
**Manchester City Council
Report for Information**

Report to: Audit Committee – 9 June 2016
Subject: Draft Annual Governance Statement 2015/16
Report of: City Treasurer

Summary

This report contains the draft 2015/16 Annual Governance Statement (AGS) which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report, including improvements made this year. Related activity to promote better understanding and transparency in relation to governance arrangements, both within the Council and for the public is also described.

Recommendations

Audit Committee is requested to note and comment on the contents of the draft version of the Council's 2015/16 Annual Governance Statement (AGS).

Wards Affected: All

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1. Introduction

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published.
- 1.2 Audit Committee are asked to note the findings of the 2015/16 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2016/17.
- 1.3 The draft 2015/16 AGS is attached as an appendix to this report.

2. Format and improvements to the structure and layout

- 2.1 The layout and style of the AGS is reviewed each year to ensure that it remains compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, and that improvements are made where possible. As part of this process, consideration has been given to Internal Audit recommendations on the AGS 2014/15. There is a focus in the document on effective public communication, plain and clear language, partnership working, and ensuring transparency and clarity over what the Council's governance challenges are, alongside what is being done to address them.

- 2.2 The AGS includes the following sections:

1 – Introduction This section provides a clear, plain language explanation for the lay reader as to what the purpose of the document is. The reader is also signposted to the Council's Annual Report as a companion document to the AGS, where the reader can access information about the Council's expenditure, policies and performance.

2 and 3 - The scope of responsibility and the purpose of the governance framework; these sections outline the legal requirements for an AGS and its links to the Council's Code of Corporate Governance.

4 – The Governance Framework; this describes how the Council has complied with the principles in its Code of Corporate Governance, and includes links to online documents where the reader can access more detailed information.

5 – Annual review of effectiveness of the governance framework; this section explains the mechanisms by which the Council assesses its governance arrangements, and what conclusions have been drawn.

6 – Progress in addressing the Council's governance challenges; This section explains progress made in addressing challenges identified in last year's AGS.

7 – Action Plan: Future actions for further improvements to governance arrangements; this section sets out the key areas which the Council will focus on in 2016/17, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2015/16

- 3.1 A progress report was provided to Audit Committee in January 2016 updating members on the implementation of actions to improve governance arrangements identified in the action plan at the end of last year's AGS. Progress since January in delivering these actions is described in section six of the new AGS.
- 3.2 Subsequently, to identify significant governance issues to be addressed during 2016/17 a number of evidence sources were considered including;
- Recurring challenges highlighted by services' Annual Governance Self-Assessment Questionnaires.
 - The Head of Audit and Risk Management Annual Opinion, discussions with the Council's external auditor, Grant Thornton, and an analysis of external audit recommendations reports.
 - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
 - A meeting of key Strategic Management Team (SMT) Leads to identify and discuss emerging governance issues
 - Where appropriate carrying forward elements of action points from 2015/16 if further work and monitoring is required.
- 3.3 These processes, described in more detail in section 5 of the AGS itself, led to the identified governance challenges described in section seven. This sets out an action plan, which looks ahead to the main challenges where the Council will need to focus attention in 2016/17.

4. Communication of Governance Arrangements

- 4.1 The Council is committed to improving the transparency of its governance arrangements, and ensuring it publishes clear and concise explanations of these arrangements in a format easily accessible to the public. A number of separate steps have been taken to achieve this, which are outlined below.
- 4.2 **The Council's Governance Commitments** – In support of this and to implement the decision of the Audit Committee in March 2013, officers in Performance and Intelligence attended Manchester's Youth Council to describe and discuss the Council's governance arrangements. This meeting led to the establishment of 10 governance commitments, which summarise the commitments in the Code of Corporate Governance, in plain and clear language. These commitments are published on the Council's website.
- 4.3 **Accessibility of the AGS** – Work has continued this year to improve the accessibility of the AGS for the lay reader, for example by focus on making the governance challenge updates as plain, clear and concise as possible. As well

as being included as part of the Council's Annual Accounts, it is also easily accessible on the Council's website.

- 4.4 **The Annual Report** – the Council's Annual Report includes an overview of the AGS. This sets out a summary of the Council's governance standards and challenges in a concise and clear way. The publication of the report was promoted on the Council's website and via social media. This has increased public engagement with the report, with the number of unique views on Annual Report webpages on the Council's website rising from 76 in 2014, to 659 in 2015.

5. Next Steps and AGS Timeline

- 5.1 The following table shows the key reporting dates for the 2015/16 AGS;

Date	Milestone
16 June 2016	Draft AGS 2015/16 to Standards Committee
20 June 2016	Final signed AGS provided to Corporate Finance to be placed with the Accounts.
14 July 2016	Final AGS and Accounts circulated to Audit Committee
26 January 2017	Update on delivery of governance improvements for 2016/17 (as set out in AGS Section 7 Action Plan) to Audit Committee

- 5.2 Audit Committee is requested to note and comment on the contents of the draft version of the Council's 2015/16 Annual Governance Statement (AGS). Amendments to the statement will be included in the version submitted to Audit Committee with the Accounts on 14 July 2016.



MANCHESTER
CITY COUNCIL

Annual Governance Statement 2015/16

1. Introduction

- 1.1 This statement provides a concise overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A brief summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency, and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks which are highlighted and underlined throughout the document.
- 1.2 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government are in a period of rapid transition. During 2015/16 central government grant funding to the Council continued to reduce, business rate growth retention was being trialled in the Greater Manchester region, and further devolution of powers has taken place. A significant development in the devolution process has been the Council's work with the other local authorities in the region, and NHS partners to prepare for the transfer of control of the region's health and social care budget from April 2016. The five year vision for the region is set out in the [The Plan for Health and Social Care](#).
- 1.3 The changes taking place present both opportunities and challenges. Therefore the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.
- 1.4 Whilst this document focuses on governance, the Council's [Annual Report](#) provides an overview of the context in which it operates, its performance and achievements, and how public money was spent.

2. Scope of Responsibility

- 2.1 Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

- 2.3 The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government (2012). CIPFA has issued a 2016 update to the Framework, which will be applicable for the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives as set out in the new Manchester Strategy, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. These objectives are underpinned by the corporate values of People, Pride and Place.
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

4. The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a Code of Corporate Governance, which forms part of the Constitution. The Code was updated in 2015, and reviewed in 2016 to ensure it reflected the Council's current governance arrangements. The table below includes examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

Principle 1: Focussing on the Council's purpose and outcomes for the community and on implementing a vision for the local area		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To develop and clearly communicate its vision and intended outcomes.	<ul style="list-style-type: none"> ✓ The Council has worked with partners, and in consultation with the public, to develop 'Our Manchester', the Manchester Strategy for 2016-2025, which is a new vision for the city for the next 10 years. Integral to this process has been work to ensure clear communication of the vision to residents, staff and other stakeholders. ✓ Directorate Business Plans set out how the Council's three directorates support the delivery of its objectives. ✓ The Council's objectives support those of Greater Manchester described in the Greater Manchester Strategy 2013 - 2020. ✓ Progress towards the Council's and the city's objectives is set out in the annual State of the City suite of reports. ✓ The Council has consulted with the public on its budget for 2016/17, and clearly set out the decision making process on its website. ✓ The Council takes a strategic and long term planned approach to delivery of its objectives, as demonstrated by the Strategic Response to the Budget, and the Medium Term Financial Plan. 	<p>The Manchester Strategy – 'Our Manchester'</p> <p>Business Plans</p> <p>Greater Manchester Strategy</p> <p>State Of The City Report</p> <p>The Budget Setting Process</p> <p>Budget 2016/17 Strategic Response</p>

	<ul style="list-style-type: none"> ✓ The Council leads the Strategic Education Partnership, working with schools and local business to promote economic growth, reduce dependency, and help people gain the skills needed to access rewarding jobs in the city. ✓ The Council has developed a School Governance Strategy to support and secure effective governance of schools in the City. ✓ The Council has set three new Equality Objectives for 2016 – 2020, these are; ‘Knowing Manchester Better’, ‘Improving Life Chances’ and ‘Celebrating Our Diversity’. 	<p>Strategic Education Partnership Board</p> <p>The School Governance Strategy</p> <p>Equality Objectives 2016 - 2020</p>
<p>To ensure that service users receive a high quality of service.</p>	<ul style="list-style-type: none"> ✓ A Performance Management Framework enables the Council and its Committees to access timely and accurate information about service delivery, supporting intervention to address any barriers to good performance. ✓ Workforce Plans are in place for each directorate, setting out the key strategic workforce priorities required to support the Directorate’s objectives. ✓ The Council has a corporate complaints process to ensure residents’ complaints are addressed in a consistent and effective way, which identifies where service improvements may be required. 	<p>Performance Management Framework</p> <p>The Complaints Procedure</p>
<p>To make best use of resources and ensure that taxpayers and service users receive value for money.</p>	<ul style="list-style-type: none"> ✓ The Council compares its spending on services to other local authorities, so it can better understand where value for money can be improved. ✓ Public service reform is leading to reduced spending on high cost services, by supporting people into independence. ✓ The Council’s Audit, and Resources and Governance Committees provide oversight of mechanisms to control expenditure. ✓ The Council’s Capital and Revenue Gateway processes ensure resources are allocated in a way which is consistent, clear, and transparent. 	<p>Public Service Reform</p> <p>Audit Committee</p> <p>Resources and Governance Scrutiny Committee</p>

	<ul style="list-style-type: none"> ✓ The Council's external auditor, Grant Thornton, provide a Value for Money conclusion assessment in their Annual Audit Letter. ✓ The Workforce Planning process articulates how human resources will be aligned to Directorate priorities. 	Annual Audit Letter
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Principle 2: Having clear responsibilities and arrangements for accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To provide visible, accountable and effective leadership to the community.	<ul style="list-style-type: none"> ✓ The Council's Constitution sets out and describes the functions, responsibilities and lines of accountability that the Council operates within. ✓ The Constitution is reviewed at least annually to ensure it reflects legislative and policy changes at a national and local level. ✓ The Council's Member and Officer Relations Protocol is included in the Constitution. This is to provide guidance to ensure interactions between members and officers are conducted in a positive and constructive way. 	The Council's Constitution
To ensure that effective governance arrangements are in place for partnership working, and that they are clearly communicated.	<ul style="list-style-type: none"> ✓ The Council publishes its Partnership Governance Framework which standardises the approach to managing partnerships to strengthen accountability and financial security. ✓ The Council maintains a Register of Significant Partnerships to assess the risk governance arrangements pose to the Council's reputation, objectives and financial position. Audit Committee provide scrutiny of the assessment process and framework. ✓ Developing the skills and behaviours for collaborative working, including 	<div style="text-align: center;"> Partnership Governance Framework Register of Significant Partnerships. </div>

	<p>around governance, is a core component of the Council's leader and manager development programme.</p> <ul style="list-style-type: none"> ✓ As part of the Council's strategy to support economic growth, it conducts its activities in partnership with other major organisations, which are collectively known as the Manchester City Council Group. As well as the Council itself, the Group consists of Manchester Airport Holdings Ltd (MAHL), Destination Manchester Ltd (DML) and a number of other entities. ✓ MAHL has a comprehensive system of internal control, including clearly defined organisational structures and lines of responsibility, regular board meetings, performance monitoring and an internal audit function. External audit is provided by KPMG. ✓ DML is a subsidiary of the Council, which owns and manages the Manchester Central Convention Complex. Governance is overseen by the Company Board and external auditing is provided by Ernst and Young LLP. ✓ The Manchester Partnership allows the Council to work together with other public, private and third sector organisations to deliver the Manchester Strategy. ✓ A five year strategic plan, 'Taking Charge of Our Health and Social Care' sets out the vision for better health and social care across Greater Manchester following the transfer of control of the public funding for these services to the region from April 2016. This has been developed by the 37 NHS organisations and 10 local authorities in Greater Manchester. ✓ The Council has developed an accountability framework to support the implementation of an integrated health and care system in Manchester. 	<p>The Manchester Partnership</p> <p>Taking Charge of Our Health and Social Care</p> <p>Manchester Locality Plan</p>
<p>To seek to protect the wellbeing of employees and</p>	<ul style="list-style-type: none"> ✓ The Council is working to improve health, wellbeing and life chances in Manchester by shifting services towards those which focus on prevention of 	<p>The Health and Wellbeing Board</p>

<p>residents.</p>	<p>problems and which intervene early to stop existing problems getting worse. The Health and Wellbeing Board (HWB) provides oversight of strategy setting, and promotes partnership working to achieve this objective.</p> <ul style="list-style-type: none"> ✓ The Council has a Health and Safety policy, which sets out how it will comply with the responsibilities placed on it by legislation. To ensure that these responsibilities are met, the Council will endeavour to identify hazards and control risks to health and safety by risk assessment and suitable risk control procedures, and provide suitable equipment and materials, health and safety training, instruction, information and supervision. ✓ An Employee Health and Wellbeing Steering Group is in place with representatives from across the Council to drive improvements in employee physical and mental wellbeing. 	
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Principle 3: Promoting the values of the Council and demonstrating values of good governance through maintaining high standards of conduct and behaviour.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To ensure its values are put into effective practice.	<ul style="list-style-type: none"> ✓ The Council's values are People, Pride, Place: These values are effectively communicated and are taken into account in the development of the organisation's strategies and business plans. Assessing the demonstration of these values is a key component of the m people approach. 	<p>The Council's Values</p> <p>The m people Framework Agreement</p>
To ensure Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	<ul style="list-style-type: none"> ✓ The Council has a Code of Conduct for elected and co-opted Members, which is part of the Constitution (part 6, section A), as required by the Localism Act 2011. This requires Members' interests to be published in a Register, which is available online. ✓ The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. Two new independent co-opted members were appointed to the Committee in November 2015. ✓ The organisation's Behavioural Framework articulates the key behaviours required within the workforce to support Public Service Reform. ✓ The Council has a zero tolerance approach towards fraud and corruption and this commitment is set out in the Council's Anti-fraud and Corruption policy. ✓ The Whistleblowing policy provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council and explains how these will be investigated. 	<p>Local Code of Conduct for Members</p> <p>Members' Register of Interests</p> <p>Standards Committee</p> <p>Whistle Blowing Procedures</p>

Principle 4: Taking informed and transparent decisions that are subject to effective scrutiny and managing risk		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To be rigorous and transparent about how decisions are taken, and have effective measures to hold decision makers to account. The Council will listen and act on the outcome of constructive scrutiny.	<ul style="list-style-type: none"> ✓ The Council's decision making process is clearly defined in its Constitution. ✓ All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded), with agenda and reports being produced in paper form and online. Live streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. ✓ To promote transparency and wider engagement with Council decisions, residents can use Social Media to get updates from and interact with the Council. ✓ The Council publishes a Register of Key Decisions to notify the public of the most significant decisions it is due to take. ✓ The Council has six scrutiny committees which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. ✓ The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. ✓ The Council has an "Open Data" website to meet its commitment to publishing as much non-personal data as possible. This means partners and the public can freely make use of it, supporting transparency and accountability. ✓ The Council's City Solicitor undertakes the role of the Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair 	<p>Constitution</p> <p>Council Meeting Agendas and Reports</p> <p>Online Videos of Council Meetings</p> <p>Social Media Updates</p> <p>Register of Key Decisions</p> <p>Scrutiny Committees</p> <p>Open Data</p>

	way, correct procedures are followed, and that all applicable laws and regulations are complied with.	
Decision makers will have good-quality information, advice and support to ensure that the Council delivers services effectively to meet community needs.	<ul style="list-style-type: none"> ✓ The Council maintains an Intelligence Hub, an online interactive tool for accessing ward-level statistics about the city. ✓ The Joint Strategic Needs Assessment (JSNA) statistics about the health of the population of Manchester provide the evidence base to support the Health and Wellbeing Board in the delivery of its aims; to improve the health and wellbeing of Manchester residents and reduce health inequalities. ✓ The Children and Young People’s JSNA ensures that local strategies for addressing poor health and care outcomes in Manchester are underpinned by a strong evidence base in terms of the range and effectiveness of services to support children, young people and families in need of help, care and protection. ✓ The Council ensures that it complies with its obligations under the Equality Act 2010, by having a robust Equality Impact Assessment (EIA) framework in place that informs decision making and budget considerations. ✓ The Council participates in the use of the Equality Framework for Local Government (EFLG). Assessment against the criteria allows it to measure how well it is performing in terms of equality activities and outcomes, and helps it to drive forward improvements. In 2015 the Council was assessed against this framework and rated as “Excellent”, achieving the organisation’s published Equality Objective. 	<p>The Intelligence Hub</p> <p>Joint Strategic Needs Assessments</p> <p>Children and Young People’s JSNA</p> <p>Equality Impact Assessment Framework</p> <p>The Equality Framework for Local Government</p>
The Council will operate a risk management framework that aids the achievement of its strategic and	<ul style="list-style-type: none"> ✓ Effective risk management is an integral part of robust performance management; managing identified risks and mitigating their potential negative impact helps to ensure the effective delivery of the Council’s objectives. ✓ Risk management is a key tool in ensuring maximum value for money and 	<p>Corporate Risk and Resilience Strategy 2014/15</p> <p>Corporate Risk Register</p>

<p>business outcomes and priorities, protects the Council's reputation and other assets and is compliant with all applicable laws and regulations.</p>	<p>effective deployment of available resources.</p> <ul style="list-style-type: none"> ✓ The Council has a risk management methodology which involves the following sequence; clarify objectives, identify the risk, record existing controls, evaluate the risk, assess acceptable levels of risk, identify responses to risk, identify risk owners, create risk register and record actions, and finally report and review. ✓ A comprehensive risk management toolkit is available for officers to ensure consistency of approach; this is supplemented by advice and guidance, workshops and training, including online e-learning courses. ✓ Over a thousand staff across the Council were trained in risk management in 2015/16. This addressed the fact that many heads of service consistently raise effective risk management as a governance challenge. 	
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Principle 5: Developing the capacity and capability of Members and officers to be effective		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>To ensure Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.</p>	<ul style="list-style-type: none"> ✓ The People Strategy provides a framework for ensuring staff skills are developed and an effective infrastructure is in place to support the workforce in meeting the Council's priorities. ✓ The Council's Strategic Management Team works to ensure the delivery of the People Strategy objectives. ✓ Workforce Plans have been developed for each directorate and more detailed Workforce Development Activity plans are in place setting out the activity which will be commissioned in the coming year aligned to Corporate and Directorate priorities. ✓ New Members receive an Induction and training throughout the year. The form and content of the Induction is reviewed annually with Members. Regular meetings to 	<p>People Strategy</p>

	<p>discuss the development needs of Councillors take place with the Deputy Leaders.</p> <ul style="list-style-type: none"> ✓ Development opportunities are available for all members throughout the year including courses delivered by the North West Employers Organisation, Online e-learning and in-house briefing sessions. In 2015/16 a number of courses took place and they included; Introduction to Scrutiny, Carbon Literacy, Budget and Business Planning, and benefits briefings. 	<p>Member Development</p>
<p>Develop the capability of people with governance responsibilities and the organisation's understanding of governance</p>	<ul style="list-style-type: none"> ✓ An Annual Members' Assurance Statement is compiled to identify governance challenges relating to the roles of elected members. ✓ The Council regularly updates its 'Handbook' which includes guides for staff and elected members on all aspects of the Council's governance arrangements in plain, clear terms. This is easily accessible by all staff. ✓ Revised Use of Council Resource Guidance for members has been published incorporating advice from Standards for England. ✓ A Members' Update on Ethical Governance has been produced, which contains details of the Department for Communities and Local Government's (DCLG) guidance on, for example, openness and transparency of personal interests. 	<p>Use of Council Resources Guidance for Members</p> <p>Members' Update on Ethical Governance</p>
<p>To ensure people can engage with the work of the Council and have opportunities to seek election to the Council.</p>	<ul style="list-style-type: none"> ✓ The Council communicates its work through a wide range of channels including social media, its website and consultations. ✓ The Council organises briefings prior to elections for people interested in standing for election to the Council, and publishes guidance on its website. ✓ The Council has continued to support and develop a Youth Council to ensure young people can become involved with the work of the Council. 	<p>Consultations portal.</p> <p>Standing for Election Guidance</p> <p>Manchester Youth Council</p>

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To exercise leadership through a scrutiny function that engages local people and partnerships and develops constructive accountability.	<ul style="list-style-type: none"> ✓ Scrutiny Committees proactively invite local and national interested parties to contribute to their discussions. ✓ The Council continues to maintain an effective internal audit function operating in accordance with the 'Code of Practice for Internal Audit in Local Government' issued by CIPFA and the Public Sector Internal Audit Standards. The Council self-assesses against these standards annually. 	<p>Scrutiny Committee news bulletins</p> <p>Audit Committee</p>
To take an active and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly, in partnership or by commissioning.	<ul style="list-style-type: none"> ✓ The Manchester Leaders' Forum supports development of effective relationships across leaders of the city's key organisations. The Forum will communicate and drive forward the city's priorities. ✓ The Council supports different ways for residents to present their and their communities' concerns to elected members, for example via Ward Co-ordination. ✓ There is a Social Media Code of Practice for staff in place to ensure a consistent approach, security of information, and avoid reputational damage. Social Media Guidance has also been provided for Members. ✓ Consultations with residents are undertaken when major service changes are proposed. This ensures residents have the opportunity to inform decisions. Consultations this year have included the Council's 2016/17 Budget, and the new Manchester Strategy. ✓ The Council takes residents' concerns into account when allocating funding, for example an additional £2.1million in 2015/16 has been allocated to tackle fly-tipping and dumping, pavement and road repairs and street cleansing. ✓ The Annual Report provides a concise and clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and 	<p>Manchester Leaders' Forum</p> <p>Social Media Guidance for Members</p> <p>Consultations Hub</p> <p>Annual Report</p>

	what this has achieved.	
<p>To meet consultation and engagement responsibilities to staff, and agree and enact policies which make best use of human resources.</p>	<ul style="list-style-type: none"> ✓ The Council maintains a clear and consistent policy of consulting staff and their representatives on proposals concerning changes to services and employment policies and procedures. ✓ There are a number of tools in place to ensure staff are briefed effectively, for example via staff engagement events, appraisals and one to ones. ✓ Work is underway to improve staff engagement, for example through the development of a revised appraisal process. ✓ Feedback from staff is gained through an annual staff survey (The BHeard Survey) and more focused 'snap surveys'. 	

5. Annual review of effectiveness of the governance framework

- 5.1 The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance. This section explains what arrangements were reviewed, and how this assurance was arrived at.
- 5.2 As well as providing overall assurance about the Council's governance arrangements, the review mechanisms detailed in this section are used to identify governance challenges. This process takes place in a cycle, to ensure a process of continuous improvement, as illustrated below. The next section details progress made in addressing these challenges.

The governance improvement cycle

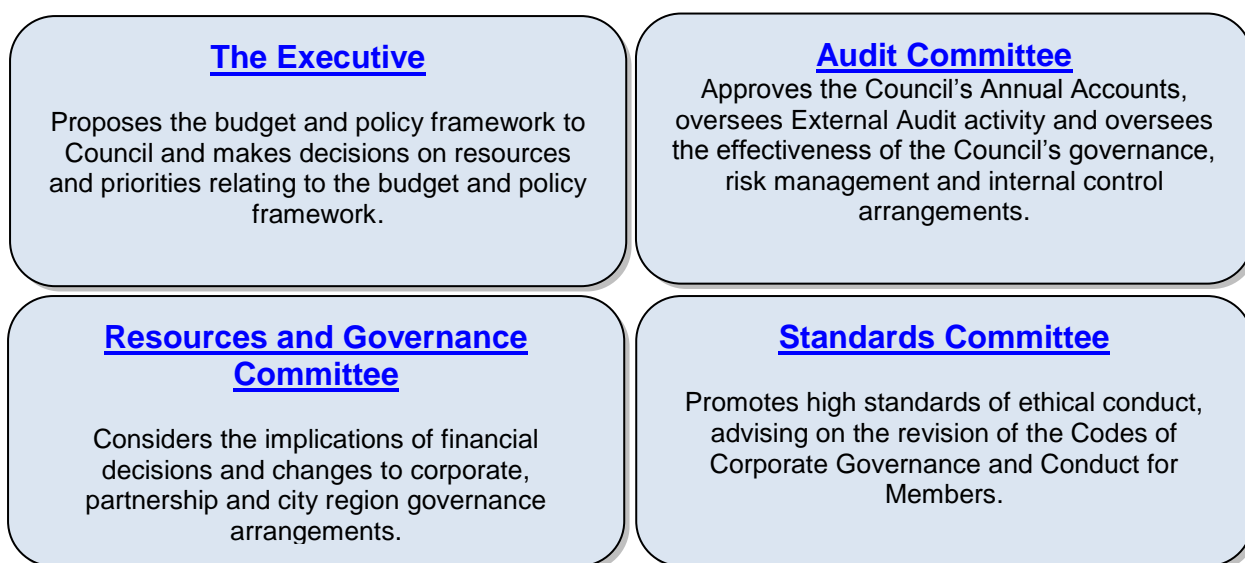


Leadership of governance and internal control

- 5.3 Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT). SMT receive a regular suite of assurance reports from a number of sources, including the Corporate Risk Register, and the Performance Management Framework which allows the Council to track performance towards its agreed objectives. They meet annually to review the progress in addressing the significant governance challenges which have been identified.

Summary of the process of challenge and scrutiny by Council and its Committees

- 5.4 The Council has four bodies responsible for monitoring and reviewing the Council's governance;



Head of Audit and Risk Management Annual Opinion 2015/16

- 5.5 Overall governance, financial management arrangements, core systems and processes across the Council remained generally sound. The Council objectives and priorities were set through a clearly defined process that links budget, business and workforce planning with multiple layers of officer and Member challenge and scrutiny. There are many areas of innovation and excellence in risk and control as reflected in areas such as partnership working, devolution, health and social care integration, reform, regeneration and city wide resilience.
- 5.6 The Council and partners are also leading an ambitious plan of change to support delivery of the revised strategy for the City: Our Manchester. This is based on unprecedented levels of public engagement and is introducing a new way of conversing and engaging with communities and stakeholders in the City, to deliver a shared vision and secure the key priorities of economic growth and public service reform.
- 5.7 Whilst there is clear leadership, expertise and governance across the Council, there are some key areas where improvement is required to strengthen key areas of control and compliance. The risks and issues are understood by management; improvement plans are in place with associated investment of resources; and there is the capacity to improve. The delivery of improvement plans is underway in a number of areas and this

should reduce the exposure to risk which currently impacts on the overall level of assurance that can be provided for 2015/16.

5.8 The Head of Internal Audit and Risk Management can provide **moderate** assurance that the Council's governance, risk and control framework is generally sound and operated reasonably consistently. The key governance, risk and internal control issues of which the Head of Internal Audit and Risk Management was made aware during the year and that impact the overall opinion related to:

- Children's Services - There is ongoing action to address significant issues of concerns raised in the Ofsted inspection July 2014 which provided an overall opinion that arrangements in place for Children's Services in Manchester were inadequate. The Improvement Board continues to drive delivery of an Improvement Action Plan developed to address the main recommendations in the report covering five key assessment areas. Resourcing has been strengthened and a number of permanent appointments have been made, including a permanent Strategic Director of Children's Services. Actions are underway but it is recognised that sustained focus on delivery of plans must be maintained to ensure that the risks raised by Ofsted are fully addressed. A further assessment from Ofsted is expected to provide an independent view of progress during 2016.
- Children's and Families Compliance – A number of limited assurance opinions were issued in the year in respect of Children's and Families including: Social Care Casework Looked After Children and Children Missing from Home or Care and Adults Safeguarding Case management compliance. There remains a significant need to strength the compliance with key controls in a number of areas.
- Significant steps have been taken in strengthening leadership, structures and capacity within ICT including the development of an Information and ICT strategy, governance and a new operating model however there remain key challenges to be addressed in terms of resilience, disaster recovery capability and aspects of ICT security. These risks are well understood, there is a positive capacity to improve and the position has strengthened during the year but there is more to do.
- The strengthening of arrangements to ensure delivery of the capital programme has been recognised as an area requiring improvement. Challenges in terms of capacity and capability to deliver the ambitions of the Council were identified by senior management in the year, with a change in senior leadership capacity and third party support introduced to deliver an improvement programme that is continuing. More recently this has led to the establishment of an Interim Director to lead a programme of improvement and consolidation of all highways functions.

5.9 In the year Internal Audit issued a number of "limited assurance" opinions but did not issue any "no" assurance opinions. Where audit work highlighted areas for improvement recommendations were made to address the risk and management action plans agreed or advice and guidance has been given to make changes.

5.10 As in previous years the context in which the Council operates remains a fundamental challenge to corporate objectives and delivery. Savings plans have been established for 2016/17 which will have further impact on the way the Council operates. Whilst the Council remains well placed to respond, the scale and pace of change required including

reduced levels of resourcing and organisation change remains a fundamental risk to the control environment and needs to be effectively managed.

Annual Review of the System of Internal Audit 2015/16

- 5.11 A self-assessment of Internal Audit carried out in May 2016 confirmed that the service is considered to be meeting 89% of requirements in conformance with Public Sector Internal Audit Standards (PSIAS) with a further 6% partially met. Several of the outstanding requirements relate to the need for an external quality assessment to be carried out. A review has been agreed to be carried out later in the year as part of a reciprocal Core Cities IA External Quality Assessment process. The outcome of that review will be used to inform the Quality Assurance Improvement Plan and an updated view of the effectiveness of the service. It is expected that the level of conformance will increase as a result as of the exercise and that governance and control will be further strengthened as a result of any recommendations made.

External Auditor's Review of the Effectiveness of Governance Arrangements

- 5.12 The Council's external auditor, Grant Thornton, produces an Annual Audit Letter which summarises the key areas highlighted by the work they have carried out. The Annual Audit Letter 2014/15 was reported to Audit Committee in November 2015. The main conclusions of the Audit Letter regarding the key assessment areas were:

Value for Money;

"We issued a qualified ('except for') VfM conclusion for 2014/15 on 29 September 2015. On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, except in relation to the overall arrangements for ensuring the effectiveness of Children's Services at the Council, we were satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.."

Financial statements audit;

"We reported our findings arising from the audit of the financial statements in our Audit Findings Report at the Audit Committee held on 24 September 2015. The key messages reported were:

- We identified one material adjustment affecting the Council and Group reported financial position, relating to the carrying value of land acquired by the Council as part of its regeneration initiatives; this adjustment had no impact on the Council or Group useable resources.*
- We identified a small number of adjustments to improve disclosures within the financial statements.*

We issued an unqualified opinion on the Council's and the Group 2014/15 financial statements on 29 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's and Group financial position and of the income and expenditure recorded by the Council and Group."

- 5.13 The Council monitors the implementation of external audit recommendations. Assurance reports are habitually presented to Audit Committee and Grant Thornton bi-annually summarising the Council's performance in implementing recommendations effectively and within agreed timescales. However, progress is also monitored through other

relevant Committees and Scrutiny functions. A report was not presented in September 2015, but an update is scheduled for review in July 2016. An explanation of what the Council is doing to address the improvements required following the Ofsted inspection is given in the next section.

Annual Review of the role and responsibilities of the Chief Finance Officer

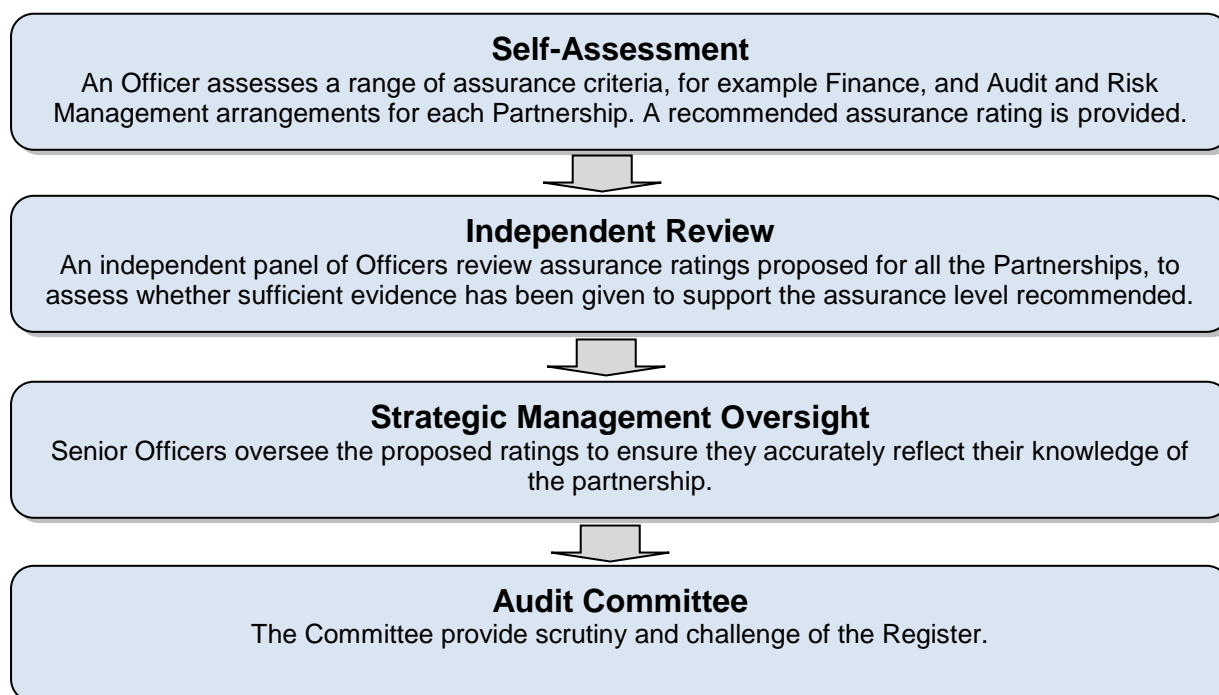
- 5.14 As part of its work on governance and financial management across public services, CIPFA issued its Statement on the role of the Chief Financial Officer in Local Government (the Statement) in 2010. The Council has undertaken a review of the role and responsibilities of its Chief Financial Officer (CFO) against the five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.
- 5.15 The review concluded that the CFO meets the responsibilities of the Senior Finance Officer in full and is ideally placed to develop and implement strategic objectives within Manchester City Council, given his role as the City Council's Section 151 Officer and City Council Treasurer. He reports directly to the Chief Executive and is a member of the Council's Senior Management Team. The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Assessment of the robustness of corporate governance across services

- 5.16 As part of the process of identifying any areas where governance needs to be strengthened across the organisation, services complete an annual questionnaire indicating whether they comply with each of the criteria in the Code of Corporate Governance. Analysis of the responses shows compliance with the Code is generally robust. Areas of particular strength include;
- Services effectively engage with elected members, for example by briefing them and discussing new developments with them which affect their role.
 - Services horizon scan to identify emerging pieces of legislation and policy changes to understand their potential impact.
 - Officers are aware of and know how to engage with and support Scrutiny Committees.
- 5.17 The analysis has also identified areas to be strengthened, for example through the business planning process. Examples include;
- Further work needs to be done to ensure effective risk management methodology is understood and embedded across all services, which supports the priorities of the Risk and Resilience Strategy.
 - Workforce Plans need to be more effectively implemented to ensure that staff develop skills which will contribute to the Council's objectives being met.
 - Services need to be supported to better understand their role in implementing public service reform, and the principles of this work including behaviour change and supporting independence.

Evaluation of the effectiveness of processes to gain assurance about the robustness of governance arrangements in the Council's Significant Partnerships

- 5.18 The Council has a standardised approach to managing its partnerships as detailed in the Partnership Governance Framework. This supports officers and stakeholders in ensuring that good governance is understood and embedded from the outset, and throughout the lifetime of all partnerships. The governance arrangements of the Council's partnerships which are on the Register of Significant Partnerships are self-assessed annually, to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.
- 5.19 The annual self-assessment process has been developed so as to provide clear accountability, and robust scrutiny and challenge. It can be summarised as follows;



- 5.20 The Council works to continuously improve both governance in partnerships, and the assessment process. Every six months Audit Committee scrutinises the progress which has been made to implement improvements amongst those partnerships that the process has identified have governance challenges to address. The assessment process is also reviewed annually. In 2015/16 greater rigour has been provided by more in-depth questions relating to the financial arrangements of partnerships.

External inspection agencies

- 5.21 The Office for Standards in Education, Children's Services and Skills (Ofsted) inspects and regulates services which care for children and young people and those providing education and skills for learners. It publishes all school inspection reports on its website, in addition to the inspection reports for the services for children and families which the Council provides. Following on from Ofsted's "inadequate" judgement relating to Children's Services and the Safeguarding Board in September 2014, the Council has

continued to progress a number of measures which are driving forward improvements. This is explained in detail in the following section.

- 5.22 The Care Quality Commission (CQC) is the regulatory body responsible for the quality of health, mental health and adult social care services in England. The CQC advises Councils that, although not a statutory requirement, it is good practice to produce “local accounts”. Local accounts must demonstrate how the Council has safeguarded and maintained personal dignity, put people first and achieved value for money, judged against the health and social care outcomes for their area. The Council’s Local Accounts are reviewed by Health Scrutiny Committee.

6 Progress in addressing the Council's governance challenges

This section provides an update on progress made addressing the Council's governance challenges which were identified in last year's 2014/15 AGS. Progress is reviewed every six months, with an update previously being provided to [Audit Committee](#) in January 2016. Topics are included together in sections on particular areas of governance.

Governance Area: Devolution

Continue to prepare to implement governance arrangements resulting from Devolution, including development of the health and social care Locality Plan.

Greater Manchester Combined Authority (GMCA) signed the initial Devolution Agreement with Government on 3 November 2014. The agreement included proposals for strengthening the governance arrangements of GM to support the significant transfer of powers and responsibilities to GM, by the establishment of a directly elected Mayor with Executive powers. The agreement specified the powers that would be exercisable by the Mayor including; a devolved and consolidated transport budget, responsibility for franchised bus services, powers over strategic planning, control of a new Housing Investment Fund and the role of the Police and Crime Commissioner.

Since the original agreement in 2014, further devolution of powers has taken place with the NHS organisations and local authorities in Greater Manchester taking control of the region's health and social care spending from April 2016. This will bring significant change and new models of integrated service delivery. In preparation for this Manchester has developed its "Locality Plan" for the integration of health and social care, as explained in the following section.

Governance Area: Health and Social Care Reform

Health and Social Care Integration

The GM Strategic Plan for health and social care integration, [Taking Charge of Health and Social Care in Greater Manchester](#), was endorsed by all of the organisations in the devolution partnership in December 2015. The plan sets out the priorities for transformation

from 1 April 2016, when control over the £6billion health and social care budget was devolved. The GM plan is underpinned by Locality Plans in each of the ten GM districts. Manchester's [Locality Plan](#) was endorsed by the Health and Wellbeing Board in November 2015. The Plan details the strategic approach to improving the health outcomes of residents of the City, while also moving towards financial and clinical sustainability of health and care services. Development of the plan can be summarised by three key elements;

- A single commissioning system ('One Commissioning Voice') ensuring the efficient commissioning of health and care services on a city wide basis with a single line of accountability for the delivery of services;
- 'One Team' delivering integrated and accessible out of hospital community based health, primary and social care services;
- A 'Single Manchester Hospital Service' delivering consistent and complementary arrangements for the delivery of acute services achieving a fully aligned hospital model for the city.

A key part of the 'One Team' approach will be developing new models of primary care, including integrated accountable organisations, known in Manchester as Local Care Organisations (LCOs). These will include community, social care, acute, mental health services, the full range of third sector providers and other local providers such as schools. The aim is for LCOs to be the place where most people use and access services, in their communities, close to home.

The Council, along with the other nine Greater Manchester authorities ('localities'), are putting their money into pooled budgets so that they can buy health, care and support services for a place in a joined up way. There is a commitment to expand the pooled fund on a phased basis, with the first phase commencing 2016/17, covering the service budgets in scope for commissioning 'One Team'.

The Council's Health and Wellbeing Board has oversight of development and delivery of the Locality Plan, the full governance arrangements put in place to enable effective execution of the Board's responsibilities are detailed in the [Governance Review](#) report to the Board. The Health and Wellbeing Board will continue to be held to account for its decisions by [Health Scrutiny Committee](#).

Ensure effective delivery of Care Act requirements from April 2015, and preparation for funding provisions in 2016.

The Care Act Board has overseen progress towards implementing the requirements of the Care Act 2014 which came into effect from 1 April 2015. Key areas of progress in 2015/16 include;

- Production of a Care Act compliant assessment process for citizens built into MiCare (the electronic system used for social care recording) and ensuring the Mental Health and Social Care Trust do the same.
- Staff training on, and input into, the new assessment process.

- Embedding of new Prison social care assessments from 1 April 2015 and new partnership agreement with Manchester Mental Health and Social Care Trust and NHS England to deliver on-site care on the Council's behalf.
- Ongoing monitoring of the new Independent Advocacy service for the city which has been fully operational since 1 April 2015
- Changes to adult safeguarding through the Multi-agency Manchester Safeguarding Adults Board whereby new membership requirements were stated in the Act as well as the production and dissemination of new adult safeguarding policies, procedures and guidance for staff.

For 2016/17, funding for the Care Act (excluding social care in prisons which will continue to be funded through a separate grant) has been rolled into the Settlement Funding Assessment. In the context of the Government policy to delay implementing the phase two proposals of the Care Act (the financial cap and the changing thresholds), the funding has been reduced by £0.651m. The detail is still being analysed to determine the impact of the reduction.

The key development areas outstanding are:

- Launch the new assessment process for Carers (all carers known to the Council have recently received a letter advising them of the changes and the new national eligibility criteria for carers).
- Launch and fully utilise the Connect to Support portal to provide both advice and self help as well as offer a short questionnaire for both carers and citizens to provisionally determine eligibility for help from the Council.
- Publish an Information and Advice Strategy and a Prevention Strategy.
- Appraise the current 'transition' assessment (young people with a disability transitioning to adulthood) to determine if it is Care Act compliant.
- Work with Education and Children's Social Care to embed the pathways for young carers.

A further update on the Care Act was presented to [Health Scrutiny](#) in January 2016.

Governance Area: Partnership Governance

Improving partnership governance: Manchester Safeguarding Children's Board

Following the Ofsted inspection, an improvement plan has been put in place for Manchester Safeguarding Children's Board (MSCB). Improvement areas are grouped into four themes: Vision, Leadership and Governance; Quality Assurance; Business Planning; and

Board Effectiveness. Action points, with delivery deadlines, leading to the required improvements have been identified and progress tracked. A number of the action points in the plan have been completed, with the majority of the remaining items being on track for completion within the targeted timescales.

The Independent Chair of MSCB has reviewed the Improvement Plan and progress to date, and has engaged senior representatives from Board partners in further development of the Plan to support continuing improvement. The main priorities include;

- Developing the scrutiny capacity of the Board, and increasing the capacity and quality of multi-agency audits; this includes a recent completion of a full programme of Section 11 Audits.
- The adoption of Signs of Safety as an underpinning approach to social work practice, but also as a common philosophy and approach across the whole children's system.
- Improving evaluation of the development of the early help offer across Manchester, and the operation of the revised Levels of Need and Response Framework and ensure effective alignment with the Signs of Safety approach.
- Ensuring consistent engagement of partners and that the work and leadership for safeguarding is effectively distributed across the partnership, aided by the recent creation of an MSCB Leadership Group.
- Simplifying the Board structure (and underlying sub groups) to avoid complication and duplication and allowing the Board to fully deliver its leadership role, able to champion, challenge and critique all partners; and ensure effective oversight of priority work streams such as Child Sexual Exploitation (CSE) & Missing, as well as progress on Integrated Working models such as Multi Agency Safeguarding Hub (MASH) and Early Help.
- Improving and ensuring the consistency of business systems, across the MSCB and Manchester Safeguarding Adults Board (MSAB), facilitated by the creation of an Integrated Business Unit.
- Ensuring greater consistency and timeliness in the completion and dissemination of recommendations from Serious Case Reviews, forging effective links to practice learning and quality assurance;
- Continuing a programme of MSCB Workshop activities to target areas needing improvement or development two further workshops are scheduled for Serious Case Reviews and developing a MSCB Neglect Strategy
- A Risk Register has been established that aligns with the Performance Improvement Board risk log and reflects risks identified by both the inspection process and through Board development activities;
- Consistent evaluation of the impact of training against the development of practice, new models of intervention and support and the implementation of the Children's Services Improvement Plan.

As governance improvements continue to be implemented progress updates are reported to [Children and Young People Scrutiny Committee](#)

Improving partnership governance: Manchester Safeguarding Adults Board

The annual partnership self-assessment of Manchester Safeguarding Adults Board (MSAB) in 2015 had identified that the partnership needed to strengthen its governance structure and its ability to oversee core activity within the health and social care networks. It was acknowledged that performance reporting could be improved, to more effectively measure quality rather than volume of delivery. The MSAB chair was a temporary appointment and longer term arrangements were needed. Essential support for Adult Safeguarding Reviews was also needed, as there were inadequate arrangements in place.

Improvements which have taken place to address these challenges are;

- A permanent Independent Chair took up their position in July 2015.
- Membership and governance structure have been strengthened so that there is now an Executive, chaired by the Board's Vice Chair. The Executive has developed the strategy, business plan and the sub-groups required to drive forward improvements.
- The Board has developed a quality assurance framework so that it can assure itself that adults at risk throughout Manchester are safeguarded from neglect and abuse. This focuses on the quality of the safeguarding work being undertaken by all partners throughout Manchester.
- A Case Review sub group that will take responsibility for delivering any Safeguarding Adults Reviews that are commissioned by the Board.
- Performance monitoring and reporting is now in place with revised procedures enabling the measuring of quality along with volume of delivery of safeguarding activity across Manchester.
- The support structure for the Board has been reviewed and revised, and there is an integrated Board Manager, Co-ordinators for both MSAB and MSCB along with integrated professional and administrative support.

An [Annual Report](#) has been produced for the Board which explains its structure, strategy, development, and programmes of work in detail. The MSAB is currently developing a comprehensive website that will provide a source of information for professionals and the general public.

Improving partnership governance: mental health services

Arrangements in relation to partnership governance have continued to move in a positive direction. At a strategic level, the Trust Development Authority (TDA) have agreed, following due process and through the Sustainability Steering Group, to lead a targeted procurement process to facilitate the acquisition of the Manchester Mental Health and Social Care Trust (the Trust) by one of the two other existing Mental Health Trusts in Greater Manchester. The Council and the CCGs are jointly producing the required specification

for the social care and clinical services that will form this transaction.

This process began in March 2016 with the preferred provider due to be announced by the end of June 2016.

The Council leads monthly performance meetings relating to the Trust's social care contract, these meetings include public health commissioners, health commissioners as well as Trust staff. There is a quarterly strategic contract monitoring meeting which is attended by senior Trust staff. In future, this meeting will be attended also by the Director of Public Health. Executive to Executive meetings take place monthly involving the Council, the CCGs and the Trust.

Arrangements that are currently in place will continue as they are whilst the transaction is taking place. Commissioners from CCGs, and the Council (including Public Health) will be closely involved in supporting the transaction process. A Transaction Board has been set up with senior representation from all partners.

In January 2016 [Health Scrutiny Committee](#) dedicated a separate meeting to discuss the future of mental health services in the city. The purpose was to discuss how improvements to mental health services could be made, particularly in light of the Mental Health Improvement Programme, the new service specification and developments at a Greater Manchester level.

Governance Area: External Inspections and Reviews

Responding to the findings of the external peer review of Adult Social Services by the Association of Directors of Adult Social Services (ADASS).

The Council commissioned a Peer Review to provide an independent assessment of how well the Council is delivering adult social care as there was a view within Adult Social Care (ASC) that service delivery was inconsistent and variable. For example a safeguarding audit earlier in the year identified that the delivery of Adult Safeguarding was not consistent in respect of timeliness and practice.

The Peer Review took place in March 2015, prior to the site visit there was a requirement to undertake a self-assessment which was used as part of a process of establishing a baseline. This model of Adults Peer Challenge intends to help local government to help itself to respond to the changing agenda in adult social care.

Following the review, twenty recommendations were made around the themes of adult safeguarding, social work practice and end to end delivery. All of the actions have now either been delivered, or those requiring time to embed within the service have migrated into the Transforming Adult Social Care (TASC) programme.

The TASC is focused on developing the systems, standards, processes and workforce required for Health and Social Care integration through the Living Longer Living Better (LLLBB) programme. The key theme of the programme is to successfully reform ASC, delivering sustainable improvement, within this overarching context. A practitioner design team was put in place to reconfigure out-of-hospital care in the community, with representatives from the Council and acute trusts. This has led to the delivery of new integrated target operating models, which use as a blueprint the work being led by the local government association (LGA) in respect of the national improvement initiative to reform the delivery of ASC.

The governance arrangements to assure the delivery of the TASC programme and the constituent workstreams were established as a framework to ensure the successful delivery of the programme. Alongside ASC reform, the programme includes planning for integration with Health, and Care Act related work. Delivery of the change programme has now moved into Phase 2 which includes some of the specific overarching deliverables required for health integration, ongoing Care Act compliance and ensuring the embedding of changes identified in Phase 1 (for example Care Standards and new safeguarding policies and procedures).

Continuing to make governance improvements through the Children's Services Ofsted improvement plan.

The Ofsted Improvement Plan has now been developed and restructured to correspond to the four key Ofsted judgements, one of these is 'Leadership, Management and Governance'. This provides a particular focus to governance within the improvement work.

The governance arrangements supporting the improvement programme have been implemented and running since January 2015. As outlined in last year's Governance Statement, this includes a monthly Operational Board, Improvement Board Executive, an Executive Members Ofsted sub group and the Improvement Board.

The Ofsted Improvement Board is chaired by an independent chair and attended by partners and a representative from the Department for Education. It monitors progress against the agreed objectives within the Improvement Plan and provides a reporting forum for all partners involved in the Ofsted journey. The Operational Board represents views of front line staff within the improvement programme.

Robust internal governance mechanisms are in place, which focus on the children's improvement journey and as part of this support preparation for the next Ofsted inspection. The next inspection could take place at any date from summer 2016 onwards.

The Ofsted Improvement Board cycle has provided independent scrutiny of the progress against the Ofsted Improvement Plan for the

last year. As good practice becomes embedded within the service, the independent, multi- agency scrutiny of the service will shift from being the responsibility of the Improvement Board to being the responsibility of the Manchester Safeguarding Children's Board (MSCB). A strong and influential Local Children's Safeguarding Board will provide the governance to support the future development and scrutiny of safeguarding policy and practice, both in the service and across the city.

[Children and Young People Scrutiny Committee](#) receive regular updates to closely monitor and challenge progress. These include briefings on Ofsted improvement support visits which have taken place since the full inspection in 2014, and provide valuable testing and feedback on individual areas of Childrens' Services.

Governance Area: Implementing Savings

Delivery of savings in line with the requirements of the final 2015/16 budget.

The 2015/16 approved budget included £55.004m of new savings proposals and £1.7m of proposals carried forward from 2014/15, a total target to be achieved in 2015/16 of £56.704m.

The achievement of the savings is considered by the relevant Directorate Management Teams (DMTs) and Executive Members monthly and the detailed savings tracker and summary note is provided to SMT Business Planning and Transformation monthly. In addition any issues are reported to the Senior Management Team and Executive throughout the year as part of the budget monitoring process.

As at the end of the 2015/16 financial year there is a reported underspend of £3.893m which gives assurance that the full target was broadly achieved. Within the position there are savings that were not achieved as originally planned however these were mitigated by savings elsewhere. Areas of high risk were considered as part of the 2016/17 budget setting process.

Strategic Directors have worked to identify [budget proposals for 2016/17](#), taking account of a range of factors including cost, efficiencies, impact on equalities and local factors such as resident need and access to services. The proposals were considered by the Council's six Scrutiny Committees in January, followed by the [Executive meeting](#) to propose the budget in February 2016. A full [public consultation](#) on the proposals was held for four weeks from 25 January 2016.

The final budget was approved by full Council in March 2016. The achievement of savings is now being monitored by DMTs, Executive

Members and SMT throughout the year via a detailed savings tracker, the full detail of which was considered by SMT Business Planning and Transformation on 9 May 2016.

Governance Area: ICT

Governance and delivery of ICT infrastructure improvements.

Effective ICT infrastructure is vital to support the Council's services in their delivery of its objectives. Over the past year substantial progress has been made both in terms of establishing more robust governance arrangements, and the delivery of infrastructure improvement programmes.

As part of the new ICT Operating Model, a Governance and Project Management Office (PMO) has recently been established. The main areas of accountability for the PMO are; ICT and Project Reporting, Financial Governance, Service Performance, Resource Management, Compliance (joint working with Audit and Risk Management), Business Continuity Planning and Disaster Recovery.

Significant programmes of infrastructure improvement work include;

Public Services Network (PSN): The Council has recently been granted a 'PSN Connection Compliance Certificate' by the Cabinet Office, to confirm that it has met the government-based security standard for digital information. This has involved upgrading and replacing infrastructure to up to date technical platforms to reduce risks and ensure optimum performance.

Digital Workplace Strategy: This is a project which is currently in progress to replace out-dated software and hardware used by staff across the Council. Once complete this will ensure that all the desktop computer and laptop used across the Council are cost effective, meet a minimum standard, and have better information security.

Disaster Recovery: Following the successful exit from the old data centre at Daisy Mill at the end of August 2015 and the move to the new building in Manchester, the overall resilience of the Council's systems has been improved. This is the first step in the overall programme to provide a true Disaster Recovery service for the Council in 2016, and a review of the options for Disaster Recovery is underway.

Collaboration: Since October 2015 a review has been undertaken of core technologies which will allow collaboration between staff, for

example by video conferencing. The review has assessed technologies over the following key deciding factors; Full suite capabilities, affordability, scalability, industry trends, simplicity, availability, and risk reduction. The available options are being appraised, based on the assessment outcomes following the review.

ICT Strategy: So that the ICT service can effectively support the ambitions of the Council within the context of Greater Manchester, Public Service Reform and Devolution, a new [ICT Strategy](#) has been produced covering the period 2016-19. A high level work programme, setting out priority activity, will be reported to SMT in May 2016. Progress against this work programme will be reported to Resources and Governance Scrutiny Committee and ICT Board.

Governance Area: Protecting Information

Continue to implement recommendations following the ICO audit

The Information Commissioner's Office (ICO) conducted a consensual audit of the Council's data protection practices over three days in December 2014 in relation to three areas; Governance, Training and Awareness and Subject Access Requests.

The ICO issued its report in March 2015 setting out that its overall opinion was there was limited assurance that processes and procedures were in place and being adhered to. The majority of the agreed recommendations made by the ICO auditors were fully implemented by the Council by the time the ICO conducted a desk based follow up audit in October 2015, and the ICO in its follow up report acknowledged that improvement has taken place in a number of areas. Work is now continuing, with oversight by the Council's Corporate Information Assurance Risk Group, to refresh and review priorities in the light of the anticipated requirements of the forthcoming EU General Data Protection Regulation, which will replace the Data Protection Act 1998 in summer 2018.

Governance Area: The Operational Property Estate

Robust Governance and delivery of the Capital Programme and Operational Property Estate

Capital Programmes and Property have undergone a full restructure to ensure robust and efficient delivery of the Capital Programme. A review of governance arrangements has led to significant changes including the introduction of a Highways and Transport Strategy Board and an Estates Board. The Schools Organisation Strategy Board and Leisure Board have continued to meet and there is a varied governance structure covering residential growth in the City. The restructure has brought together all of the relevant operational

teams to deliver the day to day Estates management and maintenance function, and records management for the estate.

Property:

An Estates Board has been formed, Steering Group Members will attend in a supporting capacity or on an 'as required' basis. The first meeting of the Estates Board took place in August 2015, and meetings have taken place every six weeks since that time.

Three steering groups report to the main Estates Board;

- **Facilities Management Steering Group:** This is an operational Steering Group that has oversight of the performance and spend of the Facilities Management function, and continuous service improvement activity as the service matures and develops.
- **Estates Asset Management Steering Group:** This is an operational group that will monitor and manage delivery of the annual Estates Asset Management programme. The group will be responsible for ensuring delivery is in line with corporate objectives and local service delivery plans, is to cost, quality and time requirements and will identify dependencies with other estates activities to ensure a smooth programme of delivery.
- **Estates Transformation Steering Group:** An Estates Transformation Steering Group will be established, with Terms of Reference that covers the roles and responsibilities for both the transformation and rationalisation activities. It will be responsible for the delivery of the programme of activity to planned timelines, cost and quality. They will be the Council's 'delivery wing' for a wider GM One Public Estate programme of activity.

Work has also been progressing on approval and funding for the following activities:

- Undertaking a full Stock Condition Survey of the operational estate to inform a programme of maintenance activity based on risk and priority. Stock Condition Survey work commenced at the end of February 2016, and data returns are expected by early summer 2016.
- Introduction of a Statutory Compliance role to ensure that there is ongoing monitoring of discharge of statutory duties (e.g. legionella testing, asbestos management plans, fire safety activities, portable appliance testing etc). This activity will progress throughout 2016/17 to embed good practice and ensure statutory compliance.
- Seeking approval to the resourcing (people and capital investment) of the Estates Transformation and Rationalisation team. Initial approval and investment has been made to support delivery of the first phase of Early Help Hub work. This team will also support the transformation activity in the Living Longer Living Better programme, and engage in the One Public Estates work.

Capital Programmes:

Following the restructure, the Capital Programmes team have now largely been recruited to, however, the current buoyant market conditions have resulted in difficulty in filling some posts. Agency staff and consultants have been used to fill essential roles, market testing will continue to fill roles as soon as is practical.

Resource modelling tools have been introduced to support managers in understanding the resource requirements for their teams, based on demand and workload. A Profit and Loss account for the service has been developed and this is regularly maintained with resource, costs and project income monitored on a monthly basis. The Education and Place Making Teams are settling into the new structure and delivery model, and there are regular Senior Management Team meetings to ensure continuous service improvement in both the development of teams, individuals and the wider service.

Work is progressing to re-procure major contracts for the service area and these include:

- Replacement for the Engineering Professional Services (EPS) framework.
- The development of a framework for securing Strategic Partners and procuring this.
- Replacement arrangements of the Manchester Working joint venture.
- Highways Framework 2016 which is a brand new framework.

The Highways Team, which was not included in the original service redesign due to the high level of unknown factors that might impact on any final structure at that time, is now in the process of progressing a separate review.

The Highways and Transport Strategy Board has full oversight of all transport issues, and a Highways Steering Group has been formed to progress activity at a tactical level. There will be further governance developments to strengthen arrangements in this area.

The School Organisation Strategy Board continues to provide strategic oversight of the education capital programme and the Education team continue to deliver the required increase in school places through new schools and the expansion of existing schools.

7. Action Plan: Future actions for further improvements to governance arrangements

The review of governance arrangements has identified eleven main areas where the Council will need to focus its efforts during 2016/17, to address changing circumstances and challenges identified. These are set out in the action plan below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2017.

What action is to be addressed	Who is responsible for delivery
Delivering “Our Manchester”; embedding the new Manchester Strategy, implementation of an asset based approach along with related Council wide transformation work and behaviour change. Ensuring high levels of staff motivation and planning for the skills and capacity which the Council will need in the future.	Deputy Chief Executive (Growth and Neighbourhoods), Head of Reform and Innovation, City Solicitor, Head of Strategic Communications.
Review of the Corporate Core Directorate; ensuring business processes for Finance, HROD and other services are as simple and effective as possible and managers are equipped to follow them. Reviewing commissioning processes to ensure the right skills and expertise are available within the Council and across its partners.	City Treasurer, City Solicitor, Deputy Chief Executive (People)
Continued improvement of Children’s Services and preparation for Ofsted re-inspection.	Strategic Director (Children’s Services)
Maintaining a strategic leadership role for the Council in the context of changing national policy in relation to schools, and the reducing role of local authorities.	Director of Education and Skills
Supporting the integration of health and social care by ensuring effective governance of integrated teams and commissioning of services.	Strategic Director (Adult Social Services)
Improving the resilience of ICT systems, and the Council’s arrangements for disaster recovery	Chief Information Officer
Information governance; improving data quality, preparing for the introduction of EU General Data Protection Regulation, and improving the speed of response to Freedom of Information and Subject Access Requests.	City Solicitor, Head of Internal Audit and Risk Management
Changes to the local government finance system, alongside development of longer term financial planning and delivery of continued significant savings	Chief Executive, City Treasurer
Embedding an effective risk management approach across services	Head of Internal Audit and Risk Management
Communication of policies and procedures such as Whistle Blowing, Anti-Fraud and Corruption and the Code of Conduct for Employees.	City Solicitor, Head of Internal Audit and Risk Management
Continuing to ensure robust governance and delivery of the Capital Programmes, Highways and the Operational Property Estate.	Strategic Director (Highways)

Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Accounts, and have provided an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed:
Leader of the Council

Signed:
Chief Executive