

**Manchester City Council
Report for Information**

Report to: Audit Committee – 30 November 2017

Subject: 2017/18 Annual Governance Statement (AGS) –
Summary of Progress to Date

Report of: Deputy City Treasurer

Summary

This report sets out a brief summary of the progress that has been made to date in implementing the governance recommendations from the 2016/17 Annual Governance Statement (AGS). It also outlines the next steps in the process of producing the Annual Governance Statement 2017/18.

Recommendations

Audit Committee is asked to note and comment on the progress made to date to implement the governance improvement recommendations from the 2016/17 Annual Governance Statement.

Wards Affected:

Not Applicable

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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 business is conducted in accordance with the law and proper standards, and 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 whereby 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 governance challenges and seeking improvement in how functions are exercised.
- 1.3 As previously requested by Standards Committee a Strategic Management Team (SMT) Lead was identified for each of the 2016/17 AGS governance actions. Lead officers have provided an update on progress, risks and ongoing work to implement the governance actions.

Summary of Progress against required Governance Actions identified in the 2016/17 AGS

Action 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. A key element of this will be delivering the Council’s new people strategy; “Our People”.

- 2.1 The Our Manchester Approach is now part way through the first year of the Delivery Plan. This plan sets out the programme of activity for 2017/18 in embedding Our Manchester, recognising that the focus in 2016/17 was on the co-design and the development of the principles and behaviours.

Taking a Place Based Approach

- 2.2 The Place Based approach is about what Our Manchester looks like in a defined geographical area, and how we can use the strengths that exist within neighbourhoods to reduce demand for services. The aims of the place based approach are to:
 - Develop different ways of engaging communities, based on what matters to people, growth of community assets and co-designing solutions
 - Reduce demand and dependency on services
 - Support all workforces, services and members to implement and embed Our Manchester ways of working

A framework has been co-designed with partners to help guide activity through each of the three initial areas of Higher Blackley, Gorton and West Wythenshawe, in recognition that activities and outcomes will be different across each place. Current activity is being mapped against this with a forward plan in development for the next phase. A review of existing data has been undertaken to give a starting point for monitoring and evaluation. The co-design group that developed the framework will form part of the governance of place-based activity at a city-wide level.

- 2.3 An Our Manchester (OM) e-learning package has been developed by Southway Housing and the Council as part of South Place Group. This package sits alongside a skills-audit survey so that the Council can not only 'test' knowledge about OM but also understand what skills and the knowledge the wider workforce already have, and what they need to be able to work in an OM way. Alongside this, consideration is being given to the training and support offer that is required for OM.

Health and Social Care Our Manchester

- 2.4 The integration of Health and Social Care provides an opportunity to take a different approach to traditional models of delivery, giving people more independence and ownership to decide on what a package of care or a support offer should look like, providing better health and care and reducing demand on services, generally focussing on integrated community based support rather than requiring acute intervention. This is the single biggest transformation in a generation and will see integrated teams coming together, including the 12 Integrated Neighbourhoods Teams of the Local Care Organisation. The timing is crucial to support people to work in this way from the beginning rather than trying to embed at a later date.
- 2.5 To facilitate this, an Our Manchester (OM) Strategic Lead for Health and Social Care (Head of Collaboration and Engagement) has been recruited to put in place the organisational arrangements required to deliver the approach throughout the Local Care Organisation (LCO). The priorities would include informing the development of new models of care from 2017/18 onwards with OM principles, a stronger emphasis on prevention and enabling self-care, with people as active partners in their health and wellbeing, a strengths based approach to assessment that focuses on what matters to the person, and the development of and connection to assets in communities that support people's health and wellbeing.

Our Manchester Voluntary and Community Sector (VCS) Fund

- 2.6 The Our Manchester VCS fund launched in September following an extensive co-design process led by the sector, which aligned to the principles of the OM approach. The programme is designed to support an effective and resilient voluntary sector that can help with the achievement of the aims of the Our Manchester strategy. It was open to application to all voluntary and community sector organisations delivering in the city. This closed in October with groups due to be notified in December 2017 as to whether or not they have been successful in being awarded three years funding.

Our Manchester Investment Fund

- 2.7 This investment funding is a one-off fund until March 2020 to support the delivery of Our Manchester, and reduction of demands on public services through growth in our community assets. The fund seeks innovative ideas that align to the principles of Our Manchester and supports communities and residents by understanding what matters to them. The first round of funding has seen a number 'ideas' developed into applications and presented to panel in late September 2017. Ideas approved include Social First Responders which is about creating a sustained, deep routed engagement of local Manchester communities in emergency first response care as well as and alongside a social immediate response and supporting the social support of the elderly, frail and vulnerable within our communities.

The OM VCS and the Investment Funds will be jointly administrated to ensure there is no duplication and that fund are fairly distributed both geographically and thematically.

Measuring Our Manchester

- 2.8 As the OM approach, and the accompanying 12-month OM Delivery Plan is wide-ranging in nature, the evaluation and monitoring framework will need to comprise different elements, in order to appropriately reflect this diversity.

Three key elements are proposed:

- a high level monitoring dashboard enabling regular oversight of key metrics;
- a robust approach to capturing qualitative evidence, such as via the OM Residents Survey
- more detailed metrics and structured evaluations for specific initiatives undertaken as part of the OM approach.

- 2.9 Our Manchester will be integral to the performance framework, with Health and Social Care as part of the partnership arrangements.
- 2.10 The present focus is on implementation and getting OM off the ground as set out in the OM Delivery Plan. Key to monitoring and evaluation in this phase is establishing baseline measures (in order to subsequently monitor changes over time) and assessment of the initial activities being undertaken as part of the OM Delivery Plan, including how well residents, businesses and staff believe those activities are being delivered. Importantly, some of the key desired outputs and outcomes will only start to emerge in this phase. For example, what is important to communities, and what do they want to work together on to see changes that will support reduced demand on public services. Over time the City will look to embed the approach more widely and as it does, it provides the opportunity for then understanding the impact the approach is having.

Listening in Action

- 2.11 Listening in Action events give staff the opportunity to engage with senior leaders, Members and colleagues from across the organisation. At the events, staff can ask questions and understand more about the future direction of the Council, the Our Manchester Strategy, and what the 'behaviours' are that are expected of all staff. Each event is attended by The Leader and the Chief Executive. So far 21 sessions have taken place, with just under 20% of all Council staff having attended. The next round of events are taking place from October to December 2017 giving over 1,000 staff more staff the opportunity to participate. Alongside this plans are underway to develop a series of Listening in Action events for Manchester Health and Care Commissioning staff.

Our Manchester Experience

- 2.12 The Our Manchester Experience launched in October 2017. The first sessions will include around 700 Council staff, and a number of partners such as the Our Manchester Design and Delivery Group as well as multi-agency groups of front-line staff working in places such as Higher Blackley and Gorton. There has also been an extensive training programme for the 27 Our Manchester Guides. These staff, from different roles across the Council, will not only host the tours through the Experience but will receive regular support and training to be firmly placed as ambassadors not just in their service area but across the organisation. Phase 2 will commence in January 2018, to ensure all staff will have had the opportunity to participate by 2020.

Our Manchester Communications

- 2.13 There are a number of developments within the Communications and Engagement element of the delivery plan which include the Our Manchester Communications and Engagement Strategy (co-designed with partners) and Our Manchester Communications Asset Bank. As part of this Strategy, actions which are being taken to respond to the staff "BHeard" survey include more visible leadership from SMT, and more engaging communications emails to staff.

Our People

- 2.14 The 2017 delivery plan for the People Strategy has focused on getting the "basics" in place during the first half of this financial year, pending the development of the Our Manchester behaviour framework which will drive the more transformational activity from the autumn.
- 2.15 The "basics" set out in the activity plan have been met, with delivery of the following on plan to date:
- The new Human Resources and Organisational Development (HROD) service structure in place and appointment to circa. 20 vacant delivery posts.

- A schedule of policy reviews determined and engagement with directorates and the Shared Service Centre to review “business rules” in the meantime, with a focus on cutting red tape and making practical improvements in transactions. This has included the recruitment process.
- Enhancement of the existing HROD ICT infrastructure to make it easier for managers and staff to “self-serve”. Improvements have been made to sickness reporting, mileage and annual leave recording mechanisms. Further plans are progressing for “internal “ improvements including an HROD case management system and a tool for implementing organisation structural changes.
- Development of an apprenticeship strategy to meet organisational aspiration and government requirements for public services, with an agreed plan for over 160 apprentice starts in-year, including new recruits and existing staff.
- Approval and launch of a new employer-supported volunteering policy to encourage and provide opportunities for staff to get involved in the life of the City
- Determination of a strategy for the £3m savings target from HROD policy and procedures review as part of the 2017/20 budget.
- An action plan to respond to last year’s “BHeard” staff survey results, which has focussed on the expansion of the staff wellbeing offer; growing the network of employee-led consultation groups; roll out of universal access to ICT; implementation of the “About You” framework; a continued emphasis on leadership and management development and the beginning of a fundamental review of the staff development offer, linked to apprenticeships.
- Development of the Our Manchester behaviour framework and associated roll out plan and management toolkit.
- Launch of the Our Manchester Experience, internally and with partner organisations, which will provide all staff with an understanding of what Our Manchester and its behaviours means in the context of their role.
- Hosting the 2017 Leadership Summit for the top 400 managers to launch and begin to develop the behaviour framework and build on the established programme of leadership and management development.
- Improvements in the quality and visibility of HROD management information, through the roll out of quarterly workforce dashboards to inform directorate evidence-based decision making.

2.16 Work is now underway to develop the delivery plan for the next phase of the Strategy through a strengthened approach to organisation development focused on embedding the Our Manchester behaviours.

Action 2: Continued improvement of Children’s Services and preparation for Ofsted re-inspection.

Ofsted Re-Inspection

3.1 The re-inspection of Children’s services by Ofsted took place from 9 October to 2 November 2017. The Final Report is due for publication on 21 December 2017.

Continued Improvement

- 3.2 The priority for the Council is to improve the experiences and outcomes for children and young people through the quality of practice and of children's services work to ensure that the service is effective, safe and efficient as part of our journey towards excellence. The last update to the Annual Governance Statement noted with confidence the improvements made to the Service that have successfully established a safe service and one that effectively keeps children from being left at risk of harm in the City. This was reinforced by the oversight of Ofsted Monitoring visits in the lead up to the full re-inspection of services. These letters are available on the Ofsted website and have been presented to the Children and Young People Scrutiny Committee.
- 3.3 It was acknowledged in the recent re-inspection that the service's self-assessment was accurate; the key themes related to quality of practice and continued development of our managers to ensure they, and practitioners, are supported and confident in their practice. This self-assessment is used to inform the service's single service plan, which will be reviewed to take account of the published inspection report findings and any subsequent recommendations. It is intended this will continue to be the vehicle by which progress and continuous improvement is measured bi-annually.

Action 3: Supporting the integration of health and social care by ensuring effective governance of integrated teams, the creation of a single commissioning function, and undertaking procurement of the Local Care Organisation (LCO)

- 4.1 This action is being delivered as part of Manchester's Locality Plan. The report delivered to the Health and Wellbeing Board in August 2017 summarises delivery achievements, covering commissioning arrangements, LCO procurement and the establishment of a single Manchester hospital service. The paper also signals a refresh of the Locality Plan strategy, and changing governance arrangements to better ensure the delivery of the Plan.

LCO – Procurement and Integrated Neighbourhood Teams

- 4.2 An LCO Executive Team is now in place and is operating the LCO in shadow form, with a view to being fully operational from April 2018. This Executive Team is the preferred bidder, on behalf of the Manchester Provider Board (MPB), for the contract for community health and social care services.
- 4.3 The LCO Partnership Board met for the first time in September 2017. This was a meeting between the four equal partners; Manchester University Hospitals Foundation Trust (MFT) as lead bidder for the LCO contract, the Council, Manchester Primary Care Partnership (MPCP) and Greater Manchester Mental Health Foundation Trust (GMMH). Further meetings are scheduled and this will continue on a monthly basis.

- 4.4 In addition to the arrangements set out for the main partners, additional governance arrangements have been established and commenced via the LCO Programme Board. This Board, chaired by the Chief Executive of the MPB, will monitor all the programmes of work (including Integrated Neighbourhood Teams) to ensure the successful delivery and mobilisation of services to the service commencement stage in April 2018.

Single Commissioning Function

- 4.5 As noted in last year's Audit Committee update, the single commissioning function has been established (Manchester Health and Social Care Commissioning - MHCC). The Executive Director, Strategic Commissioning in MHCC is responsible for commissioning the LCO, and has also taken on Director of Adult Social Services (DASS) responsibilities.

Governance Challenges

- 4.6 A challenge continues to exist around the organisational form the LCO is likely to take, given barriers related to the treatment of VAT costs across Local Authorities and the NHS. This challenge has been discussed at length locally and nationally (Department of Health, HM Revenue and Customs, NHS England) and is being worked through. It is unlikely to prevent the Health contract being let to the LCO, but will have a bearing on the nature of the arrangements with the LCO.
- 4.7 Commissioners and providers continue to utilise the existing governance forums that have been established to support the delivery of the Locality Plan to manage this issue, and colleagues at a GM level (Greater Manchester Health and Social Care Partnership) are also involved given the challenge affects other localities in the region too, as they develop their LCOs.

Next Steps

- 4.8 Commissioners and providers are working towards service commencement by April 2018. This is subject to national as well as local guidelines, as determined by NHS Improvement (NHSI). This milestone, which encompasses the governance of integrated neighbourhood teams, will see the governance action point completed.
- 4.9 Governance of the transformation programme outlined in the Locality Plan continues to evolve to better enable partnership working between commissioners and providers, which in turn enables the delivery of the Locality Plan.

Action 4: Improving the resilience and security of ICT systems, and the Council's arrangements for disaster recovery

Disaster Recovery (DR)

- 5.1 The Data Centre Programme will deliver a resilient and robust solution with DR capabilities, providing protection of critical ICT infrastructure and business applications. The Programme comprises the following three projects:
- Core infrastructure refresh
 - Network redesign and implementation
 - Data centre facility migration
- 5.2 Subject to further reviews, it is anticipated that these projects will deliver two key outcomes by the end of quarter four 2018; the creation of a robust data centre solution with DR capabilities and the exit from the current data centre facility. The new facility will be run from two discrete but interconnected locations which will ensure ICT services and business applications recoverability in the event of one location being compromised.

Cyber Security

- 5.3 The Council remains in a strong position in respect of Cyber Security due to its rigorous approach in upgrading its defences and further testing works that have taken place including internal and external 'ethical hacking' tests. Defences have been strengthened through proactive system and service patching updates and through improved anti-virus protection. Ongoing investment is in place to ensure the estate remains as secure as possible.
- 5.4 The tests have identified that the biggest risk to the Council are end-users clicking or downloading malicious content. ICT's current work includes strengthening the training provision across the Council through the commissioning of a 12-module suite of online cyber security training, procured in collaboration with nine other local authorities. The training will be delivered through the existing e-learning portal and accessible to all Council ICT users across all platforms by the end of the year. The training suite will be coupled with a management system which will allow tracking and reporting on levels of uptake.
- 5.5 This will support the arrangements for EU General Data Protection Regulation (GDPR) which is being led by Legal Services (see Action 5).

Action 5: Information governance; improving data quality, preparing for the introduction of EU General Data Protection Regulation including a progress update on compiling a draft Implementation Plan, and improving the speed of response to Freedom of Information and Subject Access Requests.

- 6.1 All organisations which handle personal data (including the Council) will have to comply with the EU General Data Protection Regulation (GDPR) by 25 May 2018 notwithstanding the Brexit vote.
- 6.2 Work has commenced to progress GDPR implementation. An interdisciplinary cross-departmental project team reporting to the Corporate Information Assurance Risk Group (CIARG) and to the City Solicitor as Senior Information Risk Owner (SIRO) for the Council has been set up to enable the Council to meet its obligations under the GDPR. The project team comprises eight work streams covering the following areas – Policy and Governance, Data Subject Rights, Communications, Training, Information Collection and Sharing, ICT, Incident Breach Management and Records Management.
- 6.3 The workstreams draw on a number of officers from across the Council who have specialist data protection knowledge or other subject specialism. Membership of each workstream has been established following discussion with the Council's Directorate SIROs, the members of CIARG and validated by each workstream. Additional members are co-opted for specific items as needed. The sub teams have generally met monthly and workstream leads also meet monthly as a leadership group to discuss progress and key issues. GDPR discussions have taken place at the Council's Strategic Management Team (SMT), to brief SMT and to ensure directorate engagement with the project. It is anticipated that a report will also be taken to the Council's Resources and Governance Scrutiny Committee regarding GDPR for information in December 2017.
- 6.4 The project is supported by a full time Project Manager who attends all workstream meetings and CIARG meetings. Greater Manchester Combined Authority (GMCA) colleagues meet to discuss common themes and officers from the Council attend these meetings.
- 6.5 A project plan has been created to track activities, monitor risk and to agree actions to ensure delivery of each component of the project. Work has commenced to understand more fully what personal information Council departments hold through a facilitated information audit to refresh and update the Information Asset Register.
- 6.6 There is a requirement under GDPR for the Council to appoint a Data Protection Officer (DPO) and recruitment for this post is under way.
- 6.7 Work to improve speed of response to Freedom of Information (FOI) and Subject Access Requests (SARs) is continuing to be led by DSIROs and Heads of Service. Performance Reports continue to be considered at each CIARG meeting. The target for responding to requests within the statutory deadline has (in line with Information Commissioner's Office expectations)

been raised to 90%. In the year to date (April to October 2017) the Council received 1,050 FOI requests 86% of which were dealt with on time and 536 SARs, 96% of which were responded on time.

- 6.8 The GDPR introduces a higher limit of a potential €20m fine from the ICO if an organisation is found to be in breach, with a maximum fine of €10m for any other provision including SARs. As well as this, the GDPR strengthens the right of individuals around SARs, which given the publicity is likely to result in an increase of these requests. This will be monitored, and activities are underway to ensure the Council has systems in place to deal with the changed responsibilities. These include the shortening of the period to 72 hours in which to report a breach, and responding to SARs within a month.
- 6.9 Failure to respond to FOI requests within timescales can lead to the Council being subject to enforcement action, including formal monitoring by the ICO Office.

Action 6: Changes to the local government finance system, and delivery of continued significant savings

Changes to the local government finance system

- 7.1 The most significant change in Local Government finance in recent years has been in respect of the business rates funding regime. Manchester has been involved in a number of schemes to maximise the resource available in the region including the creation of a Business Rates Pool across Greater Manchester (GM) and Cheshire, the Business Rates Growth Retention Scheme 2015 and a 100% retention pilot from April 2017.
- 7.2 Pooling enables Local Authorities to come together and retain any business rates levy generated within the Pool and redistribute in accordance with local agreements. The Business Rates Growth Retention Scheme commenced in April 2015, for a period of three years, and it allowed local authorities to retain 100% of “additional growth” in business rates. More recently the government’s commitment to delivering 100% retention for Local Authorities is being piloted in a number of areas including GM from April 2017.
- 7.3 Areas involved in the pilot are helping to develop the mechanisms that will be needed to manage the new arrangements, addressing the risks (most notably the volatility as a result of appeals) and identifying potential opportunities through greater flexibilities. GM have worked with Government to agree the principles and practical arrangements to underpin rates retention including agreement to a provision for ‘no detriment’ to ensure that the GM authorities within the pilot will be no worse off than under the current arrangements. Agreement has also been reached on which funding streams will be financed from the additional business rates income during the pilot period. For GM this is Revenue Support Grant and Public Health Grant at Local Authority level, and Transport Fund at GMCA level.

- 7.4 The agreement for sharing benefits from the pool and pilots are as follows:
- Pool Levy – For those Authorities generating a Levy, there will be an initial call in the following proportions: Cheshire East and Cheshire West and Chester retain 50%, relevant GM Authorities retain one-third, with the remainder being retained by the GM Combined Authority
 - 50% Growth Retention Pilot 2015/16 – 100% retained by Combined Authority
 - 50% Growth Retention pilot 2016/17 – 42% Local Authorities 58% Combined Authority
 - 2017/18 100% Business Rates Retention pilot – 50% Local Authorities 50% Combined Authority. ¹
- 7.5 Further changes are proposed to the funding regime for Local Authorities in the next few years. The new funding system was originally due to be implemented in 2019-20, with the Revenue Support Grant (RSG) phased out and councils taking on new responsibilities in return for the increase in their business rate revenue. The Local Government Finance Bill, which contained provision for 100% retention, fell when Parliament was dissolved for the General Election. It was not revived in the Queen's Speech but the Government has confirmed it is still committed to the reforms. The Secretary of State has said that, although the Government remains committed to the policy, it may be delayed from the original schedule. This will undoubtedly have an effect on future decision making for local councils.
- 7.6 For Manchester it is the uncertainty regarding the long-term arrangements for the 100% scheme. Further volatility exists around appeals, future revaluations and re-setting of Business Rates. The Council are engaging in consultation with Government around proposals.
- 7.7 Government are also carrying out a Fair Funding review which seeks to design a new funding system which assesses the relative needs and resources of Local Authorities. The current system is ten years old and the data used has not been updated since 2013. The new formula will be implemented in 2020/21 irrespective of whether there is a full implementation of 100% retention.
- 7.8 The Council will be working closely with Communities and Local Government (CLG), Local Government Association and other Local Authorities (particularly Core Cities) to ensure the circumstances of Metropolitan cities that are represented in the review. The Council will respond to the Communities and Local Government Committee inquiry into the implementation of 100% business rate retention which will also examine how the outcome of the Government's Fair Funding Review in 2020-21 will affect councils. The Council will also respond to all relevant consultations including the second Fairer Funding review consultation expected in Autumn 2017. It has already responded on the provisional settlement 2018/19 technical paper.

¹ Subject to approval of AGMA Executive on 24 November 2017

Delivery of continued significant savings

- 7.9 Prior to setting the 2017-20 budget earlier this year, the Council took up the Government's offer of a four-year funding settlement for the spending review period to 2019/20 which; set out the minimum funding allocations for each year. In support, the Council also published an Efficiency Plan for the period 2016/17 to 2019/20 which ultimately incorporated the suite of budget reports presented to Executive in February 2017. The benefit of accepting a multi-year settlement was the assurance it provided over the medium term to enable the Council to effectively plan, and consult on, service change.
- 7.10 In preparation for the final finance settlement for 2017/18 which was issued by the Government on 8 February 2017, the Council had drawn up plans for meeting a likely budget gap of c£32m over the three year period 2017-20 taking account of all the resources available to the Council (including reduced grants and increased Council Tax and investment income), and deducting the resources required (including demand and inflationary pressures).
- 7.11 To support the Council to set a balanced budget for 2017-20, officers within each Directorate developed a range of savings options to address the budget gap. These included efficiencies and improvement options as well as savings which could only be achieved through service reductions. The savings proposals approved for 2017-20 totalled £31.8m, excluding those already approved from the previous years and rolling forward.
- 7.12 The MTFP has been set in the context of the well documented extreme pressure on Adult Social care budgets as well as growing pressure on Children's Services with Looked After Children's numbers increasing nationally. In addition the numbers of families facing homelessness has increased significantly, and this is likely to increase further with the roll out of Universal Credit. Similarly there have been demand pressures within Adult Social Care particularly for Older People and individuals with a Learning Disability.
- 7.13 Currently, an overspend of c£9m is forecast which reflects pressures being experienced nationally, particularly in Children's Social Care. There are Delivery Plans in place to address the position and action will be taken to ensure the delivery of the Medium Term Financial Plan is not undermined. All Directorates are continuing to work towards greater efficiencies and accelerating savings where possible in order to support the overall financial position of the Council.
- 7.14 Although a three year budget was set in March, the Council's budget and business plans are kept under continuous review to ensure the Council can respond to new and emerging challenges and opportunities at local, sub-regional, national and international level – for example Ofsted inspection, CQC review, changes to the Waste Levy, Brexit, the Industrial Strategy as well as internal policies and strategies such as the People Strategy. From a financial perspective, the resources available to deliver the Council's priorities are subject to change, whether from central government or generated locally.

There are unavoidable cost pressures arising throughout the budget period, such as those relating to demand and price changes in Adult Social Care and Children's Services. In addition, the delivery of the locality plan requires alignment with the financial and service planning arrangements with Manchester Health & Care Commissioning.

- 7.15 Consequently, it is necessary to review and update the budget and business plans together as part of a budget refresh process so that new challenges and issues are addressed appropriately through the business and delivery plan processes, and resources available and pressures are dealt with corporately in a way that aligns to the Our Manchester Strategy.
- 7.16 Targeted Budget Analysis Sessions have been held for Waste and Business Units, Homelessness, Highways, Children's Services and Adults Services. Strategic Development and Corporate Core have held discussions with the relevant Executive members.
- 7.17 Where savings proposals have been put forward, it is essential that the proposals are robust and delivery plans are put in to action within agreed timescales and with clear responsibilities. Plans must include options for mitigation where there is a risk of slippage or non-achievement.
- 7.18 SMT Business Planning and Transformation group will be considering the progress against the 2017-20 budget at each meeting and updates will be provided to SMT. Executive Members will be updated regularly on progress.
- 7.19 The table below details the proposed budget refresh timetable in full.

Date	Milestone
7-9 November	Budget refresh process paper to be considered by scrutiny committees, including the selection of business plans that will be considered in the late January/early February cycle
22 November	Autumn Budget
7 December and 14 December	Update on key headlines / announcements from 22 November Autumn Budget to Resource and Governance Scrutiny Committee and Executive
December date tbc	Anticipated publication of local government finance Settlement
30 January - 2 February	Refreshed Directorate Budget and Business plans to be considered by Scrutiny Committees prior to Budget Executive on 7 February
7 February	Budget Executive
19 February	Resources and Governance Budget Scrutiny Committee
2 March	Budget Council

- 7.20 From Summer 2018 work will begin on the Council's longer-term financial position beyond the current Medium Term Financial Plan.

Action 7: Ensure robust governance and delivery of the new five year Capital Programme Strategy, including major infrastructure projects across Highways and Strategic Development.

- 8.1 The Capital Strategy was revised as part of establishing the Capital Programme approved by Executive at its meeting on 17 February 2017. It recognised the need for a longer term programme which would continue the investment to define Manchester as an attractive place to live and further improve the quality of life for its residents; to increase their overall social and economic prospects and enable them to fully participate in the life of the City. Important to the delivery of these aspirations will be:
- to support, promote and drive the role and continuing growth of the city as a major regional, national and international economic driver; as the main focus for employment growth through a strengthening and diversification of its economic base and through the efficient use of land;
 - to support investment in transport infrastructure the City Centre which will lay the foundations for continuing success by 'future proofing' the city's transport infrastructure including; the Second City Crossing, The Northern Hub, Cross City, Bus Corridor and the redevelopment of Victoria Station;
 - to drive forward the City Council's Residential Growth Strategy and associated policy frameworks such as Housing Affordability and the Residential Quality Guidance, all of which seek to provide the city with an expanded, diverse, high quality housing offer that is attractive to and helps retain economically active residents in the city, ensuring that the growth is in sustainable locations supported by local services, good public transport infrastructure, and core lifestyle assets such as parks, other green and blue infrastructure, and leisure facilities. This will include maximising the opportunities through Manchester Place, Manchester Life and the Housing Investment Fund and to be able to react flexibly to deliver an attractive housing offer for the City;
 - to deliver a Schools Capital Programme that will support new and expanded high quality primary and secondary school facilities for a growing population;
 - to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
 - to continue to promote investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries within the City.
- 8.3 A new Strategic Capital Board has also been established to bring together all capital funded programmes to ensure strategic fit and value for money. This forum will receive appropriate reporting to enable governance, support and challenge. Highways are currently working in partnership with Capital Programmes as the lead Project Management Officer (PMO) acting on behalf of the Capital Strategy Board to develop and provide the relevant information.

- 8.1 The have been a number of recent changes across Highways and to the Senior Management Structure, including the establishment and appointment to the new post of Strategic Director, Highways, Transport and Engineering in April 2017 and the appointment of a permanent Director of Highways (Operations) who joined the Council on 23 October 2017.
- 8.2 A new Highways Executive Board, chaired by the Chief Executive has been established to provide strategic direction, oversight and ultimate decision making in relation to existing and future schemes and programmes of work. The Chief Executive has also established a coordination group which receives a monthly highlight report from Highways focusing on priorities and key activity over the period.
- 8.4 In addition to the above, over the last 12 months Highways have submitted two progress reports to Audit Committee and a further report to both Neighbourhoods and Economy Scrutiny Committee. The Highways Team continue to work alongside internal audit to pro-actively identify areas for improvement, and are currently in the process of developing a forward plan.
- 8.5 In alignment with the £100m Investment Improvement Plan and Roadmap which sets the vision to improve the condition of the highways across the City a detailed delivery plan for year one has been developed, and work is underway to develop plans for years two and three. Progress will be monitored and reported appropriately.
- 8.6 Service development and improvement is ongoing and in line with the time frames initially reported this is expected to take up to 24 months and covers all aspects of the operating model, including: model, structure, process, governance, technology and culture to re-shape and re-position Highways. Part of this transformation includes work within the service to establish, simplify and publish new governance arrangements.
- 8.7 The Strategic Development function of the Council takes the lead in the development and implementation of proposals that will deliver major residential, commercial and cultural initiatives. Governance of these initiatives is provided by way of Portfolio Boards, with a designated Senior Responsible Owner (SRO) and which comprise of officers from relevant service departments, including Legal and Financial support and external stakeholders when relevant. When initiatives involve the direct delivery of significant infrastructure and capital investment, proposals must be fully justified in accordance with the Capital Strategy; are commissioned through the Capital Programmes or Highways Team; and are ultimately overseen by the Strategic Capital Board.

Action 8: Waste collection and street cleansing contract performance improvement.

- 9.1 A key output of the street cleansing and waste collection contract was cleaner streets and improved consistency in the delivery of this outcome. The contract monitoring mechanisms recognised that the required outputs around street cleanliness were not being achieved. The governance arrangements in place led to the escalation of the matter to the strategic board which governs the contract which resulted in the implementation of a “Service Improvement Plan” by the contractor. Progress against the plan is fully integrated into the core Performance and Contract Management Group (PCMG) monthly reviews and is ultimately overseen by the Strategic Board.
- 9.2 The Improvement Plan has been in place since February 2017 and has led to an increase in the resources deployed by the contractor, at their expense, to improve standards while they focus upon implementing process improvements to make the contractor more accountable whilst embedding a culture of performance improvement that uses data more effectively to monitor and manage the service.
- 9.3 To assist the management and governance of the Improvement Plan a series of performance targets have been agreed and are formally reported upon on a monthly basis as listed below.
- Completion Rates, which is the percentage of streets that the contractor has cleansed on the scheduled day of cleanse.
 - Street Cleanliness Grades (NI195) which demonstrate how well the street has been cleansed when attended on an A-D basis.
 - The number of reports by the public of dirty streets and the response of the contractor to these reports (CRM).
 - Achievement of the Service Level Agreement (SLA) rates set within the contract.
 - The percentage rate at which customers report a job has not been satisfactorily dealt with (Original Job Not Done).
- 9.4 Performance by the contractor against the key metrics has been positive and has seen incremental improvements over the past eight months. This has included achieving 99% of street cleanliness inspections being a Grade B or above, 100% response rates to Street Cleansing jobs, 99%+ fly tipping SLA achievement and an OJND rate of 2% (6% in house baseline). This performance has so far been maintained during the difficult leaf fall period due to improved management and coordination of the contractor’s resources and enhanced partnership working.
- 9.5 The Fly Tip Investigation Team has continued to support the work of the core service in hot spot areas. Since the initiative started in May 2016, 5,722 fly tip cases with evidence have been identified. During this time the Neighbourhood Compliance Team have issued 5,147 notices, 1,819 fines of £80-£400 and 170 successful prosecutions totalling £85k in costs and fines.

- 9.6 Officers are confident that the performance data demonstrates that the standard of street cleansing has significantly improved since the Service Improvement Plan was implemented. The PCMG meetings are still focussed on ensuring Biffa are effectively utilising the data they gather to direct the service according to demand. It is also recognised that there are a number of key external challenges to the contract including the increase in rough sleepers, the expansion of the City Centre and poor commercial waste management. The relevant teams within the Neighbourhood Services are continuing to work with the contractor to minimise the impact on service delivery.
- 9.7 The Waste and Recycling element of the service has delivered against the key strategic aims of increasing recycling and reducing costs. Last years' service change is expected to increase Manchester's recycling rate to 40% in 2017/18.
- 9.8 In the apartment sector the Council has a saving target of £0.5m of the current £7.2m costs to be achieved from collection and disposal arrangements over the next three years.
- 9.9 In order to achieve the target savings the amount of residual tonnage collected from apartments needs to be reduced through a combination of communication activity, reduced operational costs and reduction of residual capacity.
- 9.10 A detailed implementation plan is in development which will provide the processes for delivering the target savings as well as increasing the recycling rates in apartments. This plan will include steps to ensure that the wide range of stakeholders and residents who will be affected are effectively consulted and communicated with and that robust governance and data collection processes are in place.

Action 9: Develop, design and deliver the Our Town Hall refurbishment project to time, cost and quality standards.

- 10.1 Manchester Town Hall, which opened on 13 September 1877, is an internationally significant landmark and Manchester's greatest cultural and civic asset, which makes a significant contribution not only to the heritage but also to the identity of the City. The Town Hall, whilst structurally sound, is now seriously showing its age with many elements reaching the end of their natural lifespan. It has been agreed that significant refurbishment is required to rectify the identified defects and to protect the building for the benefit of future generations of Mancunians.

- 10.2 At its meeting in November 2016 Executive approved a report recommending the full refurbishment and upgrade to modern standards and partial restoration of the Town Hall. A further report considered by Executive on 8 March 2017 provided progress on the procurement of the design team and the assembling of the project team to maintain the momentum of the project to keep to the agreed work programme and timelines.

Governance and Risk Management

- 10.3 The design team and Council client team jointly make up the Our Town Hall project team. It has been essential for the Council to put in place a strong client team to both work and engage with the design team and contractors and to deliver bespoke workstreams as part of the overall project. This has required identifying specialist resources to focus on areas including finance, legal, HR, procurement, communications, engagement, IT, heritage, conservation and work and skills. A Project Director has been recruited to both manage the client team as well as being responsible for leading and delivering all aspects of the decant and refurbishment programme, including design and construction, procurement, supplier management, communications and cultural change. Changes to senior management arrangements include the Director of Trading Services taking responsibility as Senior Responsible Owner for the Our Town Hall Project and to enable him to fulfil this role delegated authority was assigned to appoint consultants, such as the design team, to support the Our Town Hall Project.
- 10.4 A Strategic Risk Register is monitored by Strategic Board. The Risk Register identifies potential impact of, and mitigation strategies for, the identified risks. The top three risks in terms of likelihood and impact (and mitigating actions) from the Register are:
- Inability to achieve decant to quality, time or budget constraints (weekly meetings are set up with key stakeholders to track progress and ensure early action to mitigate issues as they arise. Issues are reported to Strategic Board).
 - Unforeseen structural problems in the building cause delay (progress intrusive surveys well in advance of appointment of the Management Contractor).
 - Insufficient capacity in the market to deliver against the specialist needs of the project (Early soft market testing and engagement with supply chain).
- 10.5 A detailed governance plan was signed off by Strategic Board on 16 October 2017 for RIBA Stage 2 (Concept Design). This will be reviewed at the end of RIBA 2 (May 2018), and if necessary, updated for the subsequent design and construction stages.

- 10.6 The governance plan sets out a framework of advisory panels that advises the Project Board (and ultimately the Strategic Board) and the terms of reference and membership of the panels. The governance plan also details the approvals cycle that will be followed to achieve Council sign off of the ongoing design at the end of each RIBA design stage.
- 10.7 The governance plan will ensure that the project proceeds within the cost, time and quality parameters, which will be signed off at each stage end. This will deliver progressive cost and outcome certainty as design solutions are developed. Regular reports will be produced on performance, risk and finances.

Procurement and Recruitment of the Project Team

- 10.8 The core consultant team mobilised into the collaborative project office at the end of July, and comprises the following professional disciplines: Architect, Building Services Engineer, Structural & Civil Engineer, Project Manager, Quantity Surveyor, and Landscape Architect. To date, 146 staff have been inducted into the project office (Council and consultant staff) working side by side in the Town Hall building.
- 10.9 The project entered Royal Institute of British Architects (RIBA) Stage 2 (Concept Design) at the end of July and work is now progressing well with an intense round of engagement with stakeholders. RIBA Stage 2 will run into May 2018.
- 10.10 In November 2016 Executive approved that management contracting was the most appropriate procurement route for appointment of the main construction contractor. The procurement of the Management Contractor will commence in the New Year via a Competitive Dialogue process. This will enable engagement with the bidders in successive rounds of discussions, tailored and focussed as necessary, to develop suitable solutions to the complex technical, social value and financial mechanisms required on a project of the scale and complexity of Our Town Hall. It is anticipated that the management contractor will be appointed during the first half of 2018/19 financial year.

Moving out of the Town Hall

- 10.11 The Town Hall is due to close to the general public in mid-January 2018 and the decant of the majority of staff is due to be completed by Christmas. The decant of Members will conclude by the end of January. The decant includes portable heritage items as well other portable items and plans are in place to remove them before a management contractor takes responsibility for the building. The project team will remain located in the Town Hall following the closure of the building to the public until construction works commences in late 2019.

Communications and Engagement

- 10.12 The 140th anniversary of the opening of the Town Hall was on 13 September and this is being used to mark the next phase of the Our Town Hall project, celebrate the building's remarkable heritage and raise awareness of its closure from 15 January 2018 while work to safeguard, repair and restore it is undertaken.
- 10.13 An engagement strategy and plan, intrinsically aligned to the communications strategy is being developed. It is recognised that engagement activities for the project will be varied and will need to develop over time, but immediate actions identified include:
- Acting as the “Front Door” to the Town Hall;
 - Management of enquiries about the programme;
 - Management of volunteer opportunities for the project;
 - Development of a Friends of the Town Hall scheme;
 - Establishing links with the Education sector, to develop an historical, civic pride, and potential employment and apprenticeship opportunities; and
 - To educate on the history of the building, the political importance, the artistry and the future legacy for Manchester’s young people.

Action 10: Development of integrated Sources of Assurance reporting, including embedding an effective risk management approach.

Review of the Council’s existing Performance Management Framework

- 11.1 An in-depth review of the Council’s Performance Management Framework (PMF) carried out in 2016 identified areas to be addressed to ensure it supported effective monitoring of progress towards the Our Manchester strategy. These areas included:
- Streamlined reporting with more consistent consideration given to the organisational level performance should be reported to
 - A single consistent view of organisational challenges, with a clear message on success and challenges reported through directorates to SMT and to Executive Members
 - Supporting people to access information for themselves, obtaining greater value and intelligence from the Council’s data assets
 - Better and more timely information to support current and future decision making.
- 11.2 The outcomes of this review were reported to Audit Committee in January 2017 and further development has taken place throughout the year to address these areas.
- 11.3 The scope of the development work has been focussed on the assurance to be gained from performance reporting through the PMF (i.e. finance, activity, workforce, risk and compliance) and the associated governance arrangements. It should be noted that there exists a wider framework of

assurance and associated governance which will cover the operation of the Council including work with partners.

The Integrated Monitoring Report

- 11.4 The Integrated Monitoring Report (IMR) has been designed as part of the strategy to address the areas identified above. By compiling workforce, performance and budget monitoring it leads to a single view of success and challenges based on multiple information sources. As a monthly (rather than quarterly) report it also provides earlier warning on performance where indicators are heading in an undesirable direction. The report is produced by consolidating the most significant details of finance, performance and workforce reporting to directorates into a single report to senior management, ensuring the report is produced concisely and reducing the volume of reports needing to be considered, facilitating more in depth consideration of the issues detailed within.
- 11.5 The IMR includes a Summary Dashboard which includes key financial, workforce and performance information on a single page. It displays savings risk assessments and forecast variance from directorate budgets with a brief explanation of the current position. It includes key workforce metrics such as staff attendance, the staff "BHeard" survey score, agency spend, workforce size and budget; it also displays the number of complaints received and how this is changing over time. It includes performance indicators relating to the Council's priorities in supporting the delivery of the Our Manchester Strategy 'Getting the Basics Right', 'Driving Reform' and 'Shaping Future Inclusive Growth'.
- 11.6 The development of the IMR has supported leaders in the organisation to respond rapidly to dips in performance or budget pressures. The information enables the Council to decide on, and implement corrective action with a clearer view of the position of the authority and recognising the likely impacts on both the achievement of its priorities and its financial position. This new method at the heart of the Council's management systems is having an impact on governance of service delivery.
- 11.7 Further development is planned to bring in risk and audit information, target key messages for Strategic Directors, and show more explicitly how performance of Council services links to the vision for the City.

Risk Management

- 11.8 The management of risk continues to be a core management competency with managers and Heads of Service responsible for the recording, reporting and management of risk in their areas of responsibility. To further strengthen arrangements and improve consistency in the application of the approach across the Council, an updated risk management strategy has been developed. This reemphasises the need for service and directorate level risk reporting and the timetable for onward reporting to Strategic Management Team. A programme for confirming directorate compliance with risk

management processes has been agreed as a priority for the Internal Audit Plan in 2018/19.

- 11.9 A revised business continuity strategy has also been developed and has driven actions to further strengthen continuity arrangements. This has increased the focus on the corporate plans required to respond to a major incident and in particular the loss of Council buildings or ICT. A full refresh of service business continuity and establishment of updated plans to cope with such losses are underway and are forecast for completion by Spring 2018.

Action 11: Maintaining a strategic leadership role for the Council in the context of changing national policy in relation to schools, including changes to the school funding formula, and the reducing role of local authorities. Via partnership working, support schools to deliver a good or better level of education and learning.

- 12.1 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
 - Continued partnership with 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
 - Continued representation at all termly strategic headteacher groups to provide updates/information/discussion on priorities
 - Continued coordination and facilitation of networks of key school leaders to ensure flow of information and strategic intention from national government, local government, regional work and across school system
 - Implementation of school governor strategy including recruitment of LA governors and termly briefings for Chairs of Governing Boards
 - 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 and Early years delivery
 - Considerable direct activity with schools in support of meeting the need for additional places, including local schools and multi academy trusts agreeing to expand and develop free school proposals in response to Council requests
 - Work with the Department for Education's (DfE) 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

Action 12: Services need to ensure they have clearly communicated and embedded the Constitution of the Council, and all relevant policies and regulations which staff must comply with.

- 13.1 Work is currently underway to update and refresh the induction process for both new staff and managers. It is intended that a review of this process will ensure that during induction officers are introduced to key policies and procedures including HR, Health, Safety and Welfare (HSW). The process will also include outlining the key priorities of the Council and the behaviours required of officers, related policy and how this supports the Our Manchester Strategy.
- 13.2 Over the coming months the intranet will be updated to improve the users' experience with relation to navigation and searching for information. This will ensure new officers find accessing key documents (which are current and compliant) easier and will complement the e-learning provided to support their transition into their role.
- 13.3 In addition to the above, a suite of training programmes for all managers within the organisation has been introduced, with new managers automatically enrolled on these programmes. This programme seeks to ensure that managers have the knowledge, skills and behaviours to deliver Manchester's ambitious targets. The Raising the Bar Programme supports the development of managers up to Grade 9. It is expected that by May 2018, 285 delegates will have completed the course. The Our Manchester Leadership Programme is targeted at Managers at Grade 10 and above. Approximately 139 delegates will have completed the course by the end of March 2018.
- 13.4 Each of these programmes cover the key issues of people, policy, health, safety and welfare management. They both explore the behaviours required of Manchester managers and this dovetails to the Our Manchester Strategy. Work is underway to include additional modules in the new year on financial management and commissioning.
- 13.5 The creation of a "Policy Team" within HROD has increased the focus given to governance and communication of workforce policy and associated guidance. The team have oversight of the HROD intranet pages and will ensure that policy and related guidance within the intranet is accessible, compliant and in line with the newly agreed Internal Communications and Engagement Strategy. They will continually monitor feedback with relation to intranet usage and employee usability with a view to driving ongoing improvement and governance in this area.
- 13.6 The team will also lead and deliver a programme of policy and guidance review over the coming year which will incorporate any recommendations from Audit and Legal colleagues. Quarterly horizon scanning will be undertaken to ensure policies are compliant with current regulations and legislation and that a proactive approach to future changes or developments in specific areas can be taken.

- 13.7 Policies under review and development will be tested with a cross section of staff, managers, Union representatives and employee led groups before being formally agreed and placed on the intranet. Various methods of communication will be utilised to ensure all employees are aware of existing, and updated or new policy documents. This will include: messages accessed via universal access, hard copies of documents distributed where access is limited, messages via Communications and HROD staff in various newsletters, broadcasts, and steering groups or employee led groups.
- 13.8 This work will be delivered alongside work with the Communications Teams to ensure strong messages around compliance and accountability of policy, and a planned programme of work to identify and tackle areas of non-compliance.

Next steps in the production of the 2017/18 AGS

- 14.1 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 2017/18 document.
- 14.2 The Council will also undertake forward planning to consider what challenges will need to be addressed in 2018/19. 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 2018/19 will be itemised in the final section of the AGS 2017/18.
- 14.3 This financial year an early draft of the Annual Governance Statement for 2017/18 will be submitted to Audit Committee in March 2018, prior to its inclusion with the Council's Annual Accounts later in the year, in July.