

Manchester City Council Report for Information

Report to: Audit Committee – 1 December 2016

Subject: 2016/17 Annual Governance Statement (AGS) –
Summary of Progress to Date

Report of: Deputy City Treasurer

Purpose of Report

This report sets out a brief summary of the progress that has been made to date in implementing the governance recommendations from the 2015/16 Annual Governance Statement (AGS). It also outlines the next steps in the process of producing the Annual Governance Statement 2016/17.

Recommendations

Audit Committee is asked to note and comment on the progress made to date to implement the governance improvement recommendations from the 2015/16 Annual Governance Statement.

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1. Introduction and Context

- 1.1 The Council has a statutory obligation under the Accounts and Audit (England) Regulations 2015 to produce an Annual Governance Statement (AGS), which explains how the Council has complied with its Code of Corporate Governance. The AGS sets out how the Council has met its responsibilities for ensuring that its business is conducted in accordance with the law and proper standards, and how it ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.2 The AGS also explains what governance challenges the Council is facing. Rather than simply updating the governance challenges on an annual basis the Council has established a process where by progress updates against governance challenges are provided every six months and reported to Audit Committee. This ensures there is a continual focus on how the Council is addressing its governance challenges and seeking improvement in how its functions are exercised.
- 1.3 As previously requested by Standards Committee a Strategic Management Team (SMT) Lead was identified for each of the 2015/16 AGS governance actions. Lead officers have provided an update on progress, risks and ongoing work to implement the governance actions.

2. Summary of Progress against required Governance Actions identified in the 2015/16 AGS

Action 1.1: Delivering “Our Manchester”; embedding the new Manchester Strategy, implementation of an asset based approach along with related Council wide transformation work and behaviour change.

- 2.1 Our Manchester is a radical change to the way that the Council and partner organisations do business, focusing on people rather than services and identifying opportunities for joint delivery of services in order to achieve better outcomes for residents. Throughout its delivery all elements will be subject to scrutiny as Our Manchester cuts across all services within the Council, and across all partnership boards to ensure that the approach to this different way of working is very much at the core of all service delivery.
- 2.2 Initial work focused on raising awareness and co-developing what Our Manchester means. This has involved a number of activities including Our Manchester workshops, training 268 people from a wide range of organisations and backgrounds and Listening in Action staff engagement sessions with over 600 council staff. A series of design workshops with the core Our Manchester stakeholders has led to the development of a draft set of Our Manchester principles and behaviours which underpins the approach, and conversations involving over 1,600 people. The priorities for the City and the approach to achieve these are set out in the Our Manchester Strategy focussing on making Manchester a City that is:
 - Thriving – creating great jobs and healthy businesses

- Filled with talent – both home-grown talent and attracting the best in the world
 - Fair – with equal chances for all to unlock their potential
 - A great place to live – with lots of things to do
 - Buzzing with connections – including world-class transport and broadband
- 2.3 Stakeholders in the City agree that there are a number of enablers to create the right conditions for this way of working, and driving forward this approach including further and deeper engagement within organisations and in neighbourhoods across the City and ensuring the workforce has the right skills to take it forward. In addition, there is agreement that it will be vital to undertake emblematic activity and programmes in services and places in the City that exemplify the principles and behaviours required for Our Manchester. This will facilitate learning by doing, in terms of what works and enable others to understand what this way of working really means in practice.
- 2.4 In broad terms, three key workstreams have been identified;
- 1. Communications and Engagement*
- 2.5 External communication and resident engagement is a significant part of the work required to drive Our Manchester forward. There is clear requirement for greater local engagement with residents in order to achieve the level of change that is needed for Our Manchester, and a dedicated stakeholder group for Communications and Engagement has been formed. This group will establish the approach for embedding the behaviours and principles of the Our Manchester framework, and start to collectively develop an engagement model for Our Manchester, thinking not just about how to engage now but what does an all-encompassing engagement model for the future look like. In addition to this, the group will develop the Our Manchester brand, which will initially include tools for communication such as posters, films and case studies.
- 2.6 There is also a need to look at the current capacity for engagement and consider what else might be needed and the opportunities across the City. Internal communication and engagement for the Council falls within this remit, as well as the Our Manchester branding.
- 2. Workforce and organisational development*
- 2.7 The Council is currently reviewing its People Strategy, which articulates the strategic approach to organisational development and supports the workforce to embrace the Our Manchester way of working. In recognising the size of the City's public sector workforce and the impact of this on delivering Our Manchester, a workforce workstream has been formed to:
- Share some of the tools and activities which have already been delivered or are being developed, linked to Our Manchester which partners may want to make use of;

- Talk about how to communicate and engage with workforces about Our Manchester in the best way;
- Think about how and where it might be appropriate and feasible to progress joint workforce and organisational development activity around Our Manchester and the developing principles and behaviours, and opportunities for co-design or co-commission in these areas.

3. Progressing 'phase one' activity and subsequent activity

- 2.8 There has been a number of suggestions for activity and programmes underway or in the pipeline utilising the principles and behaviours which exemplify this way of working. For example the opportunities presented by Health and Social Care integration are clear with discussions taking place in relation to building Our Manchester into the 12 integrated neighbourhood teams, identifying and taking forward one or more of the target cohorts in the Locality Plan, such as frail and elderly people, and embedding this approach into the Single Commissioning Function.
- 2.9 Another example being explored is taking a place based approach, where all staff across all organisations in a neighbourhood would come together with residents to develop this way of working. Wythenshawe and Gorton are the first areas to be suggested.
- 2.10 A full programme of phase one activity is being drawn together, with key milestones. A Delivery Plan for the approach and the associated Programme Plan of activity has been produced. Our Manchester is such that the co-design approach being adopted means that solutions will emerge from conversations and listening rather than having a prescribed set of proposals at the outset. It should also be noted that a key element of any resourcing for Our Manchester is a commitment to investment with financial support used to drive sustainable change rather than deliver one off pieces of work.
- 2.11 Current governance arrangements are in place in the form of the Our Manchester Forum, the Manchester Investment Board and Council decision making Committees who closely monitor the progress of Our Manchester, the strategy and the approach. There is careful consideration around the monitoring and evaluation of the approach in delivering the Our Manchester 'we wills', and understanding what success looks like at a local level. There is also the multi-agency Design and Delivery Group, which is supporting the design of the approach, and it being embedded across the City.
- 2.12 Our Manchester is a long-term strategy and it will take time to embed the culture change that is required to radically change the way that people work. The Our Manchester Approach Delivery Plan will be a rolling programme and initially looks ahead over the next three years.

Action 1.2: Ensuring high levels of staff motivation and planning for the skills and capacity which the Council will need in the future.

- 2.13 The creation of an engaged, motivated and highly skilled workforce will be essential to delivering on the organisation's and City's objectives. This will

support good governance both practically by ensuring staff and managers have the right understanding and skills and more broadly by creating an organisational environment which recognises its importance.

2.14 The 2015 “BHeard” staff survey identified a number of areas where work is needed to improve engagement levels across the workforce. In particular, the survey highlighted two key areas for improvement:

- The need to strengthen people management capacity. The survey highlighted that relationships with managers are important but sometimes direct line managers are not offering the support required to help people do a good job.
- The need to improve internal communication and engagement. The survey highlighted that staff are not clear or excited about where the organisation is going and that the Council’s leaders need to be more visible.

2.15 Following this, a range of new initiatives have been developed to address both these areas. These include:

- Quarterly Listening in Action sessions bringing together staff from across the Council to hear from the Leader and Chief Executive, pose any questions and contribute to emerging Council priorities. These sessions have been attended by over 600 staff and have been positively received.
- A new suite of management training and development including a range of core development modules, a new induction and development programme and handbook.
- A series of events at locations across the City to promote the Council’s recognition and reward offer, including an event with front line staff.
- The introduction of a new scheme to allow staff to purchase up to five days additional leave.
- A new programme of development for managers and staff around mental health awareness.
- A new framework for appraisals and one-to-ones to support more effective conversations with managers and staff tested by around 400 staff.

2.16 In addition to these initial corporate developments, services across the Council have put in place their own action plans in response to the survey. The organisation continues to invest circa £1m annually to support skills development with workforce development plans in place across each Directorate and a range of development opportunities available to staff. The Human Resources and Organisational Development (HROD) Service works to ensure effective strategic workforce planning, utilising intelligence to ensure focused work takes place to develop the skills the organisation will need for the future. A report on this area was presented to the Resources and Governance Scrutiny Committee HR Sub Group in November 2016.

2.17 This is an area of significant focus. However, there are substantial challenges including:

- Reducing resources which place increased demands on staff and managers and present challenges in ensuring time and space is available for engagement and development.
 - The need to embed the Our Manchester behaviours across the organisation which represents a significant cultural shift in many areas.
 - The fast paced nature of change in many areas, such as health and social care, which poses challenges in effectively ensuring future skills demands are met.
- 2.18 The Council's workforce will be the essential driving force behind 'Our Manchester'. A refreshed People Strategy is currently being developed, informed by the 'BHeard' Survey, and feedback from staff through a range of activities, including the 'Listening in Action' events. The strategy will set out a clear ambition for how the Council ensures all staff are inspired, connected and empowered to work in different ways through the 'Our Manchester' behaviours. This draft Strategy for 'Our People' was discussed with senior managers across the Council at an event in late September and is now being refined through further discussions with staff across the organisation. The Strategy will be supported by a range of action plans which set out the key activities which will be delivered to achieve its vision.
- 2.19 The 'BHeard' Survey was repeated in October 2016 with all staff invited to participate. The results will be available in early 2017, and will provide a refreshed baseline of organisational engagement levels. This will be used to update the organisation's action plan for employee engagement and inform the final People Strategy.
- 2.20 Work is also underway to review how staff access learning and development opportunities to promote increased direct access for all staff where relevant from the beginning of the new financial year whilst continuing to ensure effective strategic workforce planning.

Action 2.1: 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.

- 3.1 The Corporate Core Directorate continues to transform and improve the customer experience in line with the 'Our Manchester' principles and approach. The work to review and streamline processes is ongoing, however some improvements that have been delivered during this period include streamlined and online processes for requesting a staffing resource, which cut across both Human Resource and Finance processes. The revised approach means the responsibility and ownership sits with the recruiting manager, whose request for a staffing resources is now processed via an online application. It should be noted that the pace of change does have some dependencies on technology improvements.
- 3.2 A new people strategy for the organisation, Our People, is currently in development. This will be a core part of the Our Manchester approach articulating how the organisation will need to change to make Our Manchester

a reality. There is a significant amount of engagement underway in relation to this to ensure internal and external stakeholders have an opportunity to influence and contribute. This will continue into the future as work progresses on the Strategy's delivery, with a particular focus on using staff feedback to inform actions. The strategy for Our People will underpin the Our Manchester behaviours with work towards its ambition to ensure our people are inspired, connected and empowered in making these behaviours 'the way we do things'.

- 3.3 As part of the budget options for the next three years, and in line with the lean systems approach the HR improvement journey, and Finance lean review further improvements will be delivered from an efficiency and customer perspective. More detail is contained in the 10 November 2016 "Budget Savings Options" report to Resources and Governance Scrutiny Committee.

Action 2.2: Reviewing commissioning processes to ensure the right skills and expertise are available within the Council and across its partners.

- 3.4 A Council and NHS Joint Commissioning Executive has been established, that combines the collective commissioning experience and expertise available in Manchester to drive forward the transformation plans for health and social care in Manchester. Established in June 2016 and meeting weekly, the Joint Commissioning Executive includes the Director of Adults Social Services, Director of Public Health and senior finance colleagues, plus the Joint Director, Health and Social Care Integration.
- 3.5 In line with the intentions set out in Manchester's Locality Plan, there is agreement to create a single health and social care commissioning function for Manchester. Specific proposals informed by options appraisal undertaken by external consultants, examining good practice, wide range of stakeholder views and the aims and ambitions for Manchester. The options appraisal also identified the need for some existing commissioning functions to transfer into the proposed Local Care Organisation – ensuring appropriate redesign, contract management and commissioning capacity.
- 3.6 The Health and Wellbeing Board received an update report on the creation of a single commissioning function at its meeting of 2 November 2016.
- 3.7 A Council Integrated Commissioning Group has been established which examines the future role of commissioning within the Council and wider system, recognising the changing health and social care commissioning landscape, and the wider public sector reform agenda. A Head of Integrated Commissioning and an Interim Head of Strategic Commissioning have also been appointed to add capacity and capability.
- 3.8 The Council participates in a Greater Manchester Commissioning Academy, a joint North West Employers and HM Cabinet Office programme to help deliver a new wave of expert Commissioners to deliver on the promises of devolution where all partners in Greater Manchester (GM) need to find new ways of working together.

- 3.9 Social care commissioners have also commenced a process to refresh and revalidate operational Quality, Performance and Compliance (QPC) processes, covering residential, nursing and homecare commissioned services across all cohort groups and incorporating Care Quality Commission (CQC), Care Act and other regulatory and compliance requirements.
- 3.10 The single health and social care function will be formally established on 1 April 2017. A programme management approach has been adopted to the creation of the function and a steering group established to oversee the development and delivery of implementation plans.
- 3.11 Key to the creation of the function will be clear governance and accountability arrangements that ensure the Council and CCG are assured of the economy, efficiency and effectiveness of commissioned services and that their statutory duties are met where functions are being undertaken by commissioned services. These governance arrangements will be specified in a detailed partnership agreement between the Council and CCG.
- 3.12 Whilst the function will be formally established on this date, it will continue to develop and mature over the medium term. The QPC refresh and revalidation process will conclude during quarter three of 2016/17 and will inform future practice and collaboration with the CCG's own quality and performance arrangements.
- 3.13 The partnership agreement, which will be the cornerstone of the governance and accountability arrangements, underpins the structure, systems and processes to enable the Council to be assured of the quality and value for money of the services that the single commissioning function commissions on its behalf and that the Council's statutory functions are being met.
- 3.14 It will support improved outcomes for local people and enable the effective implementation of the Our Manchester Strategy, as the function's commissioning strategy and approach to commissioning will have Our Manchester at its heart.

Action 3: Continued improvement of Children's Services and preparation for Ofsted re-inspection.

- 4.1 Since the inspection the Council has demonstrated its commitment and focus to delivering the changes and improvements required by providing the resources to increase the baseline number of social workers in the Locality and Permanency teams. The additional funding for Children's Services has delivered an increased social work capacity to improve the quality of practice and care planning for children.
- 4.2 The new senior leadership team have significantly increased the depth and pace of improvement within the service as evidenced by the recent Ofsted Monitoring Visit in September 2016, the Review visit by the Department for Education (DfE) in October 2016, and the independent Improvement Board to

the Secretary of State in October 2016. The pace of improvement will be maintained through the delivery of the Single Service Plan priorities;

- Address high caseloads by implementing manageable workloads through increased productivity and extra frontline social work posts.
- Embed a comprehensive performance and practice management system to strengthen management grip.
- Improve the quality of social work practice through further training, improved supervision as evidenced through better compliance with the Quality Assurance Framework.
- Improve the quality and accuracy of data management.

4.3 From a governance perspective, there have been a number of important developments:

- The service has a permanent, experienced senior team in place
- It is working to a Single Service Plan, with clear priorities centred around four pillars for improvement
- A comprehensive performance management framework has been introduced with key performance measures monitored on a weekly and monthly basis, coupled with solution focused performance meetings to drive continuous improvement.
- A new Quality Assurance framework is in place promoting positive practice, and embedding quality of practice improvements in learning and development for staff.
- Middle and frontline managers are being supported with sustained training and development opportunities, supported by the City's Improvement Partner Leeds City Council, to enhance their effectiveness in driving improvement in their teams.
- Governance arrangements have been tightened and in some cases streamlined to ensure clarity of accountability. The Corporate Parenting Panel and Children's Board, for example, have refreshed their terms of reference, clarifying their role. The Improvement Board continues to monitor the City's progress against improvement, supported by an improved monthly Performance Tracker.
- The City has a refreshed Children and Young People's Plan ('Our Manchester, Our Children') designed to provide a golden thread between the 'Our Manchester' strategy and approach and the City's work with children and families on the ground.

4.4 The improvements made to date lay the foundation for sustained improvement and have built a sense of confidence within the Council and with key partners. The senior leadership team is now using a quarterly self-assessment process to provide a 'snap shot' of evidence summarising improvement work being undertaken as part of the improvement journey to becoming a children's service judged by Ofsted to be 'good'. The document outlines work completed to date and will summarise progress against the current Ofsted framework and evaluation schedule for the inspections of services for children. The self-assessment is drawn from a number of data and evidence sources which include;

- Council monthly performance data.
 - QA outcomes from practice audits (monthly) & internal audit reports
 - Evidence files collated as part of the Ofsted inspection framework
 - Monthly Improvement Board Tracker performance data
 - Service analysis related to Demand and Capacity within the service
 - External scrutiny such as Ofsted monitoring visits, DfE reviews and Peer Reviews
- 4.5 The self-assessment is used as a management tool to benchmark and measure progress on the improvement journey, and to provide a transparent and evidenced opinion on how well the service is progressing towards its goal of being rated 'good'. The senior leadership team will continue to use the self-assessment approach to inform the Single Service Plan and ensure that improvement activity is appropriately prioritised and risk assessed. Work will continue to focus on these themes with managers to sustain the progress.
- 4.6 The self-assessment process, Ofsted, DfE feedback, and Improvement Board reports to the Minister provide evidence that progress continues to be made leading to children at risk of harm and looked after children (LAC) being safeguarded, and their welfare being promoted effectively. There is evidence of improvement across the service. This includes the successful recruitment of social workers and the continued reduction in the average number of cases per social worker. The service has seen an average reduction to 22 cases per social worker in August 2016. Following the impact of the new social worker recruitment, it is estimated that the average caseloads will reduce further to 18 per social worker by the end of the year.
- 4.7 Performance indicators across the service now provide evidence that the service is making significant improvements. The quality and consistency of information and data held on the electronic case records continues to improve and statutory returns have provided more accurate data for the service to be planned and resourced. Improvements in the timeliness and accuracy of recording on the MiCARE electronic social care record system is demonstrated by the Internal Audit report completed in August 2016.
- 4.8 The reports from MiCARE are now being used to inform management action and focus improvements on specific areas of social work practice. Progress has been made to improve the quality of safeguarding within Manchester and all children subject to a child protection plan are now allocated to an appropriately qualified and experienced social worker. Referral and early help systems have been improved, and a fully functioning Multi-Agency Safeguarding Hub (MASH) system is in place. The timeliness of assessments and referrals has improved overall but is also a challenge.
- 4.9 The numbers of LAC continue to fall and improved processes related to the Public Law Outline ¹will contribute to further reductions in the numbers as

¹ The Public Law Outline (PLO) introduced in 2008 and revised in 2014 replaced previous protocols for managing care cases and revised statutory guidance to assist local authorities in preparing applications. Together they aimed to reduce unnecessary delay and put the child at the heart of care proceedings by promoting better co-operation between all the parties involved.

permanent outcomes for LAC increase. This includes positive outcomes related to adoption, where targets have continued to be met. This has resulted in the position of the Council against other Councils in DfE published Statistical First Release tables improving from a place of 112 in 2014/15, to a much improved ranking of 42 in 2015/16.

Action 4: 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.

5.1 The Council has undertaken a wide range of activities and maintained and developed relationships in support of this action:

- Continued strategic engagement with the school system through the Strategic Education Partnership Board.
- Further developed role of the Manchester Schools' Alliance (of which the Council is a member), with all major headteacher groups now incorporated into the Alliance which continues to report to the Strategic Education Partnership Board on its programme to support developing practice across all types of school.
- Sustained quality assurance relationship with the vast majority of schools in the City, including academies and free schools, to provide the Council with a knowledge of schools and to provide the basis of relationships through which the role of schools has continued to develop.
- Increased engagement of schools in Early Help through pilot activity and the rollout of Early Help networks.
- Considerable direct activity with schools in support of meeting the need for additional places, including local schools and multi academy trusts agreeing to develop free school proposals in response to Council requests.
- Work with the DfE's Regional Schools Commissioner and other parts of the DfE to place the Council at the heart of discussions about performance, capacity and growth in academy and free schools in the City.

5.2 All of the activities noted above will continue, and the task of maintaining a strategic leadership role is unlikely to be considered completed in the current context of further policy announcements.

Action 5: Supporting the integration of health and social care by ensuring effective governance of integrated teams and commissioning of services.

6.1 Since the update in the AGS 2015/16, further steps have been taken to strengthen the governance arrangements supporting the integration programme for health and social care and implementation of the Locality Plan. Since June 2016 a Joint Commissioning Executive has been meeting on a weekly basis, comprising senior commissioning executives and finance support leads from the three Manchester Clinical Commissioning Groups (CCGs) and the Council. The Director of Adult Social Care, Director of Public Health and Joint Director for Health and Social Care Integration are included in this.

- 6.2 In addition there is a weekly Provider and Commissioner Board, on which the Director of Adults Social Care represents the Council. This Board is the key forum for driving the commissioning and delivery of the integrated neighbourhood teams and the development of the Local Care Organisation.
- 6.3 Finally and more recently, the Manchester Transformation Fund Accountability Board has been established. This Board oversees the development of investment requests to Greater Manchester (GM) and provides whole system assurance for the deployment of investment monies and the delivery of the Locality Plan objectives. Amended governance arrangements were recently approved at the Health and Wellbeing Board on 1 November 2016.
- 6.4 The developments outlined above will establish coherence in the commissioning and delivery of health and care services in Manchester. The developments will result in the reduction from eight statutory health and care organisations to four. This approach will enable:
- Optimising of the resources available for health and care;
 - Coherence in commissioning and delivery of services;
 - Reduction in variation of services provided;
 - Standardisation in the delivery of services.
- 6.5 Ultimately the ambition is that as a consequence of such coherence, and the more effective deployment of the combined resources available, health and care interventions can be more effectively targeted to need, with a stronger emphasis upon prevention and self-care. More services will be provided in the community in a joined up way, reducing the need to recourse to costly and reactive acute services including residential and nursing care. Health and care outcomes will be improved and the health and care economy will become financially sustainable.
- 6.6 Governance arrangements will be kept under review as the pace of implementing the Locality Plan develops. Key pending developments in 2017 will be:
- The establishment of the Single Hospital Trust with the first stage merger of Central Manchester Foundation Trust and University Hospitals South Manchester in 2017;
 - The procurement of services to be delivered through a Local Care Organisation;
 - The establishment of a single Clinical Commissioning Group for Manchester, with a strong partnership with the Council, to deliver the single commissioning function for health and care service from April 2017.

Action 6: Improving the resilience of ICT systems, and the Council's arrangements for disaster recovery

- 7.1 The Council recognises the importance of putting in place more robust arrangements for Disaster Recovery (DR). This will mitigate the risk to the organisation that major incidents could potentially result in an inability to

provide critical services to residents, customers, partners and key stakeholders. There is currently no multi-site DR facility in place for any of the Council's main business applications, some of which are required to provide key services, for example SAP, MiCare, Academy, CRM, and Paris.

7.2 A detailed report explaining progress made to date and further planned improvement was taken to 6 October 2016 Audit Committee, and a brief summary is included in this report.

7.3 In May 2016, ICT reported to the Resources and Governance Scrutiny Committee on the extent of the Council's reliance on the Sharp data centre. In that situation, the Council did not have a backup facility to restore services, and an outage which spanned between 12 and 36 hours for the restoration of key Council services followed. The learning from this incident has informed the development of the current ICT Resilience and Disaster Recovery Strategy. Work to address can be summarised under four categories, which are outlined below.

1. Strengthening Resilience

7.4 Progress is being made across a number of areas which will strengthen the resilience of Council systems. Examples include;

- Removing single points of failure in "Traveller", the service by which members and officers receive emails and calendar notifications on mobile devices, and "Paris", the Council's system for receiving incoming payments.
- Preparing to move from Lotus Notes email to Google For Work. This new technology will provide a more resilient email platform. It also drastically reduces dependency on the Sharp Data Centre for email, as the system is externally hosted.
- The Council's Citrix platform, which staff use to access software, is being upgraded. The project is due to complete in December 2016. This will bring a number of benefits, including reduced cost, improved performance and greater stability.

2. Business Continuity

7.5 Risk and Resilience staff have supported the ICT service in reviewing and updating its Business Continuity plan, and assuring that associated documentation is in place for all ICT teams.

7.6 In September 2016 ICT successfully tested a controlled power shut down of all the systems within Town Hall Extension (e.g. CCTV, door system and all library systems) and brought them back online in line with planned timescales and expectations. This was a positive validation of the effectiveness of plans in this area.

7.7 ICT are reviewing the service level agreements in place with all critical applications used within the Directorates. ICT is also agreeing with the Directorates the relative priority of these critical applications as to what order

they should be brought back up to service. This scoping work will inform the design of the required DR solution.

3. Disaster Recovery

7.8 Key recent developments relating to delivering a DR solution include;

- £900k of funding has been secured to undertake the required programme of work.
- Over the past four months the Council has worked with two of its major suppliers, and cloud service providers, to assess which software is suitable to be moved off Council hosted ICT platforms.
- Site surveys are currently being undertaken to assess suitability of locations. Once a location has been selected there will be a series of activities undertaken to provide appropriate recovery and high availability services.

4. Forward Plan

7.9 The Council has been working to remedy the issues at the Sharp data centre. The project is currently on target for timescales and budget, with completion anticipated by March 2017. The work which has taken place and is still to be carried out is as follows;

- A room has been constructed to house the extra equipment required which will prevent overheating and provide an uninterruptable power supply (UPS), thus preventing outage due to incidents similar to December 2015.
- Further basic work is required in this area before moving the UPS into this housing. This will be done at the lowest cost possible.

Action 7: 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.

8.1 Although the position regarding the EU General Data Protection Regulation (GDPR) is not wholly clear following the Brexit decision, it looks increasingly likely that the Council will have to comply with the GDPR by May 2018.

8.2 To prepare for this, work is commencing with Association of Greater Manchester Authorities (AGMA) colleagues to carry out a gap analysis in respect of actions required to ensure compliance and to identify the areas where the Council can work together to share and cascade any quick wins in terms of improving accountability, procedures and processes. Work has also begun to raise GDPR awareness in Council departments requirements with ICT colleagues to ensure these needs are considered when ICT systems are being commissioned, upgraded and developed.

- 8.3 Key risk areas include continued uncertainty about GDPR post Brexit and ensuring adequate resourcing and systems are in place to achieve successful implementation.
- 8.4 Work to improve speed of response to Freedom of Information and Subject Access Requests is continuing to be led by Departmental Senior Information Risk Owners, supported by Strategic Directors and Heads of Service. Reports on performance are considered at each meeting of the Corporate Information Assurance Risk Group.
- 8.5 GDPR implementation will be a long term project. As first stage AGMA colleagues anticipate providing a position statement to AGMA Chief Legal Officers by January 2017 outlining the preparatory work needed across Greater Manchester Authorities and how best this should be progressed.

Action 8.1: Changes to the local government finance system

- 9.1 The government has committed to delivering 100% Business Rates retention for local authorities by the end of this Parliament. The approach will be piloted in a number of areas including Greater Manchester and Liverpool City Region.
- 9.2 Local councils in England will have control of around £12.5billion of business rates revenue. To ensure this is fiscally neutral, councils will gain new responsibilities and some specific grants which are currently funded through the new business rates central share will be funded through the local share instead.
- 9.3 The move to 100% retention does not represent additional funding for local government. The business rates baseline ('tariffs and top-ups') will be reworked to ensure that authorities that are more deprived or with less capacity to raise business rates do not suffer at the start of the new arrangements.
- 9.4 Greater Manchester is aiming to pilot 100% business rates retention from 1 April 2017. Work with DCLG is ongoing to ensure that the practical arrangements are in place. This includes agreeing how 'no detriment' will be calculated to ensure that the authority will be no worse off than under the current arrangements. Discussions have also taken place with DCLG on which functions should transfer during the pilot period.
- 9.5 There has been assurance that authorities will be no worse off as a result of taking part in the pilot. For GM this will include covering the loss of any extra revenue generated from the current pilot (100% retention of additional business rates growth) and the business rates pool. The pilots will help to develop the mechanisms that will be needed to manage risk and reward. The approach will include financing new responsibilities and/or existing funding streams from additional business rates at district or regional level.

- 9.6 The Council has also responded to government consultations on the Business Rates Retention Scheme, the fairer funding review and the Local Government Finance Technical paper.
- 9.7 Draft regulations for the 100% pilot scheme are to be finalised. These will be reviewed by the Council once released. Discussions on the business rates retention pilots (100% growth retention from April 2015 and 100% retention from April 2017) are likely to be ongoing for some months. The outcomes of the business rates consultations will be reviewed when published.

Action 8.2: Development of longer term financial planning

- 9.8 The Council has taken up the Government offer of a four-year funding settlement to 2019/20, this will provide minimum allocations for each year of the Spending Review period.
- 9.9 The opportunity to develop a multi-year budget gives greater assurance about how to invest the revenue budgets more effectively for longer term benefits, and to plan service change.
- 9.10 The priorities for the City are set out in Our Manchester Strategy. This sets the planning framework for the Council and how it works with residents, stakeholders and partners. To deliver the changed relationships alongside the ambition for the City requires a different approach, including to how decisions about the planning and allocation of resources are made.
- 9.11 The development of the Strategic Narrative and the Medium Term Financial Plan including the Capital Strategy stem from these priorities and the change approach set out in Our Manchester Strategy. To support the four year minimum funding settlement, the Council has also published an Efficiency Plan for the period 2016/17 to 2019/20.
- 9.12 Scrutiny Committees have a critical role to play in considering the options for services and functions within their remit and supporting information, and recommending which of these options the Committee believes should or should not form part of the Executive's draft budget proposals. These recommendations must take into account the legal requirement for the Council to set a balanced budget and to achieve reductions of circa £40m-£75m over the three year period, with further clarity regarding savings to be achieved following publication of the autumn statement and financial settlement in late 2016. Consequently, and to ensure consistency of approach across all six scrutiny Committees, members were requested to identify from the options provided two categories of saving:
- A: Options which should only be considered by the Executive if the overall level of savings required exceeds £40m
- B: Options which should only be considered by the Executive if the level of savings required means that all options have to be taken forward, and no alternative savings can be found.

- 9.13 Officers within each service directorate of the Council have developed a range of savings options to meet the budget gap, which include efficiencies and improvement options as well as savings which can only be achieved through service reductions. The development of these options has been informed by the budget conversation – our approach to engaging with the City’s residents, business and partners in the task of setting a balanced budget. The options put forward by each Directorate total c£58m. These have initially been considered by the six Overview and Scrutiny Committees who will scrutinise and review the budget options put forward by officers and make recommendations to the Executive about which they believe should be taken forward to deliver the savings required. This will subsequently be informed by the Autumn Statement 2016, which is due to be presented to Parliament on 23 November; and ultimately the Local Government Finance Settlement which is expected to be published in December and will set out the resources available to the Council.
- 9.14 The Executive will consider comments and feedback received as part of the Budget Consultation and recommendations made by the Scrutiny Committees and a further analysis of the Council’s financial position will be undertaken after the release of the Government’s Autumn Statement and publication of the Local Government Finance Settlement (normally received in mid to late December). This, alongside further work including that to determine the Council’s business rates and council tax base, will provide clarity on the resources available and savings the Council needs to achieve over the three year budget period.
- 9.15 The Executive will then agree its final draft budget proposals at its meeting on 11 January 2017. Feedback on these proposals will be captured through the budget consultation process and they will also be scrutinised by each of the six Scrutiny Committees at their meetings on 31 January - 2 February. The recommendations from the Scrutiny meetings will be submitted to Executive when it agrees final budget proposals on 8 February. The Resources and Governance Overview and Scrutiny Committee will then consider the results of the budget consultation on 20 February before Council sets the budget on 3 March.
- 9.16 There is a robust process in place around financial management and monitoring and measurement of outcomes .The scrutiny and reporting procedures in place ensure available resources are used wisely and the four year minimum funding guarantee provides the certainty required to facilitate longer term planning and, delivery of savings and resilience against financial risk.
- 9.17 The Council must operate as a “going concern” and to do so it must ensure that it is financially resilient and can continue to fund, and carry out, its day to day activities. To this end the Council must ensure that:
- Its Medium Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets;

- It has the appropriate levels of reserves and that it closely monitors its liquidity to underpin its financial resilience.
- It continues to provide support to members and officers responsible for managing budgets;
- Its savings plans are clearly communicated and link to specific policy decisions, with the impact on service provision clearly articulated;
- It continues to meet its statutory duties;
- It prepares its annual statement of accounts in an accurate and timely manner; and
- Governance processes are robust and support effective decision making.

9.18 To support the production of the budget the Council will risk rate all savings options and subsequent proposals in terms of deliverability and impact. Each Directorate will maintain their own monitoring arrangements alongside the corporate assurance process. A regular and detailed savings tracker is reported through to the Strategic Management Team on a regular basis as part of the overall monitoring process.

9.19 Overview and Scrutiny Committees will consider the budget options and subsequent proposals; and their delivery. Resources and Governance Scrutiny Committee will consider the overall budget position, options and proposals, receive comments from other scrutiny committees and consider the responses to the budget consultation.

Action 8.3: Delivery of continued significant savings.

9.20 The 2016/17 approved budget included £27.1m of new savings proposals. 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 are provided to SMT Business Planning and Transformation monthly. In addition any issues are reported to the Strategic Management Team and Executive throughout the year as part of the budget monitoring process.

9.21 As at the end of September delivery of 82% of the savings is assessed to be low or medium risk. Within this position there are savings that were not achieved as originally planned however these were mitigated by savings elsewhere. Areas of high risk are being considered as part of the 2017/18 budget setting process.

9.22 The delivery of 2016/17 savings will continue to be monitored for the remainder of the financial year and remedial action taken where necessary.

Action 9: Embedding an effective risk management approach across services.

10.1 The strategic approach to risk management and business continuity has always been to set annual work programmes that support the development of organisational risk maturity to a level where it is embedded as a core managerial competency across all Council services. Within this model, the

specific focus has shifted year on year based on an assessment of the most immediate area of need as risk competency and literacy mature.

- 10.2 Over the last few years the corporate risk and resilience team has focused on providing named risk officer support to each directorate in order to provide bespoke support to the risk management work programmes that aim to support the delivery of the directorate business plan. The rationale for this has been to enable managers to develop knowledge and practical experience in using the corporate risk management methodology; this approach has been supported by provision of training, facilitation and consultancy.
- 10.3 During 2016, analysis of risk maturity within directorates has led to a change in strategic approach. Instead of aligning corporate risk resources directly to Directorate Management Teams, they have been focused instead on provision of direct support to key, cross cutting corporate priorities. This does not mean that support to directorates has ceased, rather it means that it is more specifically focused at cross cutting workstreams that are delivered from within the directorate management structures.
- 10.4 Three main thematic areas have been identified for support:
- ICT risk governance and business continuity preparedness;
 - Work Area Recovery (planning alternative accommodation arrangements to ensure business continuity, in the event of a disruption to a Council building);
 - Risk and Business Continuity Management within schools.
- 10.5 In addition, further resource has been focused on the development of the governance framework within the Greater Manchester Combined Authority and the development of internal management structures required to support the establishment of effective governance and assurance framework.
- 10.6 The Corporate Risk and Resilience Team are now working within a targeted annual workplan that focuses resource on developing risk literacy against these nominated themes. This model, based on corporate needs analysis will continue to be delivered as part of an annual rolling programme of published corporate priorities.
- 10.7 This approach has been implemented as the strategic methodology because it provides an opportunity to change focus of resource in a way that empowers directorates to deliver their own risk management work programmes; this recognised that the level of risk maturity had developed to a degree where this was the preferred model for risk assessment, management and assurance. Focusing the majority of the corporate risk resource on cross cutting priorities optimises the impact of the strategic risk work programme, which is being delivered within a measurable and quantifiable work programme.
- 10.8 The new working model has been fully established and all work programmes are proceeding in line with milestones. However, an overall review of the effectiveness of both the strategic approach and of the delivery of risk and

business continuity priorities will be required before entering into a further round of annual priority setting, and design of the supporting annual work programme. This work will be completed in February or March 2017.

Action 10: Communication of policies and procedures such as Whistle Blowing, Anti-Fraud and Corruption and the Code of Conduct for Employees.

- 11.1 The Internal Audit Plan for 2016/17, as approved by Audit Committee on 14 July 2016, included an allocation of days for communications and publicity following the review and refresh of the anti-fraud policy and procedures, including whistleblowing. The plan also included time for the delivery of training and workshops to increase awareness of fraud and irregularity and help to embed the Council's anti-fraud culture.
- 11.2 The revised Whistleblowing Policy and Procedure document has been approved by both Audit and Standards Committee and is available on both the Council's internet and intranet sites. The content of this has been used to develop a Model Whistleblowing Policy for Maintained Schools which is now accessible via the schools hub. Similarly the Anti-Money Laundering Policy and Procedure has recently been refreshed and updated and is currently in draft format, being reviewed by management and legal services.
- 11.3 Communications and training in relation to these key anti-fraud and corruption documents needs to be undertaken in the period to year end to ensure staff are aware of the legislative requirements in relation to these areas and the existence of the Council's policies and procedures to help ensure compliance.
- 11.4 Once finalised and approved the revised and updated Anti Money Laundering Policy and Procedure will be made available on the internet and intranet pages and a briefing issued to staff. The Anti-Bribery Policy and Procedure document has not yet been updated, however it is anticipated that progress with this will be made before year end.
- 11.5 In the period to March 2017 work is to be undertaken to refresh communications and publicity around the anti-fraud and corruption policies. As well as staff briefings, this will take into consideration previous activities such as poster campaigns which have previously been undertaken in relation to these areas prior to April 2015.
- 11.6 Training and workshops on anti-fraud and corruption, including whistleblowing and anti-money laundering will be developed and delivered to areas of the business. This will be focused on areas of high risk and will take into consideration previous events and activities undertaken prior to April 2015.
- 11.7 As part of the HROD review, key considerations include how the Council more effectively communicates its policies, including the Code of Conduct for Employees, and how it ensures systems for transactions are as streamlined and easy to follow as possible for managers and staff. For example work is being carried out to make the intranet more user friendly, to improve

engagement with and communication of policies which are accessed via the intranet.

Action 11.1: Continuing to ensure robust governance and delivery of Capital Programmes

- 12.1 Following a restructure in June 2016, the Capital Programmes and Property functions have been separated with Capital Programmes now reporting to the City Treasurer. The structures within Capital programmes have been re-profiled to reflect both this change and the way the projects are delivered within the service. The new senior structure for the service has been approved at Personnel Committee and the recruitment to the Director of Capital Programmes and Procurement post is progressing.
- 12.2 The City Treasurer commissioned an internal review of delivery arrangements and a new target operating model has been developed to ensure successful delivery of the strategic objectives of the service. This review in the context of the Capital Strategy will inform the size of the delivery function required, to ensure the correct resources are in place to deliver the programmes of work and provide best value to the Council.
- 12.3 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. This Board is replicated in the Leisure Board, Corporate Property Board, Public Realm Board and Heritage Board.
- 12.4 Whilst significant progress has been made in terms of accountability, governance, reporting and data analysis through the business plans, resource modelling, the Development Management Framework and the financial plan, the priority to develop the Capital Programme and Procurement function, to develop a wide range of skills to deliver high quality services is paramount.
- 12.5 The service model will be based around a core permanent workforce supplemented by a flexible workforce aligned to specific projects and programmes. This approach will enable specific technical skills to be drawn in when these are either not present in the permanent workforce or are only required for time limited pieces of work and therefore a permanent engagement or development would not represent value for money.
- 12.6 Work is progressing to re-procure major contracts for the service including:
 - New Construction Property and Professional Services (CAPPS) framework to replace the Engineering Professional Services (EPS) framework.
 - A review of the requirement for a framework for securing Strategic Partners.
 - Replacement of the arrangements with Manchester Working joint venture into two distinct frameworks.

12.7 A new Performance Board has been introduced to progress the work, chaired by the Interim Head of Capital Programmes. The immediate focus is on strengthening governance and accountability and improving arrangements for the support, management and development of the workforce.

12.8 Work on governance and accountability will include:

- The inclusion of an internal programme management function within the structure, building on the Council's previous investment in the Development Management Framework designed to provide detailed project reporting.
- Improving the Capital Gateway process which is being reviewed in line with the work to develop the Capital Strategy, to ensure that proposals not only meet the Council's corporate, strategic and spatial objectives but have the resources to ensure that agreed project priorities are capable of developing the scheme to investment decision stage.
- A new charging model is to be introduced to ensure transparency and enable an annual review of how fees are calculated.
- Strengthening procedures for the recruitment of consultants to ensure that value for money is achieved.

Action 11.2: Continuing to ensure robust governance and delivery of the Operational Property Estate.

12.9 As previously reported, an Estates Board (EB) consisting of SMT Members (with the exception of the Chief Executive) was established and held its first meeting in August 2015 and has met on a regular basis since then. Subsequently an Executive Member Estates Board has been established to provide full visibility and oversight and take strategic decisions concerning all Estates activity and related issues, this includes:

- Estates Asset Management
- Estates Transformation and Rationalisation
- Facilities Management

12.10 Steering Groups have been set up covering these three areas of work. The Estates Board continue to meet at regular six weekly intervals, with papers then progressing to Executive Member Estates Board. EB and Executive Member EB are now well established and are providing a strong governance arrangement for all Estates related activity. In the past year the group have seen a wider engagement with the Health and Social Care reform agenda and the impacts of that reform activity on the Council's operational portfolio.

12.11 The governance arrangements have overseen and provided decision making and direction over the progression of Phase 1 of the Estates Transformation Programme. This seeks to rationalise Wenlock Way offices and exercise the break clause on a leased office in Chorlton. This Phase has involved the moving of teams out of Wenlock Way and into other Council buildings. Activity has included:

- The refurbishment of the Bold Street office to create a new, fit for purpose Safeguarding facility
 - The fit out of Etrop Court to accommodate teams from Wenlock Way
 - The installation of 184 new desk places in the Town Hall Extension
 - The move of the Legal team from the Town Hall into Peter House to support the decant of the building in preparation for the planned refurbishment programme.
- 12.12 In total 26 planned moves have seen 1,600 employees relocated, with the Estates Team working weekends and collaborating with colleagues to ensure minimum disruption to Service Delivery teams.
- 12.13 A five year strategy has been requested, reviewed and approved by Executive Member Estates Board and planning work is now commencing around Phase 2 of the Estates Transformation programme, to commence once Wenlock Way has been emptied and handed over.
- 12.14 A Council wide restructure in June 2016 saw the Facilities Management service move to a new Corporate Estates Team located in the Strategic Development Directorate.
- 12.15 The services are reviewing structures with a view to re-shaping the new service area to reflect a joined up approach to the delivery of Estates and Facilities activity.
- 12.16 The Estates Asset Management Steering Group has completed its first year of a new approach to a planned and programmed approach to a proactively managed and maintained operational estate. This has largely run smoothly, with closer working between colleagues in Finance, Estates, Facilities Management and Capital Programmes.
- 12.17 The governance arrangements relating to approval of the new Estates Asset Management programme have worked smoothly, providing senior leaders and Executive Members with visibility around requested changes to spend (using slippage to smooth resource and spend).
- 12.18 The new approach is also supporting colleagues in Capital Programmes to be able to plan their resource and contract and supplier management arrangements as the programme is created in quarter three 2016/17. The group have ensured that the 2016/17 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.
- 12.19 The final Stock Condition Surveys are due to be returned by November 2016, and the information provided from these surveys is being used to inform the 2017/18 Estates Asset Management programme.

- 12.20 Much work has been undertaken to ensure that the Council is compliant and discharging statutory obligations and that best practice is embedded in how it delivers these services and functions.
- 12.21 Work continues to take place in respect of operational estate requirements for health and social care reform and the One Public Estate agenda.
- 12.22 Work has also commenced to ensure that future estates activities are recorded and records maintained within the corporate property management system. Work is ongoing to ensure the system can accept data from hand held devices from people working in the field to have real time updating of the system records.
- 12.23 Further work will be undertaken during 2017/18 to develop usage of CPAD, the corporate property management system, to support real time updating of records by staff and contractors. In addition, work will be carried out which will ensure that the data held in the property management system can be used to undertake financial modelling and resource modelling for Estates Asset Management programmes in future years.

Action 11.3: Continuing to ensure robust governance and delivery of Highways.

- 12.24 An interim Director of Highways was recruited in April 2016 to lead a transformation of the Highways service to improve Highways operations in particular the Capital Program and Reactive maintenance areas that have experienced difficulties in recent times. The Director of Commercial Services has also now moved across to work with the Interim Director on the transformation alongside delivery of Commercial Projects.
- 12.25 The Highways Capital team recently worked alongside the audit team to assess the processes and governance in place to oversee Highways projects, and a number of recommendations have been adopted to ensure compliance and effective control of projects whilst the transformation takes place. Robust governance is a critical key theme for the transformation project. A Strategic Highways Board has now been initiated to oversee the transformation and this is chaired weekly by the Chief Executive and includes representatives from Finance, Growth and Neighbourhoods, City Policy and Regeneration.
- 12.26 The Highways reactive maintenance team have also adopted a number of recommendations relating to pot hole and patch repairs that came out of the recent audit report which the service requested to assist them in their improvement project. Key operational improvements that have already been introduced are:
- Resource allocated to introduce greater scrutiny of quality of repairs and invoices received;
 - Rejection of any invoices where any “additional work” is claimed unless previously agreed by Council officers;

- Highways inspectors now spray paint or chalk areas for repair so they can be easily identified by the works gangs;
- An additional Clerk of Works has been appointed to allow Manchester Contracts to check a defined sample of sub-contractors works (10%) and Highway Neighbourhood Managers to carry out checks on a sample of completed works, that provides the Council with clarity over the quality of repair that is expected, including edge sealing and over-banding.
- All instances where “enhanced” Traffic Management is required are now specified by Highways inspectors or by prior agreement with Manchester Contracts;
- Highway Neighbourhood Managers are performing post-inspection checks of the information recorded by their Highways Inspectors;
- The sub-contractor (and Manchester Contracts are working towards this) now taking a photograph immediately before, during and after each repair so the works can be checked before any payment is made. This means that for the first time all works can be checked rather than just a random sample.
- Linked orders being investigated so that an initial emergency repair can be ordered and linked to a more permanent patched repair at a later date;
- A new hand-held device is being tested with better screen resolution and faster processing speed.
- The Council is also working towards integration of a new joint inspection and repair team and a new contract, to provide support to the service when repairing pot-holes will follow.

12.27 The Service transformation will take up to 18 months and will see the Structures, processes, governance and operations reviewed and reshaped to deliver a Highways service that is appropriately resourced and organised for a growing dynamic City. A range of controls will remain in place over the next 12-18 months to give assurance that the Council is protected and compliant after which the new structures and governance processes will have been embedded.

3. Next steps in the production of the 2016/17 AGS

- 13.1 A further update on progress made addressing the governance challenges detailed in this report, up to the end of the financial year, will be given in the full Annual Governance Statement 2016/17 document.
- 13.2 The Council will also undertake forward planning to consider what challenges will need to be addressed in 2017/18. As part of this process, evidence from governance self-assessment information collated from services across the Council will be analysed to identify recurring governance challenges. An annual meeting of SMT lead officers will also be arranged where this analysis will be considered, and a list of the most significant governance challenges which the Council will need to address in 2017/18 will be itemised in the final section of the AGS 2016/17.

- 13.3 The draft Annual Governance Statement for 2016/17 will be submitted to Audit and Standards Committees in June 2017, prior to its inclusion with the Council's Annual Accounts.