
**Manchester City Council
Report for Information**

Report to: Standards Committee – 18 June 2015

Subject: Draft Annual Governance Statement 2014/15

Report of: Deputy City Treasurer
City Treasurer

Summary

This report contains the draft 2014/15 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 and audit recommendations. 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 2014/15 Annual Governance Statement (AGS).

Wards Affected: All

Contact Officers:

Name: Richard Paver
Position: City Treasurer
Telephone: 0161 234 3564
E-mail: r.paver@manchester.gov.uk

Name: Liz Treacy
Position: City Solicitor
Telephone: 0161 234 3087
E-mail: l.treacy@manchester.gov.uk

Name: Carol Culley
Position: Deputy City Treasurer
Telephone: 0161 234 3406
E-mail: carol.culley@manchester.gov.uk

Name: Courtney Brightwell
Position: Performance and Intelligence Lead - Corporate Core
Telephone: 0161 234 3770
E-mail: c.brightwell@manchester.gov.uk

Name: Sean Pratt
Position: Performance and Intelligence Officer
Telephone: 0161 234 1853
E-mail: s.pratt@manchester.gov.uk

Background Documents:

None

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 2014/15 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2015/16.
- 1.3 The draft 2014/15 AGS is attached as an appendix to this report.

2. Format and improvements to the structure and layout

- 2.1 The layout and content style of the AGS is reviewed each year to ensure that it remains compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, and that improvements are made where possible. As part of this process, consideration has been given to Internal Audit recommendations on the AGS 2013/14, and the findings relating to Councils' AGS documents in Grant Thornton's annual Local Government Governance Reviews. This has led to a continued focus on effective public communication, plain and clear language, partnership working, and ensuring transparency and clarity over what the Council's governance challenges are, alongside what is being done to address them.
- 2.2 The AGS includes the following sections:

1 – Introduction; this is a new section, which has been added to provide a clearer, 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 which focuses on the Council's performance, achievements, and the policy context in which it operates, rather than governance.

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

4 – The Governance Framework; this describes how the Council has complied with the principles in its Code of Corporate Governance. Brief bullet points have been used to make the section easier to read, with links to documents on the Council's website where the reader can access more detailed information if they wish.

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; previously, the progress made with challenges identified in last year’s AGS, and in the current year’s document were in two separate sections. This year they are presented in the same section. This has enabled challenges to be grouped together into key “Governance Areas”, such as Public Service Reform, and where similar challenges are on-going across successive years, the updates follow on directly from each other in chronological order making the flow of the document easier to follow.

7 – Future actions for further improvements to governance arrangements; this section sets out the key areas which the Council will focus on in 2015/16, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2014/15

- 3.1 A progress report was provided to Finance Scrutiny Committee in January 2015 updating members on the implementation of actions to improve governance arrangements identified in the action plan at the end of last year’s AGS. Progress since January in delivering these actions is described in section six of the new AGS under the headings “*progress update for challenge identified in 2013/14*”.
- 3.2 Subsequently, to identify significant governance issues to be addressed during 2014/15 a number of evidence sources were considered including;
- Recurring challenges highlighted by services’ Annual Governance Self-Assessment Questionnaires.
 - The Head of Audit and Risk Management Annual Opinion, discussions with the Council’s external auditor, Grant Thornton, and an analysis of external audit recommendations reports.
 - Significant governance challenges in Partnerships as identified by the Council’s Register of Significant Partnerships assessment process.
 - A meeting of key Strategic Management Team (SMT) Leads to identify and discuss emerging governance issues.
- 3.3 These processes, described in more detail in section 5 of the AGS itself, led to the identified governance challenges described in section six. Progress made in addressing these challenges is set out in section six of the AGS under the headings “*progress update for challenge identified in 2014/15*”.
- 3.4 An action plan is set out in the final section of the AGS (section 7), which looks ahead to the main challenges where the Council will need to focus attention in 2015/16. The same mechanisms described above were used to identify these challenges, as well as;
- Considering any upcoming legislation which is likely to have a significant impact on the Council’s governance arrangements.
 - Where appropriate carrying forward elements of action points from 2014/15 if further work and monitoring is required.

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 changes to the layout of the AGS this year have been made to improve accessibility for the lay reader. As well as being included as part of the Council's Annual Accounts, it is also easily accessible on the Council's website.
- 4.4 **The Annual Report** – the Council's Annual Report includes an overview of the AGS. This sets out a summary of the Council's governance standards and challenges in a concise and clear way. The publication of the report was promoted on the Council's website and via social media.

5. Next Steps and AGS Timeline

- 5.1 The following table shows the key reporting dates for the 2014/15 AGS;

Date	Milestone
18 June 2015	Draft AGS 2014/15 to Standards Committee
26 June 2015	Signed Accounts and AGS produced
28 July 2015	AGS and Accounts circulated to Audit Committee
21 January 2016	Update on delivery of governance improvements for 2015/16 (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 2014/15 Annual Governance Statement (AGS). Amendments to the statement will be included in the version submitted to Audit Committee with the Accounts on 28 July 2015.



MANCHESTER
CITY COUNCIL

Annual Governance Statement 2014/15

***** DRAFT *****

1. Introduction

- 1.1 This statement provides a concise overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A brief summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency, and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks which are highlighted and underlined throughout the document.
- 1.2 The Council operates in a complex and constantly evolving financial, policy and legislative environment. Significant governance challenges remain due to continued reductions in funding, and the need to work differently with partners to deliver services to people in ways which promote longer term independence. As well as challenges, there will also be opportunities arising from additional local powers and responsibilities as a result of the [Devolution agreement](#). 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. Whilst this document focuses on governance, the Council's [Annual Report](#) provides an overview of the context in which it operates, its performance and achievements, and how public money was spent.

2. Scope of Responsibility

- 2.1 Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.
- 2.3 The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government (2012).

- 2.4 This Annual Governance Statement (AGS) explains how Manchester City Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2011](#) regulation 4(3) 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 [Community Strategy](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. These objectives are underpinned by the corporate values of People, Pride and Place.
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

4. The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#). The Code was updated in 2015 to ensure it reflected the Council's current governance arrangements. It was submitted for approval as part of the refreshed Constitution, at the Council meeting in May 2015. The table below includes examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

Principle 1: Focussing on the Council's purpose and outcomes for the community and on implementing a vision for the local area		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To develop and clearly communicate its vision and intended outcomes.	<ul style="list-style-type: none"> ✓ The Council and its partners have set out their objectives in the 'Manchester Way', Manchester's Community Strategy. ✓ Directorate Business Plans set out how the Council's three directorates support the delivery of its objectives. ✓ The Council is working with partners, and in consultation with the public, to develop a new vision for the city to replace the Community Strategy which concludes in 2015. Integral to this process is work to ensure clear communication of the vision to residents, staff and other stakeholders. ✓ The Council's objectives support those of Greater Manchester described in the Greater Manchester Strategy 2013 - 2020. ✓ Progress towards the Council's objectives is set out in the annual State of the City report. ✓ The Council has consulted with the public on its budget for 2015/16, and clearly set out the decision making process on its website. ✓ The Council takes a strategic and long term planned approach to delivery of its 	<ul style="list-style-type: none"> Greater Manchester Strategy The Manchester Way Strategic Narrative State Of The City Report The Budget Setting Process Business Plans Annual Report

	<p>objectives, as demonstrated by the Strategic Response to the Budget, and the Medium Term Financial Plan.</p> <ul style="list-style-type: none"> ✓ The Council leads the Strategic Education Partnership, working with schools and local business to promote economic growth, reduce dependency, and help people gain the skills needed to access rewarding jobs in the city. ✓ The Council has developed a School Governance Strategy to support and secure effective governance of schools in the City. 	<p>The School Governance Strategy</p>
<p>To ensure that service users receive a high quality of service.</p>	<ul style="list-style-type: none"> ✓ A Performance Management Framework enables the Council and its Committees to access timely and accurate information about service delivery, supporting intervention to address any barriers to good performance. ✓ Workforce Plans are in place for each directorate, supporting staff to provide a high quality service and meet service and team objectives. ✓ Grievances can be reported directly to the Council's Corporate Complaints team, local Councillors or the Local Government Ombudsman, allowing the Council to understand where improvements may be required. 	<p>Performance Management Framework</p> <p>The Complaints Procedure</p>
<p>To make best use of resources and ensure that taxpayers and service users receive value for money.</p>	<ul style="list-style-type: none"> ✓ The Council compares its spending on services to other local authorities, so it can better understand where value for money can be improved. ✓ Public service reform is leading to reduced spending on high cost services, by supporting people into independence. ✓ The Council's Audit and Finance Committees provide oversight of mechanisms to control expenditure. ✓ The Council's Capital and Revenue Gateway processes ensure resources are allocated in a way which is consistent, clear, and transparent. 	<p>Public Service Reform</p> <p>Audit Committee</p> <p>Finance Scrutiny Committee</p> <p>Annual Audit Letter</p>

	<ul style="list-style-type: none"> ✓ The Council's external auditor, Grant Thornton, provide a Value for Money conclusion assessment in their Annual Audit Letter. 	
--	---	--

Principle 2: Having clear responsibilities and arrangements for accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>To provide visible, accountable and effective leadership to the community.</p>	<ul style="list-style-type: none"> ✓ The Council's Constitution sets out and describes the functions, responsibilities and lines of accountability that the Council operates within. ✓ The Constitution is reviewed at least annually to ensure it reflects legislative and policy changes at a national and local level. ✓ The Council's Member and Officer Relations Protocol is included in the Constitution. This is to provide guidance to ensure interactions between members and officers are conducted in a positive and constructive way. 	<p>The Council's Constitution</p>
<p>To ensure that effective governance arrangements are in place for partnership working, and that they are clearly communicated.</p>	<ul style="list-style-type: none"> ✓ The Council publishes its Partnership Governance Framework which standardises the approach to managing partnerships to strengthen accountability and financial security. ✓ The Council maintains a Register of Significant Partnerships to assess the risk governance arrangements pose to the Council's reputation, objectives and financial position. Audit Committee provide scrutiny of the assessment process and framework. ✓ Developing the skills and behaviours for collaborative working, including around governance, is a core component of the Council's leader and manager development programme. ✓ As part of the Council's strategy to support economic growth, it conducts its 	<p>Partnership Governance Framework</p> <p>Register of Significant Partnerships.</p> <p>The Manchester Partnership</p>

	<p>activities in partnership with other major organisations, which are collectively known as the Manchester City Council Group. As well as the Council itself, the Group consists of Manchester Airport Holdings Ltd (MAHL), Destination Manchester Ltd (DML) and a number of other entities.</p> <ul style="list-style-type: none"> ✓ MAHL has a comprehensive system of internal control, including clearly defined organisational structures and lines of responsibility, regular board meetings, performance monitoring and an internal audit function. External audit is provided by KPMG. ✓ DML is a subsidiary of the Council, which owns and manages the Manchester Central Convention Complex. Governance is overseen by the Company Board and external auditing is provided by Ernst and Young LLP. ✓ The Manchester Partnership allows the Council to work together with other public, private and third sector organisations to deliver the Community Strategy. 	
<p>To seek to protect the wellbeing of employees and residents.</p>	<ul style="list-style-type: none"> ✓ The Council is working to improve health, wellbeing and life chances in Manchester by shifting services towards those which focus on prevention of problems and which intervene early to stop existing problems getting worse. The Health and Wellbeing Board (HWB) provides oversight of strategy setting, and promotes partnership working to achieve this objective. ✓ Separately from the role of the HWB, to ensure that its health and safety responsibilities are met, the Council identifies hazards and controls risks to health and safety by risk assessment and suitable risk control procedures. 	<p><u>The Health and Wellbeing Board</u></p>

Principle 3: Promoting the values of the Council and demonstrating values of good governance through maintaining high standards of conduct and behaviour.		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
To ensure its values are put into effective practice.	<ul style="list-style-type: none"> ✓ The Council's values are People, Pride, Place: These values are effectively communicated and are taken into account in the development of the organisation's strategies and business plans. Assessing the demonstration of these values is a key component of the m people approach. 	<p>The Council's Values</p> <p>The People Strategy</p>
To ensure Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	<ul style="list-style-type: none"> ✓ The Council has a Code of Conduct for elected and co-opted Members, which is part of the Constitution (part 6, section A), as required by the Localism Act 2011. This requires Members' interests to be published in a Register, which is available online. ✓ The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. In 2014/15 it has overseen improved guidance for members on the appropriate use of Council resources, for example, ICT equipment. ✓ The organisation's Behavioural Framework articulates the key behaviours required within the workforce to support Public Service Reform. ✓ The Council has a zero tolerance approach towards fraud and corruption and this commitment is set out in the Council's Anti-fraud and Corruption policy. ✓ The Whistleblowing policy provides protection for individuals who raise any serious concerns they have about suspected illegal or illegitimate practices at the Council and explains how these will be investigated. 	<p>Local Code of Conduct for Members</p> <p>Members' Register of Interests</p> <p>Standards Committee</p> <p>Whistle Blowing Procedures</p>

Principle 4: Taking informed and transparent decisions that are subject to effective scrutiny and managing risk		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>To be rigorous and transparent about how decisions are taken, and have effective measures to hold decision makers to account. The Council will listen and act on the outcome of constructive scrutiny.</p>	<ul style="list-style-type: none"> ✓ The Council's decision making process is clearly defined in its Constitution. ✓ All Council and Committee meetings are held in public with agenda and reports being produced in paper form and online. Live streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. ✓ To promote transparency and wider engagement with Council decisions, residents can use Social Media to get updates from and interact with the Council. ✓ The Council publishes a Register of Key Decisions to notify the public of the most significant decisions it is due to take. ✓ The Council has six scrutiny committees which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. ✓ The Council follows the Local Government Transparency Code 2014, which includes requirements and recommendations for local authorities to publish certain types of data. ✓ The Council has an "Open Data" website to meet its commitment to publishing as much non-personal data as possible. This means partners and the public can freely make use of it, supporting transparency and accountability. ✓ The Council's City Solicitor undertakes the role of the Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and 	<p>Constitution</p> <p>Council Meeting Agendas and Reports</p> <p>Online Videos of Council Meetings</p> <p>Social Media Updates</p> <p>Register of Key Decisions</p> <p>Scrutiny Committees</p> <p>Open Data</p>

<p>Decision makers will have good-quality information, advice and support to ensure that the Council delivers services effectively to meet community needs.</p>	<p>regulations are complied with.</p> <ul style="list-style-type: none"> ✓ The Council maintains an Intelligence Hub, an online interactive tool for accessing ward-level statistics about the city. ✓ The Joint Strategic Needs Assessment statistics about the health of the population of Manchester provide the evidence base to support the Health and Wellbeing Board in the delivery of its aims; to improve the health and wellbeing of Manchester residents and reduce health inequalities. ✓ The Council ensures that it complies with its obligations under the Equality Act 2010, by having a robust Equality Impact Assessment (EIA) framework in place that informs decision making and budget considerations. ✓ The Council participates in the use of the Equality Framework for Local Government (EFLG). Assessment against the criteria allows it to measure how well it is performing in terms of equality activities and outcomes, and helps it to drive forward improvements. In 2015 the Council was assessed against this framework and rated as “Excellent”. 	<p>The Intelligence Hub</p> <p>State of the City Reports</p> <p>Joint Strategic Needs Assessments</p> <p>Equality Impact Assessment Framework</p> <p>The Equality Framework for Local Government</p>
<p>The Council will operate a risk management framework that aids the achievement of its strategic and business outcomes and priorities, protects the Council’s reputation and other assets and is compliant with all applicable laws and regulations.</p>	<ul style="list-style-type: none"> ✓ Effective risk management is an integral part of robust performance management; managing identified risks and mitigating their potential negative impact helps to ensure the effective delivery of the Council’s objectives. ✓ Risk management is a key tool in ensuring maximum value for money and effective deployment of available resources. ✓ The Council has a risk management methodology which involves the following sequence; clarify objectives, identify the risk, record existing controls, evaluate the risk, assess acceptable levels of risk, identify responses to risk, identify risk owners, create risk register and record actions, and finally report and review. 	<p>Corporate Risk and Resilience Strategy 2014/15</p> <p>Corporate Risk Register</p>

	<ul style="list-style-type: none"> ✓ A comprehensive risk management toolkit is available for officers to ensure consistency; this is supplemented by advice and guidance, workshops and training, including new online e-learning courses. 	
--	--	--

Principle 5: Developing the capacity and capability of Members and officers to be effective		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>To ensure Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles.</p>	<ul style="list-style-type: none"> ✓ The People Strategy provides a framework for ensuring staff skills are developed and an effective infrastructure is in place to support the workforce in meeting the Council's priorities. ✓ A Skills Development Board works to ensure the delivery of the People Strategy objectives. ✓ Workforce Plans have been developed for each directorate and more detailed Workforce Development Activity plans are in place setting out the activity which will be commissioned in the coming year aligned to Corporate and Directorate priorities. ✓ New Members receive an Induction and training throughout the year. The form and content of the Induction is reviewed annually with Members. Regular meetings to 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. In 2014/15 a number of courses took place and they included; Introduction to Scrutiny, Scrutiny workshops, Carbon Literacy, The social and economic benefits of culture in Manchester, and benefits briefings. 	<p>People Strategy 2013/15.</p> <p>Business plans</p>
<p>Develop the capability of people with governance</p>	<ul style="list-style-type: none"> ✓ An Annual Members' Assurance Statement is compiled to identify governance challenges relating to the roles of elected members. 	<p>Members' Update on Ethical Governance</p>

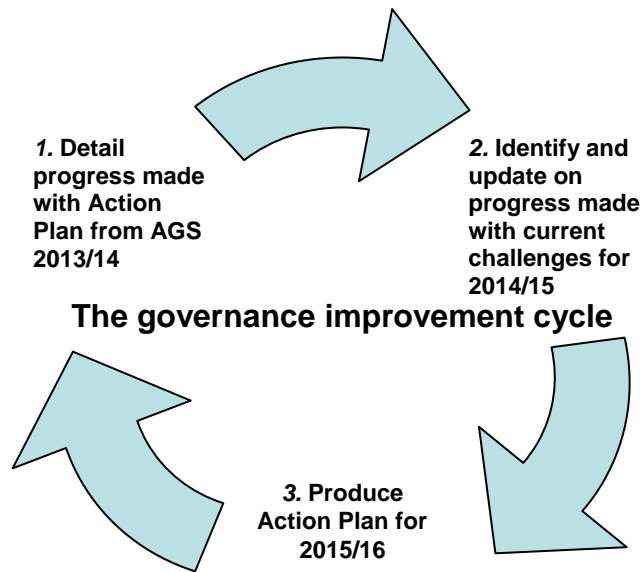
<p>responsibilities and the organisation's understanding of governance</p>	<ul style="list-style-type: none"> ✓ The Council regularly updates its 'Handbook' which includes guides for staff and elected members on all aspects of the Council's governance arrangements in plain, clear terms. This is easily accessible by all staff, and it is actively promoted. ✓ Revised Use of Council Resource Guidance for members has been published incorporating advice from Standards for England. ✓ A Members' Update on Ethical Governance has been produced, which contains details of the Department for Communities and Local Government's (DCLG) guidance on, for example, openness and transparency of personal interests. 	<p>Use of Council Resources Guidance for Members</p>
<p>To ensure people can engage with the work of the Council and have opportunities to seek election to the Council.</p>	<ul style="list-style-type: none"> ✓ The Council communicates its work through a wide range of channels including social media, its website and consultations. ✓ The Council organises briefings prior to elections for people interested in standing for election to the Council, and publishes guidance on its website. ✓ The Council has continued to support and develop a Youth Council to ensure young people can become involved with the work of the Council. 	<p>Consultations portal.</p> <p>Standing for Election Guidance</p> <p>Manchester Youth Council</p>

<p>Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.</p>		
<p>The Council's Commitment to Good Governance</p>	<p>How the Council meets these principles</p>	<p>Where you can see Governance in action</p>
<p>To exercise leadership through a scrutiny function that engages local people and partnerships and develops constructive accountability.</p>	<ul style="list-style-type: none"> ✓ The Council communicates the outcomes of its scrutiny process, described under principle four above, through regular online updates and news bulletins. ✓ The Council continues to maintain an effective internal audit function operating in accordance with the 'Code of Practice for Internal Audit in Local Government' issued by CIPFA and the Public Sector Internal Audit Standards. The Council self-assesses against these standards annually. 	<p>Scrutiny Committee news bulletins</p> <p>Audit Committee</p>

<p>To take an active and planned approach to dialogue with, and accountability to, the public to ensure effective and appropriate service delivery whether directly, in partnership or by commissioning.</p>	<ul style="list-style-type: none"> ✓ The Manchester Leaders' Forum is in place so that the Council can develop effective relationships with leaders of other organisations. The Forum will communicate and drive forward the city's priorities. ✓ The Council supports different ways for residents to present their and their communities concerns to elected members, for example via Ward Co-ordination. ✓ The Council uses a wide range of social media to enable residents to keep up to date with what is happening in their local area, to interact with the Council, and share their views. There is a Social Media Code of Practice for staff in place to ensure a consistent approach, security of information, and avoid reputational damage. ✓ A quarterly telephone survey is carried out to understand residents' perceptions of issues in their area. Results are publicly available via the Intelligence Hub. ✓ Consultations with residents are undertaken when major service changes are proposed. This ensures residents have the opportunity to inform decisions. Consultations this year have included the Council's 2015/17 Budget, and the Wilmslow Road Cycleway. ✓ The Annual Report provides a concise and clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and what this has achieved. 	<p>Manchester Leaders' Forum</p> <p>Social Media Updates</p> <p>The Intelligence Hub</p> <p>Consultations Hub</p> <p>Annual Report</p>
<p>To meet consultation and engagement responsibilities to staff, and agree and enact policies which make best use of human resources.</p>	<ul style="list-style-type: none"> ✓ The Council maintains a clear and consistent policy on consulting staff and their representatives on proposals concerning changes to services and employment policies and procedures. ✓ There is effective engagement with staff via appraisals and one to ones, and the staff magazine "Cascade". ✓ Feedback from staff is gained by assessment against the Investors In People framework. 	

5. Annual review of effectiveness of the governance framework

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



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

- 5.3 The Council has four bodies responsible for monitoring and reviewing the Council’s governance;



Head of Audit and Risk Management Annual Opinion 2014/15

- 5.4 The review of effectiveness of the governance framework for the AGS is supported by the conclusions of the Head of Audit and Risk Management's annual assurance opinion for 2014/15, which is reported to Audit Committee. Production of an annual opinion complies with the requirements of the Public Sector Internal Audit Standards (PSIAS), the agreed professional standards for internal audit in local government under which the Internal Audit Service operate. The report provides overall assurance over the Council's internal control arrangements based on Internal Audit work, highlights matters for consideration and refers to plans for further assurance activity in areas of concern.
- 5.5 The Head of Audit and Risk Management could provide **moderate** assurance that the Council's governance, risk and control framework is generally sound and operated reasonably consistently. Overall governance, financial management arrangements, core systems and processes across the Council remain sound. Priorities and objectives are set through a clearly defined process that links budget, business and workforce planning with multiple layers of officer and Member challenge and scrutiny. There are many areas of innovation and excellence in risk and control as reflected in areas such as partnership working, devolution, reform, regeneration and city wide resilience.
- 5.6 However there are some key areas where improvement is required. In all of these the risks and issues are understood, improvement plans are in place with associated investment of resources and there is a positive capacity to improve. The delivery of improvement plans is underway but the risks that are presented in these areas currently impact on the overall level of assurance that can be provided for 2014/15. The key governance, risk and internal control issues of which the Head of Audit and Risk Management was made aware during the year, that impact the overall opinion related to:
- Children's Services - The Ofsted inspection in July 2014 reported an overall opinion that arrangements in place for Children's Services in Manchester were inadequate. As a result an independently chaired Improvement Board was established and an Improvement Action Plan developed to address the main recommendations made in five key assessment areas. Capacity and resources, senior management oversight and operational systems have been strengthened, including interim appointments and external support. Actions are underway to address areas such as Child In Need backlogs but sustained focus on delivery of plans must be maintained to ensure that the risks raised by Ofsted are fully addressed.
 - Children's and Families Compliance – A number of limited assurance opinions were issued in the year in respect of Children and Families as referred to later in this report. These were in areas where management were largely aware of risks and concerns, particularly in the delivery of operational services, and audits were intended to help drive improvement in the face of increased demand, change and reduced resources. Nonetheless this is a cause for concern to be addressed with follow up planned in early 2015/16.
 - Within ICT there remain key challenges to be addressed in terms of security, resilience, bringing more applications to the latest upgrade versions and the prioritisation of projects to provide infrastructure resilience and support the transformation to the scale of Council ambitions. There have been delays in the delivery of key projects including the data centre move, Public Services Network compliance and Digital Workplace Strategy that were originally planned for completion by year end. Plans to address this slippage

have been established, external support is in place and a new senior management structure is due to be approved. In addition an updated ICT strategy, governance arrangements and new operating model are being developed to respond to these key risks.

- Continued progress has been made in year in developing information governance, information security and data protection arrangements across the Council. Despite positive developments a consensual audit by the Information Commissioner's Office in December 2014 assessed the Council's arrangements as limited. In response an action plan has agreed and implementation of recommendations is underway and will form part of an annual Information Risk Assessment and Assurance Plan to be agreed by the Corporate Information Assurance and Risk Group in May 2015.
- In the year we have issued a number of "limited assurance" opinions but have not issued any "no" assurance opinions. Where our audit work has highlighted areas for improvement recommendations have been made to address the risk and management action plans agreed or advice and guidance given to make changes.
- The context in which the Council operates remains a fundamental challenge to corporate objectives and delivery. Savings plans have been established for 2015/16 which will have further significant impact on the way the Council operates. Whilst the Council remains well placed to respond, the scale and pace of change required including reduced levels of resourcing and organisation change remains a fundamental risk to the control environment and needs to be effectively managed.
- There is unprecedented opportunity presented by changes in partnership working across health with additional opportunities presented by agreements supporting a Greater Manchester (GM) approach to public service reform and fiscal devolution, as well as business rates growth retention. These enable the Council, AGMA and partners to make fundamental changes to design and delivery of public services at scale and deliver improved outcomes within available resources. We have worked actively with management to identify and examine the areas of potential risk and support them in anticipating future risks and challenges this year and beyond.

Annual Review of the System of Internal Audit 2014/15

- 5.7 In accordance with the requirements of the Accounts and Audit Regulations 2011 an annual review of the system of internal audit was undertaken as part of the Council's governance assurance processes. The 2014/15 review demonstrated there was an effective system in place including a policy framework, internal audit function, Audit Committee and effective management engagement. Internal Audit operates in line with the PSIAS and codes of ethics for the delivery of audit work. The Team delivered its audit plan on time, had a sound base for carrying out audit activity and met its overall objectives of providing audit assurance and advisory support to the Council. The External Auditor confirmed they take assurance over the quality and extent of audit work done in 2014/15 including assurance over core financial systems and agreed the approach taken in the 2015/16 audit plan.

External Auditor's Review of the Effectiveness of Governance Arrangements

- 5.8 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 2013/14](#) was reported to Audit Committee on 3 December 2014. The main conclusions of the Audit Letter regarding the key assessment areas were:

Value for Money;

"In September 2014 a report by the Office for Standards in Education, Children's Services and Skills (Ofsted), concluded that the overall arrangements for ensuring the effectiveness of Children's Services at the Council and the Local Safeguarding Board in the Manchester City Council area were judged to be inadequate. We comment further on the impact of the Ofsted report on our VfM conclusion on pages 7 - 9 of this report. On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, with the exception of the matter reported above, we are satisfied that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

We issued a qualified ('except for') VfM conclusion for 2013/14 on 30 September 2014."

Annual Governance Statement;

"The Council has a robust process in place for preparing its AGS and this allows for senior officer and member scrutiny of the draft document at an early stage. We concluded that the AGS was consistent with our knowledge of the Council and met the requirements of the CIPFA/SOLACE "Delivering Good Governance in Local Government" framework."

The Annual Accounts;

"We issued an unqualified opinion on the Council's and the Group 2013/14 financial statements on 30 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council."

- 5.9 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. The latest [External Audit Recommendations Monitoring Report](#) was presented to Audit Committee on 26 March 2015 and the next report will be in September 2015. An explanation of what the Council is doing to address the improvements required following the Ofsted inspection is given in the next section.

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

- 5.10 As part of its work on governance and financial management across public services, CIPFA issued its Statement on the role of the Chief Financial Officer in Local Government (the Statement) in 2010. The Council has undertaken a review of the role and responsibilities of its Chief Financial Officer (CFO) against the five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

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

Assessment of the robustness of corporate governance across services

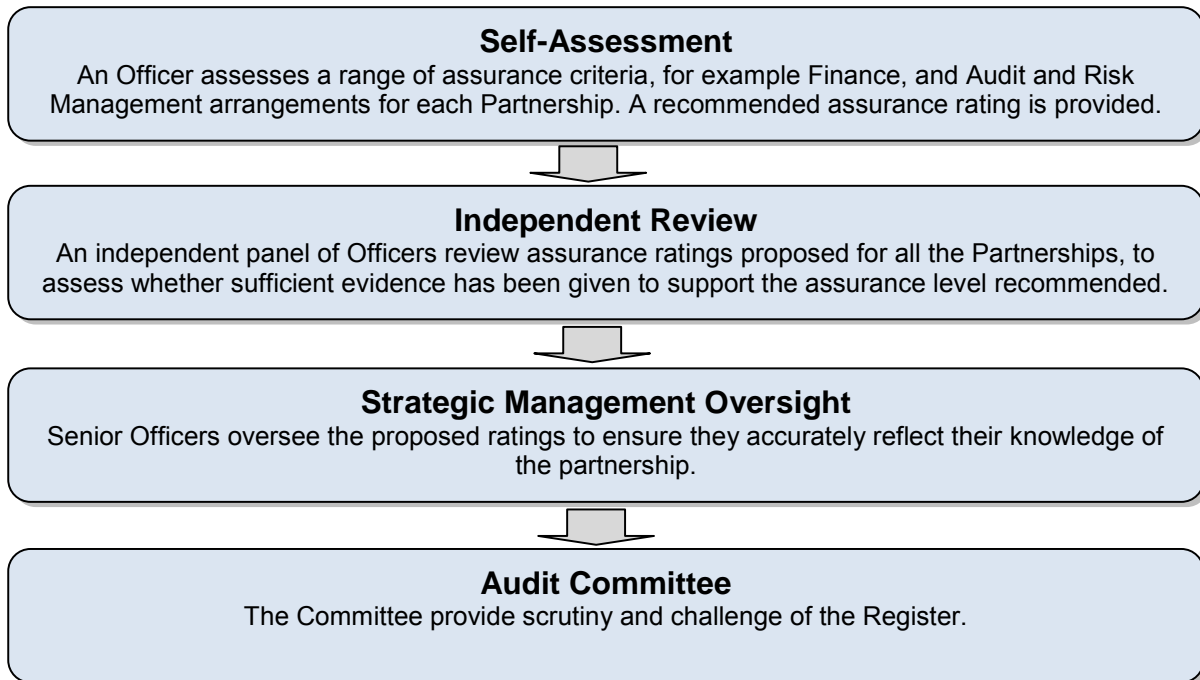
- 5.12 As part of the process of identifying any areas where governance needs to be strengthened across the organisation, services complete an annual questionnaire indicating whether they comply with each of the criteria in the Code of Corporate Governance. Analysis of the responses shows compliance with the Code is generally robust, but it has also identified areas to be strengthened, for example through the business planning process. Examples include;

- The Council's strategic priorities (as set out in the Community Strategy) need to be better understood and embedded in the work of individual services.
- Further improvements need to be made in information governance processes, and their understanding and implementation by staff.
- Further work needs to be done to ensure effective risk management methodology is understood and embedded across all services, which supports the priorities of the Risk and Resilience Strategy.

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

- 5.13 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.

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



- 5.15 The Council works to continuously improve both governance in partnerships, and the assessment process. For partnerships where the process has identified that there are governance challenges, every six months Audit Committee scrutinises the progress which has been made to implement improvements. The assessment process is also reviewed annually, for example in 2014/15 greater rigour has been provided by more in-depth assessment questions, and an increased focus on the evidence to support ratings which state high levels of assurance and low risk.

Leadership of governance and internal control

- 5.16 Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT). There is an annual meeting of key SMT Leads, where emerging governance issues are considered so that improvement actions can be put in place, as detailed in the following section.

External inspection agencies

- 5.17 The Office for Standards in Education, Children’s Services and Skills (Ofsted) inspects and regulates services which care for children and young people and those providing education and skills for learners. It publishes all [school inspection reports](#) on its website, in addition to the [inspection reports](#) for the services for children and families which the Council provides. Following on from Ofsted’s “inadequate” judgement relating to Children’s Services and the Safeguarding Board in September 2014, the Council has put in place a number of measures to bring about improvements. This is explained in the following section.
- 5.18 The [Care Quality Commission](#) (CQC) is the regulatory body responsible for the quality of health, mental health and adult social care services in England. The CQC advises

Councils that, although not a statutory requirement, it is good practice to produce “local accounts”. Local accounts must demonstrate how the Council has safeguarded and maintained personal dignity, put people first and achieved value for money, judged against the health and social care outcomes for their area. The Council’s [Local Accounts](#) are reviewed by Health Scrutiny Committee.

6 Progress in addressing the Council's governance challenges

This section provides an update on progress made addressing the Council's governance challenges which were identified in last year's 2013/14 AGS, and also on challenges identified in 2014/15. Challenges are grouped into themed areas where appropriate, and for those challenges where work has been on-going across more than one financial year, progress is shown chronologically.

Governance Area	Progress update for challenge identified in 2013/14
Public Service Reform	<p><i>Supporting the implementation of the Growth and Reform Plan by working with partners to help people become more resilient, develop valuable skills and access employment opportunities.</i></p> <p>The Work and Skills Board, which includes health and education partners, leads this area of work setting priorities through the Work and Skills Plan for 2013-16, and reporting progress to Economy Scrutiny Committee.</p> <p>Key work of the Board has included;</p> <ul style="list-style-type: none"> • Oversight of and Involvement in the implementation of the new Working Well service, which is supporting Employment and Support Allowance claimants overcome barriers to find work through motivational interviewing and an integrated service approach. • Support of the successful GM bid to Government for £2.6m of funding, to deliver employment support to residents with mental health conditions from April 2015. (This has now been aligned with the GM Devolution Agreement.) • Development of the Employment and Skills strategy which will provide a framework to help to ensure Manchester residents benefit from employment growth within the city. • Development of intelligence on training funding for Manchester residents aged 16+, to support adult training providers in the city to better plan their curriculum to meet employer demand. <p><i>Establishing successful partnerships to deliver reform work including complex dependency and Healthier Together / Living Longer, Living Better at a sustainable level and at the scale and pace required.</i></p> <p><i>Living Longer, Living Better (LLLb)</i></p>

	<ul style="list-style-type: none"> • The governance of the programme has been developed in conjunction with the Advancing Quality Alliance (AQuA), to allow effective working with all partners to take place. Progress is reported to the Health and Wellbeing Board and the Health Scrutiny Committee. • The programme’s Citywide Leadership Group (CWLG) has developed a Strategic Plan, which means all partners now have shared objectives and timescales to work towards. <p>The CWLG engages with other organisations and services outside of the core partners. For example work with the Age Friendly Manchester Team who are helping to develop LLLB-related services for older people in the city.</p> <ul style="list-style-type: none"> • Manchester’s Better Care Fund submission was approved by NHS England in 2014, and demonstrated strong examples of partnership working in action. By engagement with other programmes and organisations the programme is ensuring good practice in the city is adapted and adopted rather than reinvented. <p><i>Confident and Achieving Manchester (previously called complex dependency)</i></p> <ul style="list-style-type: none"> • The Partnership Board brings together partners across the public sector, for example the Police, Job Centre Plus, Probation Rehabilitation Company, Registered Providers, and Health. Progress is reported to Economy Scrutiny Committee. • The Board has helped to generate stronger commitment from partners to scaling up the delivery of support for people with complex needs. A number of partners have now dedicated their staff to be Key Workers, and to the city-wide Multi Agency Safeguarding Hub. The Board has helped to build partner engagement in the design of Early Help Hubs, which are multi-agency hubs of frontline professionals, and will go live in September 2015 in three areas of the city.
<p>Progress update for challenge identified in 2014/15</p>	
<p>Health and Social Care Reform</p>	<p><i>Understanding the likely financial impact of the implementation of the Care Act, and implementing its provisions within governance arrangements.</i></p> <p>Implementation of the Care Act commenced in April 2015, however some of the key financial requirements will not come into effect until April 2016. There is a significant amount of work which has taken place, and is on-going in</p>

advance of full implementation;

- Review resources required to support an increase in assessment and support planning activity.
- Determine impact of new regulations on demand for services due to the changes to criteria.
- Implement a national deferred payments scheme.
- Estimate the number of people who may need advocacy.
- Review carers services to ensure they are fit for purpose and Care Act compliant.
- Define and deliver workforce development needs.
- Undertake financial modelling of what the future cost will be, for example new payments to eligible carers.

To ensure a co-ordinated approach to the implementation of the Act, a Care Act Board has been put in place to oversee governance arrangements, this is led by the Strategic Director for Families, Health and Wellbeing. The Board oversees a number of parallel areas of implementation work;

- Specialist approaches across Greater Manchester.
- Integration and partnership working.
- Wellbeing and prevention.
- Advice and information.
- Commissioning strategy.
- First contact and identifying needs.
- Assessment and person centred planning.
- Carers.

Additional strategic capacity has been employed to lead the Care Act Board and this has been funded through an implementation grant of £125k. Further funding has been made available through the Local Development Fund which was approved at Health and Wellbeing Board and this has funded the work detailed above. This additional cost of the work above has been c£850k. The requirements have been approved at the Health and Wellbeing Board and the Care Act Board.

Looking forward to 2015/16, costs will increase as more citizens request assessments and the Act is fully implemented. Likely costs for 2015/16 are estimated between £3.5m and £5m. The funding will be from a combination of Department of Health grant, Better Care Fund allocation and Council allocation as part of the budget process.

Developing Health and Social Care integration.

The Council is addressing governance challenges which fall into the three broad areas;

1) Enabling change at the required pace and scale.

Because of the complexity of the delivery environment, with multiple partners in the LLLB programme, it is key that effective oversight and scrutiny is in place to assure quality.

Two complimentary programme boards are in place, which allow the Council to interact effectively at both local and citywide level with its core partners. The programme boards oversee specialised workstreams organised by task, for example workforce, and ICT.

2) Council staffing capacity to input effectively into programme governance.

As a citywide commissioner and provider, the Council contributes to governance forums both on a citywide, and a health locality level with hospital trusts and Clinical Commissioning Groups (CCGs). This presents a challenge in terms of availability of officers at management level, in light of reductions in numbers over the last three years. To address this, extra capacity has been engaged in the form of an Interim Head of Adult Social Work and Care Act Implementation which should support addressing challenges in this area.

3) Multiple decision making forums

The complexity of programme governance arrangements provides a challenge in terms of providing the right information, in the right place, at the right time, and ensuring all eight partners are moving at the same pace. To address this there is a workstream in the programme dedicated to communications, with a responsibility to coordinate the dissemination of relevant, timely and consistent information throughout organisational governance structures.

Governance Area	Progress update for challenge identified in 2013/14
Implementing Savings	<p><i>Designing savings proposals for 2015/16 and 2016/17 in tandem with partners to make best use of the resources available to public services in the city.</i></p> <p>The Council has developed its medium term financial plan alongside the Manchester Strategy in the context of,</p> <ul style="list-style-type: none"> • Continued population growth. • Constraints of the current Local Government Financing System, including a disproportionate share of reductions. • Delivery of circa £55m savings for 2015/16, whilst maintaining capacity to deliver strategic priorities. • Challenge of achieving the reduction in demand for targeted and specialist services required to deliver a sustainable budget. <p>When developing the budget options the Council considered potential impact on local communities, and alignment with the priorities of Growth, Reform and Place. Due to the scale of the funding cuts, difficult decisions have been made which include service reductions. Where possible the Council has focused on changes which do not undermine its ability to deliver on its priorities for the city, and which maximise levers and interventions available to make optimal use of resources and achieve the most progress towards objectives.</p> <p>Closer working with partners has been key to effective delivery, for example a more integrated approach to health and social care, and scaling up the multi-agency troubled families approach, in order to make effective use of limited resources.</p> <p>A full public consultation was carried out for the budget options. The Executive's recommended budget, which included a full set of proposals to deliver a balance budget for 2015/16 was reviewed by Finance Scrutiny Committee, before final budget setting at full Council in March 2015.</p>

Progress update for challenge identified in 2014/15

<p>Implementing Savings (continued)</p>	<p><i>Delivery of the volume of savings required by the Local Government Financial Settlement</i></p> <p>On 4 February 2013 the Government issued the local government finance settlement for 2013/14 and 2014/15 which led to the need for the Council to identify c£78m of savings across the two years of the settlement to meet the impact of the loss of resources and other budget pressures.</p> <p>In order to bring the budget into balance across the two years and to fund the unavoidable pressures a programme of savings was approved totalling £78m across the two years. £67.7m of savings were to be found from service expenditure with a further £10.3m of reserves to bridge the gap until savings associated with reducing demand for services for people with high levels of need can be fully achieved.</p> <p>When considering which services were to be reduced a range of factors including cost, efficiencies, impact on equalities and local factors such as resident need and access to services were taken into account.</p> <p>The savings were originally profiled at £35.6m in 2013/14 and £32.1m in 2014/15 however these were reviewed as part of the 2014/15 budget setting process and £1.7m moved to 2015/16 giving a revised 2014/15 target of £30.4m.</p> <p>The requirement to achieve savings of £30.4m during 2014/15 posed significant challenges and required strong governance processes to implement effectively due to the level of service changes proposed, together with the considerable reduction in the workforce. The savings represented a risk and not only assumed the planned reduction in the workforce would be achieved in a timely manner but also the service reductions would be implemented with sufficient pace.</p> <p>Overview and Scrutiny committees held special meetings to look at the Budget Proposals and their delivery. Where relevant, directorates carried out full and comprehensive Equality Impact Assessments (EIAs) on their budget proposals for 2013/15. The assessments considered in detail what impact the proposals could have on protected characteristics such as age and disability, and action that will be taken to mitigate the risk of disproportionate impacts upon those with protected characteristics.</p>
---	--

	<p>To address the issue of risk the budget savings proposals were phased in a proper and timely way. Officers satisfied themselves with the robustness of the planned service changes and their broad deliverability. Full year savings were not assumed in respect of every reduction proposal, but only where appropriate. Proposals were drawn up on the basis that Strategic Directors were satisfied that this would enable them to continue to meet their statutory duties and the needs of the most vulnerable.</p> <p>The achievement of the savings was monitored by SMT throughout the year via a detailed savings tracker which was in place to provide monthly updates. This gave assurance that the full target was expected to be broadly achieved by the end of the two year budget period, with mitigations in place for any savings which are not being achieved as originally planned.</p> <p>The vast majority of approved savings were achieved and those that weren't were mitigated in year. Of the £30.4m target c£25.8m was achieved in 2014/15 (85%).</p> <p>As part of the 2015/16 budget setting process a review of the delivery of 2013/15 savings was carried out to ensure that there were no additional cost pressures that would impact on the budget position in 2015/16. These totalled £620k in 2015/16 reducing to £270k in 2016/17.</p> <p>The remaining shortfall largely related to Looked After Children and was addressed as part of 2015-17 savings plans within the Children and Families Directorate.</p>
Governance Area	Progress update for challenge identified in 2013/14
Partnership Governance of Mental Health	<p><i>Ensuring high standards of partnership governance: mental health and new ways of working.</i></p> <p>There is a Strategic Partnership Board in place to take forward new proposals for mental health services. This is chaired by the Council's Chief Executive in partnership with the CCGs, the Chief Executive of the Manchester Mental Health and Social Care Trust and the national Trust Development Agency.</p> <p>Monthly Executive to Executive meetings take place between the senior leadership team at the Manchester Mental Health and Social Care Trust (MMHSCT), CCG Chief Officers and the Council. In addition monthly performance meetings take place between Council commissioners and the MMHSCT as well as quarterly contract</p>

	<p>monitoring meetings chaired by the Head of Strategic Commissioning. These meetings are productive for both parties.</p> <p>Together with the MMHSCT, officers from the Council have developed improved systems for recording and reporting of safeguarding issues. The Strategic Board is working with the Trust Development Agency, the CCGs and MMHSCT to determine the future strategic direction of mental health services.</p>
<p>Governance Area</p>	<p>Progress update for challenge identified in 2013/14</p>
<p>Protecting Information</p>	<p><i>Protecting information and outcomes of the Information Commissioner's Office (ICO) audit.</i></p> <p>A working group was set up under the leadership of the Head of Audit and Risk Management to ensure that continued progress was being made across the Council in protecting information in advance of the ICO audit. This focused on ensuring adequate resources were in place to drive forward actions in key areas including staff awareness, refresher training for staff who handle personal information and updating of policies and procedures. Progress in relation to preparation for the audit was reported regularly to the Corporate Information Assurance and Risk Group (CIARG) and to the Council's Senior Information Risk Officer.</p> <p>The ICO audit took place in December 2014. The auditors provided verbal feedback on a number of areas of good practice and in particular were positive about the overall governance arrangements, training and awareness and some aspects of the Council's approach to handling data subject access requests. The auditors highlighted positive practice including:</p> <ul style="list-style-type: none"> • Roles and responsibilities recognised as suitable and in some areas, such as use of Directorate Senior Information Risk Officers and recent establishment of Subject Access Request Co-ordinators were described as good. • Communications, including the simplification of policies and procedures and development of intranet resources for Protecting Information were noted. • Work to develop a network of Information Asset Owners. • Work to train staff who had no access to IT. • High levels of expertise and qualifications in Legal Services.

	<ul style="list-style-type: none"> Well developed systems and processes in Children’s and Families. <p>The Council had already identified areas for improvement across the Council. Some of these areas were reflected in the audit and included:</p> <ul style="list-style-type: none"> Appointment of an information governance lead to include Data Protection Officer responsibilities Records Management and retention strategies. Development of a formalised work plan and annual risk and assurance assessment by CIARG with reporting to SMT. Standardising registers and risk assessments of ‘information’ assets including regular reviews of user access across key ICT systems. Raising general staff awareness of the rights of individuals to request access to their personal data. Standardising and recording the approach taken to review and justify the application of exemptions and redactions in Subject Access Requests.
--	--

Progress update for challenge identified in 2014/15

<p>Protecting Information (continued)</p>	<p><i>Response to the findings from the ICO audit</i></p> <p>Subsequent to the ICO audit in December 2014, the final audit report has now been received, which highlights several areas of good practice including:</p> <ul style="list-style-type: none"> The allocation of roles at a senior level to drive improvement. The approach to staff training for those without access to e-learning. Well developed systems and processes in place in specific service areas. Development of an online information security reporting tool. <p>There were, however, as expected some areas highlighted for development.</p> <p>As a result of the audit report, the Council’s Information Assurance and Risk Group have agreed that information governance priorities for 2015 will include the completion of certain actions including:</p>
---	---

	<ul style="list-style-type: none"> • Further progressing council-wide Governance arrangements through development of strategy, as well as risk assessment and an action plan (including key performance indicators) • Development of the Data Protection aspects of staff training modules • Further standardisation of processes and guidance for dealing with subject access requests • Ensuring key processes are further embedded across the Council – e.g. the use of privacy impact assessments to ensure that data protection is a key consideration in any change programme. <p>Progress against the action plan will be overseen by the Council’s Information Assurance and Risk Group (CIARG) and will be reported to Elected Members. There will be further assessment by the ICO of progress in achieving audit recommendations in September 2015.</p>
Governance Area	Progress update for challenge identified in 2013/14
ICT	<p><i>ICT security, resilience and capacity to support transformation.</i></p> <p>Progress in the development of the Council’s ICT infrastructure continued in 2014 with update reports presented to Finance Scrutiny Committee and Audit Committee setting out the position on a number of major projects, improvements and remaining risks.</p> <p>Strategic leadership of the service transferred to the Deputy City Treasurer in September 2014. A subsequent process of service review and project stock-takes took place to ascertain the current position on the delivery of key priorities including security, resilience and support to transformation. This approach included a specific focus on the delivery of three major infrastructure projects and the new elections system to maximise the likelihood of completion in these critical areas by year end. Governance of ICT was also refreshed with a new Engagement Board, Directorate ICT Boards and ICT Task Group to support service development and delivery of priorities.</p> <p>ICT infrastructure resilience and disaster recovery arrangements are not yet where they need to be but they have been improved and further actions are underway to support continued development.</p> <p>Investment and actions to date have had a positive impact as highlighted in monthly performance reporting which has shown reductions in reported ICT incidents and a substantial reduction in the time taken to resolve major issues over the last 24 months.</p>

	<p>Whilst there have been positive developments in the year a number of major challenges remain in delivering secure, resilient, robust ICT arrangements consistently across the Council. The plan and programme of on-going service and infrastructure improvement was refreshed and finalised in January 2015.</p>
<p>Progress update for challenge identified in 2014/15</p>	
<p>ICT (continued)</p>	<p><i>ICT strategy, capacity and governance including strengthening of Directorate ICT Boards</i></p> <p>The successful delivery of Council priorities is dependent on a resilient ICT application and infrastructure estate to develop the platforms needed for future stability and performance. Building on the transition of strategic leadership of ICT to the Deputy City Treasurer in September 2014 a comprehensive review of the current services and structure of ICT was commissioned in January 2015. This review concluded in late February 2015.</p> <p>The Council has developed a partnership with Actinista Ltd to gain independent industry advice on the future operating model when considering the current position and future needs. This partnership has also delivered a review of the major infrastructure programme related to the exit of the Council's Daisy Mill data centre, Public Services Network (PSN) compliance, and has provided assurance and a planned approach to successful delivery.</p> <p>It has been identified that there are a number of capacity gaps across ICT which has in some instances impacted on progress of delivery. These gaps have been addressed in short term through the use of agency resources and will be resolved on a longer term basis through a full service redesign in line with the new operating model.</p> <p>The outcomes of this work has also identified significant gaps within the current structure and operating model in relation to leadership, governance and delivery. This has, in the interim, been strengthened through the development of new portfolio management and governance arrangements to strengthen the Council's project and service delivery arrangements. Again, this will be resolved in the longer term through the service redesign. A Governance and Project Management Office (PMO) function has been established, thereby ensuring that highly effective reporting and governance has been implemented.</p> <p>Following personnel committee approval on 24 March 2015 recruitment has commenced to permanently strengthen leadership across ICT and ensure the Council has appropriate skills and capability to deliver the</p>

	<p>services needed over the coming years.</p> <p>Once appointed, ICT will be led by a Chief Information Officer (CIO) who will sit on SMT thereby putting ICT at the heart of the Council's leadership, helping to drive business and ICT strategy. In the short term this is being led by an interim CIO. Additionally, three new appointments are being made at Business Partner level, one for each directorate so that ICT can take a directorate by directorate view of their needs. An ICT board is now in place and directorate boards are now supported by ICT.</p> <p>ICT infrastructure resilience and disaster recovery arrangements remain below the ideal level of effectiveness. Whilst the Daisy Mill programme continues to progress, and facilities move to the Sharp Project, the Council will remain exposed to a degree of risk once this is completed but will benefit from greater resilience. The Council recognises the need for a strategic solution to be put in place to resolve this situation and will go to market in the second half of 2015.</p>
<p>Governance Area</p>	<p>Progress update for challenge identified in 2013/14</p>
<p>Internal communications, and staff development</p>	<p><i>Internal communications, training and support.</i></p> <p>This challenge was identified in particular relation to:</p> <ul style="list-style-type: none"> • The effective communication of core policies and procedures to staff • Communication methods in Directorates related to embedding values in, and disseminating key policy information to front line staff, and new staff in teams • Ensuring and monitoring take-up of e-learning activity. <p>The Council has a range of strategies in place both corporately and in individual Directorates to support communication and engagement with its employees. An action plan is in place to drive forward improvements, and key activities delivered or in progress aligned to this plan include:</p> <ul style="list-style-type: none"> • The development of a corporate message calendar to more effectively schedule and coordinate key council internal communications • The re-focusing of the various corporate communications channels to ensure clarity of messages and enhance the opportunities for proactive communication

- The development of a suite of communications toolkits for managers to provide support
- The institution of a new corporate 'team brief' to cascade key messages from SMT level through managers to all employees
- A programme of briefing sessions for the Council's Wider Leadership Team on key corporate priorities
- Use of the Best Companies methodology to gain survey feedback from a sample of the workforce through the Workplace Insight Tool.

SMT have taken a strong interest in this area and are driving the delivery of this action plan. They are also reviewing the communications resources available both centrally and in Directorates to ensure they are most effectively aligned to supporting this activity across the organisation.

It is acknowledged that work is needed to strengthen the communication of the organisation's core workforce policies and procedures, and work is progressing to increase manager self-service and independence through improving this area.

A range of activity is in place to support the understanding and delivery of public service reform and the needs for behaviour change to support new ways of working. This work is taking place via pilot project groups, which have their own communication plans.

A detailed Internal Communications and Engagement action plan was developed for 2014/15, with the aim of achieving outcomes including;

- Staff being clear about the Council's vision and values and the behaviours that are expected. This will influence engagement and produce better results for the organisation.
- Staff feeling listened to by managers and the senior management team
- Improved morale amongst staff
- More consistent and coordinated engagement around transformation, changes and new ways of working being cascaded from the top down
- Staff who feel they have greater involvement in the organisation or empowerment in their role – being able to shape and influence strategies.
- Improved health and wellbeing of the workforce, lower levels of absenteeism and higher levels of productivity.

	<p>In terms of E-Learning, this tool remains critical for the delivery of a number of core and bespoke training packages to a large number of the workforce with over 6,700 staff now having access to this tool. The need for effective communications and reporting to encourage and monitor the take-up of E-Learning has been acknowledged with focused and coordinated campaigns delivered around key training modules.</p>
<p>Progress update for challenge identified in 2014/15</p>	
<p>Internal communications, and staff development <i>(continued)</i></p>	<p><i>Improved internal communication of governance and strategy.</i></p> <p>The Council is updating its online “Handbook” for staff. This guide is in place to help officers and Members to understand and perform their duties. It brings together and summarises the various codes, policies and protocols concerned with the governance of the Council. Throughout the guide there are signposts to more detailed policies and procedures and information about who staff should contact for help. As well as being promoted on the intranet, regular section highlights will be emailed to ensure staff are aware of guidance that might help them.</p> <p>As the new Manchester Strategy 2015-2025 is developed clear communication and engagement will be vital, to ensure that staff working in all service areas are aware of the Council’s strategic priorities and the part that they can play to deliver the strategy.</p> <p>The following actions are being put in place to enable this;</p> <ul style="list-style-type: none"> • The Manchester Leaders’ Forum has been fully engaged in the development of the Strategy, and a draft version of the strategy was taken to the forum in March 2015. • The views and input of Members will be obtained at Finance Scrutiny Committee, prior to the public consultation in summer 2015. • Presentations will be made to Manchester Partnership Boards at key points in the strategy’s development. • A full internal communications programme will be put in place to ensure that all staff are aware of the process and understand the Council’s strategic objectives. • Following public consultation, the new strategy will be approved by full Council.

Governance Area	Progress update for challenge identified in 2014/15
<p>External Inspectorate Ratings</p>	<p><i>Addressing the governance challenges highlighted by the OFSTED Inspection through the OFSTED improvement plan.</i></p> <p>Following the “inadequate” Ofsted judgement for the effectiveness of Children's Services at the Council and Manchester Safeguarding Children’s Board, the detailed report findings highlight several challenges to be addressed.</p> <p>An Improvement Board, which has both an Executive and an Operational function, has been set up to provide governance of the programme of required improvement work. In conjunction with partners, the Board has developed an Improvement Plan which sets out how the Council will address the recommendations in the Ofsted Report and the Department for Education (DfE) Improvement Notice.</p> <p>The Improvement Board;</p> <ul style="list-style-type: none"> • Has agreed performance targets and timescales for delivery • Monitors progress against objectives • Reviews and manages risk, and provides challenge • Listens to the views of all stakeholders <p>The Executive Board drives the delivery of the Improvement Plan, focusing on quality assurance, performance, mitigating risk and ensuring sustained change of improvement to services for children and families. The Operational Board is responsible for ensuring the experience of front-line staff informs decision making. It also makes sure the views of children and families are considered, and that there is effective communication and engagement with staff whilst the improvement work is carried out.</p> <p>Oversight of the improvement work is provided by Executive Members. This ensures senior officers are held to account for making swift and sustainable improvements. An Ofsted sub group of the Young People and Children Scrutiny Committee scrutinises the evidence to support the progress made by the Executive each month.</p>
Governance Area	Progress update for challenge identified in 2014/15

Devolution	<p><i>Preparing to integrate the governance changes and new powers from the Devolution announcement within the Council's governance arrangements</i></p> <p>In November 2014 the Chancellor of the Exchequer and the leaders of GMCA signed a devolution agreement, which will result in new powers and responsibilities for Greater Manchester. Following on from this, a new governance model is being developed for GM, and these arrangements will need to integrate with Manchester's governance.</p> <p>The changes will lead to a number of governance challenges which the Council is, or will be taking steps to address. These include;</p> <ul style="list-style-type: none">• Effective management of the capacity in place to support work which is happening at a GM level.• Ensuring the Council is appropriately represented in the decision making process.• Reflecting devolved responsibilities in the new Manchester Strategy and the Council's priorities for the City.• Alignment of the budget and business planning process.• Setting a clear work programme to enable effective implementation of the devolution agreement in Manchester, on all areas including health and social care, employment and skills, and measures supporting economic growth. <p>The Council will be represented in all of the key GM member and officer governance groups on devolution, including the Combined Authority, AGMA Wider Leadership Team, and Executive groups to support themes of the devolution agreement. Implementation in Manchester will be led by SMT, with the Manchester Investment Board coordinating effective engagement with the Council's partners.</p> <p>Subsequent to the original devolution agreement, the GM CCGs and Local Authorities have signed a Memorandum of Understanding with HM Treasury to devolve the £6bn health and social care budget to GM. A delivery plan is in place, and governance arrangements are being developed, which will lead to full devolution by April 2016. This commenced with the establishment of shadow governance arrangements from April 2015, and the principle of "decisions about GM being taken within GM".</p> <p>As part of this agreement, GM will submit a plan which states how it will deliver financial and clinical sustainability in the context of the NHS "Five Year Forward View". The GM Plan will be built from locality plans based upon CCG and Local Authority footprints. The Council's Locality Plan will be developed in 2015/16 and will be a shared</p>
------------	--

	<p>plan across all the organisations involved, overseen by the Health and Wellbeing Board.</p>
<p>Electoral Reform</p>	<p><i>Risk of reductions in the number of Manchester citizens registered following the implementation of Individual Electoral Registration</i></p> <p>During the transition to Individual Electoral Registration from June 2014 to December 2015, national reports suggested that electoral registers would be less complete and accurate than under the household system because people may not realise that they are required to register to vote individually and to register every time they move house.</p> <p>These reports highlighted that those local authority areas with large numbers of students and high levels of population churn such as Manchester would be particularly affected. To mitigate this risk, Manchester's Electoral Registration Officer (ERO) undertook a wide range of activity designed to ensure people are aware of the need to register themselves to vote and how to do so. From June 2014 this included various correspondence to non-individually registered individuals and most recently to every household in January, doorstep canvass visits to properties in areas with low registration, community engagement and awareness activity, work with schools, colleges and Universities and a communications and public awareness campaigns during the summer of 2014 and between February and April 2015. These activities were designed to ensure that as few people as possible were unable to vote in May because they were not aware of the need to register individually, issues which relate largely to specific demographic groups, notably young people, students and people who move often for other reasons.</p> <p>As a result of the work undertaken by the Electoral Registration Officer, nearly 50,000 people registered to vote between December 2014 and April 2015, 12,000 of which registered in the three weeks before the election. The local government electorate for Manchester was therefore just under 365,000, which represents a decrease of 3,000 since the Local and European Parliamentary Elections in May 2014. In addition, the Returning Officer for the parliamentary election put in place robust arrangements to manage registration issues on polling day to investigate the registration history of every individual who sought to vote at their local polling station, but who was not registered to vote at their current address. This dedicated helpline managed nearly 3,000 calls on polling day, and provided advice and support to Presiding Officers and voters on electoral registration issues. As a result of all of this activity, only a small number of Manchester residents were unable to vote on 7 May because they had not registered to vote.</p>

	The first full IER household canvass is due to commence in July 2015 and will be completed when the first full IER register is published on 1 December. For the reasons outlined above, Manchester will continue to face significant challenges to maintain a complete and accurate electoral register, particularly through this canvass. The Elections and Registration Project Board, chaired by the ERO, will continue to evaluate progress in this regard and take all necessary steps to address the anticipated reduction in the number of registered electors.
--	--

7. Future actions for further improvements to governance arrangements

The review of governance arrangements has identified ten main areas where the Council will need to focus its efforts during 2015/16, 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 2016.

What action is to be addressed	Who is responsible for delivery
Ensure effective delivery of Care Act requirements from April 2015, and preparation for funding provisions in 2016.	Strategic Director (Families Health and Wellbeing)
Improving partnership governance: childrens' and adults' safeguarding boards, and mental health services.	Strategic Directors (Families Health and Wellbeing, Children's Services)
Responding to the findings of the external peer review of Adult Social Services by the Association of Directors of Adult Social Services (ADASS).	Strategic Director (Families Health and Wellbeing)
Delivery of savings in line with the requirements of the final 2015/16 budget.	Chief Executive, City Treasurer
Continuing to make governance improvements through the Children and Families improvement plan.	Strategic Director (Children's Services)
Continue to prepare to implement governance arrangements resulting from Devolution, including development of the health and social care Locality Plan.	Chief Executive
Governance and delivery of ICT infrastructure improvements.	Deputy City Treasurer
Health and Social Care integration.	Strategic Director (Families Health and Wellbeing)
Continue to implement recommendations following the ICO audit	City Solicitor, Head of Internal Audit
Robust Governance and delivery of the Capital Programme and Operational Property Estate	Deputy Chief Executive (Growth and Neighbourhoods), Director of Capital Programmes and Property

Conclusion

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

Signed.....
Leader of the Council

Signed.....
Chief Executive