bill (June 2022).</p> <p>Triple aim - better health for everyone, better care for all and efficient use of health and care resources .</p> <p>Whilst the date for the establishment of Integrated Care Boards has moved from 1 April 2022 to 1 July 2022, the ambition is to start to work differently in some areas from 1 April 2021 to support a smooth transition to the 1 July 2022.</p> <p>It is important that the Council actively engages with the establishment of the ICS and ensures it is adequately represented in key strategic and operational decisions.</p>	<p>Locality governance moved from shadow form on 1st July 2022 to multi-agency governance arrangements, including: -</p> <ul style="list-style-type: none"> ○ A Locality Board named 'One Stockport Health and Care Board' will be formally constituted as an ICB subcommittee in March 2023. The Board has responsibility for joint priorities and the effective joint stewardship of public resources benefiting health and care, ○ A Place Based Integrated Care Lead which is Caroline Simpson with a Deputy Lead, (Phillipa Johnson from March 2023. These posts have dual accountability to the local authority and to the Greater Manchester ICS ○ A place-based provider collaborative named 'Stockport Provider Partnership' providing comprehensive integrated care at neighbourhood and boroughwide levels pulling on key enablers to facilitate collaborative working. ○ Taking into consideration the Joint Strategic Needs Assessment. The Stockport system has a population health focus, supporting person and community-centred approaches, social support alongside medical intervention, prevention and proactive early help across public services and VCSFE partners.

Significant Governance Issues (AGS Action Plan)

What the issue was	What we did to address it
	<ul style="list-style-type: none">○ The Stockport Quality Improvement Collaborative provides the means of ensuring clinical and care professional input and leadership to place based working with a clear focus on quality of service provision. <p>The Greater Manchester's Health and Care System governance and operating model is still being developed. Consequently, clarity will emerge over governance and interaction between the Locality and Greater Manchester ICS. Stockport continues to work operationally in line with previous practice.</p> <p>The pooled budget includes the Better Care Fund, Improved Better Care Fund and Disabled Facilities Grant. This will provide a solid foundation to grow in parallel and further integrate as the GM ICS and Stockport locality evolve and mature.</p> <p>A communication and engagement plan is currently in development and will focus on staff and public information and feedback.</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 2023/2024.

Issue	Action proposed during 2023-24	Lead Officer
<p>1. Transformation</p> <p>As highlighted in last year's (and previous) Annual Governance Statement, to meet the financial and operational challenges facing the Council the One Transformation programme was developed.</p> <p>This encompasses new and existing key projects from across all of the Council, many of which span several years including the last financial year and 2022/23.</p>	<p>We will continue to follow governance processes introduced in the previous years, including:</p> <ul style="list-style-type: none"> • Updates on the transformation programme will be published within the Cabinet's response to the MTFP. This includes identification of proposals to support a balanced budget. • Each CLT member to have clear visibility of programmes supporting their Council Plan Ambition and Enablers <p>Additionally, the following supporting mechanisms are in place and will continue:</p> <ul style="list-style-type: none"> • A transformation steering group which brings closer links across colleagues who are enabling change within the organisation, including: data, technology, strategy and design, business support, finance, risk and internal audit, HR and OD, and transformation leads. • An established business relationship management model across transformation, data and systems teams. • Regular change and MTFP updates provided to CLT and DLTs <p>We will also look to:</p> <ul style="list-style-type: none"> • Establish more robust programme governance to 	<p>Deputy Chief Executive (Section 151 Officer) /</p> <p>Director of Strategy /</p> <p>Interim Head of Change/ Head of Business Intelligence</p>

Significant Governance Issues (AGS Action Plan)

	<p>enable us to clearly monitor risk, interdependencies and provide greater transparency of our overall transformation programme.</p> <ul style="list-style-type: none"> In the longer term we will clearly articulate our transformation programme with well-defined 5- and 10-year goals 	
<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. Whilst the 2023/24 Local Government Finance Settlement gave some clarity of expected funding up to 2024/25, there is no indication of Government's funding intentions beyond this and furthermore how this will be impacted by an expected General Election in 2024. There is still a significant amount of uncertainty, complexity and risk within the financial landscape which the Council must address through robust financial planning and management.</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>We will undertake the following activities in 2023/24 to ensure the MTFP activities receive appropriate oversight and governance:</p> <ul style="list-style-type: none"> Ongoing updates of MTFP based on latest information/data that could impact on the MTFP. For example, regular forecast outturn monitoring, inflation updates, government announcements including government budget and spending review announcements and local government finance settlement. These updates will be reported to Members throughout the year to inform decision making. Incorporate the savings updates as part of the PPRRs and regularly closely monitor the savings required for 2023/24 and progress in achieving these. Ensure balanced budget at year end. Highlight and assist in providing solutions if savings become unachievable/ensure double running reserves utilised appropriately for timing issues of achieving the savings. Prepare and set the Council's Reserves' Policy for 2023/24 for member approval in September 2023 that takes into account latest information and requirements to utilise the reserves appropriately to support 	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Assistant Director for Finance (Deputy S151 Officer)</p>

Significant Governance Issues (AGS Action Plan)

	<p>investment priorities, mitigate risk and support a balanced budget and MTFP.</p> <ul style="list-style-type: none"> Finance Officers will continue to further strengthen the Council's financial management and financial resilience through continuous improvement of financial management processes linked to the outcomes and recommendations of the peer review, internal audits and CIPFA FM Code self-assessment. 	
<p>3. Integrated Care System</p> <p>The Health and Care Act was passed in April 2022. The legislation puts integrated care systems (ICS) on a statutory footing from 1 July 2022, meaning they are now responsible for planning and funding health and care services in the area they cover.</p> <p>There are 42 ICSs across England, GM being one of 3 in the north west. Stockport is one of 10 Localities under the GM ICS.</p> <p>ICSs are core part of the 2019 NHS Long Term Plan and build on existing coordinated working to orientate health and care much more around the people they serve rather than their organisational boundaries. Their establishment represents the first large-scale structural change to the NHS since 2012 and is expected to respond the crisis of increased need, acuity and associated costs.</p> <p>Integrated care systems (ICSs) are partnerships that bring together the health and care organisations in a particular local area, to improve population health and healthcare,</p>	<p>The initial One Health and Care Plan will be refreshed in 2023 and republished after further engagement and consultation. This document will sit as part of the suite of plans to deliver the ambitions of the One Stockport Borough Plan. The One Health and Care Plan will reflect the findings of the Joint Strategic Needs Assessment and is a shared strategy with the Health and Wellbeing Board representing the Board's statutory Joint Local Health and Wellbeing Plan. The plan will be delivered by the Locality Board partner organisations and provide further clarity to the system workforce of the priorities for Stockport whilst reflecting Greater Manchester expectations for affecting change for key areas of concern in the region.</p> <p>The consultation with NHS staff previously employed by the CCG and transferred under GM ICB on the 1 July 2022 should conclude in 2023 and staff deployed to Local and GM structures. This will stabilise the delivery capacity alongside partner organisations to support the realisation of the ambitions outlined in the One Health and Care Plan and the Greater Manchester Integrated Care Partnership Strategy ‘Improving health and care in Greater Manchester’ 2023-2028</p>	<p>Place Lead</p> <p>Deputy Place Lead</p> <p>Head of Business Support (Commissioning and Contracts)</p>

Significant Governance Issues (AGS Action Plan)

<p>tackle unequal outcomes and access, enhance productivity and value for money and help the NHS to support broader social and economic development - the cited Triple Aim - better health for everyone, better care for all and efficient use of health and care resources.</p> <p>GM has significant financial pressures that the Locality and System arrangements are intended to address,</p>	<p>The Terms of Reference and forward plan for the Health and Wellbeing Board has been reviewed. Previously this statutory Board had sole duty to promote integrated working among local providers of healthcare and social care. The distinction between the Health and Wellbeing Board and the One Health and Care Board (Locality Board) will be a focus for 2023 with the Health and Wellbeing Board, council scrutiny function, Quality Committee and patient voice mechanisms providing an overview and scrutiny function to ensure independent challenge on delivery of the integrated health and care expectations, as well as further focus on the wider determinants of health. The Health and Wellbeing Board currently retains the duty to agree plans for spending against the Better Care Fund which are the funds that currently make up the Locality Board's Section 75 pooled budget.</p> <p>Stockport's integrated system mechanism for measuring and monitoring performance, improvement and assurance is currently in development. The developing framework will enable Stockport to provide regular reports of the impact that integrated system working is achieving.</p> <p>The system architecture at Locality and GM will be mapped to ensure Stockport makes the most of access to GM initiatives and resources and ensure Stockport's voice is heard at GM system level. The locality arrangements are evolving as it becomes clear what the GM and National expectations are, as well as Stockport's priorities which will be agreed in the refreshed One Health and Care Plan. Key to the delivery of expectations are a number of sub-groups to the Board including the Financial Recovery Committee, Quality Improvement Collaborative, Primary</p>	
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Significant Governance Issues (AGS Action Plan)

	<p>Care Commissioning Committee and Stockport Provider Partnership.</p> <p>Greater Manchester's System operating model is still developing and we will ensure the Joint Forward Plan – GMs Delivery Plan for the 5 year strategy, is devolved to Locality Board sub-groups to respond to delivery expectations at locality and neighbourhood levels.</p> <p>Stockport will contribute to inspections of GM arrangements under the assurance regimes for ICPs and ICBs</p> <p>ICs will be held to account by the Care Quality Commission (CQC) Integrated Care System inspection framework. The CQC will look broadly across Integrated Care Systems, and in particular at how Integrated Care Boards, local authorities, providers of NHS care, public health and adult social care services are working together to deliver safe, high quality and integrated care to the public.</p> <p>ICBs will be held to account by NHS England annual performance assessments, which will assess how well each ICB has discharged its functions.</p> <p>ICBs will also be held to account for how they discharge their child safeguarding duties through joint targeted area inspections (JTAs), conducted by CQC, the Office for Standards in Education, Children's Services and Skills (Ofsted) and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). These inspections will assess how well local agencies (including the ICB) work together to protect children.</p> <p>ICBs will also be held to account on the discharge of their SEND duties through CQC and Ofsted joint local area</p>	
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Significant Governance Issues (AGS Action Plan)

	SEND inspections, which hold local area leaders to account for how they implement the SEND Code of Practice and for their strategic leadership of services in the local area.	
<p>4. Totally Local Company (TLC) Transformation Programme – Governance Arrangements</p> <p>Stockport Council and TLC recently commissioned a jointly funded review of the business and service delivery model currently in place for the provision of the council’s key public realm service.</p> <p>The purpose of the review was to develop a research and evidence-based report which identified a long-term sustainable delivery model within an agreed governance and management structure.</p> <p>TLC is a private company limited by shares and its Board of Directors (comprising four non-executive directors and two executive directors, each of which is independent of the council) was responsible for the management of the company and its business in accordance with an agreed business plan and services agreement.</p> <p>The council exercised its rights and responsibilities as the sole shareholder through the cross-party Contributors Committee.</p>	<p>On the basis of the review undertaken, a new governance and operational structure is proposed as follows:</p> <ul style="list-style-type: none"> • TLC to focus on core SMBC services and move away from external trading • Independent Non-executive directors to step down • TLC articles of association to be modified to allow for the appointment of council officers to join the Board of Directors as non-executive directors and participate in the operational and strategic management of TLC • Cabinet approval and quarterly performance monitoring (via CRMG) of a 3-year business plan each year with Directors being held responsible for its delivery • Quarterly performance monitoring of public realm services (via C&H) • Disestablishment of Contributors Committee • Council consent / approval of matters relating to TLC will be provided by any one of the following three routes: - it is agreed as part of the business plan that goes through Scrutiny and Cabinet; - it is outside of the business plan, but within certain financial or risk limits and can be agreed by the council officers who are members of the TLC Board of Directors; - it is outside of the business plan and outside the 	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Director of Place Management</p>

Significant Governance Issues (AGS Action Plan)

In narrowing TLC's focus to core activities for the benefit of the council, the need for board independence from the council is reduced.	<p>responsibility delegated to the TLC Board of Directors, and which must be referred to Cabinet for a decision.</p> <p>The Council's Legal team are drafting the articles and memorandum on the above terms which will be finalised following scrutiny for sign off by the cabinet.</p> <p>Relevant scrutiny committees are asked to provide comment on the proposed changes to the TLC governance arrangements and management structure prior to submission to Cabinet for approval.</p>	
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Significant Governance Issues (AGS 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 final 2022-23 Annual Governance Statement at their meeting to be held in September 2023

Our assessment of the effectiveness of our governance arrangements for 2022-23 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 Mark Hunter
Leader of the Council
Stockport Metropolitan Borough Council

Caroline Simpson
Chief Executive
Stockport Metropolitan Borough Council

Date: XX September 2023

Date: XX September 2023