

Manchester City Council Report for Information

Report to: Audit Committee – 22 March 2018

Subject: Draft Annual Governance Statement 2017/18

Report of: Deputy Chief Executive

Summary

This report contains the draft 2017/18 Annual Governance Statement (AGS) which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report. Related activity to promote better understanding and transparency in relation to governance arrangements, both within the Council and for the public is also described.

Recommendations

Audit Committee is recommended:

- To note and comment on the contents of the draft version of the Council's 2017/18 Annual Governance Statement (AGS).
- To delegate authority to the Chief Executive in consultation with the Committee Members, to approve revisions to the AGS reflecting further progress against governance challenges made during the remainder of the 2017/18 financial year.

Wards Affected: All

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1. Introduction

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published.
- 1.2 Audit Committee are asked to note the findings of the 2017/18 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2018/19.
- 1.3 The draft 2017/18 AGS is attached as an appendix to this report.

2. Format and sections of the document

- 2.1 The content and style of the AGS is reviewed each year to ensure that it remains compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, and that improvements are made where possible. There is a focus in the document on effective public communication, plain and clear language, partnership working, and ensuring transparency and clarity over what the Council's governance challenges are, alongside what is being done to address them.
- 2.2 In 2016, the Council fully reviewed and updated its Code of Corporate Governance (the Code) to reflect the seven new principles detailed in CIPFA's "*Delivering Good Governance in Local Government: Framework (2016)*". CIPFA has highlighted the Council's revised code as an example of good practice. A key element of compiling the AGS is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a clear way. This can be seen in Section 4, The Governance Framework.
- 2.2 The AGS includes the following sections:
 - 1 – Introduction** This section provides a clear, plain language explanation for the lay reader as to what the purpose of the document is. The reader is also signposted to the Council's Annual Report as a companion document to the AGS, where the reader can access information about the Council's expenditure, policies and performance.
 - 2 and 3 - The scope of responsibility and the purpose of the governance framework;** these sections outline the legal requirements for an AGS and its links to the Council's Code of Corporate Governance.
 - 4 – The Governance Framework;** this describes how the Council has complied with the principles in its Code of Corporate Governance, and includes links to online documents where the reader can access more detailed information.

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

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

7 – Action Plan: Governance Challenges for 2018/19 Onwards; this section sets out the key areas which the Council will focus on in 2018/19, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2017/18

3.1 A progress report was provided to Audit Committee in November 2017 updating members on the implementation of actions to improve governance arrangements identified in the action plan at the end of last year’s AGS. Progress since November in delivering these actions is described in section six of the new AGS.

3.2 Subsequently, to identify significant governance issues to be addressed during 2018/19 a number of evidence sources were considered including:

- Analysis of responses from Services to the online annual governance questionnaires which provide a self-assessment of compliance with the Code of Corporate Governance.
- Significant governance challenges in Partnerships as identified by the Council’s Register of Significant Partnerships assessment process.
- A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
- Consideration of risks identified in the Corporate Risk Register
- Emergent challenges identified by the work of Internal Audit during 2017/18
- Where appropriate carrying forward elements of action points from 2017/18 if further work and monitoring is required.

3.3 These processes, described in more detail in section 5 of the AGS itself, led to the identified governance challenges described in section seven. This sets out an action plan, which looks ahead to the main challenges where the Council will need to focus attention in 2018/19.

3.4 The updated AGS document incorporates recommendations from previous Audit Committee meetings. The document now includes more information on Corporate Complaints, and a link to the Annual Corporate Complaints Report (Section 4 – The Governance Framework, page 11). The next Annual Complaints Report will be taken to June 2018 Audit Committee.

4. Communication of Governance Arrangements

4.1 The Council is committed to improving the transparency of its governance arrangements, and ensuring it publishes clear and concise explanations of

these arrangements in a format easily accessible to the public. A number of separate steps have been taken to achieve this, which are outlined below.

- 4.2 **The Council's Governance Commitments** – In support of this and to implement the decision of the Audit Committee in March 2013, officers in Performance and Intelligence attended Manchester's Youth Council to describe and discuss the Council's governance arrangements. This meeting led to the establishment of 10 governance commitments, which summarise the commitments in the Code of Corporate Governance, in plain and clear language. These commitments are published on the Council's website.
- 4.3 **Accessibility of the AGS** – The AGS has been written in such a way as to make it as accessible as possible for the lay reader, for example by focusing on making the governance challenge updates as plain, clear and concise as possible. As well as being included as part of the Council's Annual Accounts, it is also easily accessible on the Council's website.
- 4.4 **The Annual Report** – the Council's Annual Report includes an overview of the AGS. This sets out a summary of the Council's governance standards and challenges in a concise and clear way. The publication of the last report was promoted on the Council's website and via social media, to promote public engagement with the report.

5. Next Steps and AGS Timeline

- 5.1 The following table shows the key reporting dates for the 2017/18 AGS;

Date	Milestone
22 March 2018	Draft AGS to Audit Committee
May 2018	Revisions which have been made to the AGS subsequent to year end 2017/18 are cleared by Chief Executive and Committee members.
31 May 2018	Draft AGS passed to External Audit as part of the Accounts.
31 July 2018	Final AGS and Accounts circulated to Audit Committee
3 September 2018	Update on delivery of governance improvements for 2018/19 (as set out in AGS Section 7 Action Plan) to Audit Committee

- 5.2 The AGS has been produced earlier this year as the deadline for the submission of Accounts for auditing has been moved forwards from this year to 31 May. The Accounts and Audit Regulations 2015 brought forward the timetable for the preparation of 2017/18 draft Accounts by one month, and the deadline for audit by two months. This means that to comply with the Constitution and submit a draft of the AGS to Audit and Standards Committee before it is finalised in the Accounts, it must be taken to the March Committee meetings, rather than June as in previous years. This means that there will be some subsequent revisions to the final AGS from the version provided with these papers, based on further progress made to address governance challenges during the remainder of this financial year.

- 5.3 Subsequent amendments will require oversight and clearance before the signed AGS is passed to external audit. To address this, Audit Committee are requested to delegate authority to the Chief Executive in consultation with the Committee Members, to clear the revised version as there are no further Committee meetings prior to 31 May. A revised version will be circulated by email for approval.
- 5.4 Audit Committee is requested to note and comment on the contents of the draft version of the Council's 2017/18 Annual Governance Statement (AGS). Any amendments to the statement requested by Committee will be included in the signed draft version included with the Accounts and passed to External Audit on 31 May 2018.



Annual Governance Statement 2017/18

1. Introduction

- 1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency, and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks which are highlighted and underlined throughout the document.
- 1.2 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city is now in the delivery and monitoring stage of its ambitious "Our Manchester" strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision set out in the strategy. The Council is now in the second year of its four year financial settlement from government to 2019/20, and this document summarises how its budget and business plans are kept under continuous review to ensure it can respond to new and emerging challenges and opportunities during this period. The Council's five-year Capital Strategy also forms a critical part of strategic and financial planning, with delivery having commenced in 2017/18. Significant developments at city region level include continued preparation for integration of health and social care services, with commissioners and providers working towards service commencement in April 2018.
- 1.3 The changes taking place present both opportunities and challenges. Therefore the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.
- 1.4 Whilst this document focuses on governance, the Council's Integrated [Annual Report](#) provides an overview of the context in which it operates, how public money has been spent, and what achievements this led to

2. Scope of Responsibility

- 2.1 Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's](#)

[Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

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

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives as set out in the [Our Manchester Strategy](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. These objectives are underpinned by the four Our Manchester principles;
- Better lives – it's about people
 - Listening – we listen, learn and respond
 - Recognising strengths of individuals and communities – we start from strengths
 - Working together – we build relationships and create conversations
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

4. The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), which forms part of the Constitution. The Code was updated in 2016 to ensure it reflected the Council's current governance arrangements, and complied with CIFPA's "delivering good governance in Local Government Framework (2016 Edition)". The recently updated Code was reviewed in 2017 and found to be fit for purpose. The table below includes examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Behaving with Integrity	<ul style="list-style-type: none"> ✓ The Council's values are People, Pride, Place. These values underpin everything the Council does, including how it works with partners, how it makes decisions and how it serves local communities. ✓ The Council's Our Manchester approach has a set of core principles: <ul style="list-style-type: none"> ○ Better lives – it's about people ○ Listening – we listen, learn and respond ○ Recognising strengths of individuals and communities – we start from strengths ○ Working together – we build relationships and create conversations ✓ "Listening in Action" events, attended by The Leader and the Chief Executive, give staff the opportunity to engage with senior leaders. 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. 	<p>The Council's Values</p> <p>Our Manchester – The Manchester Strategy</p>

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ The Council has a zero tolerance approach towards fraud and corruption and this commitment is set out in the Council's Anti-fraud and Irregularity Strategy. ✓ The Whistleblowing Policy, which was updated in 2017, provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council and explains how these will be investigated. ✓ The Council ensures that, as part of their induction, new members of staff clearly understand the values of the organisation, and the standards of behaviour which are expected. As part of the Our People strategy, improved induction and 'About You' processes have been introduced. These ensure all staff will understand the part they will play in delivering the vision for the city set out in Our Manchester. ✓ A Register of Members' Interests, in which Members' disclosable pecuniary interests, personal interests and prejudicial interests (as defined in the Member Code of Conduct) are registered. This includes gifts and hospitality received by elected Members. ✓ Summary guidance was provided in June 2017 for Members on the procedures for interests, gifts and hospitality and has been published in Standards Committee papers. 	<p>Counter Fraud Strategy</p> <p>Whistle Blowing Policy</p> <p>Our People</p> <p>Members' Register of Interests</p> <p>Procedures for Interests and Hospitality</p>
Demonstrating Strong Commitment to Ethical Values	<ul style="list-style-type: none"> ✓ The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its Annual Report to Council. ✓ The Council has a Code of Conduct for elected and co-opted Members, (Constitution Part 6, section A), as required by the Localism Act 2011. Allegations that the Code has been breached are heard by the Standards Sub Committee. A 	<p>Standards Committee</p> <p>Local Code of Conduct for Members</p> <p>Standards Committee</p>

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>summary of the outcome of investigations is included in the Standards Committee Annual Report. This section will be updated on publication of the report in March 2018.</p> <ul style="list-style-type: none"> ✓ The Members' Update on Ethical Governance, including Use of Council Resources and Social Media guidance. The last one was issued in June 2017. ✓ An Employee Code of Conduct (Constitution Part 6, Section E) which makes it clear what standards are expected from staff across the organisation in the performance of their duties. ✓ The Council insists its commitment to its values and integrity is shared by external suppliers delivering services on its behalf, as detailed in its Ethical Procurement Policy. ✓ The Council has a Partnership Governance Framework which sets out protocols for partnership working, and the high standards of conduct which are expected from partner organisations. The Framework is under review to confirm whether it remains fit for purpose and an update will be issued if deemed necessary. 	<p>Annual Report</p> <p>Members' Update on Ethical Governance</p> <p>Employee Code of Conduct</p> <p>Ethical Procurement Policy</p> <p>Partnership Governance Framework</p>
Respecting the Rule of Law	<ul style="list-style-type: none"> ✓ The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with. ✓ The Council uses its legal powers, including the 'general power of competence' to promote its values and priorities to the full benefit of the citizens and communities in Manchester. ✓ The Council has measures to address breaches of its legal and regulatory powers. 	<p>The General Power of Competence</p> <p>Council Constitution</p>

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>The Council's Monitoring Officer (the City Solicitor) has statutory reporting duties in respect of unlawful decision making and maladministration.</p> <ul style="list-style-type: none"> ✓ The Council appoints Statutory Officers who have the skills, resources and support necessary to ensure the Council's statutory and regulatory requirements are complied with. ✓ The Chief Finance Officer (City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. ✓ The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016). 	<p>(article 12.3(b))</p> <p>Council Constitution (article 12.4(a))</p> <p>CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016)</p>

B. Ensuring openness and comprehensive stakeholder engagement		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Ensuring Openness	<ul style="list-style-type: none"> ✓ The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page. ✓ The Council's commitment to Openness is set out in its Constitution (Article 12.3 (e)) and is evidenced by its decisions, along with the reasons for them being made publicly accessible. 	<p>manchester.gov.uk website</p> <p>Council Constitution (article 12.3(e))</p>

	<ul style="list-style-type: none"> ✓ All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded), with agenda and reports being produced in paper form and on the Council’s website. Live streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. ✓ The Council publishes a Register of Key Decisions to notify the public of the most significant decisions it is due to take. Resources and Governance Scrutiny Committee received a report at its meeting on 5 January 2017 on this process, and in this meeting recommended that officers explain clearly for each decision in the Register what the decision is about in order to make the Register of Key Decisions more accessible and transparent. Subsequently the format of the register was reviewed to discourage the use of 'generic entries' for types of decision and to have each decision included in full. The published register was also revised to make clear what decisions had been added to or removed from the register, since the previous edition was published. ✓ The Council has an “Open Data” website to meet its commitment to publishing as much non-personal data as possible. This means partners and the public can freely make use of it, supporting transparency and accountability. ✓ The Council launched an online residents’ survey in February 2017, which replaces the previous telephone survey. This helps it to design services around residents’ views and concerns about their local area and their public services. ✓ The Council informs, consults and involves residents in significant decisions including service and budget changes. Their views are submitted to those making decisions for consideration. Consultations and surveys this year have included a survey on sports and activity, a survey for care leavers, and a consultation on licencing policy in Ancoats and New Islington. 	<p>Council Meeting Agendas and Reports</p> <p>Online Videos of Council Meetings</p> <p>Register of Key Decisions</p> <p>Key Decisions Report</p> <p>Open Data</p> <p>Our Manchester Residents Survey</p> <p>Consultations and Surveys</p>
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B. Ensuring openness and comprehensive stakeholder engagement		
The Council's Commitment to Good Governance	The Council's Commitment to Good Governance	The Council's Commitment to Good Governance
<p>Engaging Comprehensively with Institutional Stakeholders</p>	<ul style="list-style-type: none"> ✓ The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public and voluntary sector organisations. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy. ✓ The Council publishes its Partnership Governance Framework which standardises the approach to managing partnerships to strengthen accountability, manage risk, and to ensure that a consistent approach is taken to working with partners. ✓ The Council also maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the strength of the governance arrangements of each partnership, enabling any required improvements to be identified and addressed. ✓ The Council supports different ways for residents to present their individual and community's concerns to elected members, for example via Ward Co-ordination. 	<p>Our Manchester Forum</p> <p>Partnership Governance Framework</p> <p>Register of Significant Partnerships</p>
<p>Engaging with Individual Citizens and Service Users Effectively</p>	<ul style="list-style-type: none"> ✓ As part of its Our Manchester approach the Council is focusing on 'strengths based' conversations with residents and communities. This means: <ul style="list-style-type: none"> ○ Recognising that it's about people and better lives ○ We listen, learn and respond ○ Recognising strengths of individuals and communities – we start from strengths ○ Working together, we build relationships and create conversations <p>This approach has been used to inform the development of policy and strategy, for example the Family Poverty Strategy.</p>	<p>The Family Poverty Strategy 2017/22</p>

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The Council's Commitment to Good Governance	The Council's Commitment to Good Governance	The Council's Commitment to Good Governance
Engaging with Individual Citizens and Service Users Effectively	<ul style="list-style-type: none"> ✓ The Council has developed a Digital Communications Strategy which outlines the digital tools and approach that can help it to communicate according to its stakeholders' communication preferences. It will provide opportunities to develop new conversations with a broader audience. ✓ This approach was taken for the Budget Conversation to inform the 2017/20 Budget. This resulted in significant engagement about what people value and why, as well as what they could do to support those things. ✓ Following the Budget Conversation, using a "You said... we did" approach, the Council has clearly set out online how funding is being allocated to support the priorities which are important to residents and other stakeholders. This includes a progress update for 2017/18. ✓ Scrutiny Committees proactively invite local and national interested parties to contribute to their discussions. ✓ To promote transparency and wider engagement with Council decisions, residents can use Social Media, such as Facebook, Twitter, LinkedIn and Instagram, as well as YouTube and Vimeo, to get updates from and interact with the Council. ✓ There is a Social Media Code of Practice for staff in place to ensure a consistent approach, security of information, and avoid reputational damage. Social Media Guidance has also been provided for Members, which was updated in 2017. ✓ As part of its consideration of the needs of the current and future service users in the city, the Council produces an annual Joint Strategic Needs Assessment (JSNA). This provides a baseline assessment of need across the city as a whole, and is a key piece of evidence underpinning the development of the Joint Health and Wellbeing Strategy. 	<p>Digital Communication Strategy</p> <p>Budget Process 2017-2020: Update and Next Steps</p> <p>Our Budget – based on what you said - 2017/18 update</p> <p>Scrutiny Committee news bulletins</p> <p>Social Media Updates</p> <p>Social Media Guidance for Members</p> <p>Joint Strategic Needs Assessment</p>

B. Ensuring openness and comprehensive stakeholder engagement		
The Council's Commitment to Good Governance	The Council's Commitment to Good Governance	The Council's Commitment to Good Governance
	<ul style="list-style-type: none"> ✓ The Integrated Annual Report provides a concise and clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and what this has achieved. ✓ The Council is committed in its support of the Manchester Youth Council, which acts to ensure young people have a strong voice enabling them to influence decision makers in the city and shape future services. ✓ The Council produces public reports which provide information on complaints performance, and which identify where service improvements may be required. Strategic Directors share the complaints performance reports with their respective Executive Members. At Q3 2017/18, 87% of first stage corporate complaints (where the complaint is handled by the service that has been complained about) were responded to in timescale, compared to 79% at the same point last year. The number of complaints at stage one was 1,451, compared to 1,760 last year. At Q3 37% Ombudsman complaints have been upheld. At the same point last year 11% had been upheld, which was one of the highest levels of performance in recent years. 	<p>Integrated Annual Report</p> <p>Manchester Youth Council</p> <p>Corporate Complaints Process and Reporting</p> <p>Annual Complaints Performance Report</p>

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Defining Outcomes	<ul style="list-style-type: none"> ✓ An extensive consultation in 2015 led to a new 10 year strategy for the city – the Our Manchester Strategy – which includes a new approach to working across the whole organisation and with residents, partners and other key stakeholders. The overall vision is of Manchester as a: <ul style="list-style-type: none"> ○ Thriving and Sustainable City ○ Highly Skilled City ○ Progressive and Equitable City ○ Liveable and Low Carbon City ○ Connected City ✓ The Council uses its budget and business planning process to ensure that progress towards the strategic vision for the city is made in the most effective and efficient way. ✓ The Council sets a Medium-Term Financial Strategy which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead. ✓ A Performance Management Framework enables the Council and its Committees to access timely and accurate information about service delivery, supporting intervention to address any barriers to good performance. ✓ The city's role in delivering Our Manchester will provide a key element of support for the linked objectives of the Greater Manchester Combined Authority (GMCA), as set out in the new Strategy launched in October 2017; "The Greater Manchester Strategy – Our People, Our Place". 	<p>Our Manchester Strategy</p> <p>Business Plans and Budgets</p> <p>Medium-Term Financial Strategy</p> <p>Performance Management Framework</p> <p>Our People, Our Place</p>

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ The Council has processes in place to identify and manage risks to the achievement of its objectives, as set out in the Risk Management Strategy 2018-20. The Corporate Risk Register is a part of this framework and is used to inform decision making, provide assurance over actions being taken to manage key risks, and to inform risk management planning and mitigation activities. ✓ The Council has developed a School Governance Strategy to support and secure effective governance of schools in the city. 	<p>Annual Corporate Risk Management Report and Corporate Risk Register</p> <p>The School Governance Strategy</p>
Sustainable Economic, Social and Environmental Benefits	<ul style="list-style-type: none"> ✓ The themes of sustainability, equity, and low carbon emissions are at the heart of the vision statement in the Our Manchester Strategy. In reports where the Council is recommending a decision, the impact that the decision will have on these broad objectives in the strategy will be set out. ✓ The Council sets out the factors it has taken into consideration when making decisions in reports which are available on its website. It also maintains a public Register of Key Decisions. ✓ Our Manchester demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The Council has developed a longer term five-year Capital Strategy, which has formed a critical part of strategic service and financial planning from 2017/18. ✓ As part of the business planning process the Council sets out how it will work towards its agreed Equality Objectives. When required, Equality Impact Assessments are carried out to assess the impact of proposals which may have an effect on different individuals and communities across the city. 	<p>Executive Reports Register of Key Decisions</p> <p>Capital Programme</p> <p>Equality Objectives</p>

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>Sustainable Economic, Social and Environmental Benefits</p>	<ul style="list-style-type: none"> ✓ The Council strives to ensure fair access to services and monitors the extent to which this is occurring through its biennial 'Communities of Interest' publication. Future publications will be called 'Communities of Identity'. ✓ The Our Manchester Strategy includes the commitment that <i>'Manchester will play its full part in limiting the impacts of climate change and by 2025 will be on a path to being a zero carbon city by 2050'</i>. ✓ Along with other partners, the Council works with the Manchester Climate Change Agency (MCCA) to develop initiatives which will contribute towards the goal of Manchester becoming a zero carbon city. ✓ After collating views from across the city on climate change and the strategy for becoming a zero carbon city, the MCCA launched its Manchester Climate Change Strategy 2017-50 in December 2016. ✓ The Council is working alongside academic partners to consider how economic growth can be supported in a way which creates opportunities for all parts of the local population, and where the benefits of growth are fairly distributed. ✓ An updated Family Poverty Strategy for Manchester has been in place since September 2017, supporting the aim of becoming a more progressive and equitable city. ✓ The Council is part of a Strategic Education Partnership, working with schools and local businesses to promote economic growth, reduce dependency, and help people gain the skills needed to access rewarding jobs in the city. 	<p>Communities of Interest</p> <p>Manchester Climate Change Agency</p> <p>Manchester Climate Change Strategy 2017-2050</p> <p>Inclusive Growth</p> <p>Manchester Family Poverty Strategy 2017-2020</p> <p>Strategic Education Partnership Board</p>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Determining Interventions	<ul style="list-style-type: none"> ✓ Decision makers receive accurate, relevant and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports. ✓ Delegation of decision making to officers is detailed in the Constitution so that they can deal with the day-to-day running of the service without the need to constantly refer matters back to Elected Members. Details of what decisions are taken in this way are included in the Scheme of Delegation in the council's Constitution. Further specific delegations may be granted through recommendation in public reports to Committees. 	<p>Performance Management Framework</p> <p>Executive Reports</p> <p>Constitution (Part 3, Section F)</p>
Planning Interventions	<ul style="list-style-type: none"> ✓ The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication. ✓ The Manchester Partnership's Thematic Partnerships support delivery agencies across the city to co-ordinate their activity and consider how they can collaborate to reduce the risks to achieving their outcomes. ✓ The effectiveness of the Council's interventions and the quality of its services is monitored through the provision of regular performance reports showing progress towards goals and targets set in the budget and business plans. Key areas are highlighted so that decision makers can take corrective action where necessary. 	<p>Business Plans and Budgets</p> <p>The Manchester Partnership</p> <p>Performance Management Framework</p>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ The Council's Digital Communication Strategy, updated in October 2016, sets out its approach to engaging with stakeholders, to ensure their involvement in determining how services and interventions should be delivered. ✓ The Council has a Planning Protocol within its Constitution, to ensure fair planning decisions are based on sound evidence. 	<p>Digital Communication Strategy</p> <p>Constitution (Part 6, Section B)</p>
Optimising Achievement of Intended Outcomes	<ul style="list-style-type: none"> ✓ The Council integrates and balances service priorities, affordability and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term. This includes both revenue and capital spend budgets. ✓ The context and documents which support the Council's overall strategy are set out in its Efficiency Plan, published on the Council's website as required by Government for a four year financial settlement. ✓ The Council considers Social Value at pre-tender and tender stage to ensure that appropriate desirable outcomes can be offered by suppliers in their tender submissions. An example of this can be seen in the major six year restoration project – Our Town Hall. 	<p>Medium Term Financial Strategy</p> <p>Capital Programme</p> <p>Efficiency Plan</p> <p>Social Value</p> <p>Our Town Hall – Social Value</p>

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Developing the Organisation's Capacity	<ul style="list-style-type: none"> ✓ The Council's Our People Strategy articulates what its future workforce will need to be like in order to achieve the vision set out in Our Manchester. As part of this, workforce plans are developed which ensure staff have the necessary skills and behaviours to deliver this vision for the city. These behaviours are; <ul style="list-style-type: none"> • We work together and trust each other • We're proud and passionate about Manchester • We take time to listen and understand • We 'own it' and we're not afraid to try new things ✓ The Council continually seeks better outcomes from its use of resources by comparing information about functions, expenditure and performance with those of similar organisations and assesses why levels of economy, efficiency and effectiveness are different elsewhere. It acts upon the findings of this intelligence as part of its budget and business planning to ensure continual effectiveness of service delivery. 	<p>Our People</p> <p>Business Plans and Budgets</p>
Developing the Capability of the Organisation's Leadership and Other Individuals	<ul style="list-style-type: none"> ✓ The Council Leader and Chief Executive have clearly defined roles and maintain a shared understanding of roles and objectives. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members. The Chief Executive and Leader provide a check and balance for each other's authority. ✓ The Council maintains an annually updated Scheme of Delegation setting out which decisions and powers have been delegated to various Committees and Officers. ✓ To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has produced a Protocol governing Member and 	<p>Constitution (Part 3, Section F)</p> <p>Constitution (Part 6, Section F)</p>

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>Officer relations.</p> <ul style="list-style-type: none"> ✓ New Members receive an Induction and training throughout the year. The form and content of the Induction is reviewed annually with Members. Regular meetings to discuss the development needs of Councillors take place with the Deputy Leaders. ✓ Development opportunities are available for all members throughout the year including courses delivered by the North West Employers Organisation, Online e-learning and in-house briefing sessions. ✓ An Annual Members' Assurance Statement is compiled to identify governance challenges relating to the roles of elected members. ✓ As part of the Our People strategy, improved induction and appraisal processes ("About You") have been introduced. These ensure all staff will understand the part they will play in delivering the vision for the city in Our Manchester. A new "Manchester Managers' Handbook" and induction approach are also being developed. ✓ The Council listens to the views of its staff via the "BHeard" survey, and uses learning from this to make improvements in the way that it operates and communicates. This feedback played a key part in the development of the Our People Strategy. ✓ There are a number of tools in place to ensure staff are briefed effectively, for example via staff engagement events, About You sessions, and regular "Team Talk" briefing emails updating staff on major developments and procedure changes. The Council also continues to run "Listening in Action" events which seek to engage staff on a regular basis and involves a Questions and Answers session with the Leader and Chief Executive, as well as active participation from Executive Members. 	<p>Member Development</p> <p>Our People</p> <p>Our People</p>

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ The Council delivers a comprehensive programme of leadership and management development which all new managers are enrolled on. The programmes are targeted at different Grade banding and cover a spectrum of areas essential to managers in the organisation. ✓ The Council is committed to promoting the physical and mental health and wellbeing of the workforce as a core component of the People Strategy through both specific interventions and opportunities and as a central part of the role of all managers. There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme (phone line) providing a range of support was launched in May 2017. ✓ The Council has an open and welcoming approach to external and peer review and inspection and actively considers constructive feedback. 	

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Managing Risk	<ul style="list-style-type: none"> ✓ The Council operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. ✓ The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Named risk managers are identified in the Register for its key strategic risks. ✓ Almost 3,000 staff have received formal training since 2014 and risk management is well embedded in business planning, project management and other corporate processes. ✓ Risk training options are currently being reviewed and refreshed alongside the Our People and Our Manchester strategies and as part of the commissioning of a new on-line learning portal for staff. This process will be completed during 2018. ✓ Risk management is an integral component of the budget and business planning process, linking risk to the achievement, monitoring and resourcing of objectives at directorate level. 	<p>Risk Management Strategy 2018-20</p> <p>Corporate Risk Register</p> <p>Business Plans and Budgets</p>
Managing Performance	<ul style="list-style-type: none"> ✓ The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are produced internally or through external providers. Reports compiling KPIs are submitted to directorate management teams to support transparency and resource allocation to address challenges. 	<p>Performance Management Framework</p>

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ As part of the business planning process Directorate objectives are reviewed, leading to a review of the relevant performance indicators to monitor progress towards them. ✓ The Council ensures that external companies who deliver services have an understanding of expected contract performance, and monitoring takes place throughout the contract period. ✓ Each year the Council produces the State of the City report which details the performance against key measures established to understand how the city is meeting its vision and priorities 	<p>Business Plans and Budgets</p> <p>State of the City</p>
Effective Overview and Scrutiny	<ul style="list-style-type: none"> ✓ The Council has six scrutiny committees which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. The agenda, reports and minutes are publicly available on the Council's website. 	<p>Scrutiny Committees</p>
Robust Internal Control	<ul style="list-style-type: none"> ✓ The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. ✓ The Council's approach is set out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan. ✓ The Council's Audit Committee, which includes two Independent Co-opted Members, provides a mechanism for effective assurance regarding risk management and the internal control environment. 	<p>Internal Audit Plan 2017/18</p> <p>Annual Corporate Risk Management Report</p> <p>Audit Committee</p>

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<ul style="list-style-type: none"> ✓ The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy. ✓ An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Council's internal auditor in the "Head of Audit and Risk Management Annual Opinion 2017/18" section of this Annual Governance Statement. 	<p>Annual Governance Statement</p>
Managing Data	<ul style="list-style-type: none"> ✓ The Council is committed to safeguarding the personal data it holds and sharing this data only in circumstances required or permitted by law. Personal data is processed in accordance with the Data Protection Act 1998, and in particular its eight data protection principles. Work is underway to prepare for the General Data Protection Regulations (GDPR) coming into force on 25 May 2018, this is explained in detail in Section 6. ✓ The Council regularly reviews policies relating to records management, data quality, data protection and information security and provides data protection training. These policies are easily accessible by all staff via the intranet. ✓ All staff must undertake protecting information e-learning training, and this forms part of the induction process for new staff. ✓ To remind staff of their responsibility to always take due care to protect information, the Council uses internal communication campaigns; posters and email reminders signposting to information protection principles and guidance. ✓ Information Governance is overseen by the Corporate Information Assurance and 	

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO).</p> <ul style="list-style-type: none"> ✓ The Council is committed to sharing appropriate data safely with other agencies; where this improves effective and efficient service delivery, supports its objectives and the vision for the city and is compatible with the rights of individuals. Clear guidance is available on the intranet as to when this is appropriate, and how it may be done securely. ✓ The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames in the areas mandated by the Code in the Council's Open Data Catalogue together with additional data of value to stakeholders and the public. ✓ The Council allocates resources to review and monitor the quality of the data which it produces, and which it uses to produce performance reporting to inform decision making. ✓ The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Individuals may also access their own personal data by exercising the right of subject access under the Data Protection Act 1998. 	<p>Local Government Transparency Code</p> <p>Open Data</p> <p>Freedom of Information</p>
Strong Public Financial Management	<ul style="list-style-type: none"> ✓ The Council's approach to Financial Management ensures that public money is safeguarded at all times ensuring value for money. Its approach supports both long term achievement of objectives and shorter term financial and operational performance. 	<p>Medium-Term Financial Strategy</p>

F. Managing risks and performance through robust internal control and strong public financial management		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Strong Public Financial Management	<ul style="list-style-type: none"> ✓ The Chief Finance Officer (City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements 	Constitution (Part 5)

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Implementing Good Practice in Transparency	<ul style="list-style-type: none"> ✓ The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. ✓ The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage. 	<p>Local Government Transparency Code</p> <p>manchester.gov.uk website</p>
Implementing Good Practices in Reporting	<ul style="list-style-type: none"> ✓ The information in the Annual Report is drawn from sources including the more detailed State of the City publication, which charts the city's progress towards its vision and priorities. ✓ The Council explains how it reviews its governance arrangements, and how it has complied with CIPFA's "Delivering Good Governance in Local Government (2016)" principles by producing this Annual Governance Statement (AGS). This includes an action plan (section 7) identifying what governance challenges it will need to address in the next financial year. A concise summary of the findings of the AGS is included in an easily digestible format within the Annual Report. 	<p>State of the City</p> <p>Annual Governance Statement</p>
Assurance and Effective Accountability	<ul style="list-style-type: none"> ✓ The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. An example of positive improvement having taken place following recommendations is the outcome of the recent Ofsted re-inspection of Manchester's services for children in need of help and protection, children looked 	<p>Ofsted Re-inspection of Children's Services</p>

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
	<p>after and care leavers.</p> <ul style="list-style-type: none"> ✓ The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and Grant Thornton bi-annually summarising the Council's performance in implementing recommendations effectively and within agreed timescales. As at January 2018, no External Audit recommendations were outstanding. ✓ This Annual Governance Statement contains a section "Annual Review of the System of Internal Audit 2017/18" which sets out how the Council has gained assurance regarding the effectiveness of its Internal Audit function. ✓ Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee. 	<p>Outstanding Audit Recommendations</p> <p>Internal Audit Plan 2018/19</p>

5. Annual review of effectiveness of the governance framework

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

The governance improvement cycle

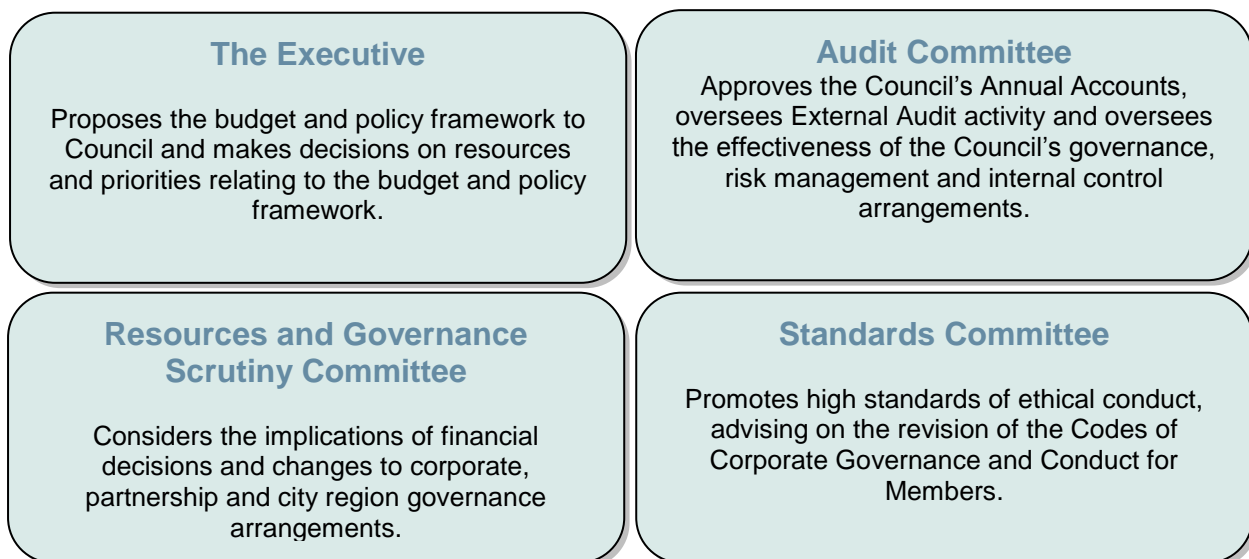


Leadership of governance and internal control

- 5.3 Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT) which meet on a roughly bi-weekly basis to steer the organisation's activity. SMT receive a regular suite of assurance reports from a number of sources, including the Corporate Risk Register, and the Integrated Monitoring Report which allows the Council to track performance towards its agreed objectives. Once per year SMT review the progress in addressing the significant governance challenges which have been identified.

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

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



Head of Audit and Risk Management Annual Opinion 2017/18

- 5.5 *Opinion narrative provided in the separate report at Agenda Item 9.*

Annual Review of the System of Internal Audit 2017/18

- 5.6 *Opinion narrative provided in the separate report at Agenda Item 9.*

External Auditor's Review of the Effectiveness of Governance Arrangements

- 5.7 The Council's external auditor, Grant Thornton, produces an Annual Audit Letter which summarises the key areas highlighted by the work they have carried out. [The Annual Audit Letter 2016/17](#) was reported to Audit Committee in November 2017. The main conclusions of the Audit Letter regarding the key assessment areas were:

Value for Money:

“We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017, except for the following matter:

The publication of an inspection report by Ofsted dated September 2014 concluded that the overall arrangements for ensuring the effectiveness of Children’s Services at the Council and the Local Safeguarding Children Board in the Manchester City Council were judged to be “inadequate”. We recognise that the Council has secured progress in a number of areas as reported in its Improvement Plan presented monthly to the Children’s Services Improvement Board.

The ongoing action during 2016/17 in relation to the Ofsted Improvement Plan is evidence of weaknesses in proper arrangements for planning, organising and developing the workforce effectively to deliver strategic priorities during the year. For the period 2016/17 the Ofsted rating of “inadequate” remained in place which gave rise to a qualified VFM conclusion. We therefore qualified our value for money conclusion in our audit opinion on 18 September 2017.

Since reporting our value for money conclusion, Ofsted has notified the Council that a re-inspection of the service will take place from 10 October 2017 lasting for approximately four weeks. The findings from the re-inspection will inform our value for money conclusion work for 2017/18.”

Financial statements opinion:

“We gave an unqualified opinion on the Council’s financial statements on 18 September 2017.”

- 5.8 The Council monitors the implementation of external audit recommendations. Assurance reports are regularly presented to Audit Committee and Grant Thornton summarising the Council’s performance in implementing recommendations effectively and within agreed timescales. However, progress is also monitored through other relevant Committees and Scrutiny functions. The latest [Outstanding Audit Recommendations Report](#) was taken to Audit Committee in January 2018. There were no outstanding External Audit recommendations. In relation to the Value for Money conclusion an update following the Ofsted re-inspection which has now taken place is given in section six.

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

- 5.9 As part of its work on governance and financial management across public services, CIPFA issued its Statement on the role of the Chief Financial Officer in Local Government (the Statement) in 2016. The Council has undertaken a review of the role and responsibilities of its Chief Financial Officer (CFO) against the five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

5.10 The 2017/18 review concluded that the CFO met the responsibilities of the Senior Finance Officer in full and was ideally placed to develop and implement strategic objectives within Manchester City Council, given her role as the City Council's Section 151 Officer and City Council Treasurer. She reports directly to the Chief Executive and is a member of the Council's Senior Management Team. The CFO influences all material business decisions and oversees corporate governance arrangements, the audit and risk management framework and the annual budget strategy and planning processes. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Assessment of the robustness of corporate governance across services

5.11 As part of the process of identifying any areas where governance needs to be strengthened across the organisation, services complete an annual online questionnaire indicating whether they comply with each of the criteria in the Code of Corporate Governance. The questionnaire has been updated to reflect the revised Code of Corporate Governance, with a key focus being assessment of the embedding of the Our Manchester approach and behaviours. Analysis of the responses shows compliance with the Code is generally robust. Areas of particular strength identified in the questionnaire responses include;

- Services have processes of setting objectives and planning to deliver them.
- Officers are aware of and know how to engage with and support the Scrutiny Committees.
- Services welcome peer challenge, internal and external review and audit, and inspections from regulatory bodies and give thorough consideration to arising recommendations. They put in place arrangements for the implementation of actions agreed to be taken as a result and there is clear oversight from elected members on the conclusions and resultant actions.

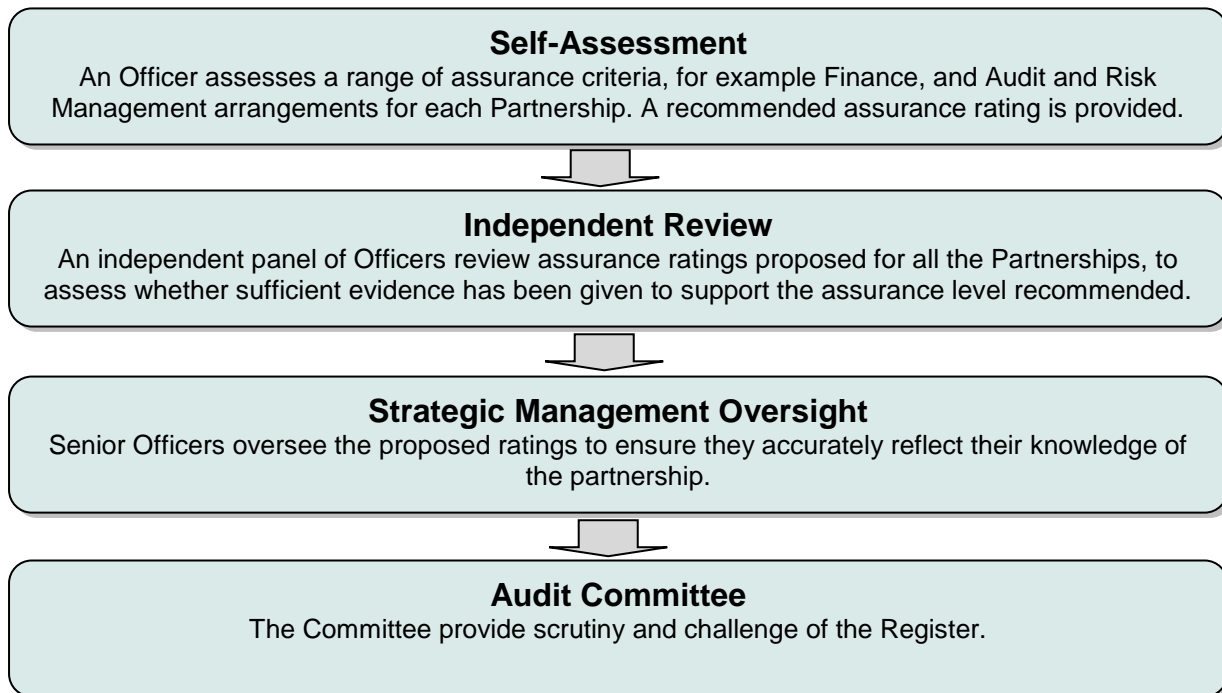
5.12 Using a strengths based approach, services highlight areas of strength and good practice in their questionnaire responses. These are then shared, so that good practice can be adopted across the organisation.

5.13 The analysis has also identified areas to be strengthened, which informs the governance challenges which the Council will address in 2018/19 (Section 7). Examples include;

- Further work needs to be done to ensure that the 'Our Manchester' Strategy priorities are understood and embedded in the work of all services, and that the new approach to working is understood and being used consistently and effectively.
- Continued improvement of governance and communication of workforce policy and associated guidance, so that it is clear, easily accessible, and being consistently followed across services.

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

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



- 5.16 The Council works to continuously improve both governance in partnerships, and the assessment process. Every six months Audit Committee scrutinises the progress which has been made to implement improvements amongst those partnerships that the process has identified have governance challenges to meet. Audit Committee will request Executive Member and Senior Officer attendance where it has specific areas it wishes to address. The assessment process is also reviewed annually. In 2017/18 further work was carried out to improve the quality of the partnership self-assessments, and a revised partnership definition was introduced to ensure a distinction between partnerships and contractual arrangements.

External inspection agencies

- 5.17 The Office for Standards in Education, Children's Services and Skills (Ofsted) inspects and regulates services which care for children and young people and those providing education and skills for learners. It publishes all [school inspection reports](#) on its website, in addition to the [inspection reports](#) for the services for children and families which the Council provides. The latest inspection took place in October 2017, and this is explained in detail in section six.

- 5.18 The [Care Quality Commission](#) (CQC) is the regulatory body responsible for the quality of health, mental health and adult social care services in England and carry out reviews of local arrangements. The CQC advises Councils that, although not a statutory requirement, it is good practice to produce “local accounts”. Local accounts must demonstrate how the Council has safeguarded and maintained personal dignity, put people first and achieved value for money, judged against the health and social care outcomes for their area. The Council’s [Local Accounts](#) are reviewed by Health Scrutiny Committee.
- 5.19 Grant Thornton are the Council’s External Auditors. They carry out auditing of the Council’s activities in accordance with the National Audit Office (NAO) Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014. Their key responsibilities are to:
- Give an opinion on the Council's financial statements
 - Assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion)

6 Progress in addressing the Council's governance challenges

This section provides an update on progress made addressing the Council's governance challenges which were identified in last year's AGS (2016/17). Progress is reviewed every six months, with an update previously being provided to [Audit Committee](#) in November 2017. Topics are grouped together relative to particular areas of governance.

Governance Area: Delivering Our Manchester

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".

The Our Manchester Approach is nearing the end of its first year Delivery Plan. A programme plan for 2018/19 is now in development continuing to focus on embedding Our Manchester in a collaborative and asset-based way with public and Voluntary and Community Sector partners across the city.

A citywide partnership group continues to lead on the overall strategy for the *Place Based approaches* now the priorities at a local level have been established. They are continuing to focus on how we can use the strengths that exist within neighbourhoods to reduce demand for services, alongside developing better quality and continuous resident engagement that aligns directly to the principles of Our Manchester.

Through a joint partnership group between the Council, MHCC and the LCO the *Health and Social Care Our Manchester* now has a number of key themes through which pieces of work will be delivered over the next one to two years. These include how we can connect services for people in a place, opportunities in commissioning priorities and new assessments, and also how we support the workforce to be able to work together and adopt the Our Manchester behaviours.

The Our Manchester VCS fund and the Our Manchester Investment Fund are now jointly managed within a dedicated programme team. The OM VCS fund is currently in due diligence phase, alongside keys works to understand the impact of funding decisions and a gap analysis. The Investment Fund funds innovative ideas that align to the principles of Our Manchester and supports communities

and residents by understanding what matters to them.

The *Monitoring and Evaluation* framework for Our Manchester comprises different elements, in order to appropriately reflect the range and variety of things that are taking place;

- 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.

A group has been established to take this forward, developing a work programme to understand how the OM approach is contributing to achieving outcomes.

Our People

The 2017/18 delivery plan for the People Strategy has focused on getting the “basics” in place to support improved employee engagement underpinned by high quality and consistent people management. This has progressed in tandem with work to develop the overarching Our Manchester behaviours into a formal behaviour framework as the basis from which to drive organisational change. Underpinning this focus has been work to deliver a number of initiatives which have significantly improved employee engagement. This has included the launch of the new ‘About You’ approach to appraisals and one-to-ones, the continued roll-out of core leadership and management training programmes (with the anticipation that circa. 50% of all managers will have participated by year-end), a range of ‘Our People’ engagement sessions across the City and a strengthened approach to development with apprenticeships at its heart which has seen over 100 apprentice starts in-year to date including six former Looked After Children. This work has supported a significant increase in employee engagement measured through this year’s ‘BHeard’ Survey which saw a 7% increase in responses (to 49%) and an overall engagement score of 611, an increase of 16 points, with the Council now recognised as a ‘One to Watch’ organisation.

The above activity has been underpinned by work to articulate and embed the Our Manchester behaviours, including through the development and launch of a new behaviour framework and the interactive and immersive ‘Our Manchester Experience’ which has seen participation by over 500 staff to date.

There has also been a strong focus on improving core people management support and practices with the roll-out of an enhanced workforce intelligence dashboard, transition to a new agency resourcing model and focused work to reduce agency spend, the launch of an Employee Assistance programme, providing 24/7 telephone and on-line support to all staff, a range of enhancements to the *mi people* Self Service system in direct response to staff feedback and the roll out of Universal ICT Access to circa. 900 staff.

People strategy delivery priorities have been identified for each of the Our Manchester principles as follows, to ensure the workforce is fully aligned to City strategy and community experience;

- **Better lives:** Continual improvement of the MCC workplace for our staff; connecting employees to the life of the City
- **Listen, Learn & Respond:** Staff engagement; “you said - we did”; HROD service improvement and practice improvement of our policy framework
- **Starting from Strengths:** Strengths-based approach to skills, workforce development and the way we manage our people
- **Relationships & Conversations:** workforce equalities; partnership working; management and Trade Union relationships underpinned by strong collective leadership

Underpinning each principle is enabling work to develop:

- the Our Manchester behaviours by embedding the behaviour framework; leadership development and the Our Manchester Experience
- workforce capacity through effective management of the staffing establishment; workforce attendance and performance.

There is continued commitment to the Listening in Action events that give staff the opportunity to engage with senior leaders, Members and colleagues from across the organisation. At the event, staff get an understanding of Our Manchester, and the role that they will play in helping us to achieve the ambition for the city. More than 1,600 staff have already taken part and the next round of events will be taking place over the next six months.

Governance Area: Responding to external inspection recommendations

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

The Children's Services re-inspection report was published on 21 December 2017 with an overall judgement of "Requires Improvement to Be Good". The sub-judgements were:

Children who need help and protection:	<i>Requires improvement</i>
Children looked after and achieving permanence:	<i>Requires improvement</i>
Adoption performance:	<i>Good</i>
Experiences and progress of care leavers:	<i>Requires improvement</i>
Leadership, management and governance:	<i>Good</i>

Subsequent to the publication of the report the Statutory Notice to Improve issued by the Department for Education was lifted and the Council's Children's Services were formally removed from being in Intervention.

The Children and Young People Scrutiny Committee has received detailed reports on the outcomes from the inspection and the next steps for continued improvement in January 2018;

- [Re-inspection of services for children in need of help and protection, children looked after and care leavers](#)
- [Post Ofsted Improvement Plan](#)

This includes details of the Delivering Excellence and Getting to Good Plan - governed through a transitional Getting to Good Board - which provides the continued leadership to delivering both the continued partnership vision for improving services, and the new Ofsted recommendations from the re-inspection itself.

The finding of 'Good' for leadership, management and governance presents a strong and effective foundation for the Service to continue to improve towards delivering even better performance and outcomes for children and young people.

Governance Area: Health and Social Care Integration

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)

LCO – Procurement and Integrated Neighbourhood Teams

The LCO will deliver all out of hospital, community based, health, primary and social care services on an integrated basis with effect from 1 April 2018. Ahead of the go-live date, which will see the LCO established in a way that leads the delivery of existing services under their existing contractual arrangements, a Partnering Agreement is being agreed to formalise this approach. The Governance Working Group which has representation from all LCO partners and Manchester Health and Care Commissioning (MHCC) continues to develop the Partnering Agreement and the associated schedules which include the scope of the LCO, delegated authorities and reserved matters. A draft version has been produced with a final version to be signed by all parties through the relevant Board processes in March 2018.

There will be circa 990 FTE Council employees from across Adult Social Care and Business Delivery who will transition to the LCO during 2018/19 to deliver these integrated services, with other services being included at a later date. Social Work, Primary Assessment and Re-ablement services will be the first services to come together with Health as part of twelve Integrated Neighbourhood Teams working across the City. A report to [Personnel Committee](#) sets out in full the implications for workforce, engagement and organisational development.

More generally, the development of the LCO is being governed by the LCO Executive, and the LCO Programme Board.

Single Commissioning Function

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

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. 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.

Governance Area: Information systems and governance

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

Disaster Recovery (DR)

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

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

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 a proactive system of applying software security patching that 'fix' identified system security vulnerabilities and through improved anti-virus and malware protection. Ongoing investment is in place to ensure the estate remains as secure as possible.

The Council has implemented best practice cyber defences between the Councils internal systems and the risks that exist on the Internet. These include Intrusion Detection and Protection Systems and Security, Incident and Event Monitoring Systems which are solutions that detect, alert and prevent cyber-attacks against the internal Council systems.

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 user training provision across the Council through the commissioning of a crowdfunded 12-module suite of online cyber security training, procured in collaboration with nine other local authorities. The training will be delivered through a new e-learning portal that will deliver user training, policy management acceptance and compliance and the ability to test our own users with 'phishing' emails and will be 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 and can force users to undertake training, policy reading and acceptance before being allowed to logon if required.

This will support the arrangements for EU General Data Protection Regulation (GDPR) which is being led by Legal Services (see Action 5 below).

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.

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.

Work is ongoing 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.

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 (DSIROs), 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. A report was taken to the Council's [Resources and Governance Scrutiny Committee](#) regarding GDPR for information in December 2017.

The project is supported by a full time Project Manager who attends all workstream meetings and CIARG meetings. Greater Manchester colleagues meet to discuss common themes and officers from the Council attend these meetings.

A project plan and risk register has been created to track activities, monitor risk and to agree actions to ensure delivery of each component of the project. Work is being undertaken to assess more fully what personal information Council departments hold through a facilitated information audit to refresh and update the Information Asset Register and identify areas where further action is required. Departmental Deputy DSIROs have been appointed to support delivery of the GDPR programme within departments. A Communications Strategy has been developed and online training in respect of GDPR will be rolled out shortly. Procedures for Data Breach Reporting have been refreshed and Policies and Guidance are being updated

There is a requirement under GDPR for the Council to appoint a Data Protection Officer (DPO) and recruitment for this post is under way. Work is also being undertaken to deliver an improved tool for logging requests for personal data and data breaches .

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 (ICO) expectations) been raised to 90%. In the year to date (April to 31 January 2018) the Council received 1,698 FOI requests, 86% were responded to on time. The Council received 865 SARs during the same period, 93% of requests were responded to on time.

The GDPR introduces a higher limit of a potential €20m fine from the ICO in relation to a data breach, with a maximum fine of €10m for breach of any other GDPR provision, including relating to strengthened rights of individuals, which given publicity in relation to these changes is likely to result in an increase of such requests. Other changes include the introduction of a 72 hour period in which the Council must report a data breach to the ICO, and shortening time limits for responding to SARs (generally) to within a month. Work is underway to ensure the Council has systems in place to deal with the changes.

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.

Governance Area: Finance

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

The most significant change in Local Government finance in recent years has been in respect of the business rates funding regime. From 2013/14 the Local Government Resource Review (LGRR) introduced the partial re-localisation of business rates which brought a lot more volatility to the funding system. As previously outlined 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.

The original intention was for all Local Authorities to move to 100% retention by 2020. However, the Queen's Speech in 2017 excluded the Local Government Finance Bill which would enable the necessary statutory changes to go before Parliament. A recent announcement as part of the 6 February 2018 Finance Settlement from the Secretary of State for Housing, Communities and Local Government, confirmed that from 2020/21 there will be a national move to 75% business rates retention. The existing pilots will continue in 2018/19 but there is no confirmation of what will happen in 2019/20 other than that they intend to open a further bidding round for pilots.

It has been agreed in Greater Manchester that any benefit from the 100% pilot be shared, with a minimum of 50% of any benefit being retained by Districts and the balance to be retained by GMCA. This will be subject to annual review as part of the budget setting process.

Whilst business rates retention is generally welcomed, there remains uncertainty regarding the stability of funding through this mechanism. The Council are engaging in conversations with Government and recently gave evidence to a Ministry of Housing, Communities and Local Government (MHCLG) Select Committee on 100% Business Rates Retention. The main points made were:

- The ability to retain 100% of business rates growth above the baseline would help longer term budget planning.
- With greater reliance on business rates income, there are very real concerns that the planned reset of business rates in 2020 may bring further pressure on Local Authorities, as the continuation of such funding has been taken in to account when

setting the Council's budget.

- The Council would like to see the Safety Net, which protects an Authority from losses above a certain percentage, funded from Business Rates income generated by the Central List (i.e. business rates income received against properties which are held on a central Government rating list) rather than from a combination of top slice and levy payments as happens at present.
- There have been a number of concerns raised by businesses and Local Authorities relating to the operation of the new check, challenge and appeal system; these include the complexity of the application process for businesses and the paucity of information available to Local Authorities from the Valuation Office Agency (VOA).
- The Council believes it is vital that the Government assesses the sustainability of local government and that the Fair Funding Review of resource needs is the best opportunity to make such an assessment.
- The design of "transition" funding is crucial, as well as the amount and timing of the transition funding allowed.
- The delay of both the Fair Funding Review to 2020/21 (originally intended for 2019/20) and the uncertainty surrounding the 100% Business Rates Retention roll out has restricted longer term financial and strategic planning.

Government have recognised that to meet the challenges of the future an updated and more responsive distribution methodology is required for the allocation of resources to Local Government. The current system is over ten years old and the data used has not been updated since 2013. They have published a formal consultation on a review of relative needs and resources and aim to implement its findings in 2020-21. The review will examine the cost of delivering services across the country, and will consider which factors should be taken into account when considering a local authority's relative resources.

The Council is working closely with the MHCLG, Local Government Association and other Local Authorities (particularly Core Cities) to ensure the circumstances of Metropolitan cities are represented in the review. Detailed responses will be submitted for all relevant consultations and representations made where possible. Officers will attend the Fair Funding Review consultation workshops in March 2018 hosted by government and Local Government Association officers.

Delivery of continued significant savings

In 2017/18 an overspend of c£4.6m is forecast, as at December 2017, which reflects pressures being experienced nationally, particularly in Children's Social Care which makes up £8.9m of the overspend, increasing to £17.3m in 2018/19. There are Delivery Plans in place to address the position and action being taken to ensure the delivery of the Medium Term Financial Plan (MTFP) 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.

2018/19 is the second year of the three year MTFP approved in March 2017. Whilst the overall strategic direction and ambition set out in the Our Manchester Strategy and from consultation with residents has not changed, a number of the underpinning assumptions have. The resources have been refreshed in the context of the City's growing business and residential base and being part of the 100% business rates growth retention pilot, the recent Finance Settlement and the Adult Social Care grant which was announced after the three year strategy was set. Alongside this there is a need to invest more into the Council's front line services, particularly for adults and children's social care, for services to the homeless and to help mitigate some of the impacts of welfare reform.

As part of the 2018/19 budget preparation there was a full review of resources available. This resulted in a net increase in the 2018/19 resources available of c£27m when compared to the rebased budget as approved as part of the 2017/20 strategy. This provided for some investment in priority areas, particularly adults and children's social care, homelessness and mitigating some of the impact of welfare reform. The spending requests included a proposed increase to Directorate budgets of £21m in 2018/19 with the balance of £6m supporting corporate costs such as pay award, meeting contractual commitments and replenishing general reserves.

In order to help support these investment priorities and deliver a balanced budget Directorates have also had to put forward Budget Delivery Plans to reduce resource commitments in a number of areas. The proposals were set out in full in the Directorate Budget and Business Planning reports for consideration by the six scrutiny committees. The Executive agreed its final budget recommendations on 7 February taking into account the feedback on the proposals. These recommendations were considered by the Resources and Governance Scrutiny Committee at its special budget meeting on Monday 19 February. The Council will then make its final decisions and will set the budget on 2 March.

After taking account of the proposals the total existing saving targets and additional Delivery Plan proposals total £25.482m in 2018/19 and a further £9.022m in 2019/20.

	2018/19			2019 / 20			2 Year Total Savings £,000
	Existing MTFP	Proposed Delivery Plan	Total	Current MTFP	Proposed Delivery Plan	Total	
	£,000	£,000	£,000	£,000	£,000	£,000	
Adults	4,814	3,705	8,519	4,000	(3,982)	18	8,537
Children's	220	10,463	10,683	180	2,089	2,269	12,951
Corporate Core	2,945	478	3,423	2,160	65	2,225	5,648
Growth & Neighbourhoods	1,250	1,607	2,857	4,510	0	4,510	7,367
Strategic Development	0	0	0	0	0	0	0
Total Savings identified	9,229	16,253	25,482	10,850	(1,829)	9,022	34,503

Officers have satisfied themselves with the robustness of the planned service changes and their broad deliverability. SMT Business Planning and Transformation group will be considering the progress against the 2018-20 savings at each meeting and updates will be provided to monthly SMT and Executive Members.

There remains a resource gap in 2019/20 of c£9m. From Summer 2018 work will begin on the Council's longer-term financial position beyond the current MTFP.

Governance Area: Programme and Project Governance and Delivery

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

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 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.

The Strategic Capital Board has been established to ensure that all capital projects have strategic fit for the Council, provide value for money, and to assess the risks to delivery. The Board will receive appropriate reporting to enable governance, support and challenge, to both new projects as they are proposed and also to continuously review the existing capital programme.

Highways

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.

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.

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.

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.

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.

Strategic Development

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

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.

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

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.

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). The decant includes

the removal from the building of heritage assets, and the fit out and occupation of the new premises for the Coroner at Royal Exchange. These activities will run through to the second half of 2018, and will continue to be tracked through the risk register until completed.

- 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).

A detailed governance plan was signed off by Strategic Board on 16 October 2017 for Royal Institute of British Architects (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.

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.

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

The core consultant team mobilised into the collaborative project office at the end of July. More recent further additions to the project team include a buildability consultant, fire engineer, acoustician and security strategy consultant. To date, 150 staff have been inducted into the project office (Council and consultant staff) working side by side in the Town Hall building.

The project is approximately 50% through RIBA Stage 2 (Concept Design), and intense stakeholder engagement is continuing, with a view towards completion of RIBA Stage 2 in May 2018.

Formal commencement of the management contractor has commenced. The Competitive Dialogue process 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.

Open day event

The Town Hall closed to the general public on 15 January 2018, following a successful open day for members of the public on Sunday 14 October, allowing access to areas of the Town Hall they may not have seen and to learn more about the Our Town Hall project. The full ticket allocation of 3,900 was taken up within two weeks, highlighting the interest and significance the building has with people.

Moving out of the Town Hall

The decant of the majority of staff has been completed. The decant of Members concluded at the end of January. The decant includes portable heritage items as well as other portable items and plans are in place to remove them before the 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 work commences in late 2019.

Communications and Engagement

The 140th anniversary of the opening of the Town Hall was on 13 September 2017 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.

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.

Progress Reporting

Publicly available detailed progress reports are regularly provided to [Resources and Governance Scrutiny Committee](#). Currently progress reports have been requested at alternate meetings and provide members with overall progress of the project as well as detailed information concerning the decant, communications activity, social value being achieved, design activity and the procurement of the management contractor. The Ethical Procurement Sub Group of the Resources and Governance Scrutiny Committee has identified the Our Town Hall Project as one of the projects it wishes to focus on in looking at maximising social value, and regular reports are submitted to this sub group. It is proposed that a report will be submitted to Executive at the conclusion of the management contractor procurement.

The project is overseen by a Strategic Board which is chaired by the Deputy Leader and which includes the Leader, Lead Member for Finance and Human Resources, Chief Executive, City Treasurer and City Solicitor. This is the main decision making structure which also receives regular progress reports.

Governance Area: Contract Performance Improvement

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

At the end of December 2017, the 'Service Improvement Plan' was concluded. The contractor has demonstrated that street cleansing is now meeting the contract standards and have improved their consistency in the delivery of this outcome. The 'Service Improvement Plan' particularly focussed on the following performance targets from the KPIs in the contract.

- 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 residents report a job has not been satisfactorily dealt with (OJND - 'Original Job Not Done').

Performance by the contractor against the key metrics has seen incremental improvements since the plan was implemented in February 2017. 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 most challenging period of the year, the leaf removal programme was much more effective this year - due to improved management and coordination of the contractor's resources and enhanced partnership working. Weed removal programme in 2017/18 did not meet the expected standards due to the failure of a sub contract and improvements to this service are required in 2018/19.

Performance continues to be managed through the robust contract governance arrangements in place.

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 - residents with their own bins (4 bin households) now recycling in excess of 50%. Other property types are typically recycling around 10%. 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. 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. A robust delivery plan has been developed to ensure that the wide range of stakeholders and residents who will be affected are effectively engaged in the process; communicated with; given the necessary equipment and information to change their behaviour and that robust governance and data collection programme is in place.

Governance Area: Improving the effectiveness and efficiency of Reporting

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

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.

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.

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

The Integrated Monitoring Report (IMR) is now in place, and 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.

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’.

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.

Over the past six months further work has taken place to improve the presentation of the report and bring together the key progress and challenges for each directorate reported alongside current priorities. The report has been shortlisted for the Good Governance Award as part of the CIPFA Public Finance Innovation Awards 2018. Further development is planned to bring in risk and audit information and show more explicitly how directorate performance links to the vision for the City.

Risk Management

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.

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.

Governance Area: Schools

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.

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 information, discussion of priorities and collaborate on ways forward
- Continued coordination and facilitation of networks of key leaders from all schools to ensure flow of information and strategic intention from national government, local government, regional work and across the school system
- Continued engagement with the school system through the Schools' Forum
- Embed and further develop the role of Manchester School Improvement partnership to ensure that all teaching Schools and National Leaders of Education based in the City are effectively deployed to support school improvement.
- Work with school leaders to ensure that there is better coordination and understanding about the role of school representatives on different strategic boards and steering groups
- 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
- Increase engagement of schools as systems leaders for the Early years services
- 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, other parts of the DfE and OFSTED to place the Council at the heart of discussions about performance, capacity and growth in academy and free schools in the city

Governance Area: Communication of Policy and Procedure

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.

The induction process update is in progress and is expected to be completed in 2018/19 for the inductions of both new staff and managers. The updated 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.

The intranet had been updated to improve the users' experience with relation to navigation and searching for information. The sites which contained information for the Shared Service Centre and HR/OD have been combined to remove duplication and 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. Universal Access has provided the opportunity for a number of employees to access the intranet who may not have done so previously, as a result it is essential that the content is accessible to everyone with access. Work will continue on harmonising the format and content of these pages during 2018/19 to make sure that the information contained is relevant, up to date and accessible to all officers.

The Raising the Bar Programme continues to assist the development of managers up to Grade 9 ensuring that they have the knowledge, skills and behaviours to deliver Manchester's ambitious targets. 373 delegates will have completed or booked to complete the course by March 2018. For managers Grade 10 and above the Our Manchester Leadership Programme has supported 171 delegates who have completed or are booked onto the course as of March 2018. Each of these programmes cover key issues which include people, policy, health, safety, welfare management and mental health awareness. They both explore the behaviours required of Manchester managers and how this links with successful delivery of the Our Manchester Strategy. Work is in progress to include additional modules in 2018/19 on financial management and commissioning.

The role of the Policy Team within HR/OD has increased the focus on the governance and the communication of workforce policy and associated guidance. The team lead and deliver a programme of policy and guidance review over the year which incorporates any recommendations from Audit and Legal colleagues. Quarterly horizon scanning is 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.

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 are utilised to ensure all employees are aware of existing, and updated or new policy documents. This includes: 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.

This work will continue to be delivered in collaboration with the Communications Teams to ensure strong messages around compliance and accountability are received by all employees.

7. Action Plan: Governance Challenges for 2018/19 Onwards

The review of governance arrangements has identified eleven main areas where the Council will need to focus its efforts during 2018/19, to address changing circumstances and challenges identified. These are set out in the action plan below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2019.

Action	What action is to be addressed	Who is responsible for delivery	
		SMT Leads	Directors or Heads of Service
1	Ensuring the Our Manchester behaviours become embedded and reflected in all aspects of service delivery, ensuring that staff develop the skills and behaviours articulated in the 'Our People' Strategy, including effective implementation of workforce plans. Adopting a strengths based approach to engaging with residents, and ensuring the Our Manchester approach is used strongly and consistently across all aspects of the Council's communications.	Deputy Chief Executive (Growth and Neighbourhoods), City Solicitor	Director of HROD, Director of Strategic Communications.
2	Supporting the integration of health and social care by ensuring effective governance of integrated teams, including operation of the MHCC	Director of Adult Social Services	-

Action	What action is to be addressed	Who is responsible for delivery	
		SMT Leads	Directors or Heads of Service
	commissioning function, and implementation of the Local Care Organisation (LCO).		
3	Adults Services governance oversight: operational compliance, quality assurance and the transition from Childrens to Adults Services provision.	Director of Adult Social Services	-
4	Improving the resilience of ICT systems, and the Council's arrangements for disaster recovery.	Chief Information Officer (until September 2018), Deputy Chief Executive (People, Policy and Reform)	Director of ICT
5	Improving information management, and preparing for the introduction of the EU General Data Protection Regulation.	City Solicitor	Head of Internal Audit and Risk Management
6	Changes to the local government finance system, and delivery of continued significant savings	Chief Executive, City Treasurer	Deputy City Treasurer
7	Ensure robust governance and delivery of the five year Capital Programme Strategy, including major infrastructure projects across Highways and Strategic Development, and Capital Programmes	City Treasurer, Deputy Chief Executive (Growth and Neighbourhoods), Director of Strategic Development	Director of Highways, Transport and Engineering
8	Develop, design and deliver the Our Town Hall refurbishment project to time, cost and quality standards.	Deputy Chief Executive (Growth and Neighbourhoods)	Director of Trading Services
9	Strengthening the Council's approach to commissioning, procurement and contract management.	City Treasurer	Head of Strategic Commissioning
10	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	Strategic Director (Children's Services)	Director of Education

Action	What action is to be addressed	Who is responsible for delivery	
		SMT Leads	Directors or Heads of Service
	education and learning, including improvement of secondary school exam results.		
11	Continued improvement of governance and communication of workforce policy and associated guidance, including embedding new ways of working. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance.	Deputy Chief Executive (People, Policy and Reform)	Director of HROD

Conclusion

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

Signed:
Leader of the Council

Signed:
Chief Executive