

# ANNUAL GOVERNANCE STATEMENT

2023-24

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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 2023/24 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](http://www.stockport.gov.uk) or can be obtained from the Head of Internal Audit, Risk and Insurance on 0161 474 4033.

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

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

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 2024 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 2023/24 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 17th July 2024. 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 2023/24, 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 opinion 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 completion 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) 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 2023/24 has been taken from the favourable LGA Corporate Peer Challenge Review undertaken in late 2022 and the subsequent LGA revisit and report in October 2023. The initial report highlighted Stockport Council as:

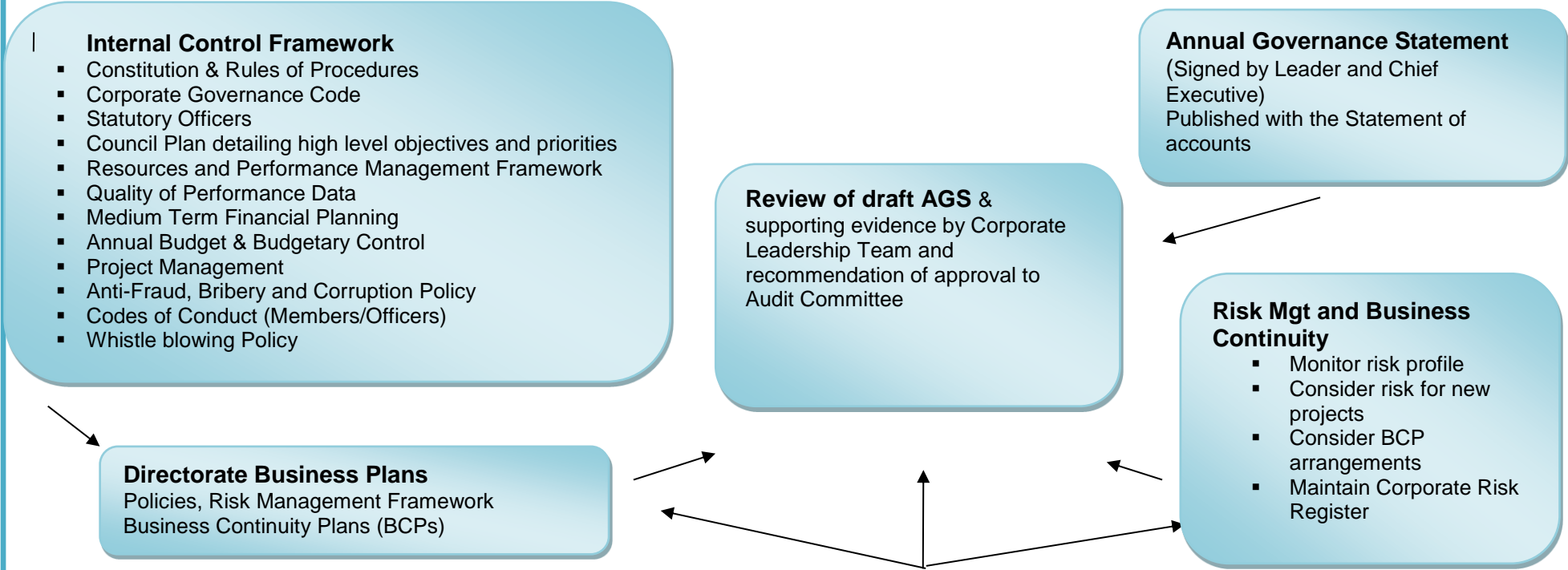
- An impressive organisation that works closely with local partners.
- A leader in place-shaping & leadership citing our strong partnership working (with external partners as well as across the council, particularly our strong relationships with the VCFSE (Voluntary, Community, Faith and Social Enterprise) 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 recognised 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 (both in the People Directorate and in the Social Care legal services team who support the People Directorate).

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 developed a robust action plan. The LGA undertook a revisit in Autumn 2023 and recognised that the Council have well established processes and mechanisms for taking forward this work and encouraged focus on three areas, being: a focus on equality, neighbourhood working and the performance management framework, all of which are incorporated in the Council's plans for development and improvement.

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



<p><b>Performance Management</b></p> <ul style="list-style-type: none"> <li>Business and Strategic Planning</li> <li>Performance and Resources Framework</li> <li>Project Management</li> <li>Scrutiny Committees and scrutiny reviews</li> <li>Org Dev &amp; Learning</li> </ul>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Head of Internal Audit, Risk and Insurance opinion expressed in annual report to Audit Committee</li> <li>Operates in accordance with Public Sector Internal Audit Standards</li> <li>Risk-based audit plan approved by Audit Committee</li> </ul>	<p><b>External Audit &amp; Inspection</b></p> <ul style="list-style-type: none"> <li>Annual Plan</li> <li>Annual Audit Letter</li> <li>Audit Opinion</li> <li>Ad hoc projects</li> <li>Departmental Governance</li> <li>Service specific inspections</li> </ul>	<p><b>Assurance by Managers</b></p> <ul style="list-style-type: none"> <li>Annual Management Assurance</li> <li>Periodic reports</li> <li>Assurance cascaded through all employees</li> <li>Control &amp; risk assessment</li> </ul>	<p><b>Risk Mgt &amp; BCP</b></p> <ul style="list-style-type: none"> <li>Risk embedded in policies &amp; plans</li> <li>Embedded in Project Management</li> <li>Effectiveness evaluated</li> <li>Approval and monitoring of corporate risk registers</li> </ul>	<p><b>Other Sources of Assurance</b></p> <ul style="list-style-type: none"> <li>Fraud Reports &amp; investigations</li> <li>Reports by inspectors</li> <li>Post implementation reviews</li> <li>Ombudsman reports</li> <li>Ofsted</li> <li>CQC</li> <li>LGA Peer Challenge</li> </ul>	<p><b>Associated Bodies</b></p> <ul style="list-style-type: none"> <li>Client Monitoring role</li> <li>Performance management standards and monitoring</li> <li>Review of Council's governance arrangements</li> <li>Internal and external audit reviews of client</li> </ul>
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## 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 Leadership Team 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 2023/24 are set out in the table below.

Principle	Assurances received	Assessment of the effectiveness of key elements of the Council's Governance processes during 2023/24
<p><b>A.</b> <b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p>	<p>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 &amp; corruption policy and strategy Confidential Reporting (Whistleblowing Policy) Anti-money Laundering Policy Corporate Complaints procedure Constitution</p>	<p>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 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 2024.</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</p>



# Review of Effectiveness

	<p>Corporate Peer Challenge Review</p>	<p>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 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 contains the 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 &amp; Governance (CRMG) Scrutiny Committee.</p>
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## Review of Effectiveness

<p><b>B.</b></p> <p><b>Ensuring openness and comprehensive stakeholder engagement</b></p>	<p>Online, including the Council Website, Twitter, You Tube and Facebook</p> <p>Consultations including Have your say (Council website)</p> <p>Webcasts</p> <p>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>Corporate Peer Challenge Review</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 <a href="http://stockport.public-i.tv/core/portal/home">http://stockport.public-i.tv/core/portal/home</a></p> <p>The Council Plan has been published on the Council website. Council priorities and spending plans are published in the Council newspaper ‘the Review’ which is sent annually to all households, with electronic bulletins emailed to subscribers on a monthly basis since October 2016. The Council also engaged with local communities by encouraging publicity via local newspapers and radio stations.</p> <p>The Council continues to engage with all sectors of the community through; Partnership and 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. The Council is represented at regional level through the Greater Manchester Combined</p>
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## Review of Effectiveness

		<p>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>
<p><b>C.</b> <b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p>	<p>One Stockport Borough Plan Annual Council Plan Portfolio Performance &amp; Resources Agreements 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. 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</p>

# Review of Effectiveness

		<p>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> <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 (operating as an Arms' Length Management Organisation) 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</p>
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## Review of Effectiveness

		<p>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 as well as to the Economy, Regeneration and Climate Change Committee. During 2023/24 work was completed with Council Officers to undertake the Mid-Term Review of the Delivery Plan to ensure the objectives within it were fit for purpose and reflected the wider ambitions of the Council.</p> <p>Totally Local Company (formerly Solutions SK) is a wholly owned company of the Council and presents annual plans and reports which are linked to the Council Plan to Scrutiny and Cabinet Meetings. Three senior officers have recently joined the Board as non-executive directors.</p>
<p><b>D.</b> <b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>	<p>Corporate Council Plan</p> <p>Quarterly and Annual Portfolio Performance &amp; Resources Reports</p> <p>Quarterly and Annual Corporate Performance &amp; Resources Reports</p> <p>Medium Term Financial Strategy</p> <p>Business Case Working Papers reported to the Cabinet and Scrutiny committees</p> <p>Service and Directorate level business plans developed for 2024/25</p> <p>Corporate Peer Challenge Review</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</p>

# Review of Effectiveness



	<p>Service level business plans          Civil Contingency and Emergency Planning          Business Continuity</p>	<p>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 and the vast majority of decisions are made in open session and are formally recorded and published. The Council has 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>For Stockport Homes Group, monitoring arrangements via the Council's Member Committee were in place during the year. Stockport Homes presented a range of reports to the Member Committee during 2023-24, including</p>
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# Review of Effectiveness



		<p>performance updates, service specific updates / presentations, information about new SHG Strategies that had been approved, as well as the year-end Delivery Plan Outcomes Report. This Outcomes Report was also presented to the Economy, Regeneration and Climate Change Scrutiny Committee. In addition to these meetings, there are also a range of Officer liaison relationships in place with regular meetings happening between Council and SHG leaders to ensure strategic focus on key priorities.</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"><li>• Stockport Active CIC. The Council is the sole shareholder and senior officers constitute the Board.</li><li>• Stockport Exchange Ph 2 &amp; Ph3 Ltd. The Council is the sole shareholder of these, and senior officers are the Directors</li><li>• Stockport Mayoral Development Corporation. Council members are on the Board and Council officers discharge the executive functions</li><li>• 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</li></ul> <p>The Council works within the framework set by the Civil Contingencies Act 2004, which provides</p>
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# Review of Effectiveness



		<p>a single statutory framework for civil protection in the UK at a local level. We work with the Greater Manchester Resilience Unit (GMRU), 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 GMRU.</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 who are on call 24/7/365.</p> <p>We have a planned business continuity process aimed at managing the many and varied, known and unknown risks inherent in the day-to-day activities involved in delivering our services. The main purpose of the process is to ensure continuity of service delivery following an unexpected disruption to normal working. 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. The highest priority activities are desk top tested.</p>
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# Review of Effectiveness

		<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> <ul style="list-style-type: none"> <li>Loss of IT/Telecoms</li> <li>Loss of Site/Flood/Fire</li> <li>Loss of People/Skills /Industrial Action</li> <li>Utility Outage</li> <li>Employee H&amp;S Issue</li> <li>Supply Chain</li> <li>Damage to Reputation</li> </ul> <p>Civil contingencies and business continuity are now included as risks on the corporate risk register.</p>
<p><b>E.</b> <b>Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p>	<p>Members' Training Plan Members' Induction Process Corporate Induction Procedure Employees Personal Development Review</p>	<p>A corporate Members' induction programme is in place. Training for Members includes the member code of conduct, planning, licensing, digital, personal safety and procedures.</p> <p>The Council supports member development in different ways including a comprehensive</p>

# Review of Effectiveness

	<p>Absence Management Policy          Apprenticeship scheme          One Team – People Strategy</p>	<p>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 based on feedback from the All Colleague Survey. The new approach called My Conversation will be launched in April 2024 and is based on our council values along with setting out objectives of how each individual colleague in the council contributes to and delivers the council plan. There will no longer be a reliance on an annual conversation about performance as My Conversations will take place at quarterly intervals throughout the year. Personal development plans will also be developed in the My Conversation process outlining any training or development needs that the individual has. The Council has an ‘Employee Handbook’ which brings together a range of conditions of service into a single resource. This handbook is complemented by a</p>
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# Review of Effectiveness



		<p>Manager’s Handbook and forms the basis of a revised management induction and leadership development package.</p> <p>The Workforce Steering Group that has key individuals from all directorates continues to meet monthly as part of the One Team People Plan governance to discuss and develop plans for future workplace arrangements.</p>
<p><b>F.</b>  <b>Managing risks and performance through robust internal control and strong public financial management</b></p>	<p>Corporate Risk Register considered by CLT and CCG and reported to Audit Committee</p> <p>Annual Head of Internal Audit Opinion Report</p> <p>Stockport Homes Board meetings</p> <p>Corporate Peer Challenge Review</p> <p>New service level business plans with aligned risks</p>	<p>Decision making is supported by risk management arrangements. The Corporate Leadership Team monitors the development and maintenance of a Corporate Risk Register and receives regular in-year updates on the management of risks within the Corporate Risk Register.</p> <p>A range of risk workshops were held with both Officers and Members in 2024/25 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 year. Since 6<sup>th</sup> May 2022 the makeup of the Audit Committee has changed, and a new Chair and Deputy Chair are now in place. The new</p>

# Review of Effectiveness



		<p>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 Procedure (Whistleblowing Policy) and a Fraud and Irregularities Panel has the remit to deal with these. In addition, the Council's arrangements for</p>
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# Review of Effectiveness



		<p>providing economy, efficiency and effectiveness are reviewed by the external auditors on an annual basis and this is reported and published on the Council's website.</p> <p>The Council broadly complies with the CIPFA Financial Management Code. An assessment against the Code was 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 2023 and the overall opinion on the level of assurance discussed. The report is presented annually and will be discussed in the July 2024 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 Executive Leadership Team and the Board. It is SHG's Audit and Risk Committee that has detailed oversight of the corporate risk register, any emerging risks and wider risk issues which may affect the organisation. Each quarter, SHG Board are provided with a high level overview of all corporate risks as they have ultimate responsibility for the effective management of risk.</p>
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# Review of Effectiveness

		<p>Arrangements for how the Council interacts with the Greater Manchester Integrated Care System are highlighted in the AGS Action Plan below as a continuing challenge for 2024/25.</p> <p>An 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"><li>• 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.</li><li>• Reduced external funding and related local budget pressures impacting on capacity to deliver preventative services and planned changes.</li><li>• Insufficient return on investments, with new developments not let or occupied, or occupiers unable to meet rental charges for council properties, impacting on Business Rate collection, reduced income to Council and ability to fund capital spend.</li><li>• 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.</li><li>• Inability to generate additional income.</li></ul>
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# Review of Effectiveness

		<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> <ol style="list-style-type: none"><li>1. Alignment of the financial strategy to strategic objectives,</li><li>2. Demonstration of how risks identified have informed the financial strategy,</li><li>3. Effectiveness of financial resilience assessment (e.g., adequate assumptions &amp; financial estimates, testing of sensitivity of financial sustainability and scenarios for the key cost drivers, service demands and resources),</li><li>4. Preparation of the MTFP, regular review and inclusion of adequate contingencies to address risks,<ul style="list-style-type: none"><li>• Effectiveness of reserves policy,</li><li>• Scheme of delegation of responsibilities and accountabilities to those responsible for delivery of services (including income generating activities) and achievement of savings plans,</li><li>• 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.</li></ul></li></ol>
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# Review of Effectiveness

<p><b>G.</b> <b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	<p>Webcasts Cabinet reports Fol publication scheme Annual Governance Statement progress reports to Audit Committee Internal Audit progress reports Stockport Homes reports to Member Committee 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 2022/23 Annual Governance Statement action plan was reported to the Audit Committee in November 2023 and March 2024. All 2023-24 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>During 2023/24, the Council has used a series of 'dashboards' to provide a regular visual summary of performance. These include development of</p>
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# Review of Effectiveness

		<p>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 &amp; 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 four key governance issues. Details of these issues and how they were addressed are provided below.

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
<p><b>1. Transformation</b></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 and current financial year.</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:</li> </ul>	<p>Deputy Chief Executive (Section 151 Officer) /            Director of Strategy /            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</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<p>data, technology, strategy and design, business support, finance, risk and internal audit, HR and OD, and transformation leads.</p> <ul style="list-style-type: none"> <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 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>months and will clearly articulate financial implications of programmes of work to further develop our medium term financial planning.</p>

# Significant Governance Issues (AGS Action Plan)



Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
<p><b>2. Programme of Reform and achievement of Medium-Term Financial Plan</b></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"> <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> </ul>	<p>Deputy Chief Executive (Section 151 Officer)</p> <p>Assistant Director for Finance (Deputy S151 Officer)</p>	<p>The Council’s MTFP and 2024/25 Revenue Budget were presented and approved by the Budget Council meeting on 22 February. <a href="#">Agenda for Council Meeting on Thursday, 22nd February, 2024, 6.00 pm - Stockport Council</a></p> <p>The reports take account of Government announcements 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 were presented and approved.</p> <p>A paper outlining the Quarter 3 in year financial position was taken to the same Cabinet meeting and CRMG Scrutiny and Cabinet in</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<ul style="list-style-type: none"> <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> <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>the February/March governance cycle.</p> <p>The 2024/25 Budget included £5.362m of saving proposals aligned to the Council’s MTFP Strategy to support the balancing of the 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</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<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>to interest rate increasing during the year.</p>
<p><b>3. Integrated Care System</b></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</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</p>	<p>Place Lead Deputy Place Lead Head of Governance</p>	<p>A refresh of the One Health &amp; Care Plan December 2023 is not a complete departure from the original Plan but 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</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
<p>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 to 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, 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</p>	<p>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</p>		<p>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</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
<p>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>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</p>		<p>implementation phase. The VCFSE 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>



# Significant Governance Issues (AGS Action Plan)



Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<p>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>Greater Manchester’s System operating model was signed off on 20<sup>th</sup> September by NHS GM ICB. We will ensure the Joint</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 refreshed in line with the completed refresh of the One Health and Care update.</p> <p>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.</p> <p>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.</p> <p>Earlier this year, NHS GM commissioned an independent</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<p>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>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:</p> <ul style="list-style-type: none"> <li>• System Architecture and roles in the system</li> <li>• The organization of functions and processes</li> <li>• Our integrated governance arrangements</li> </ul> <p>Stockport continues to ensure representation at all Boards as appropriate with the Place Based Lead and Deputy Place Based</p>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<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 &amp; 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 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>		<p>lead being the strategic voice and for Stockport to influencing the GM agenda.</p> <p>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.</p> <p>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</p>

# Significant Governance Issues (AGS Action Plan)



Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
			<p>£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>
<p><b>4. Totally Local Company (TLC) Transformation Programme – Governance Arrangements</b></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</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> </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>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
<p>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>5. 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>	<ul style="list-style-type: none"> <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 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,</li> </ul>		<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>

# Significant Governance Issues (AGS Action Plan)

Governance Issue	Action proposed during 2023/24	Lead Officer	Progress Update – year end 2023/24
	<p>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>		

# 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 2024/2025.

Governance Issue	Action proposed during 2024/25	Lead Officer
<p><b>1.Transformation</b></p> <p>As highlighted in previous years Annual Governance Statement, to meet the financial and operational challenges facing the Council we have developed a programme of transformation across the organisation in conjunction with development of our Council Plan, our One Future strategy and the five big things within it.</p> <p>This encompasses new and existing key programmes of work from across all of the Council and sets the roadmap for the future to ensure the best outcomes for the people in Stockport.</p> <p>Our transformation programme is closely aligned to our MTFP so that we can transformation services whilst ensuring we remain financial sustainable.</p> <p>The challenge to reduce spend across the organisation remains a key pressure this year with significant savings needing to be found through transforming the way we work, in order to achieve a balanced budget.</p>	<p>Our transformation programme is aligned to the ambition set out in our One Future strategy and our MTFP. Our resource will be focused on delivering transformation that will make the biggest impact for the organisation in ensuring that we remain financially sustainable.</p> <p>This will be clearly aligned to delivery of our council plan ambitions, particularly around ensuring we are delivering efficient and effective services. We have also set out some big ticket transformation programmes that align to reducing costs across the organisation and our flagship transformation programme around neighbourhoods and prevention working with partners.</p> <p>We will ensure robust governance and effective prioritisation of transformation resource to ensure we are focusing on the areas that will deliver the biggest return on investment for the organisation.</p>	<p>Holly Rae, Assistant Director of Strategy and Transformation with Heads of Transformation:</p> <ul style="list-style-type: none"> <li>- Gill Lawton – Head of Transformation (CSS, Place and IT Systems)</li> <li>- Carolyn Anderson – Head of Transformation (CYP and Communtiiies)</li> <li>- Emma Bowe – Head of Transformation (ASC)</li> </ul> <p>Working closely with Finance colleagues and CLT/ SLG.</p>

# Significant Governance Issues (AGS Action Plan)

<p>It will be crucial to ensure we have robust and clear prioritization of transformation resource aligned to deliver the key transformation programmes.</p>		
<p><b>2. Delivering the Medium-Term Financial Plan (MTFP)</b></p> <p>The council’s financial position over the medium term is increasingly challenging. Councils across the country are facing significant and urgent funding gaps which cannot be balanced. Council funding is not keeping pace with increasing service costs due to the increasing need for support from residents and businesses. Whilst confident about the robustness of the council’s Medium Term Financial Plan (MTFP) the saving requirement the council needs to address in future years is significant.</p> <p>The importance of the council having a robust and resilient financial platform to support the delivery and transformation of services, continues to be key to addressing this. 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. Now more than ever the council needs a stable budget that mitigates and smooths the financial impact of significant uncertainty.</p> <p>Despite the continuing ask of Government for greater certainty of future funding, the council</p>	<p>We will undertake the following activities in 2024/25 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 CPRR and regularly closely monitor the savings required for 2024/25 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> <li>• Prepare and set the Council’s Reserves’ Policy for 2024/25 for member approval in September 2024 that takes into account latest information and</li> </ul>	<p><b>Deputy Chief Executive (Section 151 Officer)</b></p> <p><b>Assistant Director for Finance (Deputy Section 151 Officer)</b></p>



# Significant Governance Issues (AGS Action Plan)

<p>remains cautious about the budgetary impact of an upcoming General Election and subsequent government Spending Review. The caution from commentators about the Government's future fiscal forecasts and departmental funding commitments which suggest an adverse funding position and funding cuts for local government as a sector in future years is noted.</p> <p>The insufficiency of council funding comes at a time when there is an increasing need for support from Stockport residents and businesses. The increased cost of living continues to create challenging circumstances for our local communities.</p> <p>Delivering the MTFP will continue to be shaped around the Borough Plan and Council Plan framed by four unifying themes, designing new ways of working for the modern, person centered and ambitious organisation we strive to be. We firmly believe that investing in longer term transformation is vitally important for our organisation and communities whilst ensuring the council is financially resilient. Transformation priorities are underpinned by a focus on invest to save to deliver longer term financial sustainability and neighbourhood and prevention delivery models to reduce the need for support which creates demand on services. This will be</p>	<p>requirements to utilise the reserves appropriately to support investment priorities, mitigate risk and support a balanced budget and MTFP.</p> <p>Finance Officers will continue to further strengthen the Council's financial management and financial resilience through continuous improvement of financial management processes.</p> <p>Continuing development of the Capital Board to ensure the Capital Strategy and Capital Programme are delivered and available capital resources used effectively aligned to the Council's ambitions and priorities.</p>	
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# Significant Governance Issues (AGS Action Plan)

<p>challenging and know we need to be radical and ambitious.</p>		
<p><b>3. Stockport Integrated Care System/ Integrated Care Board</b></p> <p><b>Background</b></p> <p>Since 2022, 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, better care for all and efficient use of health and care resources. Stockport, as a Locality under the GM ICS has local Care System and Care Board arrangements</p> <p><b>Governance challenges</b></p> <p>Greater Manchester has significant financial pressures that the Locality and System arrangements are intended to address</p>	<p>Stockport's current and projected financial position is a standing item at Executive meetings and the Locality Board. 2024/25 Stockport has been given an efficiency target of £7.973 million (5% of influential spend) for the delegated Integrated Care Board funds. A recognition of actual challenges include, continued demand for CHC and mental health placements compounded by increases in the cost of placements and continued prescribing price and volume pressures. To address the</p>	<p><b>Michael Cullen - Deputy Chief Executive (Section 151 Officer) – Stockport Council/ David Dolman Associate Director of Finance (Stockport)</b></p>

# Significant Governance Issues (AGS Action Plan)

<p>Alignment of partners within the Integrated Care System (ICB's)</p>	<p>financial challenge a cost improvement programme (CIP) plan is in development targeting CHC, mental health and prescribing being the areas of high expenditure and reasons for the adverse variance in 2023/24.</p> <p>A refresh of the One Health &amp; Plan was completed end of 2023. This is not a complete departure from the original Plan but refocuses our joint priorities to reflect Greater Manchester expectations and our evolving ambitions as a Borough. One Stockport Locality Delivery Plan 2024-29 outlines the vision for inclusive working relationships.</p> <p><b>Our vision for 2029 sees us all working together to develop a borough which is inclusive, caring, enterprising and full of ambition. We want to deliver healthier, happier lives for the people of Stockport; where people are enabled to live the lives that they want to and where children, young people and their families are enabled to realise their potential.</b></p>	<p><b>Ben Aspinall - Associate Director Delivery and Transformation NHS Greater Manchester Stockport Locality</b></p>
<p>Operational Planning and NHSE oversight – GM Integrated Care have significant challenges to financial and operational performance as does Stockport locality. Increased scrutiny by NHS England as NHS GM moves to segment 3 (SOF 3) in line with</p>	<p>ICB's continue to be held to account by NHS England annual performance assessments, which will assess how well each ICB has discharged its functions</p> <p>A review of the current Operational Model is currently underway responding to NHSE</p>	<p><b>Philippa Johnson – Deputy Place Based Lead NHS/GM (Stockport)</b></p>

# Significant Governance Issues (AGS Action Plan)

<p>the requirements set out in the NHS Oversight Framework 2022/23.</p>	<p>concerns, ensuring delivery expectations at locality and neighbourhood levels.</p> <p>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.</p>	
<p>Managing and reporting Performance and Assurance</p>	<p>Greater Manchester Business intelligence is largely under developed and localities are awaiting further direction. A paper presented to the April Locality Board recognised the need for further development of BI systems to ensure up to date and tangible data. A process is being developed to detailed performance report including three-steps from, “oversight”, to “sight”, to “Place-Based Assurance” reports for each GM locality.</p>	<p><b>Ben Aspinall ASD Transformation NHS/GM Stockport</b></p>
<p>Management of key risks and/or service pressures.</p>	<p>Requirement for early identification of emerging risks and/or issues. A move away from a BAF register, however, with an emerging issue log register to run in conjunction with the locality risk register. An identification of where and when increasing risks are reported and reviewed.</p>	<p><b>Jemma Billing/ ASD - Jill Adams Head of Corporate Governance NHS/GM Stockport</b></p>

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<p>As part of the Medicine Optimisation (MO) review NHS GM have proposed a new working model for the Medicines Optimisation Function underpinned by a new organisational structure and locality financial allocations. The proposed MO financial allocation to Stockport locality will be significantly reduced the affordability of the current commissioned MO services and put at risk the delivery of the locality cost improvement plans (CIP) for delivery of medicines related efficiencies.</p>	<p>Agree with NHS GM pace of change/timeline of the review of commissioned services in Q1 that will inform the way forward including scenario planning and contractual requirements.</p> <p>Agree a phased transition of commissioned services dependent on activities moving to the central team.</p> <p>Develop a parallel process to the ICB MO review with the commissioned services to ensure a smooth transition to the new model and development of formal comms to be issued.</p> <p>Commissioner and provider review of the NHS GM Model/staff structure and understand if TUPE applies under legal framework for the Provider staff.</p> <p>Issue formal contract notice (6-month notice period) and intention for in year variation.</p> <p>Monitor the provider response to change (including unplanned turnover of commissioned service staff), meet proactively and formally at contract meetings.</p> <p>Provide assurance and oversight to Executive Board of progress and mitigations to issues and risk.</p> <p>Formal governance and contractual processes to be complete – STAR and PSR</p> <p>Stockport ICS have now formed Stockport Quality Improvement Collaborative (SQIC), this forms a robust Governance structure for</p>	<p><b>Gale Edwards Associate Director Primary Care, Community, and Medicines Optimisation</b></p>
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# Significant Governance Issues (AGS Action Plan)

	<p>Health Collaborative from April 24 which includes all health providers. This will report to Stockport Quality Improvement Collaborative (SQIC) on a bimonthly basis.</p> <p>July 24 - NHS GM undertake statutory safeguarding commissioning assurance with all NHS providers in the locality and report to Stockport Quality Improvement Collaborative (SQIC) on a bimonthly basis.</p>	
<p><b>4. Arms length and subsidiary companies</b></p> <p>The Council has several companies and linked entities where senior Council officers and members also serve on the Board or equivalent governance body.</p> <p>Being a director of a local authority-controlled company requires officers and elected members appointed to those roles to operate in a potentially different legal and cultural framework to that which they are used to inside Stockport Council. This can lead to real conflicts between the duty owed to the company and the interests of the council. Furthermore, it could result in conflicts of interest on a personal level which makes holding some roles in a local authority unviable whilst continuing as a director.</p> <p>It is necessary to make different assumptions about how different bodies operate and what issues have been taken into account, and what had no influence. Too often, this is not</p>	<p>Review the reporting relationship between arms' length organisations and the council, how risks are managed and what escalation mechanisms are put in place.</p> <p>Determine if current scrutiny arrangements provide sufficient oversight or if a more specialised "Subsidiaries Committee" might be appropriate.</p> <p>Draft conflicts of interest guidance specifically for officers and members serving on associated companies.</p> <p>Skills and training assessment for all officers and members serving on company Boards or equivalent.</p> <p>Register of appointments of all officers and members along with any declared interests and potential conflicts.</p>	<p><b>Corporate Leadership Team</b></p>

# Significant Governance Issues (AGS Action Plan)

<p>necessarily understood until problems arise, resulting in reputational and financial damage.</p> <p>Council officers and members also have fiduciary duties to the council. Situations can inevitably arise where the same officer/member will be a decision maker or advisor both for the council and one of its entities. Examples of this include matters of reporting, contractual discussions, investment requests or resourcing agreements.</p> <p>Subsidiary entities are often key to delivery of key strands of Council activities against key objectives and it is important that these are delivered effectively, and the council receives sufficient assurance about delivery of outcomes and any risk mitigations in place.</p>		
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## Conclusion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Corporate Leadership Team 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 2023-24 Annual Governance Statement at their meeting to be held in September 2024.

Our assessment of the effectiveness of our governance arrangements for 2023/24 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.

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Leader of the Council

Stockport Metropolitan Borough Council

**Date: XX September 2024**

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Chief Executive

Stockport Metropolitan Borough Council

**Date: XX September 2024**