

## **Manchester City Council Report for Information**

**Report to:** Resources and Governance Scrutiny Committee – 11 October 2018

**Subject:** Our Integrated Annual Report 2017/18

**Report of:** The Chief Executive

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### **Summary**

The Integrated Annual Report 2017/18 provides Members with an overview of the Council's funding, key activities and performance to illustrate what the Council has achieved and how this has been achieved as we work together towards our goal of happier, healthier and wealthier lives for Manchester residents.

### **Recommendations**

The Committee is invited to comment on the Annual Report

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**Wards Affected:** All

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### **Alignment to the Our Manchester Strategy Outcomes (if applicable)**

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The report demonstrates the clearest link between our strategy, our management and our performance to clearly show the impact we are having on the community in a transparent and accessible way
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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**Contact Officers:**

Name: Steve Hibbert  
Position: Directorate Performance, Research and Intelligence Officer  
Telephone: 0161 234 3024  
E-mail: s.hibbert@manchester.gov.uk

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.



MANCHESTER  
CITY COUNCIL

# Our Integrated Annual Report 2017-2018

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## Foreword

Last year was a testing year for Manchester and Mancunians, but one where our true character shone through. For those who lost loved ones, suffered injuries or experienced the horrific terrorist attack in the Manchester Arena, it has been a devastating time. The response of so many people including the emergency services and people who opened up their homes and hotels to those in need illustrates the humanity, togetherness and the values of our citizens. These values were shown again in the remembrance, reflection and celebration of life in May 2018.

2017/18 was the first year of our three year budget strategy and we had to make savings of nearly £17 million in this year. Since 2010 the Council's spend on services has reduced from £574m to £408m. However, our focus remains on our vision of Manchester in 2025 as a top-flight world-class city full of opportunity with improved quality of life for all. To make this happen we and many of our partners have worked on a radical change in approach: the Our Manchester approach.

This approach is about putting people at the centre of everything we do. It is about listening, learning and responding. It is about generating interest and enthusiasm in trying new ways of working and trusting and empowering communities to do things for themselves. It's been great to see people from the Council, our partners, voluntary organisations, residents and Councillors working together and listening to each other about how to really make a difference to our neighbourhoods and communities.

Our Annual Report describes where our money has come from, what it was spent on, our key activities and the services which were delivered throughout 2017-18. It also sets out what all this has achieved such as:

- The improvement of our Children's Service's OFSTED rating following a lot of hard work and dedication from so many staff and partners. There is much more to be done to support all Manchester's young people to get the best start in life, but this achievement provides a great platform to do so.
- The preparations for and launch of the Manchester Local Care Organisation (MLCO) in April 2018. MLCO brings together community health, social care, GP and mental health services to ensure that vulnerable or ill people get the right kind of help at the right time.
- Beginning the development of the new Factory Arts centre, a world class cultural venue which will host the Manchester International Festival and cement the city's reputation at the forefront of art and culture.

Looking ahead we know that there are great challenges for us to address as a city, including ensuring everyone can benefit from the economic opportunities Manchester attracts, reducing the number of people homeless or sleeping rough and providing the right support for people to lead healthy lifestyles. We are committed to listening to and working with our communities to respond to these challenges in the right way, towards our goal of happier, healthier lives.

Sir Richard Leese  
Leader of the Council

Joanne Roney OBE  
Chief Executive

## Our Integrated Annual Report

The Integrated Annual Report takes you through our funding, key activities and performance to show you what we have achieved and how as we work together towards our goal of happier, healthier and wealthier lives for Manchester residents. We have used the International [Integrated Reporting](#) (<IR>) Framework to guide the production of this report. The report therefore focuses on our ability to create value in the short, medium and long term, and supports the efficient and productive spending of public money. This approach aims to demonstrate the clearest link between our strategy, our management and our performance to clearly show the impact we are having on the community in a transparent and accessible way.

## Our Council, City and City Region

We make decisions affecting Manchester and its residents and on a daily basis. We are made up of 96 councillors elected by residents across the city's 32 wards. These elected representatives have the authority to make decisions affecting the city. At the end of March 2018, 7,101 Council officers were employed to deliver services for the public.

Our mission is to support the delivery of the vision set out in the Our Manchester Strategy that in 2025 Manchester will be in the top flight of world-class cities. The priority objectives of the Our Manchester Strategy are detailed in the [‘Our Strategy and Objectives’](#) section.

Our work is undertaken by the five directorates we are made up of. These are Growth and Neighbourhoods, Strategic Development, Children's Services and Education, Adult Social Care and the Corporate Core. During 17/18 we undertook a strategic management restructure resulting in changes to directorate remits including the transfer of services co-ordinating economic growth to the Strategic Development Directorate with Highways Services being brought into a new Neighbourhoods Directorate. More detail on the work of each directorate can be found in the directorate's [operational model](#).

Between 2011/12 and 2016/17 we have had to deliver £339m of savings with a further £14m required in 2017/18, following the cumulative effect of reductions in funding from central government.

The government's welfare reforms such as the roll out of Universal Credit 'full service' will continue to have an impact on the people of Manchester. We have put significant resource into ensuring that the roll out of Universal Credit is as smooth as possible and into mitigating any negative impacts such as increased levels of housing arrears. We are working with the Department of Work and Pensions and other partners in the city, particularly housing providers and commissioned advice services to track the impact of roll out of U.C and adapt services locally wherever possible to meet the needs of UC claimants. We will continue this work and lobby for any necessary changes based of local intelligence.

The ongoing Brexit negotiations will continue to have a major bearing on the city's population and demographic profile and will impact on the city's economy. However, the diversity and current strength of the city's economy provides a strong foundation for the economic impact of Brexit, which is likely to become more of a challenge in the coming year. We will continue to monitor the implications of government policies so we are well placed to mitigate negative impacts and grasp opportunities.

The city's success and ability to cope with reduced funding is inextricably linked to the success of our city-region. Greater Manchester (GM) is one of the country's most successful city-regions and is home to approximately 2.8 million people<sup>1</sup>. The Greater Manchester Combined Authority (GMCA) is made up of the ten GM Councils who work together with local services, businesses, communities and other partners to improve the city-region. The Mayor, elected by the people of Greater Manchester chairs the GMCA.

Manchester, together with partners in the GMCA has driven devolution and negotiated the transfer of powers, budgets, and responsibilities from government to the city region. As a result, decision-making on crucial public services in GM like transport, planning, health and skills has moved closer to GM people. With more decisions being made locally, the needs and aspirations of local people can be better met. Devolution has also brought about more certainty over long term funding so that the GMCA and the city can make plans over the long term. With a raft of new devolved powers, GMCA has developed plans for the future. In October 2017 GMCA published the new Greater Manchester Strategy, [Our People, Our Place](#) which is the long term blueprint for the future of Greater Manchester's people. The plan looks at 10 priority areas and details how life will be improved for all who live in the city-region, from being ready for school, to starting work and growing old, and everything else in between.

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<sup>1</sup> Mid 2016 ONS population estimate (2,780,659).



Our work will be aligned to supporting the delivery of this bold new vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old.

Following the decline of industry in the twentieth century, Manchester has successfully reinvented itself as a city with a large and diverse population and economy. The city's growing population was estimated to be just over 572,500 in 2018, and by 2025 Manchester is forecast to be home to over 644,000 people (MCCFM figures<sup>2</sup>). Manchester continues to support the economic growth of Greater Manchester and is at the heart of work to create a thriving Northern Powerhouse. The city continues to develop at a fast pace and create economic growth and new opportunities for Manchester citizens. Some of the city's key developments over 2017/18 include:

- The five year, £80 million pound investment programme to improve the condition of the city's roads and footways began in 2017/18 with an estimated £15 million pounds being spent on preventing roads from falling into poor condition, resurfacing roads on the city's key route network, footway treatments, pothole repairs and drainage repairs. We've also been planning how best the Piccadilly Train Station area can be developed to accommodate High Speed 2 (HS2), Northern Powerhouse Rail and Northern Hub. A well maintained and connected infrastructure will drive business growth and create jobs and opportunities.
- As the lead partner of the CityVerve project, we have been working with 20 public and private sector partners including our universities, Cisco, BT and Ordnance Survey to deliver the UK's Internet of Things (IOT) city

<sup>2</sup> Figures informed by a forecast (MCCFM W2016) by Public Intelligence, PRI, 2018. Manchester City Council's forecasting model (MCCFM) enhances ONS data by combining it with recent local administrative data. These are considered more accurate for the locality, but may not accord with officially published estimates



demonstrator for Innovate UK and the Department for Culture Media and Sport (DCMS). Together, we're creating a blueprint for smarter cities and will be at the forefront of the Internet of Things where everyday objects are connected to a network in order to share their data. CityVerve supports development of innovative solutions to address city challenges around mobility, air quality, cycling and roads infrastructure, the move towards a low carbon economy and reduced emissions, and the health and well-being of our residents.

- On 1st June 2017 we began leading an £8million European Commission-funded project, GrowGreen. The project aims to create climate and water resilient, healthy and liveable cities by investing in nature-based solutions (NBS) and involves Manchester working with many other European cities. This has involved the allocation of £1million for the design and development of a community park and other green spaces in West Gorton.
- In April 2017 a joint venture partnership was launched with the Far East Consortium to support the development of the Northern Gateway into the Irk Valley.
- Commencement on the Council led development of The Factory, a world-class cultural space in the heart of Manchester. The c£110 million project will provide 13,500 square feet of ultra-flexible space which will make and showcase dance, theatre, music, opera, visual arts, popular culture and innovative contemporary work incorporating the latest digital technologies. It will be ran by and be home to Manchester International Festival and audiences of up to 850,000 a year will have access to the world's best artists. The Factory is set to transform the way we see the world, and the way the world sees Manchester.

Whilst the city and its residents have seen many changes for the better in recent years, Manchester is still facing some of the same challenges it was a decade ago. There are still areas of intense deprivation and too many Mancunians are experiencing poor health.

Nearly 12% of Manchester's residents (aged 16 and over) were claiming out of work benefits towards the end of 2017 which was 3% higher than that of Great Britain, and the claimant rate for those aged over 50 was considerably higher than the national average. Poverty is a major challenge affecting many of the city's families and the Institute for Fiscal Studies projects an overall increase in child poverty by 2020. Provisional estimates suggest that approximately 27% of the employees living in Manchester earned below the Real Living Wage in 2017 compared to 22% of employees living in England. The city has a higher proportion of residents with no or low skills than the U.K as a whole and low skills are directly linked with a low wage economy. Manchester has one of the highest rates of people sleeping rough per 1,000 households when compared to other English Core Cities and with a rate of 0.42 per 1,000 households it is more than twice the national average.

At approximately 55, the number of years Manchester residents can expect to live in good health is approximately 9 years below that of England as a whole, and this has reduced by over a year for both males and females from 2013-15 to 2014-16. At

approximately 40% the percentage of Manchester's 10-11 year olds who were overweight or obese in 2016/17 is just over 6 percentage points higher than national levels. We have started to address some of the city's long standing health issues and are making significant progress with the integration of health and social care services through the biggest public service programme that the city has ever seen.

The challenge for Manchester is to ensure all Mancunians and communities are connected to the opportunities presented by the city's economic success. In order to rise to this challenge and many others facing the city we worked with unprecedented numbers of residents, businesses and partners to understand their needs and develop the city's plan for the future. Manchester is now truly within a new and exciting phase of its evolution and is driving forward its ambitious plan, Our Manchester.

## Our Strategy and Objectives

Our Manchester is the strategy for the city adopted in 2016 and it sets out the city's priorities up to 2025. Manchester residents and partners helped to develop the strategy with over 2,300 people and organisations contributing their views. The shared vision is that in 2025 Manchester will be in the top flight of world-class cities. It will be a well-connected city with a competitive sustainable economy. It will have highly skilled, enterprising and industrious people from all backgrounds who feel safe, succeed and live well in neighbourhoods that are green, clean, attractive, and culturally rich. The [Our Manchester Strategy](#) which can be read in more detail on our website has five main themes:

- A thriving and sustainable city.
- A highly skilled city.
- A progressive and equitable city.
- A liveable and low-carbon city.
- A connected city.

This long term strategy is the framework for our Capital Strategy ([Item 16](#)) and our Revenue Strategy ([Medium Term Financial Plan – Item 6](#)), which is discussed in the [Our Outlook](#) section of this report. Our resource allocation plans set out in our [Budget and Business Plans](#) have all been developed in line with our Capital and Revenue Strategies in order to implement the city's long term strategy. The city will invest in growth and support our more vulnerable residents into independence through public services working together and supporting families to address problems early before they develop into crises. On the way to 2025, we have set some shorter term objectives based on what Manchester people have said they value most.



Our performance against all the goals of the Our Manchester Strategy will be reported each year in the [State of the City Report](#) which will be published on the Council's website in October. Whilst the Our Manchester Approach and the Our People Strategy are discussed in the next sections, delivery against the shorter term priorities is summarised across the next page and explained in more detail in the ['Our Performance'](#) section. Green arrows on the next page indicate positive changes from last year's results and red arrows indicate negative changes.

## A thriving and sustainable city

↑ **381,500**

### Jobs in the City

(Source: Total employment, BRES, 2016)



### Gross Value

Added in Manchester has grown by

↑ **6.4%**

from 2015 to 2016, compared to 3.7% for the UK  
(Source: ONS)



↑ **1.19m**

### International visitors to Manchester

in 2016 (Source: International Passenger Survey, 2016)



## A liveable and low carbon city



↑ **39%**

of household waste recycled

(Source: Manchester City Council, 17/18 provisional)

### CO2 emissions

↓ **29.6%**

from 2005 levels  
(Source: DECC estimates 2015)

↑ **271**



Homes defined as affordable by the

government out of 2,869 new builds which became available for buying or renting in Manchester within 2017/18  
(Source: Manchester City Council)



↓ **9,261**

Street cleansing requests received by

the Council in 2017/18.  
(Source: Manchester City Council)

## A highly skilled city

↓ **72.7%** of the working age population are qualified to NVQ level 2 or above (16-64, Source: APS 2016, ONS)

Manchester's Key Stage 4 'Attainment 8' score

**43.4**



(Source: DfE, 16/17 academic year)

↑ **60%** of primary school pupils achieved the expected standard in reading, writing & maths

(Source: DfE, 16/17 academic year)

↓ **11.9%** of residents claiming out of work benefits (16-64, source: ONS, Nomis, Nov 2017)

↓ **15.2%** of workforce & ↓ **27.2%** of residents paid less than the Real Living Wage

(Source: ASHE survey, 2017 provisional)



## A progressive and equitable city

Manchester's Looked After Children rate per 10,000 children rose to

↑ **104**

at the end of March 2018

(Source: Manchester City Council, provisional)

↑ **15.3** residents per 100,000 of the population experienced delayed transfers from one care setting to another

(Source: Manchester City Council 2017/18, provisional)



↓ **54.3** males



↓ **54.6** females

healthy life expectancy at birth

(Source: Public Health England 2014-16)

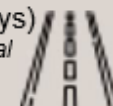
↑ **40.27%** of 10-11 year olds classified as overweight or obese

(Source: Public Health England, 2016/17)

## A connected city

↑ **25.3%** of road network beyond mid-life grading (A, B, C, and U roads, excluding footways)

(Source: MCC Annual Condition Survey, Oct - 17)



↓ **87%** of tracked journeys along key routes in the city which fell within the acceptable time limit

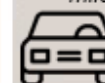
(Source: TfGM, 2016/17)

↑ **4.5** mins (am)

↑ **5.4** mins (pm)

average journey time rates for A and B

roads (average minutes per mile, Source: TfGM, 2015-16)



## Our Manchester Approach

The Our Manchester Strategy provides the overarching framework and priorities for action by the Council and partners. It includes 64 commitments, known as the '[We Wills](#)', made by a range of agencies to achieve the vision for the city. To deliver the commitments a radical change is required in our approach and the way we work with partners. This radical change is the Our Manchester approach.

The Our Manchester approach is a redefined role for the Council and public services as a whole. It puts people at the centre of everything we do, recognising that people are more important than processes, procedures or organisational boundaries, and changing the way that the Council works to reflect this. It is about listening, then learning, then responding. It is about creating capacity, interest and enthusiasm within individuals and communities so they are empowered to do things for themselves. Finally it is about working together more, by building long term relationships and having honest conversations which give a say and role to both those who need services and those who provide them.



The Our Manchester Delivery Plan, designed and developed throughout 2016/17, aims to embed the Our Manchester Approach throughout the Council and its partners and has three main themes;

- **Placed based approaches within neighbourhoods** - By supporting our workforce and those of our partners to embed Our Manchester ways of working, services in neighbourhoods will shift from offering reactive services to offering more collaborative, strengths based, and proactive ways of

engaging and working with communities. Throughout 2017/18, place based approaches have continued to develop different ways of engaging communities, based on what matters to people, growing of community assets and co-designing solutions.

This intensive approach to engagement is focused in three areas of the city - Gorton, Higher Blackely and West Wythenshawe. Each of these areas has a different focus and as a result some differing approaches to engagement. The activity recognises that this is not about a one size fits all approach but rather understanding what matters to people in the context of where they live and how the council and its partners can support residents to take ownership and help design solutions. This has been seen in West Wythenshawe, for example where 4 distinct neighbourhoods with different challenges have been selected to carry out this work. To date activities such as door knocking and events with businesses have taken place; a small number of residents have come forward to work with services to help design solutions. This work will be ongoing over the next year.

- **Applying the Our Manchester Approach to the integration of Health and Social Care** – 2017/18 saw the high level refresh of Manchester's Locality Plan (Our Healthier Manchester), with strong involvement from the community and voluntary sector. To continue to ensure that the delivery of the Locality Plan aligns to Our Manchester, the Council and its health partners established their commitment to ensuring four priority themes are truly embedded in the delivery of the Locality Plan. The priority themes are connecting services for people in places, commissioning priorities, single trusted assessments and workforce behaviours. Part of this work will ensure that all care assessments are strengths based and focus on what matters to the person and what they can do. It also involves offering services within communities such as youth clubs or community centres, and making sure people can access these services to support people's health and wellbeing.
- **Broader Our Manchester activity** - This will support the adoption of the Our Manchester approach across the city as a whole. We will continue to talk to people, businesses and partners about what matters most to them and work to design new ways of delivering better services together. Activity throughout 2017/18 included a number of consultations which have used a strengths based, conversational style which sought to understand what really matters to people. For example, the Family Poverty Strategy was informed by 120 strengths based conversations which revealed how those with lived experience viewed 'poverty'.

Throughout 2017/18 we have been focusing on enabling and testing the Our Manchester approach. To help enable our staff to use the Our Manchester approach we have worked with them to develop and launch the Our Manchester behaviours framework and a strengths based approach to appraisals, 'About You'. Many of our staff and the staff of our partners have attended an 'Our Manchester Experience' to help them understand what the approach means for the city, its people and what they must do to deliver the culture change required to make it a reality. From September 2017 to March 2018 799 MCC officers and 111 staff from our partners



have been through the experience. Throughout 2017/18 the 'Our Manchester Days' programme supported resident engagement by dedicating our social media channels to the showcasing of council services which residents had told us they cared about most in the Budget Conversation. A framework for the asset based approach to resident engagement was also developed to help everybody understand what Our Manchester means to them and support meaningful continuous conversations. Towards the end of 2017/18 we began developing a rigorous, consistent monitoring and evaluation framework to provide the evidence to understand how well the Our Manchester approach is working. This testing will allow us to refine the approach over time so we can maximise its impact on achieving the Our Manchester vision.

The focus for 2018-19 is on 'hardwiring' Our Manchester across the council and working with partner organisations.

## Our People

At Manchester City Council we pride ourselves on having a workforce of dedicated staff who are passionate about the city and its people. They are our most valuable asset and the driving force behind making Our Manchester a reality. In 2017 we launched [Our People](#) (the Council's people strategy) and with it set out 4 behaviours that we need to embed to make Our Manchester truly the way it feels to work across our organisation.



The 2017/18 delivery plan for the People Strategy has focused on getting the basics right, ensuring strengthened core people management and development processes underpinned by high quality and consistent line management which supports a more engaged and motivated workforce. Some of the successes over the year include:

- a significant increase in employee engagement measured through this year's 'BHeard' Survey which saw a 7% increase in responses and an overall engagement score of 611, an increase of 16 points, with the Council now recognised as a 'One to Watch' organisation.



- supporting the development of Manchester residents and existing staff with 200 apprenticeship starts, exceeding our target of 169 and including a number of former Manchester Looked After Children.
- the roll out of ICT access to circa. 1,000 Council staff as part of the Universal Access programme.
- a continued focus on equality and diversity in support of the corporate equality objectives and commitment to the Equality Framework for Local Government with the aim for re-accreditation at the 'Excellent' level in June 2018: highlights include accreditation at level 2 of the Government's 'Disability Confident' scheme and supporting a 5% increase in-year in BAME representation.
- a focus on employee wellbeing and, in particular mental health with the launch of a new Employee Assistance Programme (EAP) providing 24/7, confidential and free support on a range of things including family issues, legal, debt, addiction, bereavement, stress and anxiety and seeing over 1,200 calls and 4,000 website hits.
- a strong emphasis on supporting a reduction in sickness absence with a dual strategy focused on promoting wellbeing (see above) and supporting managers to supportively and proactively manage sickness absence cases: with a continued downward trend in sickness levels year-on-year.
- launch of the Our Manchester Behaviour Framework and Experience: over 900 participants with 92% positive feedback
- a circa. 20% reduction in expenditure on agency staffing
- launch of the new 'About You' strengths based approach to appraisals and one-to-ones with overwhelmingly positive feedback
- continued roll-out of our core leadership and management training programmes (with 40% of all managers having now participated).
- a range of 'Our People' engagement sessions across the City directly engaging staff on what matters to them.
- 700+ hours of employer supported volunteering connecting staff to contribute to the life of the City.
- launch of Our Ways of Working: the council's new commitment to flexible working in the organisation, and with it a dramatic rise in the number of staff able to work from home and request flexible working arrangements.

In order to continue to improve the workplace and help to deliver our Manchester, the strategic delivery priorities for Our People in 2018/2019 have been aligned to the Our Manchester principles:

- Better lives: Continual improvement of the workplace for our staff; connecting employees to the life of the City.
- Listen, Learn & Respond: Staff engagement; "you said - we did"; HROD service improvement and practice improvement of our policy framework.

- Starting from Strengths: Strengths-based approach to skills, workforce development and the way we manage our people.
- Relationships & Conversations: workforce equalities; partnership working; management and Trade Union relationships underpinned by strong collective leadership.

This is underpinned by a continued focus on embedding the Our Manchester behaviours and providing the tools and support to improve the capacity of our workforce.

## Our Governance

We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, intelligent and open decision making, and accountability and transparency. We have set out this commitment in our [Code of Corporate Governance](#) (The Code) which forms part of our [Constitution](#). The Code outlines how we operate, how decisions are made and the procedures followed to ensure efficiency, transparency and accountability.

Our Internal Audit function provides assurance over the effectiveness of our risk management, internal control and governance arrangements. They support, advise and challenge management to assist the development of strategies, systems, policies and procedures which improve ways of working and ensure the best use of resources. Our external auditors assess our Internal Audit function to ensure it forms an effective part of our control environment. Our [Annual Governance Statement \(AGS\)](#) reviews the extent to which we have met The Code's standards and describes the progress made throughout the year in addressing our key governance challenges. Throughout 2017/18 we have...

- Continued to improve Children's Services as recognised in Ofsted's inspection report published in December 2017. Our leadership, management and governance arrangements were found to be 'Good' which is a strong foundation for us to deliver even better performance and outcomes for children and young people.
- Progressed the integration of health and social care by supporting the production of various partnership agreements regarding governance, commissioning and joint commitments which have enabled the Manchester Local Care Organisation to become operational in April 2018.
- Made significant progress in delivering Our Manchester. This included preparations for the launch of the Our Manchester Voluntary and Community Sector Fund (VCS Fund) in April 2018, including due diligence work on the 63 organisations who will receive funding, and the formation of the new programme team who will manage both the VCS and the Our Manchester Investment Fund. It has also included the implementation of the 'Our People Strategy' which has focused on improving employee engagement and the quality and consistency of people management (e.g. through the launch of 'About You' staff appraisals based on a formalised behaviour framework and the delivery of leadership and management training programmes).

In this time of such rapid transition our financial, policy and legislative environment is constantly evolving. The skills and diversity of our [leaders](#), continuous review of our Budget and Business Plans and our attitude to risk and [robust risk management arrangements](#) all mean we are well placed to tackle challenges and grasp the opportunities of our ever changing environment to create value.

Whilst we will not risk challenging our ethical, legal and statutory responsibilities, overall we are a risk tolerant organisation and know that our measured and

proportionate risk taking is essential if we are to deliver change, reform, growth and ultimately value. Our corporate and service level leadership works proactively to maintain this attitude across the organisation so that innovation is encouraged, promoted and enabled. For example, Our annual Awards for Excellence include an award for an employee who has shown innovation to change our ways of working and 2018/19 will see more focused work undertaken to embed the Our Manchester behaviours including 'Owning it and not being afraid to try new things', and the development of tools to support employees in taking this approach. Such initiatives and work contributes towards embedding a culture of innovation, trust and service improvement.

The use of our capitals (e.g. money, partnerships, staff and buildings) is aligned to our culture, ethics and values as described by the Our Manchester Approach. By maintaining solid long term relationships with suppliers and partners who share our values, looking after our staff and maximising social value, we are better able to sustain our ability to create value over the long term.

Our approach to financial management including our medium term financial strategy and the role of our Chief Financial Officer ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. This approach supports both long term achievement of objectives and shorter term financial and operational performance.

Social value is a process through which the needs for goods, services and utilities are met in a way which achieves value for money on a whole life basis. This means maximising the social, economic and environmental impacts that can be derived from our procurement spend. We recognise the positive impact that our suppliers can bring to our city and give social value a minimum procurement weighting of 20% to ensure it is a critical part of our procurement process. We have also developed a social value toolkit for commissioners and stakeholders to help them to build social value into commissioning and a toolkit for suppliers to help our supply chain understand the role they need to play. We have also incorporated the GMCA social value policy into our own policies and procedures.

We have a [Partnership Governance Framework](#) setting out the high standards of conduct we expect from partner organisations and follow an ethical procurement policy. Our [Ethical Procurement Policy](#) and focus on social value helps us to work with suppliers who are committed to our values and gain maximum benefits to improve social, economic and environmental well-being. For example, the winners of our multimillion-pound contract for road improvements agreed to use local companies for 75 per cent of their supplies which will boost the local economy and the Our Town Hall refurbishment project has a challenging 30% local labour target and aims to ensure that 100% of the project's apprentices are either Manchester residents or are attending a Manchester based educational institution (or the University of Salford).

We recognise that our staff are a hugely important asset and [Our People](#) is our commitment to our workforce. This People Strategy has been designed to empower and equip staff to deliver the goals of the Our Manchester Strategy and will do this

by listening to them, involving them, respecting them and inspiring them. We are committed to promoting the physical and mental health and wellbeing of our workforce and make available a wide range of support and guidance on a wide range of health and wellbeing topics including a 24/7 telephone based Employee Assistance Programme. We pay all our employees the Manchester Living Wage and influence others in the city do the same.

## **Our Decision Making**

We take decisions every day that affect the city and its residents. Our decision making process is designed to enable us to take decisions efficiently and effectively. The most significant of decisions, such as setting the Council's budget, are taken at the Full Council meeting, where all 96 of Manchester's Councillors come together. The Council Leader appoints Council members to form an Executive which takes decisions on a wide range of important matters to implement the Council's budget and policies.

Some decisions, such as those to grant planning permission are Non-Executive and these are outside of the Executive's decision making powers. Specific Committees are set up by the Council to take these decisions such as the Planning and Highways and Licensing and Appeals Committees.

The Council also sets up six Scrutiny Committees. These committees meet to inform and shape service delivery within their areas, making sure services are delivered how Manchester people would want. The Scrutiny Committees can also 'call in' and review major decisions taken by the Executive or by officers and either confirm the original decisions or recommend a different one.

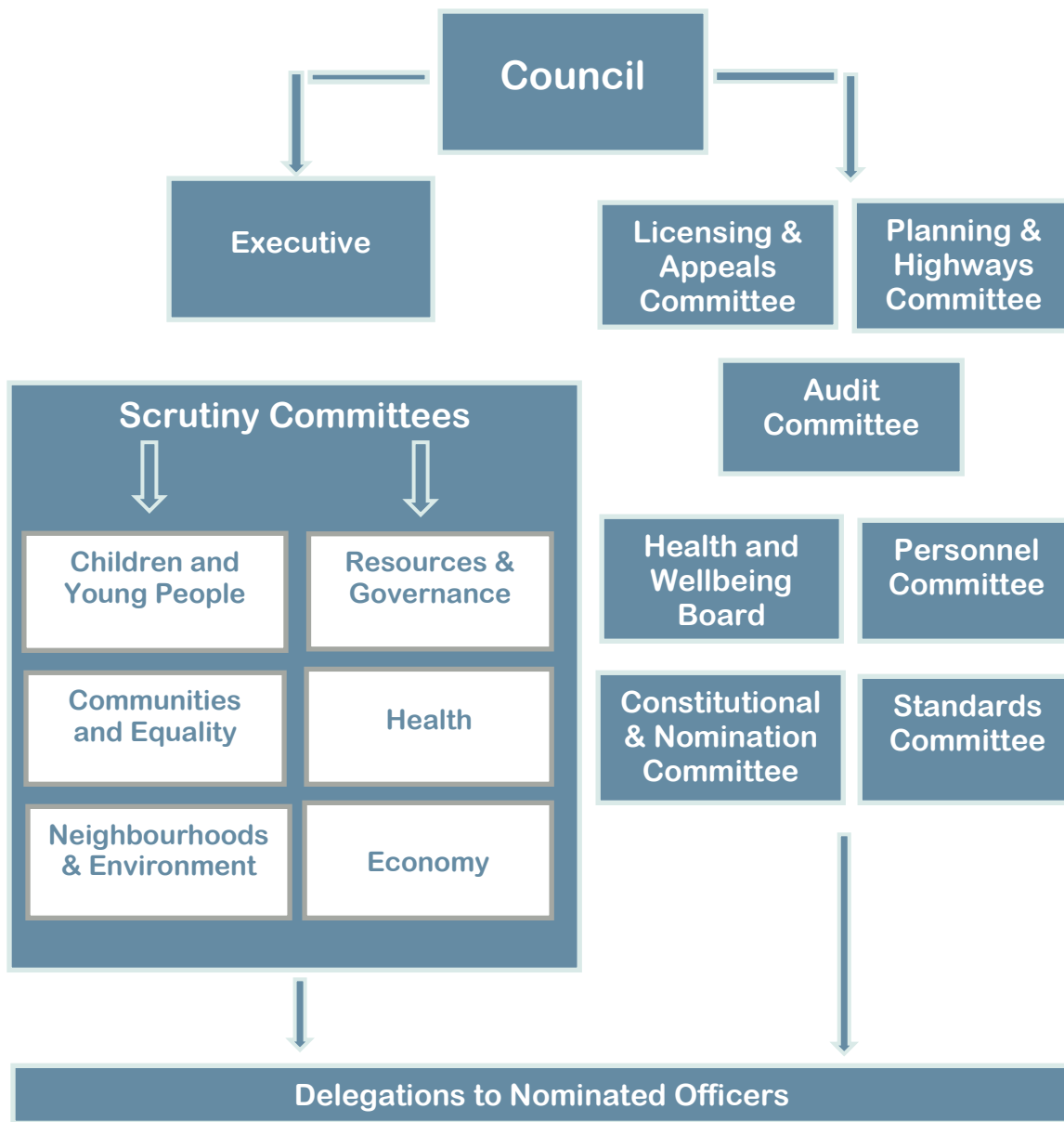
More regular, everyday decisions, such as issuing a fixed penalty notice are delegated to nominated officers according to the Scheme of Delegation in our [Constitution](#). This better enables us to deliver efficiency and value for money.

There are additional rules associated with decisions which are defined as Key Decisions according to our [Constitution](#). These include decisions which are likely to involve the spending or saving of a large amount of money in a way that will affect a service, or have a significant effect on communities living or working in two or more of the city's wards. Details of such decisions must be published in the [Register of Key Decisions](#) on the Council's website at least 28 days before the decision is made. The register must include a description of the decision, states the decision maker and list any related documents. This approach allows these decisions to receive appropriate scrutiny and helps ensure the right decision is made and value for money is achieved.

We are committed to making our democratic processes as open and transparent as possible, making it easier for our residents to see how the decisions that affect them, their neighbourhoods and their communities are made. Council and Committee meetings are, with very limited exceptions, held in public and the public are welcome to attend or even watch those meetings which are broadcast live on the Council's [website](#).

Public attendance and participation occurs regularly at Planning and Highways Committees and is also common at Scrutiny Committees. Residents might speak at committees to give their opinions on planning applications or proposed changes to service provision for example.

The chart which follows shows the structure of the Council's decision making process as explained above and describes the role of each group.



- [Council](#) – Made up of the city’s 96 elected Councillors and responsible for deciding our budget and policy framework.
- [Executive](#) - Our main decision making body, responsible for implementing our budgetary and policy framework.
- [Licensing and Appeals Committee](#) - Undertakes licensing and registration functions (e.g. taxis), functions relating to health & safety at work and appeals
- [Planning and Highways Committee](#) - Determines planning applications where objections have been raised to proposed developments in the city
- [Children and Young People Scrutiny Committee](#) - Challenges the Council and other public services to make sure that they give young people in Manchester every chance to live happy, fulfilling and successful lives.
- [Resources and Governance Scrutiny Committee](#) - Keeps a close eye on the Council's finances and makes recommendations to public services on how to meet the needs of Manchester people.
- [Communities and Equality Scrutiny Committee](#) – Challenges public services to make Manchester a safe city and ensures services are equally accessible to all.
- [Health Scrutiny Committee](#) – Looks at how health and social care is delivered by public services and recommends how this can develop to improve the health and wellbeing of Manchester residents.
- [Neighbourhoods and Environment Scrutiny Committee](#) – Monitors the services most visible to the city’s residents such as housing, highways, waste and recycling as well as the council's planning and environmental policies, and recommends how to improve these.
- [Economy Scrutiny Committee](#) - Ensures that public services do everything they can to maximise the benefits of an improved economy for residents and protect residents in less prosperous times. Ensures the city’s agencies support sustainable economic growth and offer rewarding and fair employment.
- [Audit Committee](#) - Oversees the effectiveness of governance and risk management arrangements, internal systems of control, and anti-fraud and anti-corruption arrangements. Approves the Council’s Accounts and responds to External Audit’ Annual Management Letter.
- [Standards Committee](#) - Promotes and maintains high standards of conduct by Council members.
- [Personnel Committee](#) - Determines employee terms and conditions, grading of senior posts and pension policies.
- [Constitutional and Nomination Committee](#) - Makes recommendations to Council regarding byelaws, amendments to the Constitution and membership of committees.
- [Health and Wellbeing Board](#) - Works with the NHS, HealthWatch and senior Council Officers to plan, provide and commission health & social care services.

The following table summarises some key activities undertaken by each of the Scrutiny Committees. For more comprehensive details on the role and activities of each Scrutiny Committee and attendance of meetings throughout 2017/18 please see our [web pages](#).

Scrutiny Committee	Chair	Activities within 2017/18
Children and Young People	Cllr Julie Reid	<ul style="list-style-type: none"> <li>-Monitored the delivery of the Children's Improvement Plan and the impact of the agreed further investment.</li> <li>-Actions to align school term dates across schools in Manchester and neighbouring authorities after a recommendation from a member of the public.</li> </ul>
Resources and Governance	Cllr Carl Ollerhead	<ul style="list-style-type: none"> <li>-Scrutiny to ensure that Social Value was being delivered the Town Hall Transformation Project which included challenging the Council to be more ambitious and ensure that all apprenticeship positions arising from the project were filled by Manchester residents of all ages.</li> <li>-Scrutinised the Council's draft budget proposals and Budget and Business Plans and recommended that the Executive approved the proposals.</li> </ul>
Communities and Equality	Cllr Tracey Rawlins	<ul style="list-style-type: none"> <li>-Continued scrutiny of the development of the All Age Disability Strategy, including the recommendation that it includes an 'Accessibility Charter' to help ensure the accessibility of venues.</li> <li>-Work to further improve the Council's equality monitoring activity in priority areas.</li> </ul>
Health	Cllr John Farrell	<ul style="list-style-type: none"> <li>-Closely monitored the development and delivery of the three strands of the Manchester Locality Plan.</li> <li>-Scrutiny over what is being done to improve delayed transfers of care whereby patients are unable to leave hospital due to the lack of other care arrangements, and the response to the emerging issue of psychoactive drug use in the city.</li> </ul>
Neighbourhoods and Environment	Cllr Chris Paul	<ul style="list-style-type: none"> <li>-Monitored the delivery of the Climate Change Action Plan and the steps taken to reduce carbon emissions and improve air quality. This included the endorsement of the recommendations of an Air Quality Task and Finish Group set up to consider evidence on how to improve air quality.</li> <li>-Discussed Manchester's response to the Grenfell Tower Fire and began considering what changes should be suggested to the Government.</li> </ul>
Economy	Cllr Suzanne Richards	<ul style="list-style-type: none"> <li>-Oversaw the development of the Family Poverty Strategy 2017-22 and feeding back comments which were incorporated into the final draft of the strategy.</li> <li>-Held a workshop to investigate the opportunities and issues facing young people's progression into work and recommended an employer's toolkit be developed to improve work experience placements as a result.</li> </ul>

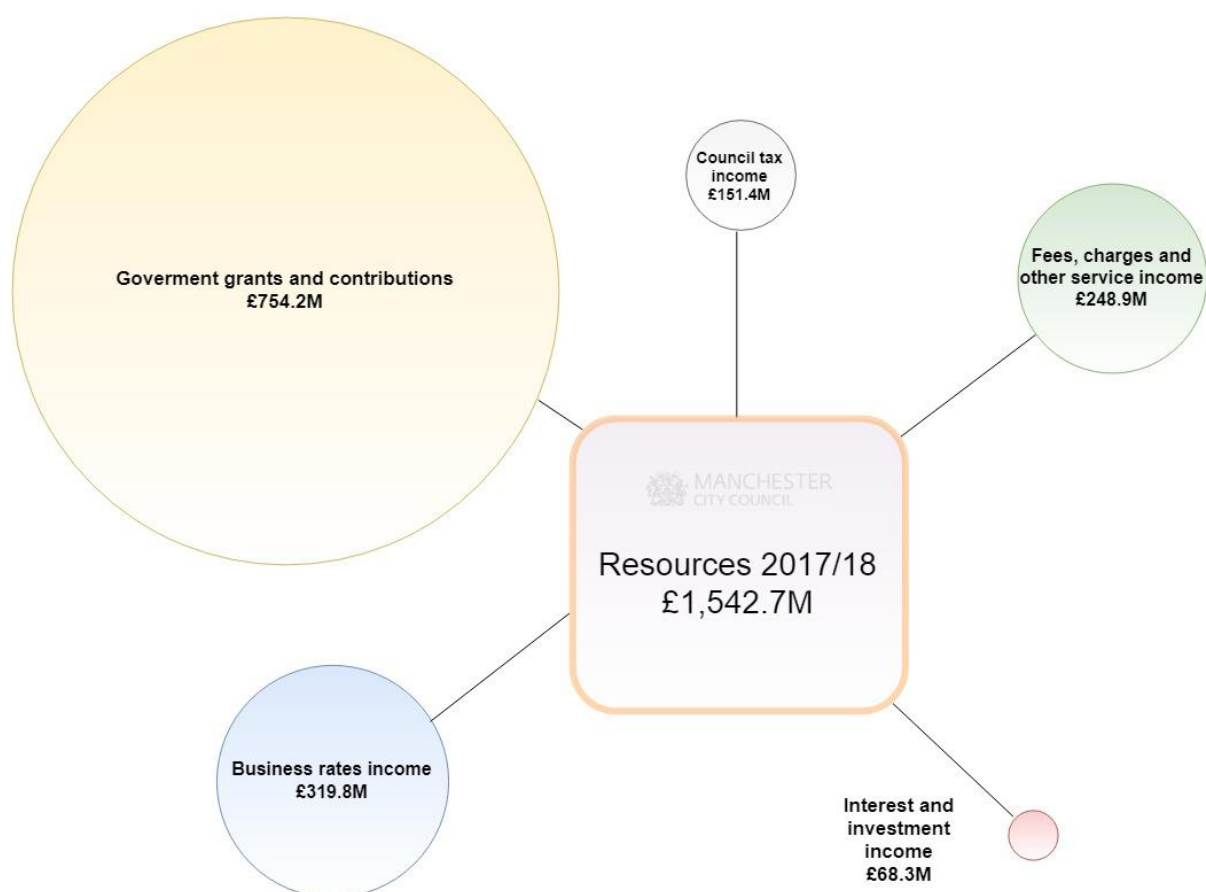


## Our Funding and Spending

### Where the money came from in 2017/18

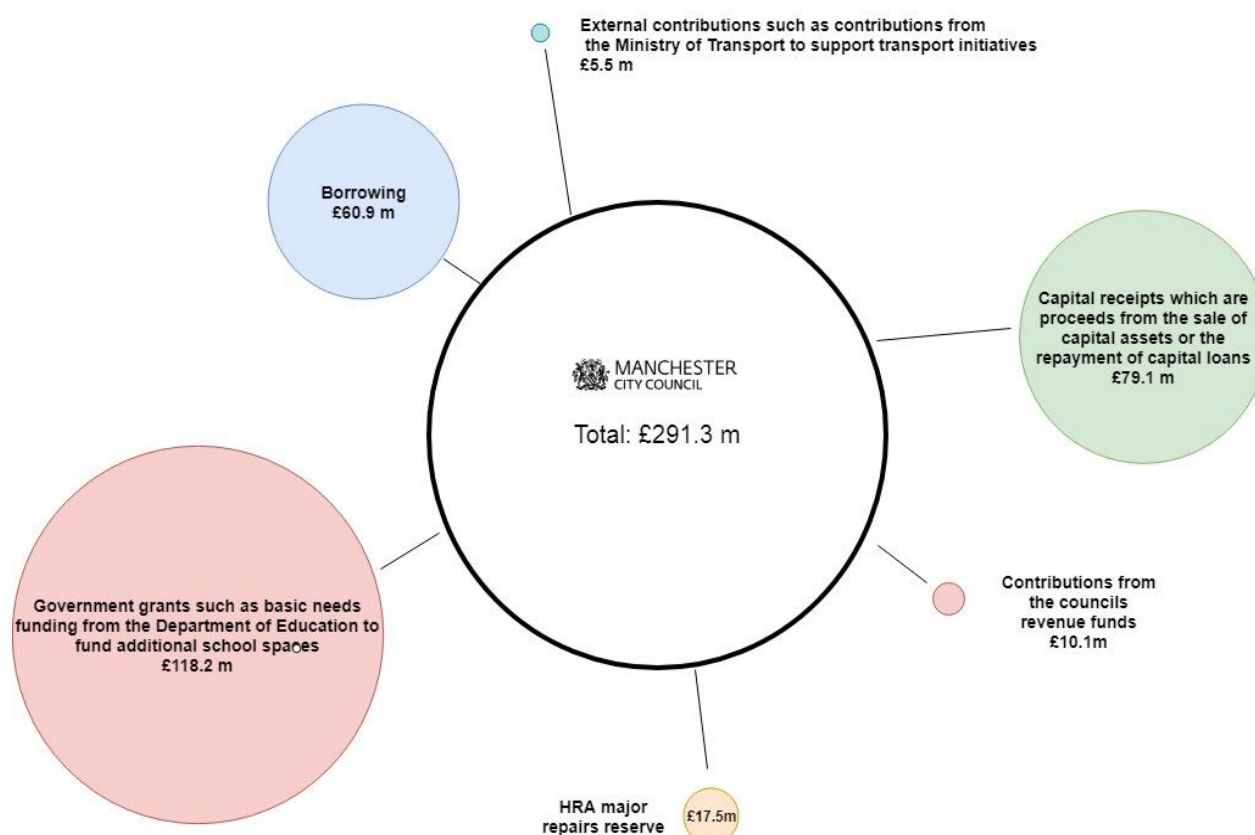
In 2017/18, 49% of our income came from central government funding with the remainder coming from business rates, council tax, fees and charges and other income such as dividends and interest. The majority of the Government grant funding consists of the Dedicated Schools Grant (£316.8 million) which, in the main, is passed on to schools and funding to support claimants in receipt of Housing and Council tax support (£238.9 million).

The following chart shows how we funded our **gross revenue spending of £1,542.7 million** in 2017/18 from the different types of income received during the year.



Funding Source	
Other Service Income	The total of the fees and charges generated by the Council. For example residential and nursing home care, licenses and planning application fees, property rental income, income for services provided to other councils, school meals
Business Rates Income	The Council's business rates income due to the Council.
Income from Council Tax	The total amount of Council tax due to the Council.
Government Grants and Contributions	The total of all the revenue grants and contributions received by the Council including Housing Benefit Subsidy, Dedicated Schools Grant, Pupil Premium, Arts Council, New Homes Bonus, Education Services Grant and Learning and Skills Council.
Interest and Investment Income	Items of income such as interest, investment income and dividends received.

The following chart shows how we funded our **capital spending of £291.3 million** in 2017/18 from the different types of income received during the year.



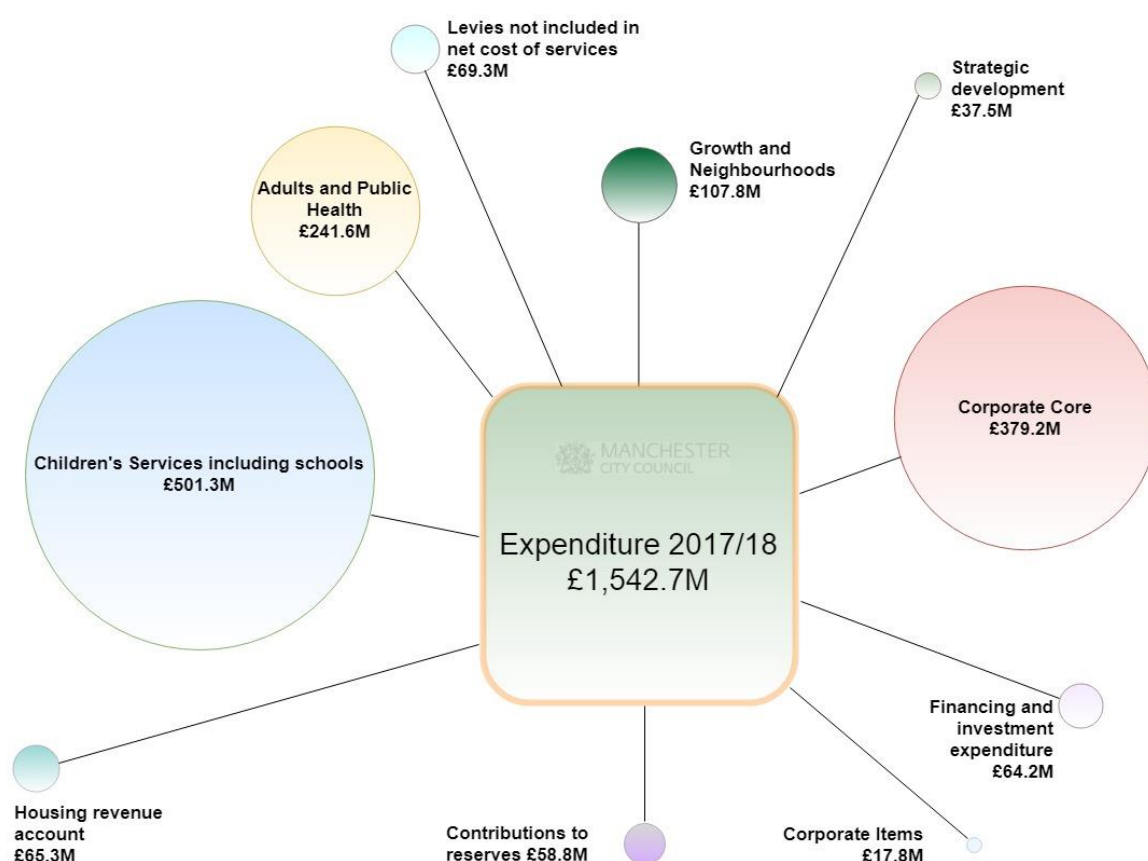
## How the money was spent in 2017/18

### Revenue Spend

The Council spends money on a whole range of services to help support the people of Manchester to achieve and enjoy a better quality of life. This spending can be both revenue and capital. Revenue spending relates to the day to day running costs of the Council such as staffing, purchasing services from third parties, some costs associated with repairing and maintaining capital assets, utilities and minor equipment.

The Council's budget runs for the financial year from 1 April to the following 31 March. We consult on our budget each year before deciding on the priorities and setting the budget in March.

Overall revenue spend was £1,542.7 million (gross). The following chart shows where our revenue money was spent in 2017/18 analysed across our services.

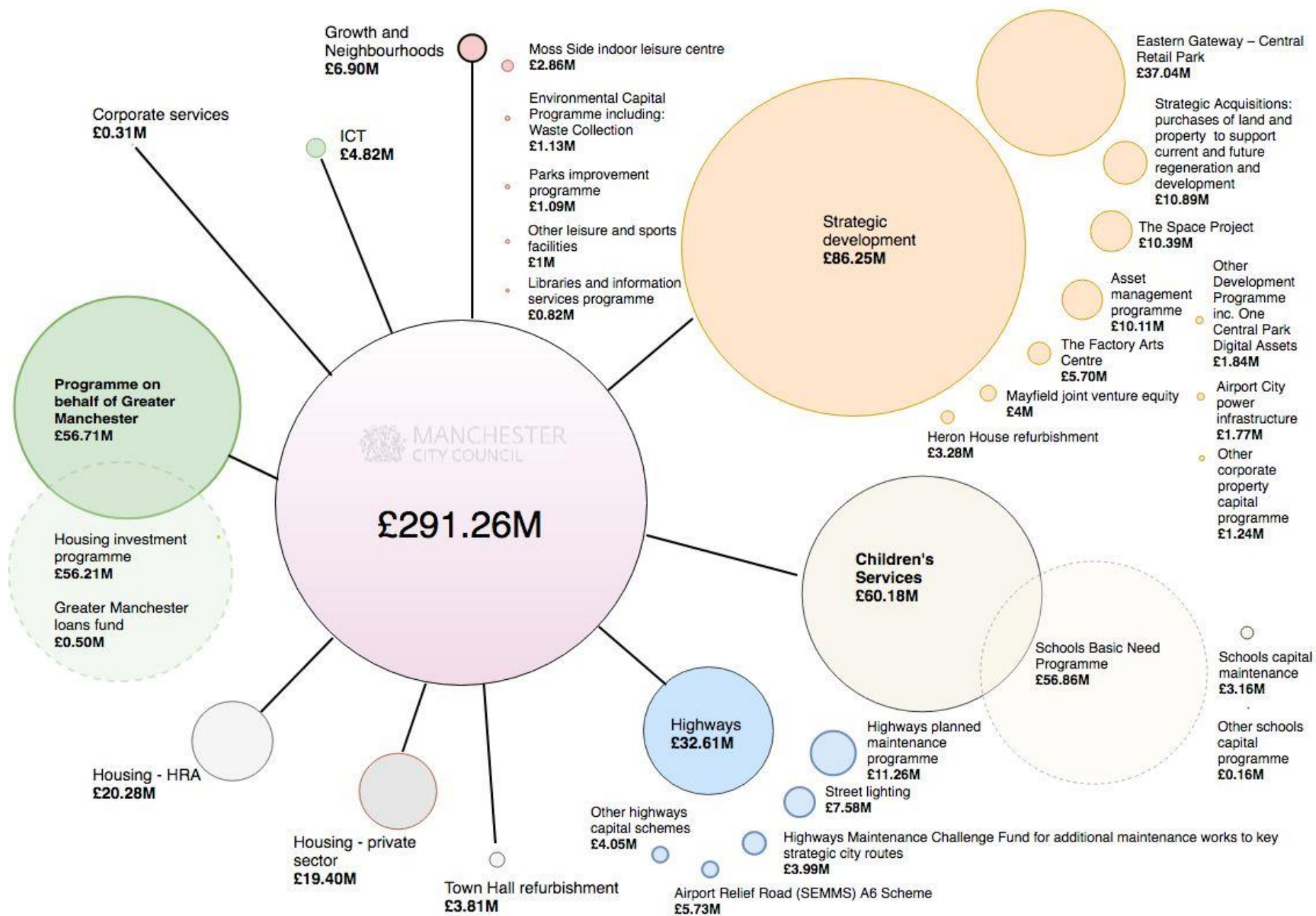


<b>Spend Area</b>	<b>Description</b>
Corporate Items	This includes the costs of insurances and historic pension costs.
Financing and investment expenditure	This relates to items of expenditure such as revenue funding of capital, loan repayments and interest payments made by the Council.
Housing Revenue Account	The Housing Revenue Account (HRA) contains the costs of owning and maintaining properties which are let to tenants and income from renting Council houses to tenants.
Levies not included in net cost of services	Transport and Waste Disposal Levy payments for services provided at a Greater Manchester level and charged to districts
Contribution to reserves	The net cost of transfers to and from usable reserves which are held for spend and obligations in future years.

## Capital Spend

Capital expenditure relates to spend on the purchase or improvement of assets that have a long-term value to the Council, like land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (more than one year).

The Council spent £291.3m on capital related projects in 2017/18, which is summarised in the following chart.



## Our Operational Models

We deliver and commission a wide range of services across our five directorates through various operational models which transform inputs through business activities, into outputs and outcomes.

The directorate's operational model and their various service delivery models are fully articulated in their [Budget and Business Plans](#). Each directorate refreshes their Budget and Business Plan and their associated Delivery Plans every year to set out their spending in the context of their objectives and priorities.

The various Delivery Plans provide the framework used to monitor performance towards objectives, workforce development, risk and financial return. This monitoring allows operational models to be annually refreshed to reflect progress and ensure that the directorate and Council can adapt to changing resources and emerging challenges and opportunities to ensure our long term viability.

Whilst each directorate has a distinct operational model, our Budget and Business Plans are all developed simultaneously and in the same way so that their objectives are aligned to those of the Our Manchester Strategy and that the Our Manchester Approach defines the directorate's operation. This connects our operational models so that when considered together they show how the directorates will work together and with partners to progress towards the vision set out in the Our Manchester Strategy and to deliver our immediate priorities.

Whilst each directorate may take a lead on certain priorities they are collectively owned by our Chief Executive and the wider Strategic Management Team, ensuring that the connectivity between priorities is recognised and that activity is increasingly designed collaboratively to maximise collective outcomes. For example:

- The connection between work and skills and outcomes for children and families
- The connection between housing supply and strategic development and homelessness
- The contribution wider universal services (e.g. libraries and leisure) have on health and wellbeing

Connectivity and integration of our priorities will be strengthened as we develop our Corporate Plan in 2018/2019 articulating further the integrated contribution the Council makes to the delivery of the city's Our Manchester Strategy.

The work of each directorate and their business model is summarised over the next few pages. This includes some of the key inputs, activities, outputs and outcomes relating to the directorate and specifically to the 2017/18 year. However, for a more comprehensive picture, the Directorate [Budget and Business Plans](#) published on our website should be referred to. These plans go into more detail regarding the directorate's vision, objectives, strategy, resource allocation, risks, opportunities, governance, performance and outlook. Many of the outcomes from our activity throughout 2017/18 relate to achieving the Our Manchester strategic objectives and may only be seen in subsequent years. These outcomes and progress against delivery of these objectives are discussed in greater detail in the Our Performance section of this report.



## Our Adult Social Care Directorate

The directorate directly employs over 1,500<sup>3</sup> staff and is responsible for social care services for adults, public health and for safeguarding adults. It focuses on helping people who have to rely more than most on targeted and specialist services in order to make the changes in their lives which will see them become more independent. The directorate also contains the Homelessness Service which provides outreach services to rough sleepers and undertakes preventative work with the vision of ending homelessness.

Throughout 2017/18 the strategic focus of the directorate has been on organisational change and integrating health and social care to improve people's lives. We have been working with our health partners, the voluntary sector and other stakeholders to implement the city's 'Locality Plan' – A Healthier Manchester (link to be inserted). This is the city's approach to improving health outcomes in Manchester, while moving towards long term financial and clinical sustainability. This will be delivered through the integration of commissioning and services through the three pillars of the Locality Plan. These are a Single Commissioning Function; a Single Local Care Organisation; and a Single Manchester Hospital service. The key ambition is for better coordinated proactive care to keep more people well enough so they do not require acute or long term care and to allow more people to be treated as close to home as possible rather than in hospitals. The intention is that this will free up resources across the health and social care system to re-invest in the community and to improve the care provided.

Manchester Health and Care Commissioning (MHCC) was established in April 2017 and has been overseeing the commissioning responsibilities for health, adult social care and public health. Another milestone was reached in October 2017 when Manchester University NHS Foundation Trust (MFT) was formed from the merging of two of Manchester's hospitals with the third and final hospital (North Manchester General Hospital) to follow in 2019. This was a step closer to a fully aligned hospital model for the city delivering efficiency and consistency across services. The Homelessness Service operates with its partners in the Homelessness Partnership to formulate policies, procedures and services to tackle homelessness. Throughout 2017/18 it has worked with partners and people who have experienced homelessness to develop new approaches based on the Our Manchester Approach. The service has a key focus on early intervention and prevention to stop families and individuals from becoming homeless, preventing disruption to the lives of adults and children. Whilst we have made significant transformational progress we have also continued to deliver our core responsibilities.

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<sup>3</sup> 1536 at March 2018

## Inputs

**£241.6m** revenue spending

**1,441**

**Manchester University NHS Foundation Trust (MFT)** **Local Care Organisation (LCO)**

**Manchester Health Care Commissioning (MHCC)**

**Manchester Homelessness Partnership (MHP)**

**Manchester people**

**Carers**

Voluntary, Community and Social Enterprise **(VCE) Organisations**

**Adaptations and Assistive Technology** for peoples homes

**7** Extra Care Housing Schemes, multiple supported living units and **over 70** residential care and nursing homes

## Business activities

**Supporting LCO** with organisational set up, strategy and transactions

**Reforming social care workforce** into **integrated teams** and **embedding Our Manchester behaviours** in preparation for **LCO**

Launched a **control room** and worked more as a **system** to better **manage transfers of care**

Commenced **recruitment of 66 staff** to expand the **reablement service** and **maximise social value** by targeting the city's jobless.

**Co-development** of the **city's Homelessness Strategy** with partners in MHP

**Invested nearly £3m** through allocation to **over 100 VCE organisations**

Worked with partners and the voluntary and community sector to **refresh the Locality Plan** (Our Healthier Manchester)

**Reviewed citywide carers services** to inform a new strategy which better recognises and supports carers and strengthens the role of voluntary & community organisations

Ran an **Assistive Technology Pilot** to test innovative equipment such as **medication dispensers** to reduce dependency on carers

Upgrading our **shared care record system** to support integration and quality care.

Set up **20 apartments** as alternatives to residential and nursing homes

Development of an **Integrated Career Pathway** driven by **apprenticeships**

Opened a **38-bed homelessness prevention centre** in Chorlton, 'The Longford Centre'

## Outputs

Dealt with **21,449** contacts requesting advice & support

**10,341** Manchester adults received **long term social care** support such as home care, residential care or a cash personal budget

**Over 1.24m hrs** of home care and **144,000 hrs** of extra care provided.

**1,722** instances of short term support were provided by the reablement service

**3,224** homelessness assessments undertaken

**1,738** households provided with temporary accommodation (TA) at end of 17-18

Co-produced a **refreshed Locality Plan**, and the **Manchester Agreement** formalising the commitment of organisations

**MHCC Operational Plan** produced.

## Outcomes

**Increased % of assessments delivered in 28 days** of contact from 70% in 16-17 to **88%**

**Reduced annual admission rate to residential & nursing care** for younger (18-64) and older (65+) adults

**87.2%** of people were extremely, very or quite **satisfied with the care and support** they received, **up from 85%** in 16-17 (Adult Social Care Survey)

**Reduced** the no. of **delayed transfers of care** from one setting to another (per 100,000 population) from 18.4 in 16-17 to **15.3**

**73.8%** of older people discharged from hospital to reablement or rehabilitation were living at home 91 days later, **over 3 %points more than in 16-17**

**Over ¾** of people required **no further care** or **reduced service** after **reablement**



## Our Children's Services and Education Directorate

The Directorate employs just under 1,400<sup>4</sup> staff and is responsible Manchester's Children's Social Care and Education Services. This means:

- early help prevention and intervention,
- statutory services for children in need of care and protection,
- looked after children and care leavers,
- youth offending services.
- school admissions and place planning,
- school quality assurance
- statutory school related duties such as attendance, exclusions and governance,
- Virtual School for looked after children,
- specialist services for children with special educational needs and disabilities;
- youth offer and engagement, and
- early years education, support and intervention and children's centres.

Previously two separate Directorates, the Joint Directorate was brought together in December 2017 and now provides integrated delivery of universal support for the education system and targeted and specialist support, help and intervention those in need. The directorate is brought together under a single vision described through the Children & Young People's plan – 'Our Manchester, Our Children' that translates the Our Manchester priorities and the 64 'we wills' into a vision for 'building a safe, happy, healthy and successful future for children and young people;'

The Joint Directorate works to deliver a holistic vision for children and families, through an integrated business plan and operational model and plan. This includes the Children's & Education Services integrated Quality Assurance Framework which is integral to monitoring the quality of intervention, impact and outcomes for Manchester's Children & Young People

The Integrated Directorate operating model and approach for 2017/18 and beyond is focussed on delivering 9 critical service priorities, which are supported by individual service and delivery plans. These priorities are:

1. Integrate services on a footprint of 1, 3 and 12; delivering and leading services in localities
2. Increase the voice and influence of Manchester's children and young people.
3. Embrace new and collaborative ways of working
4. Support and develop children's readiness for school and for adulthood
5. Build a stable and capable workforce confident and effective in the management of risk, performance and planning for children
6. Improve outcomes for all children, including CLA/SEND and 'reduce the gap' at all key stages
7. Safely reduce the number of children looked after and/or in need of a statutory service
8. Sufficient range and choice of high quality Early Years, School, College, Youth and care provision
9. Lead the development of future arrangements for safeguarding partnership in response to legislative change

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<sup>4</sup> Children's Services = 795 and Education = 594 at March 2018

## Inputs

**£501.3m** revenue spending. **£60.2m** capital investment

**752 FTE** (Children's Services)

**349 FTE** (Education)

**Regional Adoption Agency (RAA)**

**Children & Young Peoples Board**, and **Manchester Safeguarding Children's Board**

**Multi Agency Safeguarding Hub**

**Manchester people**

Voluntary, Community and Social Enterprise **(VCE) Organisations**

**38** Sure Start centres, **3** Early Help Hubs & Social Work locality teams and **183** Schools (including 66 academies provided by **26** Multi Academy Trusts)

## Business activities

Delivering social work via the **Signs of Safety model** focussing on strengths & collaboration with family

Development of **new Early Help Assessments** and **Education, Health & Care plans** to improve services

Launched **Read Manchester**

**Training** of social care and partner organisation's **staff in the strengths based approach**

Development of a **post OFSTED inspection improvement plan** aiming to 'deliver excellence and be rated as good'

Development of **youth and engagement offer**

Expanded schools and **opened 3 new secondary schools**

**Planning** activity to shift from costly **external to internal foster carer placements** and set up **RAA** to reduce spend on inter-agency fees

Recruited **27** Internal Foster Carers

**Negotiating** with providers to secure **better value** external residential placements **improve procurement**

Trained **Parent Champions** for **Special Educational Needs and Disability** to make others aware of the support on offer

Supported launch of the **Young Manchester** charity who will fund organisations to deliver **high quality youth and play opportunities**

**Increased the scrutiny** in commissioning, funding and **care planning arrangements and capacity** to ensure children move on from care in a timely effective way

**Working with children, schools and other partners** to plan the delivery of **Curriculum for Life** which will support young people to develop practical life skills

## Outputs

Dealt with over **32,500** contacts requesting advice or support

Dealt with over **13,228** Safeguarding Referrals

Completed over **13,500** Child & Family Assessments

**4,798** children linked to Early Help Assessments

At March 18, over **5,600** children supported as children in need (CIN), of which around **980** had Child Protection Plans and **1,250** were looked after children (LAC)

Around **3,800** Education, Health & Care Plans (EHCC) made for young people with SEND

**225** Young People supported by Youth Justice Services

**2,595** LAC Reviews & **1,600** Child Protection Conferences held by Safeguarding Improvement Unit

Produced the **Ofsted Improvement Plan**, refreshed **Early Help Strategy**, revised **Local Offer** (SEND), **Modern Slavery Strategy** & **Neglect Strategy**

## Outcomes

**Delivery of safer children's services** and rated **Good** for Leadership, Management and Governance (Successful Ofsted Re-Inspection)

**86.3%** of schools and **87.8%** of Early Years (EY) Settings rated 'good' or 'outstanding' in March 18

Increased the % of pupils who were '**school ready**' from 63.7% in 2016 to **66.2%** closing the gap with national figures **60%** of city's

primary school pupils achieved expected standard in reading, writing & maths, **up 8 %points** from 2016

City's secondary school pupils achieved KS2 'Attainment 8 score' of **43.4**, and closed gap with the national score

**Increased** Internal foster placements by 64 to **293** & reduced external placements by 50 to **439**

Supported **49** children to become adopted, the placement of **50** in Special Guardianship Orders and the return of **157** to their home

**5.6%** of care leavers in Higher Education

**Increased** % of primary **(93%)** & secondary **(77%)** pupils placed in **1st choice school**

## Our Strategic Development Directorate

The directorate directly employs over 350<sup>5</sup> staff and is structured into four areas: Development, Property & Estates, Housing & Residential Growth and City Centre Growth & Regeneration. The Planning and Work and Skills functions also became part of the directorate in July 2018. The Directorate has a pivotal role in securing new commercial development, attracting inward investment and securing employment growth. It provides leadership to the Housing function and delivers the Residential Growth Strategy which seeks to underpin the city's economic growth trajectory. It aligns the management of land and property assets which aims to promote growth with that of operational and investment estates. The Directorate aims to drive effective place making, creating the necessary conditions needed to promote strong growth in commercial, residential, retail and leisure related development in the city, stimulating new employment, new homes and broadening the Council's tax base. It aims to drive the transformation of the city, define Manchester as an attractive place to live and further improve the quality of life for all residents and increase their social and economic prospects, and enable them to participate fully in the life of the city. It will deliver its responsibilities and aims by:

- Supporting, promoting and driving continuing city centre growth as a major regional, national and international economic driver; as the main focus for employment growth by strengthening and diversifying its economic base; and through efficient land use;
- Supporting investment in transport infrastructure which will lay the foundations to underpin and drive new commercial and residential growth opportunities;
- Providing an expanded, diverse, high quality housing offer that is attractive to and helps retain economically active residents in the city, ensuring that growth is in sustainable locations supported by local services and public transport infrastructure;
- Supporting the delivery of a Schools Capital Programme which will provide new and expanded high quality primary and secondary school facilities for a growing population through the identification of suitable sites which can support our wider transformation proposals for neighbourhoods in the city;
- Underpinning the transformation of the city's district centres with appropriate retail, amenities and public service offer;
- Promoting investment to secure an internationally competitive cultural and sporting offer and sustaining core lifestyle assets such as parks, leisure facilities and libraries
- Working with partners and others to make best use of community and public assets to support estates transformation and deliver modern efficient services.
- Prioritising and maximising opportunities to collaborate with partners across Greater Manchester to identify new ways of working to increase income generation and investment, develop new funding models and optimise use of resources.
- Maximising employment opportunities for residents, leveraging where we have a strategic development, planning, procurement or commissioning role.
- Investing in 'skills for growth' and innovation to support the development of this work

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<sup>5</sup> 354 at March 2018

## Inputs

£37.5m revenue spend  
 £86.2m capital investment  
 GM control of £300m Housing Fund  
 Manchester Life Development Company (MLDC)  
 Far East Consortium (FEC)  
 Manchester Move  
 TfGM  
 TfN  
 Manchester Place  
 Housing Providers  
 Operational and Investment estate including significant shares in leases at Manchester Airport  
 Strategically held land  
 The Sharp Project, Space Studios and One Central Park  
 Manchester Institute of Health & Performance (MIHP)  
 Manchester people

## Business activities

Development of Mayfield Strategic Regeneration Framework (SRF) as part of the wider Piccadilly SRF to integrate HS2, Northern Powerhouse Rail and regenerate the east of the city centre  
 Launched joint venture partnership with FEC to develop the Northern Gateway, transforming Collyhurst & Lower Irk Valley with 15,000 new homes  
 Development of Ramada & Great Jackson Street SRFs  
 Supported MLDC prepare for building new homes across the Eastern Gateway  
 Negotiations to bring inward investment to Airport City  
 Began sourcing an Energy Services Partner to reduce emissions from key buildings  
 Got to work on Our Town Hall Project which will boost public access to the cherished landmark and ensure it is safe and continues to play a role at the heart of city life.  
 Began leading The GrowGreen Project investing in nature-based solutions such as a Community Park in Gorton to create climate and water resilient, healthy and liveable cities  
 Re-located staff to enable Town Hall Refurbishment, and began Heron House refurbishment  
 Worked on schemes enabling the co-location of our staff with partners such as DWP & Health to improve efficiency and customer outcomes  
 Engaged residents in West Gorton to co-produce a plan resulting in a new medical centre, pharmacy, shop and new homes  
 Began developing contract management tools and guidance to improve cost management, efficiency and delivery of Social Value  
 Introduced a cloud based system enabling mobile, real time and multi-organisational case management of rough sleepers & beggars to improve outcomes for city centre users

## Outputs

Began building The Factory, a £110m project providing 13,500 sq ft of world-class cultural space & connecting 850,000 people a year to the world's best artists  
 ~1m sq ft of commercial development  
 Permission for the £200m city centre St. Michaels development & hundreds of new homes in Northern & Eastern Gateways  
 Opened the £20m Village 135 Extra Care Housing scheme providing 135 homes enabling people to live independently  
 Managed and maintained over 16,000+ council homes to the 'decent homes standard'  
 Maintenance, Housekeeping & Security of +400 buildings  
 Led the co-production of the Greater Manchester bid to become the home for Channel 4's national HQ  
 Opening of a Tech Incubator at Oxford Road's Manchester Technology Centre providing science and technology business growth services

## Outcomes

2,869 new build homes completed in 17-18, over 1,000 more than in 16-17 and above the Residential Growth Strategy Target  
 271 were defined as affordable homes by government, more than the 254 in 16-17  
 Investment Income of ~£20m  
 £26m in Capital Receipts  
 Institutional Grade Investment coming into city  
 Enhanced Quality of Place  
 City's growing population estimated to be 572,500 at the end of 2018, up 13,000 from 2017, with city centre population growing by 4,500  
 City hosted over 380,000 jobs in 2016, 25,000 more than 2015  
 3rd most visited city in the U.K with 1.32million visits from overseas in 2017, up by nearly 10% from 1.19million in 2016  
 Increased number of city centre hotel rooms to around 9,500  
 751,512 sq ft of office space leased in Manchester in first half of 2018, nearly double that of any city outside London

## Our Growth and Neighbourhoods Directorate

The Growth and Neighbourhoods directorate directly employs over 2,000<sup>6</sup> staff and plays an important role in securing the social, physical and economic future of Manchester. It provides the leadership and focus for the sustainable growth and transformation of the city's neighbourhoods. It works with partners and residents to create and maintain places where people want to live which are clean, safe, green, healthy and inclusive and which have an excellent sporting, economic and cultural offer.

Working collaboratively with partners to embed an integrated public service offer within neighbourhoods is now a core priority for the directorate. Effectively joining up services and putting people at the heart of these will make best use of combined resources and deliver the best outcomes which meet local needs. The Integrated Neighbourhood Management model is now well established and strong partnership working is in place across key services. The Our Manchester approach to working with residents and partners is underway in three pilot areas and there is a focus on ensuring that staff are supported and equipped with the right skills across organisations to deliver the outcomes outlined in the Our Manchester Strategy.

Following a Strategic Management Review a new Neighbourhoods Directorate has been established. Services co-ordinating economic growth have been relocated to Strategic Development and Highways Services, previously situated in the Core, have been brought in.

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<sup>6</sup> 2,046 as at March 2018





## Our Corporate Core Directorate

The directorate directly employs over 1,700<sup>7</sup> staff and provides the strategic leadership required to drive the delivery of the city's priorities as outlined in the Our Manchester Strategy. It develops new ideas and connections and drives changes in ways of working, relationships, behaviours, processes and systems. The directorate provides support and guidance to the organisation through functions such as Human Resources and Organisational Development (HROD), ICT, Finance, Performance, Policy, Legal and Communications functions. It is also responsible for supporting the democratic arrangements required, including administering the electoral process for the City.

The directorate is home to the Customer Services Organisation, which provides the first point of contact for residents, businesses and partners; the Revenues and Benefits service, which collects money due to the Council and pays various benefits to eligible residents; and the Registration Service which records events such as births, deaths and marriages. The Coroner's Service also sits within the Corporate Core. The directorate had responsibility for the ongoing maintenance and improvement of the city's highways infrastructure until the Highways Service was transferred to the Growth and Neighbourhoods Directorate towards the end of 2017/18.

The Corporate Core has four main objectives:

- To Drive Leadership and Reform,
- To Ensure Good Governance and Accountability,
- To Enable the Council to Function Effectively, and
- To Deliver High Quality, Value for Money, Customer Focused Services.

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<sup>7</sup> Chief Executives = 853 and Corporate Services = 923 as at March 2018.





## Our Performance

This section reports the latest available figures for some of the key performance indicators we are using to monitor the delivery of our strategic objectives, and some of these figures are provisional. However, our [State of the City report](#), published each October, is the key annual report which monitors delivery of the Our Manchester strategy and contains the most up to date statistics for each financial year. It is a more detailed and thorough analysis and includes relevant comparator data.

Throughout 2017/18 we developed an Integrated Monitoring Report which brings together the most significant workforce, performance and budget monitoring information into a single report which gives a single view of success and challenges in terms of achievement of our priorities and our financial position. This concise monthly report has supported our leaders to respond rapidly to dips in performance or budget pressures and was shortlisted for the Good Governance Award as part of the CIPFA Public Finance Innovation Awards 2018.

Throughout 2017/18 our directorates have worked together to focus on the delivery of various commitments aligned to the Manchester Strategy's five main themes and our shorter term objectives which were based on what Manchester people say they value most. The following pages describe some of the progress which we have achieved via the investment and activity described in the 'Our Funding and Spending' and the 'Our Operational Models' section of this report.

### A thriving and sustainable city

Manchester's economy has continued to grow, with its performance exceeding that of both Greater Manchester and the UK economy as a whole. Gross Value Added (GVA) is a measure of the value of goods and services produced by an area, which is used as an indicator of economic performance. Provisional figures for 2016 show that Manchester's GVA income per head of population was £33,063, compared to £22,587 for Greater Manchester and £26,584 for the UK as a whole. This is an increase on the 2015 figures, where the GVA per head of population was £31,731 for Manchester. Manchester's overall GVA grew by 6.4% from levels in 2015 to levels in 2016, and this compared to 3.7% for the UK over the same period.

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The city's employment offer has also continued to increase and diversify. This growth has been driven by continued success in a number of the city's key growth sectors: science and research and development; cultural, creative and digital; and business, financial and professional services. Total employment in Manchester has continued to rise and by 2025 the city is forecasted to host 426,800 jobs. The latest Business Register and Employment Survey (BRES) informed by ONS data shows that employment rose from 357,000 in 2015 to 381,500 in 2016.

Manchester's visitor economy continues to thrive, attracting visitors from all over the globe. The city is the third-most visited destination in the UK by international visitors, after London and Edinburgh with 1.19m visitors in 2016. Visits to Manchester increased by 3.4% from 2015 to 2016 and this compared to 4.1% for the UK as a whole.

### A liveable and low-carbon city

The Council is committed to reducing waste and increasing the amount of waste recycled to have a positive impact on the environment and reduce the costs of waste collection and disposal. By reducing our waste, reusing where we can, and recycling more, we can all play our part in the environment and help keep costs lower. The introduction of smaller waste bins across the city in mid-2016 aimed to promote increased recycling and less waste. The proportion of household waste recycled in 2016/17 was 36% and a provisional 2017/18 figure of 39% indicates an increase of 3 percentage points.

We all want to make our neighbourhoods cleaner and tidier and people in Manchester have shown that they are also passionate about this and have been helping us by reporting issues so that we can take action. The number of street cleansing requests (relating mainly to litter) received by the Council in 2017/18 was 9,261, which was a decrease of nearly 1000 from the number received in 2016/17 (10,259). We will continue to work with our local communities to keep our neighbourhoods clean and tidy places we are all rightly proud of.

'Manchester, A Certain Future', the city's climate change action plan, aims to reduce Manchester's emissions by 41% by 2020, from the levels in 2005. The latest government figures for carbon dioxide emissions in Manchester (in 2015) indicate that there has been a percentage decrease of 29.60% from the emissions in 2005. Whilst this is a larger reduction than that seen across England as a whole (28.32%), there is some way to go in order to reach the 2020 target. We will work with our schools and businesses to ensure everyone plays their part in a low carbon society as well as ensuring our regulatory environment supports sustainable construction and transport.

In order to meet the demands of a growing population, the city will need to increase the amount of good-quality, energy efficient and affordable new homes for sale and rent in our neighbourhoods. Our Residential Growth Strategy (2016-2025) commits to delivering a minimum of 2,500 new homes a year, providing the right mix of housing for a growing and diverse population and increasing home ownership at all price points. In 2017/18 housing delivery exceeded the Residential Growth Strategy target with 2,869 newly built homes becoming available to rent or buy in Manchester, which was an increase of over 1,000 on the 1,721 built in 2016/17.

Of the 2,869 newly built homes delivered throughout 2017/18, 2,598 were market housing (including homes for low cost home ownership and sold using Help to Buy) and a further 271 were affordable homes (according to the Government's national definition). This represented an increase from the 254 affordable homes delivered throughout 2016/17. Of the 271 affordable homes delivered throughout 2017/18, 185 became available to rent and 86 became available to buy, and 148 were apartments

whilst 123 were houses. In addition Manchester's Affordable Homes Programme is expected to deliver more than 2,200 new affordable homes by March 2021 (according to the Government's national definition).

In contrast to the national Government definition Manchester believes affordable housing should include low cost home ownership. That's why we have developed our own local definition of affordability; one that reflects the needs of the people who live in the city. This takes the average household income across the city (£27k), and then uses a standard marker of 30% of that annual income in rent or mortgage repayments to understand what most residents can afford. Our research has indicated that in the 2016/17 financial year 41% of all sales to owner occupiers were affordable to residents at or below the average household income in the city. The Council is committed to reducing waste and increasing the amount of waste recycled to have a positive impact on the environment and reduce the costs of waste collection and disposal. By reducing our waste, reusing where we can, and recycling more, we can all play our part in the environment and help keep costs lower. The introduction of smaller waste bins across the city in mid-2016 aimed to promote increased recycling and less waste. The proportion of household waste recycled in 2016/17 was 36% and a provisional 2017/18 figure of 39% indicates an increase of 3 percentage points.

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### **A highly skilled city**

Inclusive Growth is a key priority for us; we want to better connect Manchester people to the benefits and opportunities presented by Manchester's strong economy. Ensuring that our economic growth is truly inclusive remains a challenge for Manchester.

Good school results are an essential part of ensuring that our children have the right skills to access the opportunities offered by the city's economy in the future. Many years ago Manchester's attainment results at Key Stage 2 and 4 lagged some way behind the national average, however sustained progress has seen that gap reduce. In the academic year of 2016/17, 60% of Manchester's primary school pupils achieved the expected standard in reading, writing and maths. This compared to 61% of England's pupils and represented an increase of 8 percentage points compared to the city's results in the previous year. Manchester's Key Stage 4 'Attainment 8' score was 43.4 for the 2016/17 academic year and this compared to 44.6 for England and meant the gap with national levels had reduced by 0.2 points compared to that of the previous year.

According to the 2017 Annual Population Survey, the percentage of the working age (16-64) population in Manchester who were qualified to the equivalent of National Vocational Qualification level 2 (roughly equivalent to 5 A\*-C at GCSE level) or above was 72.7%. This represented a decrease of 1 percentage point from levels in 2016 (73.7%) and widened the gap to England's result from 0.5% in 2016 to 1.9% in 2017. Looking across all the Core Cities, the average percentage of residents qualified to level 2 or above was 72.9% in 2017, compared to 71.9% in 2016.

There is a direct link between low skills and a low wage economy. The Annual Survey of Hours and Earnings estimates the proportion of employees earning below the Real Living Wage. The Real Living Wage is calculated according to the cost of living and was £8.45 per hour in 2017. Of all the UK Local Authorities in 2017, Manchester showed the biggest difference between the percentage of its resident employees and its workforce who earned less than the Real Living Wage. Whilst an

estimated 15.2% (+/-1.4%) of employees working in Manchester were paid less than the Real Living Wage, 27.2% (+/-2.5%) of the employees living in Manchester were paid less than £8.45 per hour. Reducing this gap is a priority and we are responding to this by ensuring that Manchester residents are equipped with the skills and qualifications to benefit from the higher paid opportunities being created in the city. For example we have incorporated the Real Living Wage into our Ethical Procurement Policy which sets out the standards we expect from suppliers to ensure that fair and rewarding employment opportunities are available to Manchester people.

In November 2017, an estimated 11.9% of Manchester residents (aged 16 and over) were claiming out of work benefits, a reduction of 0.7 percentage points since November 2016<sup>8</sup>. Nationally the out of work benefit claimant rate was estimated to be 8.9% in November 2017, reducing from 9.2% in November 2016. The reduction in the out of work benefits claimant rate is a positive reflection of the Manchester economy and the skills and employment support offer in the city.

### A progressive and equitable city

Manchester has had comparatively high numbers of children looked after by the Local Authority (LAC) for many years. Progress has been made to safely reduce the numbers with Manchester's LAC rate per 10,000 children falling from 151 in 2008 to a provisional rate of 104 at the end of March 2018.

The LAC Strategy aims to achieve a rebalance in placements, with less residential placements and providing and commissioning more high-quality, local foster carers to reduce costs and improve outcomes for our looked after children. The Strategy includes a target to reduce the number of children looked after to 1,000 by 2019/20. The number of Looked after Children at the end of March 2018 was 1,250. Care in Manchester needs to be better joined up. As part of the devolution agreement with the Government for Greater Manchester to take charge of health and social care spending and decisions, the Council and its partners are currently in the first year of implementing Manchester's Locality Plan – "A Healthier Manchester". Under this plan the city will commission and deliver health and social care services jointly across the city, and have a single hospital service spanning the entire local authority area. One of the symptoms of a fragmented Health and Social System is delays in the transfer of care. Delays occur when a patient is assessed as ready to depart their current care setting, such as a hospital bed, but remains occupying a bed in this care setting. These delays can be from an NHS hospital setting, or a social care setting. The number of delayed transfers of Manchester residents from one care setting to another, per 100,000 of the population, was 18.4 in 2016/17 and this compared to a result of 14.9 for England. Provisional figures for 2017/18 show that the rate of delayed transfers of care for Manchester has fallen to 15.3.

Healthy Life Expectancy (HLE) is a measure of the average number of years a

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<sup>8</sup> Due to changes in reporting, the Council has used derived figures to estimate the proportion of residents claiming out of work benefits, which involves a small element of double counting due to multiple benefits being claimed by some individuals.



person would expect to live in good health based on current mortality rates and the prevalence of self-reported good health. HLE for males in Manchester fell by 1.3 years from 55.6 in the period 2013-15 to 54.3 in the period 2014-16. HLE for females in Manchester fell by 1 year from 55.6 in the period 2013-15 to 54.6 in the period 2014-16. Over the same time frame smaller reductions in HLE were seen for England as a whole so the gap between Manchester's HLE and national HLE increased. For the period 2014-16 Manchester's HLE is 9 years and 9.2 years lower than national levels for males and female respectively.

The percentage of 10 to 11 year olds in Manchester who were classified as overweight or obese in 2016/17 was 40.27% which was a minor increase from 40.17% in 2015/16. The percentage of such children in England also increased from 34.17% to 34.25% over the same period. The percentage of Manchester's 10-11 year olds who are overweight or obese is just over 6 percentage points higher than national levels.

### A connected city

The people of Manchester have told us that we need to improve the quality of our roads, bus and cycle lanes. This has also been evidenced by the 2017 condition survey which highlighted the overall deterioration of our road network. As a result of this £80 million is being invested over 5 years in maintenance. The percentage of Manchester's roads (including A, B, C, U roads) which were in need of repair as at October 2017 was 25.3% which is 6 percentage points more than in December 2016 (19.3%). A road is classed as in need of repair if its condition is recorded as grade 4 or 5 on a 5-grade condition scale. Investment began in 2017/18 with an estimated £15 million pounds being spent on preventing roads from falling into poor condition, resurfacing roads on the city's key route network, footway treatments and drainage repairs. As a result of the five-year programme of investment in maintenance it is forecast that the percentage of Manchester's roads (including A, B, C, U roads) which are in need of repair will be reduced to 15% by 2022. A well maintained and connected infrastructure will drive business growth and create jobs and opportunities.

It is essential that Manchester's highway network is well maintained and efficiently managed to allow our residents to reliably move around by bike, walking, bus and car, as well as to support our economy and our growth by enabling goods and construction vehicles to efficiently access the city. 87% of tracked journeys along key routes in the city in 2016/17 fell within the acceptable time limit, dropping slightly from the journey time reliability levels of 2016/17 (88%).

Average journey times on our network of A and B roads have increased year on year since 2012-13. Average journey times for the morning peak hours (7-10am) have increased by 3.6% from 4.37 minutes per mile in 2014/15 to 4.53 minutes per mile in 2015-16, and average journey times for the afternoon peak hours (4-7pm) have increased by 6.5% from 5.04 minutes per mile in 2014/15 to 5.37 minutes per mile in 2015-16. While car traffic into the city centre has reduced in the past 10 years, elevated journey times may be due to increases in construction and infrastructure works in the city centre, alongside the rise of online deliveries, which will have added to congestion.

## Our Financial Performance

This section provides a high level analysis of our financial performance within 2017/18 and complements the more detailed financial statements published within our [Annual Statement of Accounts](#). Whilst the 'Our Funding and Spending' section of this report outlines where our funding came from and where we spent our money, this section focuses on how our position at the end of the financial year relates to our budget and explains the key variances.

### Revenue Expenditure

Between 2011/12 and 2016/17 the Council had to deliver £339m of savings with a further £14m required in 2017/18, following the cumulative effect of reductions in funding from central government.

Our gross revenue budget represents the entirety of our revenue spending as detailed in the Our Funding and Spending section of this report and totalled £1,543m in 2017/18. This includes the money spent on housing benefit payments and the funding of schools which is mainly funded by government grants. Most of our gross revenue budget is spent on the services delivered through the various directorates. A much smaller proportion is used to fund capital projects, loan repayments, corporate items such as insurance, levies for functions such as waste disposal and costs associated with owning and maintaining council houses. A small sum is also set aside to meet unforeseen costs.

Our net revenue budget is the total amount of corporate resources available to us. It is mainly funded from Retained Business Rates and Council Tax Receipts and includes government grant funding, dividends and use of reserves. In 2017/18 the net revenue budget totalled £546m in 2017/18 and the table below shows our year end position (spend) compared to this budget.

<b>Manchester City Council Programme</b>	<b>Revenue Expenditure in 2017/18 (£000)</b>	<b>Net Revenue Budget for 2017/18 (£000)</b>	<b>Overspend or Underspend (£000)</b>
Total Available Resources	(551,278)	(546,403)	(4,875)
Total Corporate Budgets	91,988	94,680	(2,692)
<b>Directorate Budgets</b>			
Children's Services	113,838	103,819	10,019
Adult Social Care	177,923	175,144	2,779
Adults - Health and Care System Related	(1,251)	(2,151)	900
Corporate Core	75,600	78,144	(2,544)
Growth and Neighbourhoods	91,042	91,992	(950)
Strategic Development	6,057	5,998	59
<b>Total Directorate Budgets</b>	<b>463,209</b>	<b>452,946</b>	<b>10,263</b>
<b>Total Use of Resources</b>	<b>555,197</b>	<b>547,626</b>	<b>7,571</b>
<b>Net</b>	<b>3,919</b>	<b>1,223</b>	<b>2,696</b>

At the end of the year we had overspent against our net revenue budget by £2.696m and this was funded from our General Fund Reserve. The main variations to the budget are set out below.

The available resources are £4.9m higher than budgeted for as additional income was received during the year including a rebate from the waste levy and additional dividends.

Corporate budgets include capital financing cost, insurance costs, contingency funds, and budgets such as for managing the costs of inflation and rising demand for services, which are then allocated to Directorates when they are required, levies, historic pension costs and any planned transfers to reserves. The underspend on the Corporate budgets totals £2.7m. This partly relates to the release of unallocated contingency held until year end in case of any unforeseen pressures.

The net position on budgets for services is an overspend of £10.3m. The main reasons are as follows:-

- The overall position for Children's Services is an overspend of £10m. This mainly relates to placement costs for our looked after children where both the numbers requiring care and the cost of that care have increased and the costs of supporting those leaving care.
- Adults and Public Health have an overspend of £3.7m due to the increased need to provide services for people with mental health needs and with



learning disabilities. The budget for homelessness services also overspent, largely due to a change in central government funding arrangements which saw a reduction in funding for temporary accommodation.

- The Corporate Core has an underspend of £2.5m. This predominately relates to staffing savings and increased housing benefit subsidy income.
- The overall position for Growth and Neighbourhoods is an underspend of £0.95m. This mainly relates to additional income on planning, building control and licencing and from business units such as bereavement services.
- Strategic Development has a small overspend of £59k. This relates to underspends on facilities management and the investment estate offset by reduced income on the operational estate.

The Housing Revenue Account (HRA) contains the costs of owning and maintaining properties which are let to tenants and income from renting Council houses to tenants. This is shown separately from the net revenue budget position in the table. The final outturn position for the HRA is an underspend of £24.1m which largely relates to funding for the capital programme which will now be required in the next financial year.

## Capital Expenditure

Our Capital Budget for the 2017/18 year was £366.2m and the table below shows our year end position (spend) compared to this budget.

Manchester City Council Programme	Capital Expenditure in 2017/18 (£m)	Capital Budget for 2017/18 (£m)	Over or (Under) Spend for 2017/18 (£m)
Highways	32.6	37.8	(5.2)
Growth and Neighbourhoods	6.9	11.7	(4.8)
Strategic Development	86.2	119.0	(32.8)
Town Hall Refurbishment	3.8	5.2	(1.4)
Housing – Private Sector	19.4	16.5	2.9
Housing – HRA	20.3	19.5	0.8
Children's Services	60.2	69.1	(8.9)
ICT	4.8	5.1	(0.3)
Corporate Services	0.3	1.8	(1.5)
<b>MCC Total</b>	<b>234.5</b>	<b>285.7</b>	<b>(51.2)</b>
Programme on behalf of Greater Manchester	56.8	80.5	(23.7)
<b>TOTAL</b>	<b>291.3</b>	<b>366.2</b>	<b>(74.9)</b>

At the end of the year we had underspent against our Capital Budget by £74.9m.

The underspend for the Council is largely due to the timing of spend for Strategic Development particularly on strategic acquisitions which had been planned for March 2018 but will now be incurred in 2018/19. The majority of the remaining underspend relates to the reassessment of the timing of spend, whereby the spending will take place in 2018/19 rather than 2017/18.

## Our Risks and Opportunities

Our corporate approach to risk management ensures that we have robust processes in place to support the delivery of our strategic goals, including those contained within the Our Manchester Strategy. We use dynamic risk management to identify the risks to the delivery of our priorities and objectives, determine appropriate ways of mitigating the risk and for ongoing scrutiny and assurance of factors that could inhibit our ability to deliver. At a corporate level, significant risks are captured within our Corporate Risk Register (CRR), which articulates the risk, quantifies its likelihood and potential impact, names the strategic director who owns the risk, and articulates how the risk is managed and any mitigating actions.

The constantly evolving CRR is refreshed quarterly and at any one time captures roughly twenty risks deemed to have a significant potential to impact on the delivery of the our strategic objectives. Currently our CRR includes risks relating, for example, to finance, cyber security, legal and statutory compliance, delivery of transformation, safeguarding and health and safety. The table below gives examples of the types of risk actively managed and assured at a corporate level. It captures the three risks on the CRR currently recorded as high and, therefore under direct scrutiny at a corporate and directorate level. The risks are scored in the context of their potential impacts if uncontrolled; the purpose of the risk management approach is to ensure early intervention and regular scrutiny in order to ensure that risks are controlled, allowing the Council to manage impacts and deliver opportunities and deliver effective services and service change.

Theme	Risk	Key Sources of Assurance and Actions
Council in Partnership	Strategies for reducing demand for Council services, including new ways of working with residents, communities and other stakeholders, do not contain and reduce demand to target levels with consequent negative impact on finance and outcomes.	<p>Cross cutting risk with range of assurances to Executive, Scrutiny committees, partnership and officer boards. Key actions include:</p> <ul style="list-style-type: none"> <li>• Our Manchester as asset based approach sits alongside other measures such as focus on prevention in health and social care</li> <li>• Our Manchester communications and engagement strategy for residents, partners and staff.</li> <li>• Delivery of Public Service Reform programmes, focusing on integration between different programmes with partners.</li> <li>• Delivery of Children's Services investment outcomes</li> <li>• Delivery of new models of care</li> <li>• Integration of Health and Social Care (MHCC and arrangements through LCO)</li> <li>• Joint governance arrangements with MHCC</li> <li>• Our Manchester toolkits and resources for managers and staff</li> <li>• Monitoring impact of changes to Council Tax , UC and use of Discretionary Housing Payments</li> <li>• New arrangements for tackling homelessness and rough sleeping including work with partners</li> </ul>
Council in Partnership	Effective and integrated Health and Social Care integration is not delivered within expected timescales, costs, scale or governance standards. This leads to continued pressure on the developing Single Hospital Service, Mental Health Services and LCO and failure to deliver positive outcomes, statutory duties and safeguarding responsibilities within projected cost model.	<p>Commissioning Board  Health and Wellbeing Executive  Health Scrutiny  Health and Wellbeing Board  Manchester Transformation Accountability Board (MTFAB)  Joint Commissioning Executive  Risk management frameworks in place for Commissioning and LCO transition.  Manchester Health and Care Commissioning Governance arrangements including Member and Chief Officer roles</p>
Council statutory and legal duties	Inability to ensure a coordinated response to data and information governance, including compliance with the General Data Protection Regulations (GDPR). This means the Council is unable to demonstrate consistent application of information standards, controls and statutory compliance.	<ul style="list-style-type: none"> <li>• Regular reporting to the Council's Senior Information Risk Owner and Corporate Information Assurance and Risk Group.</li> <li>• Reports to SMT and Resources and Governance Scrutiny Committee</li> <li>• Reports to SMT and a report on progress to the Council's Resources and Governance and Overview and Scrutiny Committee</li> <li>• Awareness of GDPR raised by briefings to Departmental Management teams.</li> <li>• Information Audit undertaken and communications and training strategies are being developed.</li> <li>• Interdepartmental groups have been set up to progress the project.</li> <li>• Project officer in post to help drive the project</li> <li>• Governance Structure in place for GDPR project including work stream meetings</li> <li>• Engagement across GM to share good practice, tools and tips.</li> <li>• Increased support on data protection issues is being sought by the appointment of Deputy Directorate SIROs from January</li> </ul>

Our risk management activity can broadly be described at three levels;

- Our Senior Management Team (SMT) is responsible for ensuring the effective management of the risks in the CRR.
- Directorates maintain their own risk register and record risks to their Budget and Business Plan objectives and future service development plans in their associated Delivery Plans.
- Services within directorates maintain their own risk register to complete a consistent golden thread from corporate level priority risks to more detailed risks specific to service delivery teams.

Consistent and effective risk management continues to be embedded throughout the organisation with over 3,000 officers across the Council receiving formal training in risk management and business continuity management. Collectively, risk management at all levels of our organisation allows us to manage operational and strategic risks which affect our ability to create value over the short, medium and long term.

Our risk profile is constantly evolving. Over recent years there has been a climate of increased and sustained pressure in terms of austerity, demographic changes and increased expectations on public services resulting in an imperative to deliver more with less.

Consequently, our strategic focus has been on driving growth and transformation and reforming public services. We have had to innovate in order to seize opportunities to develop new ways of working, new delivery models and efficiencies; all of these have been essential in transforming the Council and enabling us to respond positively in a climate of austerity. Systematic risk assessment and risk management is core to both the identification and delivery of opportunities.

The Greater Manchester Combined Authority and our integration with health partners are examples of creative partnership working in order to gain maximum value from the collective resources available. Effective partnership working is partly dependent on a shared and consistent approach to the management of partnership risk.

Our risk management approach has adapted as the organisation has grown in risk maturity and as the context in which we provide services has changed; for example, over the last five years we have focused on developing a robust risk governance framework, supporting directorates in developing a “risk literate” workforce through training and coaching and on ensuring that the partnership model of risk management can be used effectively at all levels within the Council and across the city. We have also sought to identify and apply best practice from external organisations and from within our services, rolling out effective approaches as widely as possible across our services.

We will be focusing on enhancing risk assurance mechanisms, formalising risk programmes within our major strategic partnerships and frameworks and significantly enhancing our strategies for responding to major significant incidents that may disrupt the delivery of critical services (this work programme is called business

continuity management and is managed from within the corporate risk management team).

Our Risk Strategy 2018-2020 ([Item 12](#)) explains how our risk management resources are focused on our highest strategic priorities whilst providing a level of support to directorate priorities. It describes how the Council is developing an adaptive and integrated approach to risk management that aligns our risk resources to our strategic priorities and recognises that all directorates contribute to these priorities.

Our Business Continuity Strategy 2017-2020 ([Item 12](#)) describes our approach to ensuring that we can readily respond to any incident that could impact on the provision of critical and statutory services. We aim to quickly respond and return to 'business as usual' whatever the cause of the incident (for example, loss of a building, a power failure, extreme weather). It explains the vital contribution of all services in developing their own local business continuity plans and describes how these plans are drawn together to develop a Corporate Business Continuity Plan that supports responses to any major incidents that may occur.

The Council's Risk Management and Business Continuity Strategies are updated annually, considered by Audit Committee and endorsed and owned by SMT.

## Our Outlook

Our monthly Integrated Monitoring Report provides our leaders with the regular and up to date financial information on the current financial year so that they can monitor projected spend and respond rapidly to risks and budget pressures in the short term. Financial performance is reported regularly during the year to the Strategic Management Team, Resources and Governance Scrutiny Committee and the Executive Committee.

The financial position for future years is reported in our Medium Term Financial Plan (MTFP). This was approved by the Full Council meeting in March 2017 for the three year period 2017/18 to 2019/20. Forecasting future year's anticipated spending and resources through robust medium term financial planning allows us to anticipate the level of savings required so we can secure the ongoing viability of service budgets. Our MTFP is refreshed each year to provide a stable financial base for the planning of savings in directorate's Budget and Business Plans.

Our MTFP was refreshed and approved in March 2018 is available on our website. Our MTFP considers the local and national financial climate, describes some of the key challenges we are facing and the key changes in our resources before setting out the anticipated savings requirement for the period 2018/19 to 2019/20.

We are experiencing a number of challenges both internal and external to the Council. These challenges include continued reductions in government funding, inflation and pay award costs, demographic pressures and increased demand for services. For example, national pressures on Children's Social Care and are very much reflected within Manchester with the rising numbers who require care and support.

Other challenges include trying to deliver transformational changes such as public sector reform (supporting the community budget process in Greater Manchester and working with Troubled Families), welfare reform including the roll out of Universal credit, devolution and the wider range of activities, responsibilities and partnership working this brings, and readily bedding in the new arrangements for Health and Social Care under the Local Care Organisation / Care Together to deliver savings. Maintaining the city's infrastructure and the uncertainty surrounding our business rates income represent further challenges.

In our MTFP we updated our resources to include the increased projected business rates income of £8.6m (which included our share of benefits from the 100% growth retention pilot), increased projected council tax income of £3m, and an £8.9m increase in the dividend received from Manchester Airport Group.

There has been a comprehensive review of how our available resources are utilised to invest in the priority areas agreed with our residents. The MTFP highlighted that there is a need to invest more into the Council's front line services such as social care, services for the homeless and helping to mitigate some of the impacts of welfare reform. The increased investment which was required for each directorate is detailed in the table below.



Directorate	2018 / 19 (£'000)	2019 / 20 (£'000)
Adults (excluding Homelessness)	5,759	15,115
Adults (Homelessness)	3,495	3,495
Children's Services	6,882	7,126
Corporate Core (including Highways)	2,255	1,490
Growth and Neighbourhoods	2,105	2,105
Strategic Development	0	0

The impact of funding reductions combined with the pressures of increased demand has resulted in savings requirements of £25.5m in 2018/19 and an additional estimated £9m in 2019/20.

In order to support our investment priorities and deliver a balanced budget directorates have produced 'Budget Delivery Plans' within [Budget and Business Plans](#) to reduce resource commitments.

Our MTFP as referenced in our Annual Statement of Accounts is summarised in the table below. It shows the resources we expect to have and the resources we expect to need.

	2018 / 19 (£000)	2019 / 20 (£000)
<b>Resources Available</b>		
Revenue Support Grant	0	0
Business Rates Baseline	316,597	241,901
Business Rates Top Up / (Tariff)	(19,015)	41,536
Public Health Funding	0	0
Baseline Funding Level	297,582	283,437
(Reduced) / Additional Business Rates Income	7,393	21,223
Business Rates Grants	19,778	15,535
Council Tax	154,070	161,723
Other non-ring fenced Grants	35,809	39,662
Dividends and Use of Reserves	53,342	53,342
Use of other Reserves	8,188	4,490
Resources to be identified	0	8,967
<b>Total Resources Available</b>	<b>576,162</b>	<b>588,379</b>
<b>Resources Required</b>		
<i>Corporate Costs:</i>		
Levies/Charges	68,045	68,862
Contingency	3,103	2,100
Capital Financing	44,582	44,582
Transfer to Reserves	7,181	3,409
<b>Sub Total Corporate Costs</b>	<b>122,911</b>	<b>118,953</b>
<i>Directorate Costs:</i>		
Additional Allowances and other pension costs	10,183	10,183
Insurance Costs	2,004	2,004
Directorate Budgets	422,086	423,111
Inflationary Pressures and budgets to be allocated	18,978	34,128
<b>Sub Total Directorate Costs</b>	<b>453,251</b>	<b>469,426</b>
<b>Total Resources Required</b>	<b>576,162</b>	<b>588,379</b>
<b>Balance / Gap</b>	<b>0</b>	<b>0</b>

This is a period of continued reductions in resources and growing demand. Members and senior officers must closely monitor our financial position in the short and medium term and readily respond to the challenges and risks identified through this monitoring. This focus will support us to deliver a balanced budget at the end of the planning period and maintain service provision.

## Our Basis of Preparation

This section explains how we have determined the content to include in Our Integrated Annual Report. The content and style of Our Integrated Annual Report has been heavily based upon the [International Integrated Reporting \(<IR>\) Framework's](#) principles based guidance. The recommended report content guidance within the <IR> Framework has been aligned with that for financial statements within the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ([‘the Code’](#)) in order to ensure that quality financial information is shown in line with accepted accounting principles. This content guidance has also been aligned with the guidance on the judging areas for the National Audit Office (NAO) sponsored ‘Building Public Trust Awards’ found within the NAO publication [‘Examples of Good Practice in Annual Reports’](#). The sections of Our Integrated Annual Report and content within these sections have then been tailored so that they are relevant to our organisation.

Integrated Reporting has a combined emphasis on conciseness, the connectivity of information, the various resources and their interdependencies and strategic focus and future orientation. To ensure conciseness, relevant officers have worked together to evaluate matters in terms of their potential impacts on value creation and prioritised the inclusion of those matters deemed most important. For example, the metrics discussed in the Our Performance section are some of the key metrics which are accepted by the organisation as needing to be monitored to ensure we create value by delivering the goals of the Our Manchester Strategy and the priority objectives that the people of Manchester said they value the most. These metrics are monitored regularly by our leaders through agreed tools and are aligned to what is reported in our annual State of The City Report. Featuring these metrics in the Our Performance section means that a balanced and unbiased picture of performance can be presented which highlights both desirable performance and areas of challenge. To further support conciseness we have linked inter-connected sections of the report to limit repetition and included external links to more detailed information. This has allowed us to present information in a clear, concise and accessible way for the public whilst ensuring reliability and completeness.

Content specific to directorates, such as that in Our Operational Models section has been approved by the directorate’s Strategic Directors and Our Integrated Annual Report in its entirety has been approved by the Leader of the Council, Sir Richard Leese, and our Chief Executive, Joanne Roney OBE.

### Further information

If you have any comments or questions about our Annual Report you can write to us at:

Performance, Research and Intelligence,  
Level 3,  
Town Hall Extension,  
M60 2LA

Or email us at: [s.hibbert@manchester.gov.uk](mailto:s.hibbert@manchester.gov.uk)