
**Manchester City Council
Report for Information**

Report to: Standards Committee – 15 June 2017
Subject: Draft Annual Governance Statement 2016/17
Report of: City Treasurer

Summary

This report contains the draft 2016/17 Annual Governance Statement (AGS) which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report, including improvements made this year. Related activity to promote better understanding and transparency in relation to governance arrangements, both within the Council and for the public is also described.

Recommendations

Standards Committee is requested to note and comment on the contents of the draft version of the Council's 2016/17 Annual Governance Statement (AGS).

Wards Affected: All

Contact Officers:

Liz Treacy
City Solicitor
0161 234 3087
l.treacy@manchester.gov.uk

Carol Culley
City Treasurer
0161 234 3406
c.culley@manchester.gov.uk

Janice Gotts
Deputy City Treasurer
0161 234 1017
j.gotts@manchester.gov.uk

Courtney Brightwell
Performance Manager: Place & Core
0161 234 3770
c.brightwell@manchester.gov.uk

Sean Pratt
Performance and Intelligence Officer
0161 234 1853
s.pratt@manchester.gov.uk

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 Standards Committee are asked to note the findings of the 2016/17 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2017/18.
- 1.3 The draft 2016/17 AGS is attached as an appendix to this report.

2. Format and changes made to 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 The Council has 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 new code as an example of good practice. Key elements of compiling the new AGS have been an assessment of the extent to which the Council has adhered to the revised governance standards set out in its new 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 new Code of Corporate Governance, and includes links to online documents where the reader can access more detailed information.

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

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

7 – Action Plan: Future actions for further improvements to governance arrangements; this section sets out the key areas which the Council will focus on in 2017/18, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2016/17

- 3.1 A progress report was provided to Audit Committee in December 2016 updating members on the implementation of actions to improve governance arrangements identified in the action plan at the end of last year’s AGS. Progress since December 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 2017/18 a number of evidence sources were considered including;
- Analysis of responses from Services to the 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 Strategic Management Team (SMT) Leads to identify and discuss emerging governance issues
 - Consideration of risks identified in the Corporate Risk Register
 - Where appropriate carrying forward elements of action points from 2015/16 if further work and monitoring is required.
- 3.3 These processes, described in more detail in section 5 of the AGS itself, led to the identified governance challenges described in section seven. This sets out an action plan, which looks ahead to the main challenges where the Council will need to focus attention in 2017/18.

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, in an effort to increase public engagement with the report.

5. Next Steps and AGS Timeline

- 5.1 The following table shows the key reporting dates for the 2016/17 AGS;

Date	Milestone
15 June 2017	Draft AGS 2016/17 to Standards Committee
20 June 2017	Signed AGS provided to Corporate Finance to be placed with the Accounts.
23 June 2017	Draft AGS 2016/17 to Audit Committee
31 August 2017	Final AGS and Accounts circulated to Audit Committee
25 January 2018	Update on delivery of governance improvements for 2017/18 (as set out in AGS Section 7 Action Plan) to Audit Committee

- 5.2 Standards Committee is requested to note and comment on the contents of the draft version of the Council's 2016/17 Annual Governance Statement (AGS). Amendments to the statement will be included in the version submitted to Audit Committee with the Accounts on 31 August 2017.



MANCHESTER
CITY COUNCIL

Annual Governance Statement 2016/17

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 are in a period of rapid transition. The Council is undertaking a broad programme of work to deliver its ambitious "Our Manchester" strategy, engaging staff, residents and stakeholders across the city. To provide stability in light of continued central government grant funding reductions, it has carried out longer term financial planning based on a four year settlement from 2016/17 to 2019/20. This longer term approach includes the development of a five-year Capital Strategy, which will form a critical part of strategic and financial planning from 2017/18. Other major developments include the Greater Manchester Mayoral Elections on 4 May 2017, and the devolution of the region's health and social care services.
- 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 was 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 has issued a 2016 update to the Framework, which is applicable for the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives as set out in the [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 corporate values of People, Pride and Place, and 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 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 has adopted a new approach – Our Manchester – which 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 ✓ The Council has a zero tolerance approach towards fraud and corruption and this commitment is set out in the Council's Anti-fraud and Corruption Policy. ✓ The Whistleblowing Policy provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council and explains how these will be investigated. 	<p>The Council's Values</p> <p>Our Manchester – The Manchester Strategy</p> <p>Whistle Blowing Policy</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 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 new Our People strategy, improved induction and appraisal 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. 	<p>Our People</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. ✓ 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. ✓ 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. ✓ The Members' Update on Ethical Governance, including Use of Council Resources and Social Media guidance. The last one was issued in November 2016. ✓ 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. 	<p>Standards Committee</p> <p>Local Code of Conduct for Members</p> <p>Members' Register of Interests</p> <p>Members' Update on Ethical Governance</p> <p>Employee Code of Conduct</p> <p>Ethical Procurement Policy</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 Partnership Governance Framework which sets out protocols for partnership working, and the high standards of conduct which are expected from partner organisations. 	Partnership Governance Framework
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. The Council's Monitoring Officer (the City Solicitor) has statutory reporting duties in respect of unlawful decision making and maladministration. ✓ 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). 	The General Power of Competence Council Constitution (article 12.3(b)) Council Constitution (article 12.4(a)) CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016)

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. ✓ 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. This recommendation has been circulated to the Council's Strategic Management Team to implement. ✓ 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. 	<p>manchester.gov.uk website</p> <p>Council Constitution (article 12.3(e))</p> <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>

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 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 this year have included the Council's budget strategy, parks strategy, and proposals for community and voluntary sector funding. 	Consultations and Surveys
Engaging Comprehensively with Institutional Stakeholders	<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. 	Our Manchester Forum Partnership Governance Framework Register of Significant Partnerships
Engaging with Individual Citizens and Service Users Effectively	<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 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 	

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
Engaging with Individual Citizens and Service Users Effectively	<ul style="list-style-type: none"> ✓ The Council has developed a new 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 has been taken with the recent Budget Conversation, which has resulted in significant engagement about what people value and why, as well as what they could do to support those things. ✓ 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. ✓ The Council is committed to seeking continuous feedback from citizens and service users both in planning service improvements and service reductions for example through its resident's survey. ✓ 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>Scrutiny Committee news bulletins</p> <p>Social Media Updates</p> <p>Social Media Guidance for Members</p> <p>Our Manchester Resident Survey</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 Council listens to resident' concerns and puts actions in place accordingly. For example in January 2017 an extra £100m of investment was announced to bring the city's roads up to a good standard. ✓ 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 	<p>Investment in Road Improvement</p> <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 has 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 new strategy recognises the city's role in supporting the objectives of the Greater Manchester Combined Authority (GMCA), set out in "Stronger Together – The Greater Manchester Strategy 2013-2020". 	<p>Our Manchester Strategy</p> <p>Business Plans and Budgets</p> <p>Medium-Term Financial Strategy</p> <p>Performance Management Framework</p> <p>Stronger Together – The Greater Manchester Strategy 2013-2020</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 and Resilience Strategy. 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>Risk and Resilience Strategy 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 will form 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
Sustainable Economic, Social and Environmental Benefits	<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. ✓ 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. ✓ Manchester is drawing on research from 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 produced, 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 Committee. 	<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 plan. 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
Planning Interventions	<ul style="list-style-type: none"> ✓ The Council's 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. 	<p>Medium Term Financial Strategy</p> <p>Capital Programme</p> <p>Efficiency Plan</p> <p>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 new 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 have a shared understanding of their respective roles the Council has produced a Protocol governing Member and Officer relations. 	<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
	<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 updated report is due to be reported to Standards Committee in June 2017. ✓ An Annual Members' Assurance Statement is compiled to identify governance challenges relating to the roles of elected members. ✓ As part of the new 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" is also being developed. Managers regularly meet with their staff as part of the appraisal process to understand training and development needs. ✓ 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 has played a key part in the development of the new Our People Strategy. ✓ There are a number of tools in place to ensure staff are briefed effectively, for example via staff engagement events, appraisals and one to ones, and regular "Team Talk" briefing emails updating staff on major developments and procedure changes. The Council has also introduced the Listening in Action events which seeks to engage staff on a regular basis and involves a Questions and Answers 	<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
	<p>session with the Leader and Chief Executive, as well as active participation from Executive Members.</p> <ul style="list-style-type: none"> ✓ The Council delivers a comprehensive programme of leadership development concentrating of the themes of; developing future leaders, self-reflection, induction, development, connecting with the region, engagement, learning and development and feedback and self-assessment. ✓ 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. ✓ 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. ✓ Over 2,000 officers 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. ✓ 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 and Resilience Strategy</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 Risk and Resilience Strategy 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>Risk and Resilience Strategy and Corporate Risk Register</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 2016/17" 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. ✓ 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 Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO). 	

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 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. Examples include the development of the Children's Services Single Service Plan incorporating evidence from the LGA Peer review in March 2016 and with support from Improvement Partners, Leeds City Council. 	<p>Post Ofsted Improvement Plan Update</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
	<ul style="list-style-type: none"> ✓ The Council monitors the implementation of 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. ✓ This Annual Governance Statement contains a section "Annual Review of the System of Internal Audit 2016/17" 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>External Audit Recommendations Monitoring Report</p> <p>Internal Audit Plan 2017/18</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

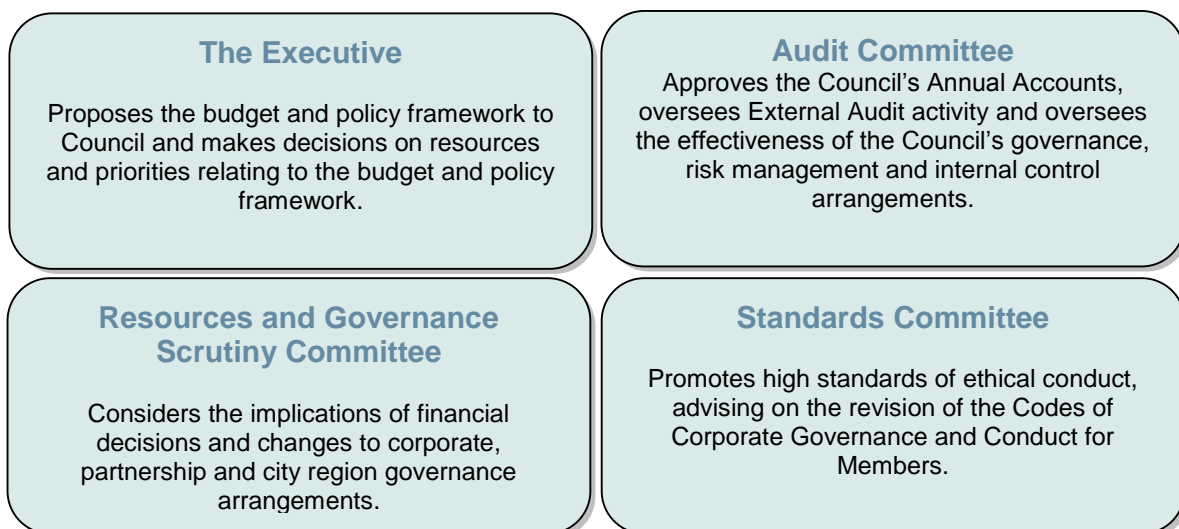


Leadership of governance and internal control

- 5.3 Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT) which meet on a roughly 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 Performance Management Framework 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 2016/17

- 5.5 Overall governance, financial management arrangements and core systems and processes within the Council remain generally sound with no significant issues identified. The context in which the Council operates remains a fundamental challenge to objectives and delivery. Active management and review continues to be required to assess and address savings targets and the related impact on the Council's ambitions and priorities. Council objectives and priorities are set through a defined process which links business objectives, budget and workforce planning governed by timely and appropriate layers of officer and Member challenge and scrutiny and this remains robust. The Council remains well placed to respond to risks however the scale and pace of change continues to be an inherent risk to the control environment and needs to be effectively managed.
- 5.6 There are significant developments across the Council including ongoing work in key areas including devolution; social care and health service transformation;

public service reform and innovation; and regeneration. Much of this requires collaboration with partners in order to meet the ambitious objectives for the city.

- 5.7 There remains clear leadership and drive to meet these goals following a number of senior management changes. There is further work to do in strengthening governance and control over delivery of significant programmes and projects while ensuring business as usual is delivered. Management recognise key risks and issues which could impact on delivery and improvement plans are in place in a number of areas and Internal Audit consider that there is capacity to improve.
- 5.8 The Head of Internal Audit can provide **moderate** assurance that the Council's governance, risk and control framework is generally sound and operated reasonably consistently. The key governance, risk and internal control issues of which the Head of internal Audit was made aware during the year which impacts on the overall opinion were:
- Highways Maintenance. A 'no assurance' opinion was issued as a result of significant weaknesses in the quality and cost control systems. There have been a number of significant changes in this area including the appointment of a Director but there is more work required to implement an agreed staffing structure and develop robust, consistent governance and financial management arrangements across the Service. A moderate opinion was subsequently issued after a follow up audit was carried out and further progress is being made to improve the system of internal control.
 - Children's Services. There is ongoing work to address significant issues of concerns raised in the Ofsted inspection July 2014. Progress has been positive and this was acknowledged by Ofsted in September 2016 and by Internal Audit, but given the scale of the challenges across the city there is still more work to do. There were two limited assurance opinions issued in Children's Services. One was for management assurance over compliance with casework supervisions where there was inconsistent application and recording of activity and further work required to embed processes though improvements are starting to be made. The second was for Foster Care Payments where system procedures had not been followed leading to incorrect payments being made and a substantial amount of overpayment is now being followed up.
 - ICT resilience. Significant progress has been made in respect of security and the implementation of some key projects in the year, which will support a more resilient ICT estate. Nonetheless there is still much to do in the development of overall ICT resilience and disaster recovery arrangements which is a key focus for ICT and the Risk and Resilience service in 2017/18.
 - Contracts and Commissioning. Audit work identified issues across procurement and contracts and this resulted in a number of moderate and limited assurance opinions. Work is progressing to develop a more robust approach to contract governance and contract management but is an area where there is a need for greater consistency of approach and compliance with expected procurement and contract management standards.

- 5.9 In the year Internal Audit issued 10 limited assurance opinions and one no assurance opinion. These have resulted in agreed action plans which are being monitored by management and the implementation of which is reported to Audit Committee on a regular basis. Where audit work identified areas for improvement recommendations were made to address the risk and management action plans agreed or advice and guidance was provided to enable managers to make changes to processes or policies.

Annual Review of the System of Internal Audit 2016/17

- 5.10 A self-assessment of Internal Audit carried out in 2016 confirmed that the service was considered to be meeting 89% of requirements in conformance with Public Sector Internal Audit Standards ("PSIAS") with a further 6% partly met. The self-assessment was used to inform an External Quality Assessment ("EQA") which was concluded in June 2017 as part of the reciprocal Core Cities External Quality Assessment programme. This review concluded that the Service complies with the main requirements of the PSIAS and made some recommendations for further service improvement. The report will be used as part of a broader service development plan for 2017/18.

External Auditor's Review of the Effectiveness of Governance Arrangements

- 5.11 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 2015/16](#) was reported to Audit Committee in December 2016. The main conclusions of the Audit Letter regarding the key assessment areas were:

Value for Money:

"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 area were judged to be 'inadequate'.

We recognise that the Council has secured progress in improving Children's Services in a number of areas and that the Council's improvement plan is designed to ensure that the service continues to develop and raise its standards, however our Value for Money Conclusion was based on the position in 2015/16 and the overall quality of social work intervention remained variable during 2015/16, with too much work judged below standard.

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 2016 except for the effects of the matter described above. We therefore qualified our value for money conclusion, on an 'except for' basis, in our audit report on 30 September 2016."

Financial statements opinion:

"We gave an unqualified opinion on the Council's financial statements on 30 September 2016."

- 5.12 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 [External Audit Recommendations Monitoring Report](#) was taken to Audit Committee in January 2017. An explanation of what the Council is doing to address the improvements required following the Ofsted inspection is given in section six.

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

- 5.13 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.
- 5.14 The 2016/17 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

- 5.15 As part of the process of identifying any areas where governance needs to be strengthened across the organisation, services complete an annual questionnaire indicating whether they comply with each of the criteria in the Code of Corporate Governance. Analysis of the responses shows compliance with the Code is generally robust. Areas of particular strength include;
- Services engaging effectively with Elected Members, for example through regular briefings and Boards, discussing performance and developments to ensure effective decision making.
 - Services proactively horizon scanning to identify emerging legislation and policy changes to understand their potential impact and opportunities
 - Officers are aware of and know how to engage with and support Scrutiny Committees.
- 5.16 The analysis has also identified areas to be strengthened, for example through the business planning process. Examples include;
- Further work needs to be done to ensure that the 'Our Manchester' Strategy priorities are understood and embedded in the work of all services, and that the

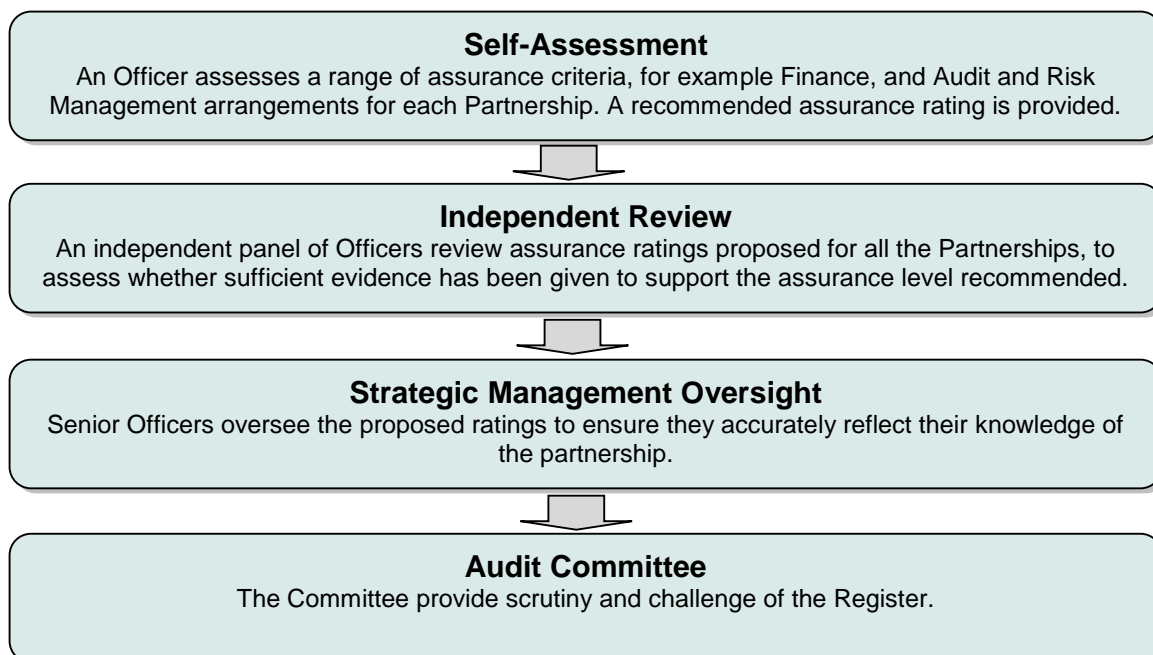
new approach to working is understood and being used consistently and effectively.

- Further work is required to ensure that all services have an effective approach to risk management, which supports the priorities of the Risk and Resilience Strategy, and that staff are appropriately trained in Risk Management Methodology.

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

5.17 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.

5.18 The annual self-assessment process has been developed to provide clear accountability, and robust scrutiny and challenge. It can be summarised as follows;



5.19 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 2016/17 further work was carried out to improve the quality of the partnership self-assessments, and ensure clarity of each of the partnerships'

purpose and objectives to assist with an impartial assessment of effective delivery, and any evident risks and challenges.

External inspection agencies

- 5.20 The Office for Standards in Education, Children’s Services and Skills (Ofsted) inspects and regulates services which care for children and young people and those providing education and skills for learners. It publishes all [school inspection reports](#) on its website, in addition to the [inspection reports](#) for the services for children and families which the Council provides. Following on from Ofsted’s “inadequate” judgement relating to Children’s Services and the Safeguarding Board in September 2014, the Council has continued to progress a number of measures which are driving forward improvements. This is explained in detail in section six.
- 5.21 The [Care Quality Commission](#) (CQC) is the regulatory body responsible for the quality of health, mental health and adult social care services in England. The CQC advises Councils that, although not a statutory requirement, it is good practice to produce “local accounts”. Local accounts must demonstrate how the Council has safeguarded and maintained personal dignity, put people first and achieved value for money, judged against the health and social care outcomes for their area. The Council’s Local Accounts are reviewed by Health Scrutiny Committee (“[New Adult Social Care Citizen and Carer publications](#)”).
- 5.22 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 (2015/16). Progress is reviewed every six months, with an update previously being provided to [Audit Committee](#) in December 2016. Topics are grouped together relative to particular areas of governance.

Governance Area: Delivering Our Manchester

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

A programme of activity has been developed to take forward embedding the Our Manchester approach over the next 12 months. This follows on from the initial engagement activity with Council staff and partners, and the development of the Our Manchester principles and behaviour framework.

The programme (Delivery Plan 2017/18) refers to three main areas of focus, underpinned by a number of 'enablers' to support and drive activity across all areas embedding the approach.

1. Place-based Approaches - geographical based programmes of activity focused on how to embed Our Manchester approaches throughout an area. These programmes will bring together a number of people and place-based services to rethink their current approach to working with residents and communities, and to consider what a different, more collaborative and strengths based approach could look like. This will involve shifting from reactive, towards more proactive ways of working with communities.
2. Our Manchester in Health and Social Care - establishing an agreed format and approach for the way in which the Strategic Commissioning Function, through Manchester Health Care Commissioning from April 2017, and the Local Care Organisation will operate in an Our Manchester way.
3. Broader Our Manchester Activity - the embedding of the Our Manchester approach across all organisations working for the city, ensuring that the conditions are right to be able to work in a more strength-based way and co-designing solutions with residents, businesses and partners of the Council.

To support this are a number of Our Manchester 'enablers' which will ensure that both the Council and organisations working for the city are equipped with the skills, tools and knowledge needed to be able to drive forward the change required to embed the approach. Those enablers are 'Workforce and Culture', and 'Communications and Engagement'. 'Workforce and Culture' will focus directly on embedding the Our Manchester behaviours within the Council's workforce but also as part as a wider workforce of organisations working for the city, ensuring consistency of messaging around the fundamentals of the approach (the Our Manchester principles and behaviours) and how they are delivered. 'Communications and Engagement' will continue to develop the overall brand for Our Manchester including a range of tools and materials alongside an extensive engagement programme internally and externally.

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

The city's "public" workforce will be a critical driving force behind Our Manchester. In order to empower and equip this workforce to realise the Our Manchester ambition a significant programme of work is needed. This will support good governance both practically, by ensuring staff and managers have the right understanding and skills, and more broadly by creating an organisational environment which recognises its importance in achieving the priorities for Manchester.

On 11 January 2017, the Personnel Committee agreed a new people strategy for the organisation; [Our People](#), which sets out a strategic ambition for how the organisation will develop including the change the workforce will experience over the coming years, which will be critical to making Our Manchester happen.

The report accompanying the Strategy includes four priority areas of work:

- Embedding organisational understanding of 'Our Manchester' and equipping staff with the tools to have better strength based conversations
- Creating a clear approach to management and leadership development, reflecting on the feedback from the Leadership Summit which brought together the Council's 400 most senior managers in September
- Developing a new framework for workforce planning which reinforces Our Manchester through both its content and a new approach to the identification, access and evaluation of development
- Reviewing our policies, processes and approaches

The longer term delivery plan for the Strategy is being developed in partnership with the workforce, and will be informed by the results of the 2016 "BHeard" staff Survey which saw responses from 42% of the workforce; circa. 3,000 staff. The survey identified a number of areas where work is needed to improve engagement with plans developed in response to the results.

At a corporate level, response actions will form an integral part of the delivery plan for the people strategy. The four central actions are summarised below.

Employee engagement and communication

The survey is a further stage in developing a conversation with our workforce, which began through the first survey and the Listening in Action events. The survey feedback and corporate response are being explored further with staff. Actions will be communicated on a "You Said - We Did" basis across the Council, clearly identifying and communicating actions which are a direct response feedback as part of a wider internal communications strategy to be developed, supported by the additional investment in capacity for internal communications agreed by Members.

This approach will extend through the broader development of our workforce and organisational development offer with co-design an integral principle of our future workforce policy and strategy development activity.

To enable meaningful engagement to continue, Universal Access to Council networks will be rolled out as part of this response. At present around 1,500 Council employees do not have access to Council ICT systems (including Email, the Intranet and HR Self Service). The Universal Access projects seeks to provide all staff with this access in a phased approach. This will support equity of access to Council communications including job opportunities.

Leadership and Management

The courses focus on the thematic areas of management techniques and what this means to individuals. The courses are designed to be empowering for managers. An example of this is the module on Strengths Based Conversations that has an element of coaching training in it. Also, the module on People Management where two members from the HR Service Delivery course came in to talk about the various approaches to case management, and how these can differ depending on the individual situation. Further thought will also be given to the development and engagement approach for the Council's most senior managers.

The internal communications strategy will provide the conduit to reinforce leadership messages regarding vision and direction, with cascade support to managers to assist and reinforce these messages on the ground.

Health and Wellbeing

There is a real opportunity to take steps to demonstrate that the Council is a caring employer which proactively enables staff to balance work and home life, and which takes an interest in its workforce as people. The employee wellbeing strategy will be refreshed and

updated to proactively support mental and physical health and wellbeing, under the oversight of the Health and Wellbeing Board as part of the city's leadership and informed by Health and Wellbeing Workplace Baseline Assessment commissioned by the Board. The Council's strategy will include the re-launch of occupational health provision including the new Employee Assistance Programme (24/7 advice, counselling and personal support); signposting to and engagement with charities and advisory services on positive health interventions, with a particular focus on mental health, and specific workplace support for those with caring responsibilities outside of work. This will be progressed through a clear process of co-design with staff.

Skills-records

Work will be undertaken to grow a better understanding of the skills and experience of our people, in order that they may be usefully deployed and developed in the workplace to ensure we make use of our strengths as an organisation. This assessment will capture both occupational and personal strengths. A better understanding of skills will inform other improvements, e.g. greater opportunity for staff to access additional hours in other services to maximise their earnings as an alternative to agency staff by the council. It will also support us in making best use of the Apprenticeship Levy.

More widely, the People Strategy includes a commitment to fundamentally review the council's approach and investment in workforce development. The poor feedback on scope for Personal Growth underlines the need to take action in this area. A new strengths-based approach to appraisals and one-to-ones, 'About You', was rolled out in April 2017 and will provide a vehicle to gather intelligence from staff in this area. It will also help begin a shift in our approach to people management which encourages staff to take personal ownership for their own development.

In addition, work will be undertaken to engage with those teams and services across occupational groups who have scored most highly across the survey. This will be used to develop a suite of best practice to support others improving engagements, starting from our strengths as an organisation.

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

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

- Reducing resources, which place increased demands on staff and present challenges in ensuring time and space is available for engagement and development.
- The need to embed the Our Manchester behaviours across the organisation which represents a significant cultural shift in many areas.
- The fast paced nature of change in many areas, such as health and social care, which poses challenges in effectively ensuring future skills demands are met.

Governance Area: Improving the efficiency and effectiveness of business processes

Review of the Corporate Core Directorate; ensuring business processes for Finance, HROD and other services are as simple and effective as possible and managers are equipped to follow them.

The Corporate Core Directorate continues to focus on transforming, streamlining and improving processes to enhance user experience in line with the 'Our Manchester' principles and approach. The work to review and streamline processes is ongoing, however some improvements that have been delivered during this period including new online processes for requesting a staffing resource cutting across both Human Resource and Finance processes. The revised approach means the responsibility and ownership sits with the recruiting manager, who manages the process via an online application. The recent [Human Resource \(HR\) Review](#) sets out both what has been learned from listening to staff and managers across the Council, and what changes will be taking place to make improvements.

Our People Strategy articulates our approach to our people, our aspirations and underpins Our Manchester and the Strategy articulates the changes needed within the Council to enable Our Manchester to become a reality. The strategy has been developed through an engagement model however further engagement is planned to ensure that this becomes fully embedded and at the heart of every service. The strategy for Our People underpins the Our Manchester behaviours with work towards its ambition to ensure our people are inspired, connected and empowered in making these behaviours 'the way we do things'.

As part of the budget options for the next three years, and in line with the lean systems approach the HR improvement journey, and Finance lean review it is intended that further improvements will be delivered from an efficiency and user perspective. The success will rely not only on system and process improvements but also on achieving the right culture and behaviours.

Reviewing commissioning processes to ensure the right skills and expertise are available within the Council and across its

partners.

On the 1 April 2017 Manchester Health and Care Commissioning was established (MHCC). In line with Manchester's Locality Plan, the creation of this new integrated commissioning organisation has seen Health, Public Health and Social Care services integrated into a single strategic commissioning function for the city. The new organisation joins together Manchester's three Clinical Commissioning Groups and the Council via a Section 75 Partnership agreement. Section 75 of the National Health Service Act 2006 provides the mechanism for arrangements between NHS Bodies and Local authorities to share resources and pool funds in delivering prescribed functions.

The Council's Legal Services Team has worked collaboratively with Manchester Clinical Commissioning Group (CCG) and NHS England to establish the relevant structural governance arrangements for the partnership. The partnership agreement supplemented by various frameworks (such as finance, performance and evaluation) sets out the arrangements which underpin the delivery of services. There is a clear articulation of requirements of the Council in terms of accountability, processes and systems, finance and scope.

The Health and Wellbeing Board, which meets on a regular basis, will continue to receive progress update reports on the operation of the single commissioning function.

The Joint Commissioning Executive (JCE) remains in place and will continue as one of the governing boards of MHCC. Its membership is reflective of the new organisational structure which includes six Executive Directors reporting into the Chief Accountable Officer. These executive posts include: Chief Finance Officer, Clinical Director, Director of Strategic Commissioning (with Director of Adult Social Services responsibilities by July 2017), Director of Planning and Operations, Executive Nurse and Director of Safeguarding and Director of Public Health. In addition to this the JCE membership also includes the Council's City Solicitor, City Treasurer, Deputy Chief Executive (People, Policy and Reform) and Director of Children's Services.

A HROD development programme is in place for the new commissioning organisation, which includes the delivery of a training needs analysis to ensure the relevant skills and experience are in place, or can be developed as part of planned response to skills gap analysis.

In terms of the work supported by Internal Audit and Risk Management, this activity is currently being strategically re-aligned for delivery via MHCC as business processes and systems begin to be integrated into a single commissioning function along-side the organisational development plan.

The Finance teams across the Council and Health have established the financial parameters and requirements within which the new

arrangements will operate, having assessing capacity, investment potential, savings requirements, risk and mitigation; whilst Performance and Research functions have set the performance framework to underpin the new arrangements as well as developing the evaluation criteria to support any investment agreements.

Governance Area: Responding to external inspection recommendations

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

The senior leadership team has continued to focus on setting and maintaining a high level of pace and traction to the improvement work related to social work practice and management oversight. This has been acknowledged by Ofsted in two further monitoring visits conducted since the last update to Audit Committee. Firstly, a December 2016 visit on the work of the Safeguarding Improvement Unit, and a March 2017 visit on Adoption services - in which Ofsted noted the improved social worker morale and culture within the organisation, evidence of regular supervision and improved management oversight. Importantly Ofsted also acknowledged the increased pace and focus given by the senior leadership team that is starting to deliver the required changes to the service.

The service's self-assessment process demonstrates that it has made significant improvements over the last twelve months, and that there are no systemic failures within the service. Three of the four priority challenges that the service faced (caseloads too high, the need for evidence of management grip in case work, and data inaccuracy) have all seen significant improvement over the last year:

- The Council has met its target to increase the front line social worker cohort by 40% by the end of the financial year 2016/17 and this has resulted in a significant reduction in caseloads for social workers to an average of 18.7 (as at 23 March 2017) per social worker, just above the our end target of 18. This is an important milestone because it creates the right professional environment to enable social workers to be able to deliver good practice.
- The performance management system continues to be used to hold the service to account by senior managers, the Improvement Board and elected members through a variety of effective monitoring and review processes. This has led to an improvement in key statutory and service performance measures across the service, and in commissioned services (particularly the leaving care service). Additionally, the last temporary post within the senior leadership team (Deputy Director of Children's Services) has now been recruited to. Data quality is closely monitored on a regular basis, including at the monthly Performance Clinics to ensure improvements are sustained.

The fourth key priority of the Single Service Plan (eliminate inconsistent social work practice) remains a key area of focus and the senior leadership team has put in place systems to drive consistent, high quality practice. Further priorities going forward relate to: missing children; management of Children in Need care planning; and providing better outcomes for care leavers. The Single Service Plan outlines the specific actions and milestones across all of the focused areas of improvement.

The full [Ofsted findings](#) were made available in December 2016. The findings from Ofsted's March visit on Adoption services is still to be published.

The Council will implement a new Children and Adults social care IT system in the next 12-18 months, this will help alignment with a wider Health and Social Care system across Greater Manchester, facilitate greater ease of working, and better care provision. Through the procurement process, and taking into account operational and strategic requirements the Council has identified a preferred supplier. Key outcomes of the project will enable the Council to address concerns raised by Ofsted to improve data quality and management information.

Governance Area: Schools

Maintaining a strategic leadership role for the Council in the context of changing national policy in relation to schools, and the reducing role of local authorities.

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

- Continued strategic engagement with the school system through the Strategic Education Partnership Board.
- Further developed role of the Manchester Schools' Alliance (of which the Council is a member), with all major headteacher groups now incorporated into the Alliance which continues to report to the Strategic Education Partnership Board on its programme to support developing practice across all types of school.
- Sustained quality assurance relationship with the vast majority of schools in the city, including academies and free schools, to provide the Council with a knowledge of schools and to provide the basis of relationships through which the role of schools has continued to develop.
- Increased engagement of schools in Early Help through pilot activity and the rollout of Early Help networks.
- Considerable direct activity with schools in support of meeting the need for additional places, including local schools and multi

academy trusts agreeing to develop free school proposals in response to Council requests.

- Work with the Department for Education's (DfE) Regional Schools Commissioner and other parts of the DfE to place the Council at the heart of discussions about performance, capacity and growth in academy and free schools in the city.

All of the activities noted above will continue, including maintaining a strategic leadership role, however this will be subject to further policy announcements from Government.

Governance Area: Health and Social Care Integration

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

As implementation of the Locality Plan progresses, modifications and changes have been made to strengthen governance arrangements and oversight of the delivery of the Locality Plan - A Healthier Manchester. Key changes include:

1. Establishment of the Manchester Transformation Fund Accountability Board

In November 2016 the [Health and Wellbeing Board \(HWBB\)](#) approved the establishment of the Manchester Transformation Fund Accountability Board (MTFAB) with the key purpose to:

- Provide robust accountability and assurance for managing bids for external funding and co-ordinating investments from Manchester partners;
- Ensure the effective deployment and return on investment of agreed funding, including GM Transformation Fund (GMTF) monies received.
- The Board to take direct responsibility for accounting for external public funding, in accordance with a series of milestones linked to benefits generation and capture to support the delivery of the Locality Plan;
- The Board to account directly to the GM Health and Social Care team for the delivery of outcomes and Investment Agreement; and
- The Board to be accountable to the HWBB.

Subsequently, it has been agreed that from April 2017, the Leader of the Council will chair the MTFAB.

2. *Single Commissioning Function - Partnership Arrangements with the merged CCGs*

A key pillar of the Locality Plan is the establishment of the Single Commissioning Function to enable the commissioning of services through a unified and integrated health and care system for the city of Manchester. Bringing together the commissioning roles of the three Manchester CCGs and the Council will bring benefits including;

- A single commissioning voice
- Commissioning for integrated and proactive health and social care
- A more strategic role enabling larger scale transformation of services
- Better utilisation of collective assets

NHS England approved the merger of the 3 Clinical Commissioning Groups (CCGs) with effect from 1 April 2017, with a single Accountable Officer being appointed.

On 8 February 2017, the Council's [Executive](#) agreed to enter into a Partnership Agreement with the Manchester CCG and NHSE (if required) to establish single commissioning for health and social care for the city of Manchester. It agreed to delegate to the CCG defined adult social care and public health commissioning functions that are capable of delegation by way of a Partnership Agreement with the Manchester CCG when established and authorise the CCG to enable those commissioning functions to be carried out by the Manchester Health and Care Commissioning Board from April 2017.

Governance Area: Information systems and governance

Improving the resilience of ICT systems, and the Council's arrangements for disaster recovery.

The Council recognises the importance of putting in place more robust arrangements to provide critical services to residents, partners and key stakeholders. ICT has informed Resources and Governance Scrutiny Committee of the work undertaken to date around the following areas:

1. Strengthening Resilience

Throughout 2016 and continuing in 2017 a number of ICT delivered projects focus on strengthening the resilience of Council systems. Progress has been made across lots of areas examples include;

- Over 5,000 colleagues and members were moved from Lotus Notes to Google For Work. This new technology significantly reduces dependency on the Sharp Data Centre, as the system is externally hosted
- The Council's Citrix platform, which staff use to access software, has been upgraded. This has brought a number of benefits, including reduced cost, improved performance and greater stability
- ICT has recently implemented a second internet connection to the Town Hall to increase the bandwidth available to support the new web based services like Google For Work and ServiceNow
- ICT is addressing the ageing printing devices and reviewing ongoing printing activity. Colleagues will start to see the new printers being installed from August 2017
- As part of the 2016 financial planning round ICT have developed a 5 year capital investment strategy that will continue the ongoing trajectory for ICT service at Manchester City Council. This strategy will continue to ensure that best value and latest technologies are implemented to enable our business, keep it secure and adapt to new ways of working in line with expectations from our colleagues, members and residents

2. Business Continuity

Colleagues from the Council's Risk and Resilience department have supported the ICT service in reviewing and updating the ICT Business Continuity plan, providing assurance that all associated documentation in place for the various ICT teams. In September 2016 ICT successfully tested a controlled power shut down of all the systems within Town Hall Extension (e.g. CCTV, door system and all library systems) and brought them back online in accordance with planned timescales and expectations. This was a positive validation of the effectiveness of plans in this area. ICT are reviewing the current service level agreements for all applications used by the Directorates. ICT is also agreeing with the Directorates the relative priority of these critical applications to determine the order these applications should be returned to service in the event of unplanned unavailability.

3. Disaster Recovery

The Council has considered a number of options which will address the risks and issues associated with the current Sharp Data Centre, and that will ensure that any future disaster recovery capability is fit for purpose.

Approval has been granted to continue with the approach recommended by ICT, which is to have an externally managed facility as the Council's data centre, with resilience delivered for key applications from an externally managed second site. The project will deliver

robust resilience first and foremost as well as recovery capability. The ICT services provided through the current data centre facility will be migrated to the new externally managed facility over the next year and Sharp will be repurposed. The Council has been working to reduce the incumbent risk at the Sharp data centre. There are current projects in flight which are currently on target, the work packages are as follows:

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

4. Cyber Security

On 12th May 2017 there was a global cyber-attack which impacted multiple public and private sector organisations in over 150 countries, the nature of the attack was Ransomware, a notorious yet difficult cyber-attack to prevent due to the constantly evolving complex and unique nature of Ransomware. The main impact in the UK was the NHS system who suffered badly, in some cases they lost systems and the ability to work electronically however, the NHS service was not specifically targeted by this attack. In general where organisations had a lack of investment in cyber protection education and training, poor software patching and continuing to run on unsupported operating systems, i.e. Microsoft Windows XP impact was greatest.

Manchester City Council was not impacted by this Ransomware outbreak due to extensive work carried out over the course of the last 24 months to ensure the Council remains in a strong position in respect of proactive patching, anti-virus protection and user education. ICT will continue to maintain cyber security defences, work with partners and ongoing investments in system upgrades and processes in line with industry best practice, sustaining a continuous cycle of strengthening security and resilience.

5. Information governance

Improving data quality, in preparation for the introduction of EU General Data Protection Regulation (GDPR), and improving the speed of response to Freedom of Information and Subject Access Requests is a priority for Manchester City Council.

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

To prepare for this, the Council is commencing work with colleagues from the Association of Greater Manchester Authorities (AGMA) to carry out a gap analysis in respect of actions required to ensure compliance and to identify the areas where the Council can work

together to share and cascade any quick wins in terms of improving accountability, procedures and processes. Work has also begun to raise GDPR awareness in Council departments requirements with ICT colleagues to ensure these needs are considered when ICT systems are being commissioned, upgraded and developed.

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

Governance Area: Finance

Changes to the local government finance system

The most significant change in recent years has been in respect of the business rates funding regime, most notably the operation of the Business Rates Pool across Greater Manchester (GM) and Cheshire East and the Business Rates Growth Retention Scheme pilot. Pooling enables Local Authorities to come together and retain any business rates levy generated within the Pool and redistribute in accordance with local agreements. The Business Rates Growth Retention Scheme Pilot Scheme commenced in April 2015 and it allowed local authorities to retain 100% of “additional growth” in business rates.

Recent developments have seen a Government commitment to delivering 100% Business Rates retention for local authorities, this would release a further c£13bn¹ of resources to Local Authorities compared to the present system. However, this approach will be piloted in a number of areas including Greater Manchester from April 2017. To ensure this is fiscally neutral, councils will gain new responsibilities and some specific grants which are currently paid directly from Government will cease and funding will be met through local rates retention.

Areas involved in the pilot such as Greater Manchester will help to develop the mechanisms that will be needed to manage the new arrangements, addressing the risks (most notably the volatility as a result of appeals) and identifying potential opportunities through greater flexibilities. GM has been working with Government to agree the principles and practical arrangements to underpin rates

¹ Latest OBR Estimate 2017/18 (£13.6bn at 50%)

retention including agreement to a provision for 'no detriment' to ensure that the GM authorities within the pilot will be no worse off than under the current arrangements. For GM this will include covering the loss of any extra revenue generated from the current 2015 pilot (100% retention of additional business rates growth) and the business rates pool. Agreement has also been reached on which funding streams will be financed from the additional business rates income during the pilot period. For the Greater Manchester this is Revenue Support Grant and Public Health Grant at Local Authority level and Transport Fund at GM Combined Authority level.

Further changes are also proposed to the funding regime for Local Authorities through the Government's fairer funding review. The revised funding arrangements were intended to come into effect around 2019/20, however, this will be subject to the Government's position following the outcome of the General Election on 8 June.

The Council has responded to a number of government consultations relating to the Local Government finance system as follows: Business Rates Retention Scheme; the fairer funding review; the Local Government Finance Technical paper; Provisional local government finance settlement 2017 to 2018; Discretionary business rates relief scheme; and 100% business rates retention: further consultation on the design of the reformed system.

Development of longer term financial planning

Revenue Budget

Setting the Council's Budget

The Council took up the Government offer of a four-year funding settlement to 2019/20, this provides minimum allocations for each year of the Spending Review period. To support the four year minimum funding settlement, the Council also published an Efficiency Plan for the period 2016/17 to 2019/20 which incorporates the suite of budget reports presented to Executive. The opportunity to develop a multi-year budget gives greater assurance about how to invest the revenue budgets more effectively for longer term benefits and to plan service change.

The priorities for the city are set out in the Our Manchester Strategy. To deliver the changed relationships alongside the ambition for the city requires a different approach, including to how decisions about the planning and allocation of resources are made. The budget is being set on an Our Manchester basis. The budget strategy started with a conversation about the strengths of the city that people want to build on - but also what people think they and others, as well as the Council, could do differently given the scale of further cuts in City Council and other public services, the conversation moved in to consultation as the budget strategy was further developed. The Council listened to the consultation responses when setting the strategy.

For the period 2017/18 to 2019/20, and taking in to account the budget consultation responses, firstly savings options and the savings proposals were put forward to meet the budget gap, including efficiencies and improvement options as well as savings which can only be achieved through service reductions. These were considered by the six Overview and Scrutiny Committees who had a critical role to play in considering the options for services and functions within their remit and supporting information, and recommending which of the options the Committee believed should or should not have formed part of the Executive's budget proposals. Resources and Governance Scrutiny Committee considered the overall budget position, options and proposals, received comments from other scrutiny committees and the responses to the budget consultation.

The Executive considered comments and feedback received as part of the Budget Consultation and recommendations made by the Scrutiny Committees. At its meeting on 8 February 2017, the Executive received a series of reports which outlined the budget position of the Council after the announcement of the provisional Local Government Finance Settlement. These reports included:

- (i) a report setting out the implications for the Council of the settlement and identifying a Strategic Framework to guide detailed development of a budget strategy for 2017/20;
- (ii) a detailed report from each Directorate on proposals for service change to ensure they continue to meet the Council's objectives whilst managing within a reduced resource envelope;
- (iii) a report proposing changes to 2017/20 budgets and setting out the issues and legal requirements that members need to consider prior to the Council finalising the budget and setting the Council Tax for 2017/18.

Resources and Governance Scrutiny Committee met on 20 February 2017 to consider the recommendations of Executive. The Committee considered all the issues arising from individual Business Plans that chairs of scrutiny committees wished to draw specific attention to. It also received a report outlining the results of the public consultation exercise undertaken and a summary of the responses to the Sure Start children's centres consultation.

The budget and Council Tax precept was agreed by Budget Council at its meeting in March 2017.

Budget Monitoring

The Council must operate as a "going concern" and to do so it must ensure that it is financially resilient and can continue to fund, and carry out, its day to day activities. To this end the Council must ensure that:

- its Medium Term Financial Strategy reflects the significant challenges being faced and remains responsive to the uncertainties in the economy by continuing to deliver against its savings targets;

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

There is a robust process in place around financial management and monitoring and the measurement of performance as part of the Performance Management Framework. The scrutiny and reporting procedures in place work to ensure available resources are used wisely and the multi-year funding settlement provides the certainty required to facilitate longer term planning and delivery of savings.

Budget monitoring reports are produced monthly and presented to Directorate Management Teams (DMTs), SMT and Executive Members. These include details of the overall financial position as well as an analysis for each Directorate including the achievement against savings, identification of risks and mitigation as well as workforce and key performance data.

Delivery of continued significant savings

The 2016/17 approved budget included £27.1m of new savings proposals. The achievement of the savings is considered by the relevant DMTs, SMT and Executive Members monthly and the detailed savings tracker and summary note are provided to the SMT Business Planning and Transformation group monthly.

As at the end of 2016/17, 84% of the savings have been achieved. Where savings were not achieved as originally planned they were mitigated by savings elsewhere. Areas of continuing high risk were considered as part of the 2017/18 budget setting process.

Capital Budget

Our Manchester demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The development of a longer term, five-year, Capital Strategy forms a critical part of the City Council's strategic and financial planning from 2017/18.

The last 12 months have witnessed a number of significant developments that have had, and will continue to have, a major influence on the future shape and approach to capital investment within the city. These include the "Our Manchester" Strategy, the Manchester Residential Growth Strategy, commercial developments, devolution and reviews of the Highways Estate, the Operational Built Estate

and ICT.

The challenge for the future is to maximise the capital resources available to the Council in order to deliver the priorities for the city. This will require continued investment for transformation to define Manchester as an attractive place to live and further improve the quality of life for residents to increase their overall social and economic prospects, and enable them to participate fully in the life of the city.

The capital programme has been developed in line with the strategic priorities for the city, and the City Council, contained within the Our Manchester Strategy and are aligned with the Council's revenue budget strategy. This has highlighted that a longer term approach to capital investment is required and a five-year programme of investment totalling c£1.6bn has been approved by Executive at its meeting on 8 February 2017. Included within the capital programme is significant investment in the areas which residents and other stakeholders have said really matter to them such as spend on highways, housing, schools, parks and other leisure facilities. It also includes investment in the Town Hall, the capital and revenue costs of which will be met from within existing budgetary provision, taking into account the planned changes to the Minimum Revenue Provision.

The approval process for capital projects has been revised with new proposals for 2017/18 onwards being assessed against strategic fit, the economic value they can add to the city, the financial implications of undertaking the scheme and the deliverability and risk associated with the project. Fulfilment of statutory duties and social impact were also included as part of the assessment. The Gateway process is being replaced by a more streamlined approach but with a greater emphasis on deliverability and outcomes.

A Capital Board, chaired by the Chief Executive and consisting of the City Treasurer and Strategic Directorate portfolio leads, is being established to oversee the Capital Programme. This will consider the overarching programme and project approval, overall monitoring (both financial and deliverability) and the achievement of intended outcomes. This Capital Board will be supported by the relevant Service Programme/Project Boards (such as Estates Board, Highways Board, Parks Strategy Board, HRA Board, etc) which will manage and be responsible for the delivery of individual schemes.

Governance Area: Risk Management

Embedding an effective risk management approach across services.

The Council's Risk and Resilience approach is for risk to be managed and owned by senior officer and managers in directorates, service areas and projects, with a small core team in the Audit and Risk Management Service providing corporate risk and business

continuity governance and support.

The core team provides the corporate risk framework and high level support to directorates, services and projects. Recent work for example includes facilitation of risk management support in housing, to the Our Town Hall Project and delivery of a programme of business continuity support to schools. The core team is responsible for coordination of the Corporate Risk Register (CRR).

Risks are assessed by managers and directors within service business planning, project management and core business processes. A visible articulation of risks and assurance arrangements is included in directorate business plan risk registers and in the CRR. This process ensures that risks can be escalated and de-escalated to be overseen and managed at service, directorate or corporate level as appropriate. A Sub Group of the Council's Strategic Management Team (SMT) leads the update of the CRR and as the Council's corporate risk management group acts as a forum for review and refresh of the risk profile which is then considered by SMT.

Over recent years, risk management training and awareness across the Council has delivered a positive level of risk literacy. Over 2,000 officers 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.

Governance Area: Communication of Policies and Procedures

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

The Internal Audit Plan for 2016/17 included an allocation of days for communications and publicity following the review and refresh of the anti-fraud policy and procedures, including whistleblowing. The plan also included time for the delivery of training and workshops to increase awareness of fraud and irregularity and help to embed the Council's anti-fraud culture.

The Whistleblowing and Anti-Money Laundering Policies and Procedures have been reviewed by Audit Committee with final documents scheduled to be represented for approval in July 2017.

Work is underway to develop a Counter Fraud Training Strategy for completion by July 2017. This is being developed in collaboration with audit colleagues in Bolton Council and the GM Combined Authority. The Strategy will define the overall approach and resources

required to deliver generic fraud awareness training across all services, with more specific topics and content for business areas considered to be exposed to a higher inherent risk of fraud and corruption.

Progress with these has been slower than anticipated due to the volume and complexity of current casework, but this is a key service priority for 2017.

Governance Area: Service Delivery and Governance

Continuing to ensure robust governance and delivery of Capital Programmes

Following a restructure in June 2016, the Capital Programmes and Property functions have been separated with Capital Programmes now reporting to the City Treasurer. The structures within Capital programmes have been re-profiled to reflect both this change and the way the projects are delivered within the service. The new senior structure for the service has been approved at Personnel Committee and the recruitment to the Director of Capital Programmes and Procurement post is progressing.

The City Treasurer commissioned an internal review of delivery arrangements and a new target operating model has been developed to ensure successful delivery of the strategic objectives of the service. This review in the context of the Capital Strategy will inform the size of the delivery function required, to ensure the correct resources are in place to deliver the programmes of work and provide best value to the Council.

The School Organisation Strategy Board, Leisure Board, Corporate Property Board, Public Realm Board and Heritage Board continue to provide strategic oversight of the capital programmes of work for the service Whilst significant progress has been made in terms of accountability, governance, reporting and data analysis through the business plans, resource modelling, the Development Management Framework and the financial plan, the priority to develop the Capital Programme and Procurement function, to develop a wide range of skills to deliver high quality services is paramount.

The service model will be based around a core permanent workforce supplemented by a flexible workforce aligned to specific projects and programmes. This approach will enable specific technical skills to be drawn in when these are either not present in the permanent workforce or are only required for time limited pieces of work and therefore a permanent engagement or development would not represent value for money.

Work to re-procure the new Construction Property and Professional Services (CAPPS) framework to replace the Engineering Professional Services (EPS) framework is nearing completion with the final Lots concluding by year end.

In addition work is currently progressing on two other major contracts for the service:

- A review of the requirement for a framework for securing Strategic Partners.
- Replacement of the arrangements with Manchester Working joint venture into two distinct frameworks, one for £0 -£75k predominantly for repairs and maintenance of public buildings, and the other for capital schemes of £75k - £500k.

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

Work on governance and accountability will include:

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

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

As previously reported, an Estates Board (EB), a sub group of SMT was established and held its first meeting in August 2015 and has met on a regular basis since then. The Estates Board reports through to an Executive Member Estates Board, providing full visibility and oversight and strategic decision making in respect of all Estates activity and related issues which includes:

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

The Estates Board continues to meet at regular two monthly intervals, with papers then progressing to the Executive Member Estates Board. These governance arrangements have overseen the progression and successful delivery of Phase 1 of the Estates Transformation Programme. They have provided direction and approval for a 5 Year Estates Strategy delivery plan, which includes the

delivery of a programme of Carbon Reduction initiatives to the operational estate to support the Council in achieving its' stated target of a 41% reduction in carbon emissions by 2020.

Stock Condition Surveys have been completed and the data has been imported into the corporate Property Management system. The data is now being actively used and has supported both the consideration of Phase 2 Estates Transformation activity and informed the 2017/18 Estates Asset Management Programme (EAMP). Work continues with colleagues in Finance to refine and hone reporting and management information in respect of the EAMP activity.

The newly formed Corporate Estate and Facilities service has worked collaboratively, forming a new management team to collectively manage the estate and facilities function and resolve corporate issues as and when they arise. The service area has been active in supporting the progression of the Town Hall project with both strategic input and specialist knowledge in respect of the estates and facilities management functions.

Continuing to ensure robust governance and delivery of Highways.

The Interim Director of Highways has been in post since April 2016, during which time the integrated service has brought together City Wide Highways Service from within the Neighbourhood Service, the Highways Capital Service from within the Capital Programmes and Property division and Manchester Contracts and Parking Services from within Business Units under the single leadership of the Interim Director of Highways. During this period a detailed review of all highways capital and revenue budgets has been undertaken to strengthen the financial and performance monitoring arrangements. The integrated service has sought to strengthen partnership working with key bodies, including Transport for Greater Manchester. Together with the other 9 Greater Manchester Authorities the Council has recently signed a Memorandum of Understanding to further embed its collaborative working. On an ongoing basis there are strong working relationships with Transport for Greater Manchester and these are managed by senior office representation at the Highways Group and Transport Growth Group meetings.

A Highways Improvement Plan and Roadmap setting out the vision for Manchester's roads to reach and stay at a good standard has been developed; this strategy formed the basis of a £100m investment into the highways network over the next five years. Given the scale of this investment and transformation required a further review of skill and capacity has been undertaken which resulted in a new senior management proposal being presented and agreed by Personnel Committee on 21 February 2017. The Strategic Highways Board continues to meet to oversee the transformation, this is chaired by the Chief Executive and includes representatives from Finance, Growth and Neighbourhoods, City Policy and Regeneration.

The Service transformation will take up to a further 24 months and will cover all aspects of the operating model, including: model, structure, process, governance, technology and culture to re-shape and re-position a Highways service that is appropriately resourced

and organised for a growing dynamic city. 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.

Current Governance of the service is managed by the Highways Client Board, which is chaired by the Director of Highways. The Highways board oversees all of the highways functions and makes decisions on funding priorities and where necessary makes recommendation to the Highways Strategic Board which is chaired by the Chief Executive.

7. Action Plan: Governance Challenges for 2017/18 Onwards

The review of governance arrangements has identified twelve main areas where the Council will need to focus its efforts during 2017/18, 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 2018.

Action	What action is to be addressed	Who is responsible for delivery
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”.	Deputy Chief Executive (Growth and Neighbourhoods), Director of Human Resources, City Solicitor, Head of Strategic Communications.
2	Continued improvement of Children’s Services and preparation for Ofsted re-inspection.	Director of Children’s Services
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)	Director of Adult Social Services
4	Improving the resilience and security of ICT systems, and the Council’s arrangements for disaster recovery	Chief Information Officer
5	Information governance; improving data quality, preparing for the introduction of EU General Data Protection Regulation, and improving the speed of response to Freedom of Information and Subject Access Requests.	City Solicitor, Head of Internal Audit and Risk Management
6	Changes to the local government finance system, and delivery of continued significant savings	Chief Executive, City Treasurer

Action	What action is to be addressed	Who is responsible for delivery
7	Ensure robust governance and delivery of the new five year Capital Programme Strategy, including major infrastructure projects across Highways and Strategic Development.	Director of Highways, Director of Strategic Development
8	Waste collection and street cleansing contract performance improvement.	Director of Neighbourhoods
9	Develop, design and deliver the Our Town Hall refurbishment project to time, cost and quality standards.	Deputy Chief Executive (Growth and Neighbourhoods)
10	Development of integrated Sources of Assurance reporting, including embedding an effective risk management approach.	Deputy City Treasurer, Head of Performance and Intelligence, Head of Internal Audit and Risk
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.	Director of Education and Skills
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.	City Solicitor, Head of Strategic Communications

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.