

ANNUAL GOVERNANCE STATEMENT

2023-24

PROGRESS UPDATE 1

November 2024

Governance Issue	Action proposed during 2024/25	Lead Officer	Progress Update – October 2024
<p>1.Transformation</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>It will be crucial to ensure we have robust and clear prioritization of</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> <p>Gill Lawton - Head of Transformation (CSS, Place and IT Systems)</p> <p>Carolyn Anderson - Head of Transformation (CYP and Communties)</p> <p>Emma Bowe - Head of Transformation (ASC)</p> <p>Working closely with Finance colleagues and CLT/SLG.</p>	<p>We continue to have embedded structures and processes to ensure robust governance of our Transformation programme which is closely aligned to Medium Term Financial Planning and delivery.</p> <p>In the period we have streamlined some of the governance and review structures into the new Joint Transformation Steering Group.</p>

<p>transformation resource aligned to deliver the key transformation programmes.</p>			
<p>2. Delivering the Medium-Term Financial Plan (MTFP)</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>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"> • Ongoing updates of MTFP based on latest information/data that could impact on the MTFP. For example, regular forecast outturn monitoring, inflation updates, government announcements including government budget and spending review announcements and local government finance settlement. These updates will be reported to Members throughout the year to inform decision making. • Incorporate the savings updates as part of the PRRs and CPRR and regularly closely monitor the savings required for 2024/25 and progress in achieving these. • Ensure balanced budget at year end. • Highlight and assist in providing solutions if savings become unachievable/ensure double running reserves utilised appropriately for timing issues of achieving the savings. • Prepare and set the Council’s Reserves’ Policy for 2024/25 for member approval in September 2024 that takes into account latest information and 	<p>Jonathan Davies - Assistant Director for Finance (\$151 Officer)</p>	<p>The financial landscape continues to pose significant financial challenge for councils dealing with the cost of increasing need for support from residents and businesses, inflationary costs and high interest rates. At Quarter 2, the Council is forecasting an outturn deficit of £3.718m made up of a £10.294m deficit in cash limit portfolios offset by a £6.576m non-cash limit surplus. Officers continue to work on financial recovery plans to address the in-year budget pressures, bring costs in line with budgets and mitigate the recurrent impact on the council’s medium term financial position. Service financial recovery plans are achieving in-year cost avoidance, which would have adversely impacted the forecast if incurred. However, growing need for support and inflationary costs result in a challenging in-year financial position despite this work. This is particularly evident in relation to Children’s Social Care where increasing need for support and complexity of that need is outstripping the cost avoidance being achieved resulting in a significant pressure both in-year and recurrently on the MTFP. Corporate measures continue to be in place to ensure robust financial management principles</p>

<p>Despite the continuing ask of Government for greater certainty of future funding, the council 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</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>		<p>underpins the delivery of efficient and effective services to address the financial position, taking a One Budget approach to the challenge.</p> <p>The Quarter 2 in-year budget monitoring will be presented to scrutiny committees and Cabinet in the November governance cycle.</p> <p>Officers continue to work on service financial recovery plans to address the in-year budget pressures and bring costs in line with cash limit budgets. These recovery plans are achieving in-year cost avoidance. In addition, corporate measures continue to be in place to ensure robust financial management principles underpin the delivery of efficient and effective services across the council to address the deficit position and mitigate the recurrent impact on the council's medium term financial plan (MTFP).</p> <p>MTFP Update and Cabinet Response reports were presented to the Cabinet meeting on 18 September. Following the retesting of the underpinning MTFP assumptions and forecasts, the Council's 2025/26 saving requirement is £24.517m (£26.438m approved in February) rising to £61.898m in 2028/29. Finance Officers will continue to retest the assumptions and forecasts</p>
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<p>sustainability and neighbourhood and prevention delivery models to reduce the need for support which creates demand on services. This will be challenging and know we need to be radical and ambitious.</p>			<p>informed by national and local announcements as part of the 2025/26 budget setting process.</p> <p>The Cabinet Response report sets of the Cabinet’s strategic intent in addressing the balancing of the 2025/26 Budget and medium term financial position. This will include further corporate adjustments to assumptions and forecasts, impact of Government announcements including the national budget announcement on 30 October, Cabinet change proposals, local taxation and the use of one-off resources recognising the need for difficult decisions and impact on residents and businesses.</p>
<p>3. Stockport Integrated Care System/ Integrated Care Board</p> <p>Background</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 -</p>			

<p>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>Governance challenges</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 financial challenge a cost improvement programme (CIP) plan has been developed targeting CHC, mental health and prescribing being the areas of high expenditure and reasons for the adverse variance in 2023/24.</p>	<p>David Dolman - Associate Director of Finance (Stockport)</p>	<p>As at 30 September 2024 (M6) Stockport is reporting a forecast outturn adverse variance of £7.749 million. The forecast outturn position assumes full achievement of the efficiency programme of £7.793 million however there is risk associated with this position.</p> <p>The forecast outturn adverse variance is due to increasing cost and demand for continuing health care (CHC) and mental health placements and neurodiversity assessments and ADHD treatment costs as patients exercise their right to choose.</p> <p>A recovery plan is being developed and an external review of the financial challenges impacting the locality has been jointly commissioned by NHS GM and the Locality.</p>
<p>Alignment of partners within the Integrated Care System (ICB's)</p>	<p>A refresh of the One Health & Care 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</p>	<p>Philippa Johnson – Deputy Place Based Lead NHS/GM (Stockport)</p>	<p>NHS Greater Manchester has developed a Sustainability Plan. The plan is based on the recognition that system sustainability rests on addressing the challenges across finance, performance and quality and</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 the requirements set out in the NHS Oversight Framework 2022/23.</p> <p>Management of key risks and/or service pressures.</p>	<p>Locality Delivery Plan 2024-29 outlines the vision for inclusive working relationships. 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.</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 and undertakings</p> <p>A Place oversight process has been implemented. This will hold localities to account for delivery of financial performance and quality metrics.</p> <p>Development of Locality Risk Register and early identification of emerging risks and/or issues including identification of where and when increasing risks are reported and reviewed.</p>	<p>Philippa Johnson - Deputy Place Based Lead NHS/GM (Stockport)</p> <p>Philippa Johnson - Deputy Place Based Lead NHS/GM (Stockport)</p>	<p>population health - and the relationship between these.</p> <p>The Plan shows both how the system both returns to financial balance through addressing the underlying deficit and secures a sustainable future through addressing future demand growth and implementing new models of care year on year.</p> <p>Stockport will develop a place-based representation of Sustainability Plan by the end March 2025.</p> <p>The Locality Assurance Meetings continue to pick up areas of focus and Key Lines of Enquiry with regard to Operational Performance. Emerging themes of focus over the 3 meetings so far, include improving access to community mental health and talking therapies, recruitment and actions pertaining to Continuing Healthcare, and Stockport's plans for achieving the target in relation to Anti-microbial prescribing antibiotics in primary care. In addition focused oversight mtgs have been set up with SFT for urgent care and dedicated finance locality assurance meetings given the financial challenge</p>
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<p>Quality Oversight</p>	<p>Stockport ICS have now formed Stockport Quality Improvement Collaborative (SQIC), this forms a robust Governance structure for Quality and Equality issues. Stockport ICS will continue to embed a culture of safety and create an environment of continuous quality improvement.</p> <p>We will continue to work with partners across the Stockport and Greater Manchester to address variation in standards, access, and quality in line with the One Health & Care Plan and GM Joint Forward Plan.</p>	<p>Jemma Billing - ASD Quality, Safeguarding and CHC NHS/GM Stockport</p>	<p>There is now a separate Provider Oversight meeting to look specifically at UEC metrics and the attainment of 78% 4 -hour wait target by March 2025. Submissions of a performance Improvement Plan and Waterfall describing how the improvements will be achieved are requested monthly.</p> <p>Risk register currently in draft format will be shared with locality board in December. Issues log is also in draft format.</p> <p>SQIC continues to meet monthly and is embedded into the governance structure. The group is well established and has recently reviewed its terms of reference to ensure the purpose and effectiveness against delivering the outcomes required.</p>
<p>4. Arms length and subsidiary companies</p> <p>The Council has several companies and linked entities where senior Council</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>CLT/ Vicki Bates - Assistant Director - Legal & Democratic</p>	<p>Training has been provided to senior officers on their duties as directors of arms' length and subsidiary companies by the</p>

<p>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 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>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>Governance /Monitoring Officer</p>	<p>Council’s Head of Commercial Contracts legal team.</p> <p>An online register of appointments and interests and potential conflict of interests is being designed by the Monitoring Officer and the transformation team which follows the format of the register of gifts and hospitality. This should be complete in Q3.</p> <p>Council officers receive no remuneration and no other benefit in respect of their service on the boards. They remain subject to the Council officers’ code of conduct (which forms part of the Council’s constitution available online at CP2 - Officers Code of Conduct.pdf (stockport.gov.uk) and includes provision in relation to prevention of conflict of interest and the Nolan principles).</p> <p>The constitutional documents of the companies (and company law) require that any director declares any conflict (or potential conflict) between their own interests and the interests of the company that may affect their decision-making, and the law can impose sanctions if they do not do so.</p>
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<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>			<p>The roles to which the Council officers are appointed are that of non-executive directors, which means they are not involved in the day-to-day management of the organisations' business operations, but they are on the board to offer challenge, scrutiny and oversight to the executive management team of the companies.</p> <p>Current scrutiny arrangements are appropriate but we will continue to keep that under review.</p>
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