

LGA Corporate Peer Challenge

Manchester City Council

30 November – 3 December 2021

Feedback report





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1. Executive summary

Manchester is a city of ‘firsts’¹ and the city’s inherent assets of ambition, drive and innovation are alive and well in Manchester City Council (MCC). It is a strong and determined council with a national reach and is a positive and proactive partner in the Greater Manchester Combined Authority.

The cornerstone of this foundation has been the visionary and ambitious political leadership of the council over a sustained period, which has led to real change including improvement in growth and prosperity for the city. The long-standing, former Leader was instrumental in the Mayoral Combined Authority and has been at the vanguard of driving devolution aspirations throughout England. These strong values and sense of purpose has served to create a notable pride and passion for the city, with deep-seated and trusted partnership working at the heart of everything.

As a result of the above, there appears to be the right conditions in place for a smooth and mature transition of political leadership; the new Council Leader started in that role in the week we visited. It was evident that she wants to retain the foundations in place but will strive to build upon these, by rigorously addressing some of the deep-seated issues of poverty and health inequality that persist across Manchester despite the clear progress referenced. The refresh of ‘Our Manchester’ (OM)² combined with the new Leaders focus, creates an ideal springboard for MCC and its partners to bring to life a stronger narrative and action plan for an ‘Inclusive Economy’ and the ‘Levelling Up’ of the city as a whole. That narrative is already developing, and significant regeneration schemes such as Victoria North are at its heart. These and more besides now need to be coupled with that evident desire and will to improve the lives and outcomes for all of Manchester’s communities and neighbourhoods.

The cross-cutting themes of climate change and equality, diversity and inclusion, which run through OM are clearly ‘bought into’. For the former, we saw great examples of success, but these now need embedding across the city with clear

¹ https://secure.manchester.gov.uk/info/500004/events_and_tourism/1148/manchester_firsts

² https://www.manchester.gov.uk/downloads/download/6426/the_manchester_strategy

accountabilities for delivery. For the latter, the council has made a clear commitment for improvement, which is genuine and significant, yet there is still work needed to accelerate and embed this at every level of the council. Therefore, it is important MCC recalibrates its focus and capacity to ensure its aspirations for these things becomes a reality as it plans ahead.

We found many ‘enablers’ to help drive those changes into the medium term. The council Members are ambitious place leaders and deeply embedded in their communities, as well as committed to delivering better outcomes for the residents of the city as a whole. They use their governance arrangements purposefully to help drive such change, for example, we found a strong scrutiny function, which was well resourced, rigorous, valued and focussed on improves decision making.

A further ‘enabler’ is the effective, visible and compassionate leadership, personified by the Chief Executive and her senior team, which demonstrates the council's values and commitment to the city. Again, when we spoke with partners this was highlighted as a significant strength of a council and a city, that is committed to working together as role models for collaboration across public services. An example of this being the impressive strength-based approach in health and social care which is driving lasting change. That strong culture is evident right through to delivery and the front line, where for example in Children’s services, which has seen significant improvement in recent years, it is evident that its ‘Think Family’ partnership approach is making great strides.

The Our Manchester ethos is evident in the council's neighbourhood arrangements, which are impressive, deep-seated and owned. They really do have the potential to create a foundation for sustained and long-term improvement to address some of the real deep-seated inequality issues which persist across Manchester. It is an area where the existing approaches and commitment can be further developed and help drive greater change. For example, we felt there is the potential to build upon this by accelerating progress on health and children’s integration, and likewise more deeply embedding an inclusive economy at the neighbourhood level.

To add to the above, with a focus on neighbourhoods and performance, the council has shown it will enact change where needed. An example of this has been the insourcing of Northwards Housing and its 12,500 homes, which we felt can help

create an opportunity for a comprehensive approach to housing and neighbourhoods, which tackles homelessness in all of its forms and creates a more mixed housing market including affordable housing and use of housing companies.

MCC has been a strong and effective financial steward through the years of austerity.

This is a simple statement to make, but the effective leadership and 'grip' of finances that the council has shown, should never be underestimated. In common with many of our comments, this now needs to be built upon further, to help enable the refreshed focus and drive arising from 'Our Manchester' and also help the council respond to the challenges ahead, which are not insignificant both nationally and locally. As part of this, it is important that MCC plans early for the financial challenges coming, most especially in 2023/24 and be prepared to prioritise more effectively within its capital programme so that it avoids slippage and ensures it manages the key balance between the city centre and neighbourhood etc.

To contribute towards the financial challenges but to also underpin and help drive change and improvement, the council has embarked upon a change programme - 'Future Shape'. This has made some evident progress, but now is a good time to take stock. We felt it has real potential, but this can be realised only with greater clarity around its future scope and purpose, accompanied by a clearer narrative and plan, that is owned and led by the senior management team. This in turn will enable the council to be clear about its Target Operating Model for the future, and then underpin this with clear workstream plans on digital transformation especially, but also in other areas, such as the role of the corporate centre. To enable the potential of the above to be realised we believe this needs to be supported by additional transformation leadership resources.

Given the need to look anew at transformation and coupling this with the continued ambition of the council, and its refreshed political priorities, we felt this may require a review of MCC's leadership capacity in the round. We beg a question, is there enough capacity and is it in the right place to deliver what you now want into the medium term?

We found MCC to be a first-rate council. It is important it celebrates all that is strong; there are many examples of that. At the same time, we encourage them to look further and wider and deeper and be prepared to benchmark performance/impact

against the best cities, best leadership and best services nationally and internationally.

2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

2.1 Use the refreshing of 'Our Manchester' to bring to life a stronger narrative for an 'Inclusive Economy' and the 'Levelling Up' of the city as a whole. Ensuring there is a clear set of action plans underpinning this which demonstrate where the council wants to prioritise and how this will be achieved.

2.2 As part of the above celebrate the real progress on children's services and make the most of '2022: Our Year' to galvanise the council and the city, ensuring every part of the council demonstrates its commitment to Manchester's children.

2.3 Use the recent and further planned changes to develop a comprehensive approach to housing, addressing homelessness, affordable housing, and creating a more mixed housing market.

2.3 Strengthen and deepen the impressive approach around neighbourhoods with the council's partners, embedding the neighbourhood and place work in the corporate core, and including a clear framework for evaluation and impact. This should include:

- Aligning aspects of the capital programme to the neighbourhood approach, particularly in relation to environmental and highway spending. Better utilisation of physical assets in neighbourhoods across the city, recognising the impact that small scale investment can make on local communities.
- Accelerate and give greater focus to the integration of children's services and health delivered through the neighbourhood model.

- Building on the strong council buy into Marmot principles, ensure that employment and skills and prevention are a core part of the neighbourhood offers.
- The neighbourhoods work is very strong especially at engaging existing community groups. There could be more focus on community development and bringing in those who struggle to engage with council services or find a voice. Explore how to make sure the voices of all communities are setting neighbourhood and Manchester wide priorities, for example, by utilising the strength of the arts and culture bedrock in MCC as a means of engaging with groups which are harder to reach.

2.4 Keep the focus on Equality, Diversity and Inclusion within the council. Ensure this moves from a welcomed and new strategy to become embedded and owned at every level of the organisation, with clear and transparent accountability and monitoring of impact. Build on emerging plans around improving diversity in positions of power, particularly black leadership, more generally in the city.

2.5 Ensure there is sufficient capacity, in the strategic capacity of MCC to deliver on Our Manchester, Future Shape and the wider transformation and aspirations in terms of Neighbourhoods. Specifically consider the following as part of this:

- Is it time to consider the alignment of the cabinet portfolio holders and two Deputy Leaders with the OM refresh to guarantee strong political leadership and ownership?
- Is the Council's senior team appropriately shaped and with capacity in the right places to tackle and deliver on the big drivers of change both internally and externally too?
- Does the Chief Executive and senior team have direct access to the policy and performance support needed to lead the council through change and maintain their significant outward leadership of the city, the region and to shape national policy?
- Is there a sufficiently clear plan and long-term capacity to deliver on transformation at senior officer level?

2.6 Maintain the sound financial platform underpinned by robust risk management

and ensure you are taking the difficult decisions which underpin the MTFP and reflect the refreshing of priorities and capacity issues referenced in previous recommendations. Plan early for the financial challenges coming in 2023/24 and be prepared to prioritise within the council's capital programme

3. Summary of the peer challenge approach

3.1. The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Cllr Georgia Gould – Leader, London Borough of Camden
- Pat Ritchie CBE – Former Chief Executive, Newcastle City Council
- Simon Oliver – Director for Digital Transformation, Bristol City Council
- Dan Hawthorn – Executive Director of Housing and Social Investment, Royal Borough of Kensington & Chelsea
- Mark Lloyd – Chief Executive, Local Government Association
- Katharine Goodger – Graduate Trainee (NGDP), Local Government Association
- Paul Clarke – Principal Adviser/Challenge Manager (South West), Local Government Association

3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations

and local communities?

3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, the council asked the peer team to provide feedback on the 'Future Shape of the Council' programme, which is being designed to reshape how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. They specifically asked for some feedback on the strengths, challenges and opportunities of the overall programme and specifically the digital aspects of this.

3.3. The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Manchester City Council, during which they:

- Gathered information and views from more than 55 meetings, in addition to further research and reading.
- Spoke to more than 300 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

4. Feedback

4.1. Local priorities and outcomes

'Our Manchester'³ (OM) is fundamental to everything the council and its partners do and has helped create the framework for the city's success. Its refresh, which had taken place before the peer team visited, was timely, as it has reconfirmed but updated the previous priorities, which will steer the city's path into the future. This work shows the substance and fortitude of the council. It has purposefully chosen to do this, whilst it at the same time it has led a strong and very successful response to the pandemic and driven the city's economic recovery plans. The depth and breadth of partners' buy-in to the Our Manchester strategy, and to the city's response to CV19 has been impressive. This sense of purpose and action has also created a good opportunity to now drive forward a renewed strategic approach in respect of inclusive growth, which is focussed on ensuring better health, education, employment and skills outcomes right across the city and most importantly in those areas where outcomes have stubbornly lagged behind. A good example of where the council is addressing this, is the North Manchester Social Benefit Framework, which has the potential to realise key benefits related to the Victoria North and North Manchester Health Campus programme.

Progress has been made within the cross - cutting themes of sustainability and equality/diversity/inclusion, which run through OM. In respect of the former we heard about the real leadership and joint work of the council and its partners which are being taken to address head on the climate emergency. Special mention was made of MCC's Zero Carbon coordination group, where tangible outcomes are being directed and achieved – witness the £6.3m of investment in the council's estate to implement energy efficient and save 1,300 tonnes of CO2 per year. These approaches now need to be further embedded across the city with clear accountabilities for delivery.

In respect of EDI, again we felt that progress has been made. There is a clear commitment and infrastructure of support and action that underpins the drive for change. Yet work needs to continue to ensure EDI is visible and a common thread

³ https://www.manchester.gov.uk/downloads/download/6426/the_manchester_strategy

across all policies and action plans, including by ensuring that recent progress on race is reproduced in relation to other protected characteristics, and that the focus on workforce equality is matched by a consistent resident-facing, service-based emphasis on EDI in every part of the organisation. We believe MCC should keep resolutely focussed on this and regularly welcome external challenge to gauge and comment on progress.

The way the council approaches culture is a good example of how to embrace equality and diversity and lessons can be learnt here. We saw that strong political leadership has driven a commitment to culture across all council priorities. It drives regeneration and quality of life in the city and its neighbourhoods, through city centre venues and libraries as cultural hubs in communities. The cultural offer in the city is much more diverse and reflective of the city's population. As such we saw real opportunity to build upon this supporting the council's ambitions around equality and diversity. We also see a real opportunity to reflect and ensure that culture is at the heart of the council's approach to economic inclusion, using the venues it supports to encourage skills and employment to thrive.

We found many examples of city-wide priorities and partnerships delivering real change. The Manchester Local Care Organisation (MLCO) typically represents the way the council and the city does its business and drives change. Its strength-based approach and the way it dealt with 'discharge to assess', right from the early days of the pandemic, demonstrate local health and social care partnerships at their best. That relentless focus on delivering its 'Better Outcomes Better Lives' Transformation programme, which is reconfiguring services with less dependence on formal care is an exemplar model.

The CV19 response in Manchester has demonstrated the strength and depth of its partnerships. That seismic shift and brilliant response that resulted, led many key stakeholders we met with, telling us that MCC must hold onto this, keep that pace into the future and cut through some of the previous processes that had previously slowed progress.

The council ensures it protects its analytical and policy capacity. This means it has a good evidence base and data-driven approach to service delivery. It also utilises key benchmarking data to compare and contrast progress – its headline performance can

be found on LG Inform (<https://lginform.local.gov.uk/>). Such approaches mean the MCC is generally self-aware and sees the fundamental importance of using data, evidence and comparison to drive improvement.

We felt that now was a useful opportunity to develop this further by ensuring that analytical capacity is more focussed on reshaping delivery and transformation based on real evidence of impact. As one stakeholder told us 'MCC is not short of strategies', and this capacity could add even more value if it was more focussed on delivery and targeting of what will make the most difference particularly in addressing inequality. Furthermore, we felt there wasn't a sufficiently strong vision for ethical data usage and the technology platforms and approaches to deliver this were not evident in the draft Data Strategy, alongside utilising data for wider IT Transformation and Smart City delivery. Given the OM refresh and changing priorities, there is an opportunity to look afresh at how MCC utilises these resources going forward, so that it continues to get the clear benefits of such an approach.

Building upon Manchester's Neighbourhood Foundations

We gained real insight during our visit to Manchester's neighbourhood approach, which is fundamental to the way 'Our Manchester' is delivered. The neighbourhood approach taken in Manchester is pioneering and nationally significant; it is in the DNA of the council. Given its inherent strengths, it is important the council utilises this concept to push on to the next level. By keeping the ambition for neighbourhoods front and centre, and demonstrating how lives are being transformed in each community of Manchester, the council and its partners could redefine neighbourhood leadership for the sector. The challenges are clear and it needs to address key issues such as poverty, where Manchester's rate is 31% higher than UK average. There is exceptional work being delivered or in train, in respect of an inclusive economy to address this e.g. social value, pathways to work & skills and FE etc. For example, The Factory Academy is a good example of bringing young people into employment and training opportunities in culture and media. These fantastic approaches and collaborations need to be more strongly embedded through all council activity and especially through its neighbourhood model.

By knitting together the strengths of the neighbourhood to key services and themes improvement areas, then MCC will be best placed to realise these changes. For

instance, we saw the real potential within MCC's family-based approach that integrates early help, neighbourhood and city-wide innovation. Based upon the solid foundations that exist, we believe the council and its partners can, for example, up the pace and focus on driving the integration of health and family support through its children's centres. Now is a perfect opportunity to progress this as the children and young people of Manchester rightly will be having their voice heard through 'Our Year'⁴ in 2022. This will be a great opportunity to recognise the real progress and embed how working with business and partners, MCC will help see Manchester accredited as a UNICEF 'child friendly city'.

There has been good progress on the health and care integration in respect of complex needs in neighbourhoods. Yet key stakeholders, and especially councillors told us there is more to do in respect of the local environment in neighbourhoods and how the council resources improvements in this area. Poor quality neighbourhoods directly affect mental health and wellbeing, and members especially were keen to see further improvements here. Furthermore, this is an area with some key changes and challenges ahead which will need effective leadership e.g. addressing the future waste contract.

Neighbourhoods are a real strength, with evidence of deepening partnerships. There could be more work around embedding a place and neighbourhoods' approach into every part of the council including the corporate core and capital decision making and potentially using the Moss Side Partnership as a template for deep, effective local partnership work. We feel more could be done to ensure that the neighbourhoods are directly linked to ambitions around inclusivity and tackling inequality. Finally, while we shared the council's strong belief in the value of the neighbourhood approach, we would recommend finding clearer ways to measure and demonstrate its impact in terms of outcomes for residents.

4.2. Organisational and place leadership

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https://secure.manchester.gov.uk/info/200104/children_and_young_people/8221/manchester_year_of_the_child_2022

The political leadership of the council has been at the heart of enabling and success of Manchester over recent years and have rightly seen by many as the catalyst for the growth development in the city and indeed the wider Greater Manchester area. The role and influence that Manchester has played in driving the wider regional economy and impact the city's prosperity has had on the reputation and standing of the now ten-year-old Greater Manchester Combined Authority should not be underestimated. Therefore, we heard from stakeholder's time and again about their admiration for, and recognition of, the extraordinary service of Sir Richard Leese. His personal passion for the city, commitment to bringing to life a long-term vision, investment in partnerships and ability to refresh his thinking in office has been key to Manchester's transformation.

In the week of our peer visit a new Council Leader took up office, a significant change for the city and the council. Yet from what we heard and saw, this transition has been seamless; the new Leader is intent on building upon the inherent leadership strengths that exist, for the benefit of neighbourhoods and communities within the city. She is well respected by partners with a track record of delivery and transformation in adult social care. She is in a good position to build on the success of Manchester City Council to date.

There are real strengths within the council's officer leadership too. Staff and partners told us that the Chief Executive is visible and highly respected. We saw and heard about a council's officer leadership group which lives and breathes the Our Manchester behaviours. For these reasons we saw an effective 'top team' of members and officers, working collectively to drive change and improvement

As outlined already, partnership is at the heart of everything Manchester and MCC does, be that with its innovation plans with the impressive Universities, or through its engagement with its vibrant business and the digital sector, or indeed how the city partners are tackling 'Net Zero'. This is also very self-evident across the combined authority area, where MCC plays its full part. One stakeholder quote resonated with the peer team as it was characteristic of many others 'Partnership is lived here'.

The strengths outlined above will be important as the council responds and tackles the 'Our Manchester' refresh, by maintaining the continued importance of the city centre in creating jobs for the city and whole region, but at the same time developing

that emphasis and narrative on an inclusive economy and the need to transform services (by making them more efficient and customer focussed).

There is much that the council will need to attend to in order to respond to its current and new aspirations. This should start with a reflection on how its 'Top Team' of members and officers are best organised and deployed to respond to this shift in emphasis and scope. Some questions/challenges we left the council with were:

- Is it time to consider the alignment of the cabinet portfolio holders and two Deputy Leaders with the OM refresh to guarantee strong political leadership and ownership?
- Is the Council's senior team appropriately shaped and with capacity in the right places to tackle and deliver on the big drivers of change?
- Does the CEO and senior team have direct access to the policy and performance support needed to lead the council through change and maintain their significant outward leadership of the city, the region and to shape national policy?
- Is the vision for Future State of the Council and the supporting workstreams ambitious enough? Has the vision been set so that all delivery is planned against a known future state, and that decisions are made with appropriate financial and strategic thinking?
- Is there a sufficiently clear plan and long-term capacity to deliver on transformation at the senior officer level, most especially in respect of its digital ambitions?

We highlighted EDI in 4.1 of this report in terms of prioritisation but we also raise it here in terms of culture. MCC's political and managerial leadership have acknowledged the need to tackle race inequality in the council and community more widely. The peer team believe the workforce race inequality review is seen as a good start in addressing the barriers within the organisation and bringing an important new leadership focus. But this has not yet translated into a deep change within the organisation. The council will need to keep this as a focus at every level with clear communication on impact to ensure there is trust and confidence. More widely there could be a greater focus on diversity and particularly black leadership in partnership

and leadership in the city.

4.3. Governance and culture

Officer and member relationships are good at MCC. They work collaboratively, there is clarity of role and a strong sense of joint purpose. We found an unshakable commitment to the city by the council's members, staff and all the partners; this joint sense of purpose is a massive strength. As one stakeholder told us 'Everyone is on the same page - we want the best for Manchester'. We concluded the all-embracing framework that Our Manchester has created has driven significant successes in terms of culture and how the council and its partners relationships are very positively framed.

This also means the council and its partners have well-formed governance and engagement. In some key areas notably the MLCO they are developing sound governance around their working arrangements which are often well ahead of any national policy/guidance. The substance of much of this is based around a real common purpose, high levels of trust, challenge and collaboration.

The strength and depth of partnerships within and beyond the council came to the fore in the Pandemic – this allowed the council and its partners to move quickly to protect people and build back the economy e.g. how it dealt with its outdoor space policies in enabling ways, how at the very start of CV 19 Manchester would not discharge from hospital without effective testing in place, and how it sought to maintain a strong culture offer throughout. Going forward, we saw a clear commitment from the council and its partners to maintain this less process-driven, rapid delivery at the pace that we saw during the pandemic. It is recognised that ways of working and decision making need to respond to this but at the same time balance this with the need for clear, accountable and transparent processes. We know MCC will, as always, look to achieve both and build stronger partnerships, in those areas where work is still required.

The council embraces challenges from partners and members. For example, they have directly and openly responded to challenge around the performance of children's and adults' services. They could build on this by making more time for

internal, collective reflection about performance and prioritisation. The council has ambition and is proud of its successes, but risks self-belief and confidence leading to reduced potential benefits from transformation without the necessary challenge and deliberation.

MCC can build a 'critical friend' challenge to what it does, right from policy development through to delivery and review against performance. It has many of the elements already in place e.g. use of data and evidence, how scrutiny functions (see below). It can again build upon this by looking outwards to its many city partners, including Trade Unions and beyond to the sector as a whole, as it did by welcoming this peer challenge and others too on a regular basis.

Scrutiny is a real strength at MCC. There is a culture across the organisation that embraces, values and therefore resources and invests in scrutiny. Scrutiny chairs and members have a clear understanding of their role and provide thoughtful, constructive challenges. There is clear evidence of depth and impact in terms of improved decision making. There could be more work across scrutiny on cross-cutting issues and this should be led by scrutiny chairs.

Backbench members are passionate about their roles. Members see themselves as leaders of place and there is a strong culture that supports place leadership and community organising. Members are active in neighbourhood forums and proactive about hearing from residents. There is a lot of resources put into supporting them in their place leadership role, but we wondered if this might be better directed in some areas, such as better supporting members around casework and digital tools.

The cabinet is ambitious, committed and proactive in leading partnership and wider member involvement. We felt that a review of how the cabinet works including the time spent together as cabinet, size of portfolios, four-year term limits would be helpful in considering prioritisation, retention of talent and supporting diverse leadership. The new leader has already acted by creating more dedicated space for the cabinet to work through political priorities.

4.4. Financial planning and management

The council has demonstrated good financial leadership and effective stewardship

and grip of its resources through austerity. This has been a significant strength of the council and should not be underestimated.

We saw a clear 'golden thread', where its Medium-Term Financial Plan was absolutely framed around the 'Our Manchester' strategy and reflected the priorities in the MCC's Corporate Plan. In terms of its budget for 2021/22, the council had identified a need for £41m of savings - at month 6 (the last available monitoring report available at the time of our visit) it was forecasting it would achieve these savings.

We found effective budget reporting and monitoring arrangements in place. Saying this, it is important that the remaining challenges are not 'downplayed', as they are significant. For example, we heard that current underspends were cited as an achievement despite this being mainly driven by slippage against the Housing Capital Programme. It is widely assumed that the targeted £6.2m of targeted savings will be achieved, and it is recommended that any risk to this outcome is reviewed as this would offset any currently identified underspend.

Despite the current demands in people-led services the transformation plans in both children's and adults have been a success to date, and as reported helping drive improved outcomes as well as financial efficiencies. The council is well aware of the likely significant future demand in these areas but is demonstrating it can apply early intervention strategies so that service and spending are well managed.

There are outlier areas of concern and spending, notably the costs associated with homelessness and this need to be addressed, and likewise, the percentage rates for council tax collection at MCC are not as strong as they should be, and this is worthy of reflection.

The challenges of the national Spending review, CV 19 and legacy of deprivation in the city clearly will impact current and future plans. The council is estimating a £153m budget shortfall over the next three years. The council has built a strong reserve base that will help it smooth its future plans, but it will need to develop significant saving plans for the financial years of 23/24 and 24/25.

Given the relative shift in prioritisation, with the refresh of OM and EDI, climate change and inclusive growth ambitions, the council will need further modelling and planning in respect of these. Likewise, we have suggested in this report that it

reviews the scope and therefore also potential financial benefits that can be accrued from a revised Transformation Programme, building upon and widening the current Shaping the Future of the Council workstream.

The council has acknowledged there has been slippage in its capital programme and know it needs to address this. It's important MCC addresses the governance and culture around the capital programme as a priority, given the additional (high stakes) work it is taking on in relation to capital investment in housing, following the absorption of Northwards into the Council.

4.5. Capacity for improvement

The DNA of partnership and passion for Manchester self-evidently drives capacity and innovation across MCC, the city as a whole and the wider combined authority.

The council has placed significant investment in its neighbourhood arrangements. This work delivers many examples of improved outcomes and efficiencies. We did question whether MCC might be able to start to quantify this as a whole? In doing so we suggest that as well as assess the stated individual benefits, it might consider how it could more systematically assess the collective ones too. In this way, it will keep driving cross-cutting expectations and outcomes from this model. Given the council has a well-developed focus around data, evidence, policy and performance this would be a great strength to both hold on to and build on.

Community capacity and building social capital is a real strength of MCC's way of working. The VCS is valued and connected into partnerships. There has been real progress in co-designing with the VCS a new partnership approach and the One Manchester fund is welcomed and valued, and equalities groups see this fund as fundamental to their work. This could be deepened further by looking at all areas of VCS spend in the organisation, exploring links to neighbourhoods and developing a clearer strategy around rents and leases for example.

The political leadership has a strong vision for the future of the city and organisation. The new Leader articulates a real clarity about how to build on these strengths and the areas that need extra focus. Through such clarity, we have confidence that MCC can develop a strong road map to ensure delivery against these political priorities.

The strength of relationships of the collegiate and accessible Senior Management Team is a demonstration of the Our Manchester approach. Given the observations and recommendations we have made around developing strategic capacity within this team, it also follows that this should be accompanied by a strong push to further develop MCC's approaches to talent development and structured succession planning, through its officer structure.

4.5.1 Improving Capacity in Housing

MCC asked us to offer a peer perspective in respect of how they might develop greater capacity in terms of their approach to housing, given that they had just recently taken the opportunity to bring the Northwards Housing ALMO back in house.

In summary we recognise this is a crucial tipping point as the council has a range of priority challenges and opportunities in housing:

- Defining and delivering affordable housing in a way that meets needs and expectations, including through This City and other council-driven schemes
- Meeting wider housing delivery ambitions across the whole city
- A new, more holistic active inclusion approach that tackles wider issues that impact homeless people e.g. addiction, mental health, access to employment etc
- A need to drive down the numbers and costs of households in temporary accommodation
- The integration of Northwards into the organisation, both operationally, and to improve outcomes for residents, while effectively tackling the issues that led to it coming in-house.

We believe these activities could benefit from enhanced focus and integration, directly and explicitly rooted in the council's priority for inclusive growth. This could be achieved through a combination of strategy (for example aligning the affordable housing approach, including the supply owned by This City, more directly to the prevention and relief of homelessness); staff structures (the homelessness and Northwards tasks are huge – in an already large Directorate); and potential changes to the Executive Team portfolios. All of these deserve careful consideration.

4.6 Future Shape of the Council and digital

This transformation programme is designed to enable MCC to deliver its OM ambitions, whilst meeting the external challenges it faces from budget pressures and the response and recovery to CV 19. The programme has been in place for just over 6 months. We found overall it reflected some of the important challenges and opportunities facing the council and was based on Manchester's characteristic ambition. Stakeholders we spoke with accepted that the programme has a broad scope and from a peer team perspective we felt the council would be wise to consider whether:

- the target outcomes and measures of success are well enough defined
- MCC have enough capacity, and the right skills, in the right places, to deliver - from the top of the programme down
- there is for now and especially into the future, sufficient clarity about which change initiative 'qualifies' for inclusion in the Future Shape programme
- there is appropriate consideration as to how other organisations have delivered success, to ensure wider learning is utilised

Overall we felt the council's current 'subsidiarity' approach to resourcing and decision-making (in preference to using a more muscular centralised Programme Board) makes sense. However, as part of the recent review of progress, it might wish to consider whether it gives the most senior leaders enough visibility and influence, including over questions of prioritisation, capacity and resourcing.

The above is important since it is clear that the Future Shape of the Council will deliver future savings, but the current scale of the Programme (many aspects are still at an early and pre-planning stage) and lack of identified targets are potential risks. There may be good reasoning for avoiding this approach of target setting – but the council cannot both rely on savings from the programme, whilst also not choosing to set targets.

Digital

The Digital First/Digitally Integrated workstream of the Future Shape programme is again characteristically ambitious in its intended outcomes. Much positive progress has already been made and it's important to record that and hold on to these

successes. Specifically:

- The work has started from a recognition that a range of disparate initiatives needing alignment/control
- The IT estate has been stabilised, Office 365 rolled out well, digital champions in place
- There are clear service-based successes, notably in the change – including savings – in Customer Services
- The team spoke compellingly how they came to see the importance of user-centric design and testing
- The focus on digital inclusion is powerful, and consistent with the strategy and values of the Council
- A recognition that IT and Digital are separate disciplines and need planning for e.g. in training and structure

However, we felt the work would benefit from more clarity and underpinning evidence in respect of:

- A consensus on what 'Digital' means or how it will be achieved
- A Digital Strategy built on the foundations of an IT Strategy or Technology Roadmap
- A need for more robust expectations in terms of the programme which align with the council's stated ambitions to be at the forefront of Digital

Work undertaken on the above will then help start to shape a better-defined scope and narrative which will help to set expectations, define success and put the most appropriate leaders at the top of the programme. It would also help underpin and provide a focus to help MCC:

- Move well beyond traditional technology thinking, to build the best foundation for future adaptability
- To use and manage data, to elevate performance analysis, customer interaction, predictive analytics, enabling application rationalisation, and improving partnership working/data sharing

- Identify and secure the right subject-matter expertise to elevate the outcomes and approach - introduce additional thought leadership/maturity
- Ensure the methodologies are mature enough to deliver at pace/scale; Agile delivery, change management, risk management
- Generate a genuine neighbourhood focus in the work
- Tell the story to staff and making this a genuinely corporate effort, with consistent use of terminology

We also offered a perspective that it is important to view digital in its most enabling sense as a foundation and culture which allows constant ongoing change to meet the ever-changing expectations of residents, businesses and members. It is important it is included as part of a wider transformation programme, but it isn't a task-and-finish job.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in meeting. This will be a short, facilitated session that creates space for the council's senior leadership to update peers on its progress against the action plan and discuss the next steps.

In the meantime, Claire Hogan, Principal Adviser for North West, is the main contact between your authority and the Local Government Association. Claire is available to discuss any further support the council requires. claire.hogan@local.gov.uk