

# **ANNUAL GOVERNANCE STATEMENT**

**2022-23**

**PROGRESS UPDATE 2**

**February 2024**

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – February 2024
<p><b>1. Transformation</b></p> <p><b>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.</b></p> <p><b>This encompasses new and existing key projects from across all of the Council, many of which span several years including the last and current financial year.</b></p>	<p>We will continue to follow governance processes introduced in the previous years, including:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Each CLT member has clear visibility of programmes supporting their Council Plan Ambition and Enablers</li> </ul> <p>Additionally, the following supporting mechanisms are in place and will continue:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• An established business relationship management model across transformation, data and systems teams.</li> <li>• Regular change and MTFP updates provided to CLT and DLTs</li> </ul> <p>We will also look to establish more robust programme governance to enable us to</p>	<p>Deputy Chief Executive (Section 151 Officer) /</p> <p>Director of Strategy /</p> <p>Interim Head of Change/ Head of Business Intelligence</p>	<p>Transformation updates are included with the Cabinet's response to the MTFP.</p> <p>Governance of transformation will be simplified and rationalised.</p> <p>Business Relationship Managers and Transformation Leads continue to provide a key link between services and the transformation function.</p> <p>Senior officers receive regular updates on the MTFP savings schemes and the wider transformation programme.</p> <p>A protocol for preparing and reviewing business cases and full costings is now in place. Further work will continue on this in line with the review of our governance processes</p> <p>5 year Directorate planning and annual service plans aligned to the Council Plan will be implemented in the coming months and will clearly articulate financial implications of programmes of work to further develop our medium term financial planning.</p>

	<p>clearly monitor risk, interdependencies and provide greater transparency of our overall transformation programme.</p> <p>In the longer term we will clearly articulate our transformation programme with well-defined 5- and 10-year goals</p>		
<p><b>2. Programme of Reform and achievement of Medium-Term Financial Plan</b></p> <p><b>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.</b></p> <p><b>The programme of savings, income generation and reform continues to be a major challenge in terms of budgeting, cost control, performance monitoring and governance.</b></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"> <li>• 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.</li> <li>• Incorporate the savings updates as part of the PPRRs and regularly closely monitor the savings required for 2023/24 and progress in achieving these.</li> <li>• Ensure balanced budget at year end.</li> <li>• Highlight and assist in providing solutions if savings become unachievable/ensure double running reserves utilised appropriately for timing issues of achieving the savings.</li> </ul>	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Assistant Director for Finance (Deputy S151 Officer)</p>	<p>A full report on the MTFP including Cabinet’s proposed response was taken January 2024 Cabinet meeting <a href="#">January 2024 Cabinet</a></p> <p>The Council’s MTFP and proposed 2024/25 Cabinet Revenue Budget will be presented for approval to the Budget Council meeting on 22 February. These reports take account of Government announcement since the Cabinet meeting in January including Written Statement – Local Government Finance Update and Final Local Government Finance Settlement. Alongside these reports the 2024/25 Council Plan, 2024/25 HRA Budget, 2024/25 Capital Strategy and Capital Programme and 2024/25 Treasury Management Strategy, Annual Investment Strategy and MRP Policy will be presented for approval.</p> <p>A paper outlining the Quarter 2+ in year financial position was taken to the same Cabinet meeting and CRMG Scrutiny meeting beforehand and further updates will be provided in the standard</p>

	<ul style="list-style-type: none"> <li>• 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 investment priorities, mitigate risk and support a balanced budget and MTFP.</li> </ul> <p>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> <p>To support the delivery of the Capital Strategy and provide greater governance of the Capital Programme, a Capital Board consisting of key managers will meet during the year to consider existing and new proposed capital projects using a capital gateway process, ensuring appropriate budget provision that considers borrowing costs implications, risks and overall affordability, whilst directing resources towards high priority areas to support the Council's policies, strategies and plans.</p>		<p>cycle going forwards. Quarter 3 budget monitoring update will be presented to CRMG and Cabinet in the February/March governance cycle.</p> <p>As in prior years, there is a standard process for developing savings proposals for future years' MTFP and next year's budget.</p> <p>A review of the Council's reserves was taken through the September governance cycle.</p> <p>The LGA peer review from 2022 affirms that the Council has mechanisms in place to ensure financial resilience and positive feedback was received during the October 2023 re-visit.</p> <p>The Capital Board has continued to meet during the year to support the governance of decision making and mitigate financial risk related to the delivery of the Capital Programme. As part of addressing the in-year financial position the Capital Board has completed a piece of work to review all schemes within the Capital Programme to mitigate increasing borrowing costs due to interest rate increasing during the year.</p>
<p><b>3. Integrated Care System</b></p>	<p>The initial One Health and Care Plan will be refreshed in 2023 and republished after further engagement and consultation. This</p>	<p>Place Lead</p>	<p>A refresh of the One Health &amp; Care Plan December 2023 is not a complete departure from the original Plan but</p>

<p><b>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.</b></p> <p><b>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.</b></p> <p><b>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.</b></p> <p><b>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, 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,</b></p>	<p>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 <a href="#">'Improving health and care in Greater Manchester'</a> 2023-2028</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</p>	<p>Deputy Place Lead</p> <p>Head of Governance</p>	<p>refocuses our joint priorities to reflect GM expectations and our evolving ambition as a borough. We retain the focus on Cost of Living Crisis, Safe and Timely Discharge, Mental Health, Learning Disability And Autism and Neighborhoods and Prevention. Following extensive engagement with the public and staff, there will be 2 new proposed priorities of Primary Care Access and Access to Elective and Cancer Care Service.</p> <p>The 4 core aims remain the same and are closely aligned to GM and national aspirations.</p> <ul style="list-style-type: none"> <li>• People are Happier and Healthier, and Inequalities are reduced</li> <li>• Our population has access to safe, high-quality services which make best use of the Stockport pound</li> <li>• Everyone takes responsibility for their health with the right support</li> <li>• Local social and economic development is supported</li> </ul> <p>Strengthening the position of the Voluntary, Community, Faith, Social Enterprise (VCFSE), as equal partners supporting reduction of health inequality has been a focus for the Board. A VCFSE strategy has now been developed and is currently in the implementation phase. The VCFSE</p>
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<p><b>better care for all and efficient use of health and care resources.</b></p> <p><b>GM has significant financial pressures that the Locality and System arrangements are intended to address,</b></p>	<p>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 Care Commissioning Committee and Stockport Provider Partnership.</p>		<p>Alliance will help strengthen our partnership arrangements and financial resilience of the sector and its establishment within the health and care system.</p> <p>A key area of transformational change is the Neighbourhood and Prevention Programme which brings services from across the borough together to enable a Healthy and Happy Stockport. The Programme is comprised of four pillars of work, each dependent on the other with distinct focus aligned to the overarching vision of the programme.</p> <ul style="list-style-type: none"> <li>- One Neighbourhood Model</li> <li>- Thriving Places</li> <li>- Connected Communities</li> <li>- Collaborative Health and Care</li> </ul> <p>Each of the four pillars are making strong progress with ambition statements and monitored deliverables.</p> <p>NHS Greater Manchester Stockport staff have been transferred into the newly agreed structure and exercises of slotting in, job matching and recruitment is largely completed, however the recruitment to unfilled posts continues with a small group of staff members.</p> <p>The forward plan for the One Health and Care Board and the Health and Wellbeing Board is currently being</p>
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Greater Manchester's System operating model was signed off on 20<sup>th</sup> September by NHS GM ICB. 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.

Stockport will contribute to inspections of GM arrangements under the assurance regimes for ICPs and ICBs

ICBs 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.

ICBs will be held to account by NHS England annual performance assessments, which will assess how well each ICB has discharged its functions.

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

refreshed in line with the completed refresh of the One Health and Care update.

Updates on key areas of transformation will be regularly received by Board members for funding and resource agreement and to embed into cross-organisational practice.

The Performance, Improvement and Assurance report is currently on pause because we are awaiting a standard process and template to be used across all ten GM localities.

Earlier this year, NHS GM commissioned an independent review from Carnall Farrar that assessed the effectiveness of the current leadership and governance arrangements in place for oversight and delivery in the context of our current performance and financial challenges. One of the review's main recommendations was that the Operating Model for NHS GM and the wider ICS needed to be rapidly clarified and embedded. The work to develop the Operating Model was informed by partners across the system over the summer. The final operating model is now in place across Greater Manchester. The operating model defines the:

- System Architecture and roles in the system

inspections will assess how well local agencies (including the ICB) work together to protect children.

ICBs will also be held to account on the discharge of their SEND duties through CQC and Ofsted joint local area 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.

- The organization of functions and processes
- Our integrated governance arrangements

Stockport continues to ensure representation at all Boards as appropriate with the Place Based Lead and Deputy Place Based lead being the strategic voice and for Stockport to influencing the GM agenda.

GM Integrated Care have significant challenges to financial and operational performance, as does our Stockport system. A range of factors has led to this position including a shortfall in efficiency delivery within providers, the effects of industrial action and agency and bank costs being above plan. This has led to increased scrutiny by NHS England and a decision made by NHS England to move NHS GM from Segment 2 (SOF 2) to Segment 3 (SOF 3) in line with the requirements set out in the NHS Oversight Framework 2022/23. Being assigned to segments 3 means GM is subject to enhanced direct oversight and mandated support by NHS England.

Stockport's current and projected financial position is a standing item at Executive meetings and the Locality Board. Stockport has been given an efficiency target of £3.415M for the



			delegated Integrated Care Board funds (£147.6M). The Finance Recovery Committee oversees the work to reduce budgets as well as manage the current deficit position.
<p><b>4. Totally Local Company (TLC) Transformation Programme – Governance Arrangements</b></p> <p><b>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.</b></p> <p><b>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.</b></p> <p><b>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.</b></p> <p><b>The council exercised its rights and responsibilities as the sole shareholder</b></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"> <li>• TLC to focus on core SMBC services and move away from external trading</li> <li>• Independent Non-executive directors to step down</li> <li>• 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</li> <li>• Cabinet approval and quarterly performance monitoring (via CRMG) of a 3-year business plan each year with Directors being held responsible for its delivery</li> <li>• Quarterly performance monitoring of public realm services (via C&amp;H)</li> <li>• Disestablishment of Contributors Committee</li> <li>• Council consent / approval of matters relating to TLC will be provided by any</li> </ul>	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Director of Place Management</p>	<p>A review of service provision is ongoing. Work has already ceased in the sign shop and some highways works. The Board is developing a new model for trading that is more conscious of the reduced appetite of the Council.</p> <p>The previous non-executives formally stepped down from the Board in September 2023 with a new Board established with TLC executive officers and the council senior officers. The Director of Place Management is the Chair of the new Board.</p> <p>New articles of association reflecting the new arrangements for Governance were approved at the September 2023 Board.</p> <p>A full business plan is in development and will be reported to June CRMG Scrutiny Committee.</p> <p>Improved performance monitoring of Public Realm activity is in development.</p> <p>The Contributor's Committee has now been disestablished.</p>

<p>through the cross-party Contributors Committee.</p> <p><b>In narrowing TLC's focus to core activities for the benefit of the council, the need for board independence from the council is reduced.</b></p>	<p>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 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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