Manchester City Council
Report for Information

Report to: Audit Committee – 12 November 2019

Report of: Deputy Chief Executive and City Treasurer

Subject: 2019/20 Annual Governance Statement (AGS) –
Summary of Progress to Date

Summary

This report sets out a brief summary of the progress that has been made to date in implementing the governance recommendations from the 2018/19 Annual Governance Statement (AGS). It also outlines the next steps in the process of producing the Annual Governance Statement 2019/20.

Recommendations

Audit Committee is asked to note and comment on the progress made to date to implement the governance improvement recommendations from the 2018/19 Annual Governance Statement.

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1. Introduction and Context

1.1   The Council has a statutory obligation under the Accounts and Audit (England) Regulations 2015 to produce an Annual Governance Statement (AGS), which explains how the Council has complied with its Code of Corporate Governance. The AGS sets out how the Council has met its responsibilities for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

1.2   The AGS also explains what governance challenges the Council is facing. Rather than simply updating the governance challenges on an annual basis the Council has established a process whereby progress updates against governance challenges are provided every six months and reported to Audit Committee. This ensures there is a continual focus on how the Council is addressing governance challenges and seeking improvement in how functions are exercised.

1.3   An Action Plan of these governance challenges to be addressed in 2019/20 was put together as part of the process of compiling the AGS 2018/19, this was done at the end of last financial year, in March 2019. To identify the proposed list of emerging governance challenges for 2019/20, several evidence sources were considered, including;

- Analysis of responses from Heads of Services to the online annual governance questionnaires which provide a self-assessment of their Service's compliance with the Code of Corporate Governance.
- Governance challenges for 2018/19 - as reported in the AGS 2018/19 - where there was more work to do to address a particular challenge, and it was therefore appropriate to carry the action forward into 2019/20.
- Significant risks as identified in the latest Corporate Risk Register.
- Any significant corporate risks as identified by the Council's Register of Significant Partnerships assessment process.
- Key governance challenges identified by the Head of Audit and Risk Management Annual Assurance Opinion and Report.

1.4   As previously requested by Standards Committee, a Strategic Management Team (SMT) Lead was identified for each of the 2019/20 Governance Challenges, as set out in the Action Plan at the end of the AGS 2018/19. Lead officers have provided an update on progress, any barriers, and what further ongoing work will be required to implement the governance actions.

2. Summary of Progress against the 2019/20 Governance Actions, identified in the 2018/19 AGS Action Plan

Action 1: *"Continuing progress with embedding Our Manchester priorities, behaviours and approach across all aspects of service delivery, ensuring that staff develop the skills and behaviours articulated in the 'Our People' Strategy, including effective implementation of workforce plans. Supporting Services to move from 'early' and 'developing,' to 'maturing' and 'mature' in the Our*

Manchester Self-Assessment. Continuing to develop leadership and management capacity and capability."

2.1 Embedding the Our Manchester approach continues to be at the core of Our People Strategy, ensuring that staff have the skills, knowledge and support to be able to work in such a way. Our Corporate Plan further articulates the criticality of this way of working to deliver across the Council's seven priorities.

2.2 Some of the key activity that supports embedding of the Our Manchester approach includes:

- The Our Manchester Experience is now in its third year of operation and has been refreshed based on participant feedback and to increase the focus on encouraging practical opportunities for all staff to take action in an Our Manchester way. 3,170 Council staff along with 330 staff from partner organisations have been part of the Experience to date, and work is continuing to support all staff to have gone through the Experience by April 2021.
- New style Listening in Action engagement events were launched in July 2019, giving staff the opportunity to develop a more in-depth understanding of 'Our Corporate Plan'. Over 2,500 staff have taken part in one of these corporate events.
- 120 Behaviours Toolkits are in circulation, with examples and case studies demonstrating use by a diverse set of services. The toolkits are not only supporting in embedding the behaviours in themselves but also in utilising the behaviours to guide policy and project development.
- There are 131 OM 'Service Champions' supporting their colleagues on their journey (1.8% of organisation).
- Work is progressing to firmly establish the direct link between the Our Manchester strategy and the Our Manchester approach on outcomes and demand through the Monitoring and Evaluation workstream of Our Manchester. Whilst this is for the whole of the Our Manchester strategy and approach there is a specific focus on the Council's workforce.
- A programme of partnership work to develop and mobilise Bringing Services Together for People in Places which is Manchester's approach to place-based reform. Also, Our Manchester in Health and Social Care which is establishing an agreed format and approach for the way in which Manchester Health Care Commissioning (MHCC), and the Local Care Organisation (MLCO) will operate in an Our Manchester way.
- A focused strengths based development programme is now live with roll out prioritised across the Manchester Local Care Organisation and the neighbourhood teams. Evaluation continues to be positive with significant increases in understanding of Our Manchester, strengths based working reported and some great examples of people putting it into practice back in the workplace.
- A review of systems, processes and governance based on feedback from staff and cognisant of the Our Manchester approach now being progressed as part of Our Transformation Programme.
- A refresh of the Council's Leadership and management offer to more closely align with Our Manchester across both the Council's core

leadership and management programmes and the wider development offer here i.e. the Senior Leaders Group and annual Leadership Summit.
- The re-tendering of the Council's overarching framework for learning and development provision with an expectation that all providers and provision now reflect Our Manchester.
- Ongoing review of the Council's people management policies to support alignment with Our Manchester.

2.3   The above activity has supported a continued improvement in organisational engagement levels as measured by the BHeard Survey, with the Council currently categorised as a one-to-watch company.

2.4   The Our Manchester Self-Assessment programme of work is progressing to allow resources to be focused on areas of most need or opportunity to learn, with two clear areas of work emerging. One is focusing on the universal 'open-to-all' offer needed to embed Our Manchester, and how this becomes part of the standard offer within Human Resources and Organisational Development (HROD). The second is a specifically targeted area of work where a number of services have been identified to receive an enhanced level of dedicated support, to enable their learning to progress at a quicker pace.

2.5   The Self-Assessment has four categories to track progress across the organisation in embedding the Our Manchester priorities, behaviours and approach, which are 'early', 'developing', 'maturing' and 'mature'. A combination of the 'open-to-all' offer, and the more targeted work should enable progression of the overall organisational position to the category of 'maturing'.

3.   Action 2: -"*Supporting the integration of health and social care by ensuring effective governance of integrated teams, including operation of the MHCC commissioning function, and implementation of the Local Care Organisation (LCO)"*

3.1   The Our Healthier Manchester locality plan is the key document that sets out the strategic ambitions for health and social care integration in the city. This plan is to be revised before the end of December 2019.

3.2   The strategic aims of Our Healthier Manchester are to:

- Improve health and well-being in Manchester
- Strengthen the social determinants of health and improve healthy lifestyles
- Ensure services are safe, equitable, and of a high standard, with less variation
- Enable people and communities to be active partners in health and well-being
- Achieve a sustainable system

3.3   Manchester Health and Care Commissioning (MHCC) was established in April 2017 as a partnership of the Council and the NHS Manchester Clinical Commissioning Group (CCG).   MHCC is governed by a Board which includes

the Council Chief Executive, the Executive Director of Commissioning and DASS, the Executive Member for Adult Services, and the Executive Member for Children and Schools. The Council and NHS Manchester CCG MHCC have agreed a pooled single commissioning budget for health, adult social care and public health, with a Section 75 Partnership Agreement and Financial Framework.

3.4   Manchester Local Care Organisation (MLCO) was established in April 2018 to deliver integrated out of hospital health and care, including Community Health, Primary Care, Mental Health and Social Care. MLCO is leading the delivery of Integrated Neighbourhood Teams (INTs) that bring together the workforce in the above services to deliver integrated care around residents' needs, taking Our Manchester approaches.

3.5   The integrated governance structure for MLCO is a Partnership Board and Partnering Agreement, signed by all key partners including MCC. The City Council representatives on the Partnership Board are the Deputy Chief Executive / City Treasurer, and the Director of Policy, Performance and Reform.

3.6   The MLCO Executive includes the Executive Director of Commissioning and DASS, and other MCC adult social workers (including three Assistant Directors) are represented on the internal MLCO governance groups that sits beneath the MLCO Executive. Other governance groups are in place across the city to deliver the work required on the overall Locality Plan, and the enablers of integration such as health and social care workforce, finance, performance and ICT.

3.7   A procurement process is ongoing between MHCC and MLCO to agree a contract for the commissioning and provision of health services. This includes the preparation of a Business Case document and accompanying Due Diligence for 'Phase 2' of MLCO and MHCC, in which more operational commissioning processes are transferred from MHCC to MLCO. Although Social Care is not directly covered in the procurement, integration between health and social care is an important part of the changes envisioned so that the Council is involved in the preparation of the Business Case. As part of this process, the Council will refresh the Service Level Agreement covering the commissioning and provision of adult social care services. The phase 2 work will also look at the potential to improve outcomes for children and young people in Manchester through integration of some elements of children's services with MLCO.

3.8   Recent developments include:

- Establishing an Adults Improvement Board to drive the activity required in the improvement plan for adult social care.
- Internal Audit have recently undertaken a review of the effectiveness of governance arrangements between the Council and MLCO. This has led to a working group of Council, MLCO and MHCC officers being established to propose improvements to governance, to report by 30 November 2019.

- The Executive Director of Commissioning and DASS has identified ASC officers to attend key MLCO governance meetings to improve the level of integration within our decision making.

4. **Action 3:** *- "Delivery of the Adults Improvement Plan to ensure effective triage at the front door, and the assessment and review of citizens' needs in a timely, proportionate and consistent manner. This includes Adults Services governance oversight: operational compliance, quality assurance and the transition from Children's to Adults Services provision."*

4.1 The Adult Social Care Improvement Programme has been established to focus on ensuring the basics are in place for adult social care to deliver high quality services for our residents, and to successfully deliver health and social care reform and integration.

4.2 The programme plan for this work has been developed based on the outcomes of diagnostic work and the internal audits completed. The programme includes workstreams on:

- **Assessment function** including social work and primary assessment teams. This work is focused on putting the right processes in place to ensure efficient and effective delivery of Care Act assessments and reviews, alongside improvements to practice. Work to improve transition and our oversight of mental health services is included as part of this workstream.
- **Safeguarding and Quality Assurance functions**. This work is focused on areas where specific pressure is felt (e.g. Deprivation of Liberty Safeguards) as well as reviewing our approach to quality assurance.
- **Provider services** including our supported accommodation, reablement and supporting independence services. This work is focused on maximising our resources and strengthening the service, including use of technology.
- **Workforce skill and capacity**. This work is focused on strengthening our workforce across adult social care including improving the social work career pathway and supporting staff to develop.
- **Adult social care commissioning**. This work is in development and is focused on improving our approach to commissioning and contracting in adult social care as it pertains to our statutory duties.
- **Front door**. This work is in development and includes focusing on the front door offer and Command Centre, improving use of information to support prevention and maximising independence of citizens.

4.3 As part of additional overall investment of £11.4million to meet increased need for adult social care, it was agreed by Executive in February that additional resources of £4.225m in 2019/20 rising to £4.8m for 2020/21 and 2021/22 be invested into the service to support the delivery of the improvement programme through increased capacity in front-line roles. This includes areas of the service where capacity has been met by temporary posts and short term contracts as recurrent funding has not been in place.

4.4 Significant progress has been made across the workstreams including:

- Major recruitment campaign delivered with 94% of additional social work posts now recruited to and 57% in post with a further 13% due to start in October.
- Development of new strengths based approach to assessment and support planning - delivering improved outcomes and a more streamlined process - a significant change from the legacy process which has been in place for a decade.
- Transition Board established and action plan in place.
- Delivery of phase 1 of technology enabled care programme transferring c.150 citizens from legacy provider and operationalising TEC into business as usual.
- Some reductions in the waiting lists including (between May and July 2019*) a reduction of 43% in ongoing work waiting and 8% in reviews.
- Introduction of enhanced communications and engagement with staff boosting morale and buy-in including ASC forum and regular bulletins.
- Development of new policies and interim approach to quality assurance.
- Progress on operational integration including 12 neighbourhood social work managers in place.
- Significant reductions in Deprivation of Liberty Safeguards waiting list.

5.   **Action 4:** *- "Improving the resilience of ICT systems, including cyber security, and the Council's arrangements for disaster recovery."*

Data Centre

5.1   The Council currently manages its own data centre, the majority of its technology infrastructure resides in this facility at the Sharp Project. This location was always intended to be a tactical deployment whilst the ICT Data Centre Strategy was approved and implemented. The new core infrastructure will be hosted across two data centres, provisioned through UKFast Ltd to provide live and disaster recovery capabilities. Manchester Creative Digital Assets Ltd, who manage the Sharp Project are keen to repurpose the Data Centre space occupied by the Council.

5.2   The Data Centre Programme is in progress, to deliver an 'active-active' data centre design, which means splitting core infrastructure across two sites and removing the single point of failure risk.

5.3   The key outcomes of the Data Centre Programme are:

- The increased availability of critical business applications and services, and the ICT infrastructure.
- Remove single points of failure.
- Reduction in service outages.
- Increased resilience of key applications.
- Reduce revenue cost associated with data centre facility.
- Allow for the repurposing of Sharp Data Centre facility.
- Releasing ICT support staff to focus on service delivery, not data centre support.

- Reduced carbon emissions.

5.4   The Data Centre Programme previously reported a Sharp exit date of December 2019, the earliest exit date will now be February 2020. The revised timescale allows for the Network Design and Implementation Project to fully consider the additional design considerations and multiple sign-off documentation which was required before cabling work and build could commence. An external organisation was also commissioned to undertake a review of the network designs to provide assurance that the suppliers responsible for the network deliverables will deliver a fully technical working solution. Their report has been received and the outcome is positive as it confirms that the overall design aligns with industry standards and there is high confidence on the hardware selected and deployed to the new data centres; which is designed to cope with component failure and outages. It noted that they had good confidence that the designed solution will be more than fit for purpose in a disaster recovery situation.

5.5   In order to deliver the project within agreed timescales some of the data centre migration of applications and services will now take place during the working week and not limited to out of hours and weekend migrations. This will be in agreement with the services affected and following an assessment of risk and business requirements. The migration of services will last for 12 weeks.

Cyber Security

5.6   The Council continues to develop and enhance its position in response to the growing and evolving threat of Cyber Crime. We continue to invest in our people and technology whilst developing a rigorous approach to Cyber Security ensuring that appropriate defences are deployed to protect Council services.

5.7   The Cyber Security team are in the process of developing a 3-5 year Cyber Security Strategy, this strategy will define our strategic vision and will provide a greater sense of direction. This strategy will be essential for defining our priorities and providing a roadmap that will guide our day-to-day decisions.

5.8   Policies, procedures, and processes continue to be reviewed and strengthened, ensuring that a proactive system is in place to effectively manage the Security Operations function whilst actively managing and deploying software security patching, antivirus and malware protection and other protective security functions based on known, identified and evolving security vulnerabilities.

5.9   The Council recognises that one of the biggest risks to the organisation remains with our end-users and they provide an essential and vital role in our Cyber defences. This role can only be truly realised if staff are trained, risk-aware, feel supported and understand what are the top Cyber risks and issues affecting the Council. Our active Cyber Communication plan looks to raise awareness around all aspects of Cyber Security and encourages staff to remain vigilant and report anything suspicious.

5.10   All staff and Members must receive basic Cyber Security training as a minimum. This Cyber training programme has been trailed and evaluated by specific service areas with great success and is imminently due to be rolled out to all remaining departments and members of staff. This standard training consists of engaging eLearning content and user interactions allowing all staff to learn through a series of digestible training modules. We look to test the ongoing effectiveness of this training by measuring its success by conducting scheduled simulated 'phishing' exercises throughout the year. All supplied advice and guidance is purposely generic and not specific to Council systems as we look to promote overall good 'cyber hygiene' (meaning the best practice that users can undertake to improve their cybersecurity while engaging in common online activities) in all aspects of life and both the professional and personal environments.

6.   Action 5: *- "Governance of delivery of proposed ICT systems essential to business operations and legal compliance, including the new social care system."*

6.1   Good governance is critical for the ICT service as it enables the Council to:

- Demonstrate measurable results against Council business strategies and goals;
- Meet relevant legal and regulatory obligations, such as those set out in the GDPR;
- Assure stakeholders that they can have confidence in Council IT services;
- Facilitate an increase in the return on IT investment.

6.2   For the delivery of new services such as the new telephony platform, ICT uses two distinct processes. Initially, when a new service or product is required ICT follows 'The Open Group Architecture Framework' (TOGAF), this is an enterprise architecture framework that helps define business goals and align them with architecture objectives around enterprise software development. It helps businesses align IT goals with overall business goals while helping to organise cross-departmental IT efforts. TOGAF helps businesses define and organise requirements before a project starts, keeping the process moving quickly with few errors.

6.3   There are four areas within TOGAF are:

- Business architecture: includes information on business strategy, governance, organisation and how to adapt any existing processes within the organisation.
- Applications architecture: a blueprint for structuring and deploying application systems and in accordance with business goals, other organisational frameworks, and all core business processes.
- Data architecture: defining the organisation's data storage, management, and maintenance, including logical and physical data models.
- Technical architecture: which describes all necessary hardware, software and IT infrastructure involved in developing and deploying business applications.

6.4 Once an initiative is considered a project, PRINCE2, a project management methodology developed by the UK government, and used widely in IT environments is employed to provide governance of project delivery. PRINCE2 makes use of the best-proven practices from a variety of industries and backgrounds. Documents with templates and clear decision points are characteristics of this methodology. All ICT Project Managers, Programme Managers, and PMO are qualified PRINCE2 Practitioners. This is coupled with ServiceNow ITBM - a governance and project management tool - that ensures projects are governed and delivered following PRINCE2 best practice and stakeholders are provided with assurance over project delivery through the reporting functionality.

6.5 In order to ensure effective Portfolio, Programme and Project assurance, ICT utilises P3O. P3O stands for 'Portfolio, Programme and/or Project Offices' and is a framework of principles, processes, and techniques to facilitate effective Portfolio, Programme and Projects management through its enablement, challenge and support structures. P3O guidance is aligned fully to PRINCE2, Managing Successful Programmes, and Management of Portfolios products, and brings together in one place a framework for best practice. Utilising P3O the ICT Project Management Officers (PMOs), all of whom are P3O practitioners, assist the bridging of the gap between strategy and policy makers, and the delivery arm of the Council from an IT perspective.

6.6 For live 'Business as Usual' (BAU) services such as Liquid Logic and SAP, the ICT Service Operations adheres to IT Infrastructure Library (ITIL). The IT Infrastructure Library (ITIL) is a library of volumes describing a framework of best practices for delivering IT services. ITIL's systematic approach to IT service management can help businesses manage risk, strengthen customer relations, establish cost-effective practices, and build a stable IT environment that allows for growth, scale, and change. The newest version of ITIL focuses on company culture and integrating IT into the overall business structure. It encourages collaboration between IT and other departments, especially as other business units increasingly rely on technology to get work done. ITIL 4 also emphasises customer feedback, since it's easier than ever for businesses to understand their public perception, customer satisfaction, and dissatisfaction.

6.7 Change is effectively managed within the Council using all the above frameworks in conjunction with our governance approval forums; IT Board, Design Authority Group, and the Change Assurance Board.

6.8 The key projects in progress or in the pipeline that will utilise these principles are:

- **Liquidlogic**: The Liquidlogic suite of systems have been operational since 23rd July 2019. The focus is now on embedding the systems within the organisation and continuing the business change activity required to align both business service process and systems; leveraging the opportunities that they bring. The new system will require more rigorous data recording

in social care and is also highlighting areas where business processes can be streamlined.

- **Telephony**: The current core telephony and contact centre systems become end of life in March 2020 due to the manufacturer withdrawing support. After this, support will be from the maintainer, BT, but will be on a 'best endeavours' basis, which represents a high risk to the Council. This is due to the manufacturer withdrawing production of new spare parts. BT have indicated that maintenance services will be available beyond the current contract end date of March 2020, but only for an initial 12-month period. ICT has undertaken a tender exercise for a replacement system and the evaluation is near completion. Supplier due diligence will be carried out and it is the current plan that a contract will be signed with our new supplier in November 2019. Implementation is planned to commence early in 2020 following the prerequisite design and planning activities.
- **LAN / WiFi**: The Network Refresh Programme work will be carried out through 2019 - 2021 and is critical for the ongoing performance and resilience of the networks operating within the Council. It will be the first total refresh of the entire infrastructure. The programme consists of the following projects:
- **Wide Area Network (WAN) Refresh** - this provides the connectivity between Council buildings
- **Network Infrastructure Local Area Network (LAN) Refresh Project** - this provides connectivity to Council systems within Council buildings
- **WiFi Project** - a new Corporate WiFi solution to every Council site including: Daisy WiFi (BusyBee) extension and replacement, GovRoam (tactical solution and strategic solution), and the Corporate, public and guest WiFi.

7.   **Action 6:** - *"Changes to the local government finance system, and delivery of continued significant savings."*

Changes to Local Government Finance system

7.1   In September 2019 there was a one year spending round for 2020/21, with the longer term spending review now pushed back to 2020/21. The wider changes affecting business rates and funding reform have also been delayed until 2021/22. The impact of both reviews is unknown. Similarly, with BREXIT negotiations ongoing, there is further uncertainty on future funding and service demand.

7.2   There will be a one-year settlement. The spending round announcement and subsequent consultation have set out the funding for next year and this has been reported to resources and governance scrutiny 8 October and Executive 16 October. This is expected to be confirmed in the provisional finance settlement due in December.

7.3   The funding commitments are for one year only, and considerable uncertainty remains for longer-term planning. There remain considerable medium term risks around the levels of public spending overall (to be determined in the 2020 spending review), the distribution of funding across local government

(through the Fair Funding review) and the impact of anticipated business rates reforms and reset.

7.4 In relation to Business Rates Reform Manchester has been involved in a number of schemes to maximise the resource available in the region including the creation of a Business Rates Pool across Greater Manchester (GM) and Cheshire, the Business Rates Growth Retention Scheme 2015 and a three-year 100% retention pilot from April 2017 to March 2020.

7.5 The Council is engaging with central government and other interested bodies through formal consultation responses and working groups to ensure the impact of the potential changes on local government, and particularly cities is recognised. This includes numerous Fair Funding and Business Rates redesign workshops and consultations as well as contributing to papers considered by the Fair Funding Technical working group. The Council has also submitted written evidence to the Housing, Communities and Local Government Committee inquiry into Local Government Finance on 17 April 2019. The last formal consultation responses were the subject of a report to Resources and Governance Scrutiny on 7 March 2019.

Delivery of continued significant savings

7.6 The approved savings target is £20.321m for 2019/20, following a number of years of budget cuts, these represent challenging savings and their delivery is regularly monitored. SMT consider the progress at their monthly budget meeting and updates are provided monthly to Executive Members. Executive meeting 16 October 2019 received a report on the detailed monitoring position, including the forecast achievement of savings This showed £3.975m of the £7.908m Adult Services target is currently categorised as high risk.

7.7 The Adult Social Care (ASC) and Population Health (PH) budget for 2019/20 is £198.011m of which £193.424m is part of the £1.186bn Manchester Health and Care Commissioning (MHCC) Pooled Budget for 2019/20. Through the partnership arrangements with MHCC for the health and care pooled budget, measures to manage spending pressures will be considered including taking into account funding available to support system resilience.

	Green	Amber	Red	Total	Non recurrent / Investment	Net Total as per MTFP
	£000	£000	£000	£000	£000	£000
Children's Services	876	1,777	0	**2,653**	392	**3,045**
Adults and Social Care	1,207	2,726	3,975	**7,908**	(5,915)	**1,993**
Homelessness	0	440	0	**440**	0	**440**
Corporate Core	3,133	216	0	**3,349**	0	**3,349**
Neighbourhoods	4,545	406	0	**4,951**	0	**4,951**
Growth and Development	1,020	0	0	**1,020**	0	**1,020**
Total Budget Savings	**10,781**	**5,565**	**3,975**	**20,321**	**(5,523)**	**14,798**

7.8   The latest position against each of the high risk savings is detailed below:

- Reablement savings risk of £1.726m (54%) as a result of delays in mobilising the expanded service due to recruitment timescales. Evaluation to date has identified that caseload is increasing and unmet need has reduced and people that have received Reablement are showing greater independence.
- Assistive Technology £0.591m (51%) risk due to the delay in the development of the model and mobilisation of the service as this has a long lead time due to procurement requirements and overstated benefits.
- High Impact Primary Care saving risk of £153k (100%) from Residential, Homecare and Social Work. Work is being undertaken by the service to define the scope of the model and build integrated Neighbourhood Teams to assist delivery.
- Learning and Disability High Cost Placements and Shared Lives savings risk of £235k (36%) which is dependent on the outcome of ongoing assessments.
- Strength based support planning in Mental Health services has savings of £0.775m of which £183k (23%) are rated as high risk which is dependent on the outcome of ongoing reviews.
- Strengths based support planning for other ASC has savings of £0.5m of which £205k (41%) are rated as high risk. The changes to practice and training is now being rolled out but there is likely delay in full implementation of at least six months.
- Homecare £0.750m of which £382k (50%) are rated high risk due to implementation of outcomes based commissioning was delayed until September 2019.
- Contract review high risk savings of £0.5m (100%) as the implementation plan is yet to be developed. Further work is being undertaken to link into other service savings to assist with delivery.

7.9   Delivery of amber and red savings will continue to be tracked and reported, and mitigations identified, where possible, to address the 2019/20 financial pressures.

Budget 2020/21 and beyond

7.10   Detailed work is now underway on the budget requirements for 2020/21 and beyond. The broad funding envelope for next year is known and good progress has been made in identifying savings options for consideration by members, to enable the publication of a one year balanced budget. Despite the uncertainty around government funding it is recognised that longer term planning is essential. Therefore, work is in progress to formulate indicative budgets for the following two years.

8.   Action 7: *- "Planning and implementation of changes required to mitigate potential negative impact of Brexit on budget and other assumptions for the Council, partners and residents of the City."*
Governance

8.1   The Council's response to the risks and uncertainties associated with Brexit has been coordinated by the Brexit Preparedness Group which is chaired by the Strategic Director - Neighbourhoods. A Greater Manchester Brexit Preparedness Group is chaired by the Chief Executive of the GMCA, to focus on issues and civil contingencies at a city region level. The group includes representatives from Health, Greater Manchester Police, Greater Manchester Fire and Rescue, Transport for Greater Manchester, Manchester Growth Company and Manchester Airport.

Risk and Resilience

8.2   Senior Officers from across all directorates attended a Brexit Preparedness workshop on 2 October 2019. The workshop was facilitated by the Risk and Resilience Manager and Civil Contingencies Business Partner, CRRU. It aimed to test the current state of readiness across three broad scenarios; (i) the current position, as of 3 October; (ii) emerging issues that may be present on 4 November and; (iii) reasonable worst case scenarios approximately six weeks post Brexit, in the immediate run up to Christmas.

8.3   In line with Government guidance, Risk and Resilience have carried out a Corporate Impact Assessment with all Directorates. The following thematic areas are identified:

1. Fuel Supplies
2. Civil Unrest
3. Loss of EU National Staff
4. Equipment & Materials
5. Medical Supplies
6. Food Supplies
7. Finance
8. Events

9. Payment of Benefits & Poverty
10. Partnerships & Suppliers
11. Statutory & Regulatory

Reporting

8.4 The Chief Executive of Liverpool City Council, has been appointed as the North West regional coordinator for Brexit preparations and reporting. Reports on the Council's preparations and matters arising, including responses to specific requests for information from Government are routed through the Greater Manchester Combined Authority to Liverpool's Chief Executive who in turn reports to Government.

The approach relating to Council employees

8.5 The Council's strategy in relation to the workforce has, to date, focused in three areas:

- Informing all employees of the potential implications of Brexit for EU nationals in the workforce and signposting to relevant information and guidance.
- Supporting any individuals or managers who have identified specific concerns, signposting them to relevant support and providing guidance where appropriate.
- Monitoring any emerging risks or issues in either the employed workforce or agency provision.

8.6 Work has been undertaken with PricewaterhouseCoopers (PWC) to create a package for employees which distils Government information into a format suitable for mobile devices. The package is being used across Greater Manchester by the majority of local authorities and is automatically updated with the most up to date Government guidance and deadlines.

Wider Communication

8.7 The Council Communications Team has developed an overall strategy for informing residents and businesses about the implications of Brexit and fed into the wider Greater Manchester plan.

8.8 The Government's 'Get Ready' EU exit campaign has been amplified using the Local Authority toolkit provided, to encourage residents, businesses and employees to prepare for 31 October, particularly in the event of a no-deal scenario, and consider the implications in relation to their work, travel, settled status and business processes.

8.9 Target audiences include:

- UK residents residing in Manchester
- EU residents residing in the Manchester
- All Manchester businesses (specifically those that import or export goods)

- Manchester businesses that employ EU nationals
- Manchester City Council staff (including Schools and Sure Start Centres)
- Members and Councillors

8.10   Residents have been signposted to https://www.gov.uk/brexit for information, and there has been a particular focus on communicating information, support services and Government advice on applying for EU Settled Status.

8.11   Messages around health have directed people to the NHS's EU exit preparation pages to ensure consistent messaging.

8.12   For businesses, messaging has signposted people to The Business Growth Hub. The Hub have simplified the information available from Government, and provided useful overviews and summaries for technical guidance notes so that businesses can see at a glance if they are relevant and what action they need to take.

8.13   Further work is also being progressed to support the Council's rapid communications response to any emerging scenarios subsequent to any No Deal Exit.

Financial implications

8.14   A number of potential financial implications across a range of areas are being considered. These include:

- Increases in the cost of goods and services e.g. care services, buildings and construction, food and fuel.
- Business rates reductions as a result of higher costs to businesses or issues caused by import and export tariffs.
- National changes such as changes to interest rates, state aid and OJEU tendering.
- Impact on the Airport Dividend.
- EU Grant funding including risk to existing projects and lack of clarity on UK replacement funds.

Impact Monitoring and Mitigation

8.15   The Brexit Preparedness Group is identifying a series of triggers on a cross departmental basis that will enable any emerging impacts of the Brexit process to be identified, monitored and any appropriate mitigating actions taken.

Detailed report to Economy Scrutiny Committee

8.16   The update in this report is intended as a brief high level overview of the governance arrangements relating to this challenge only. A more detailed report - The Impact of Brexit on the Manchester Economy - was taken to Economy Scrutiny Committee on 5 September 2019.

9.   Action 8: - *"Development, design and delivery of major infrastructure projects across Highways, maintenance, and governance of response to the reporting of road issues, linking with strategic development plans, to time, quality standards and on budget."*

9.1   Since the last update to Committee, the Highways service have engaged a resource on a secondment basis from Transport for Greater Manchester (TfGM) to develop the strategic pipeline. This post holder is developing this work in partnership with colleagues in Strategic Development and TfGM to ensure that alignment to strategic development plans, such as GM Transport 2040 and the emerging city centre transport strategy. The service has also gained support to progress with a service redesign which has resulted in the post being established on a permanent basis, with recruitment imminent.

9.2   The commitment to implement the service redesign will also see the creation of a Permanent Major Projects Team, ensuring all major projects are led and managed by a Project Manager and supported on a technical basis by design engineers, and commercial basis by Quantity Surveyors. The redesign will also result in the permanent establishment of the Programme Management Office, the PMO will be responsible for developing a standard approach to project management, procedures and reporting.

9.3   Further to the above, in alignment with the Capital Strategy process the Highways Portfolio Board has now been in place for 18 months, this is chaired by the Director of Highways with membership including the highways senior management team, the Head of Capital Finance, the Head of Revenue Finance and colleagues from Capital Programmes. The service also have in place project boards for all major projects, and a programme board that report into the Highways Portfolio Board. The Portfolio Board reports through the Capital Strategy Board.

10.   Action 9: - *"Strengthening the Council's approach to commissioning, procurement and contract management."*

10.1   Over the last year commissioning, procurement and contract management has undergone a number of changes in Manchester. Broadly these can be categorised into changes that improve: strategic oversight and direction; operational delivery; and delivery of the council's cross-cutting priorities in relation to commissioning and procurement.

Strategic oversight and direction

10.2   Across the Council, all directorate management teams (DMTs) have now established regular oversight arrangements such as monthly or quarterly sessions on commissioning and contracting. These vary in their maturity but it is a real step forward from a year ago, when engagement was less consistent.

10.3   A key support in this are the Commissioning and Contracting leads, who act as champions for sharing and embedding good practice. Earlier this year, the Integrated Commissioning and Procurement Team established a monthly

group, which brings the leads together, the aim of which is to support them and build connections. One early impact from this group is that we have a more accurate understanding of current contracting arrangements in some areas.

10.4   A continuing priority is forward planning of future commissions and the associated development of robust, long-term plans.

Operational delivery

10.5   A key focus over the last year has been on supporting the workforce. Finance and Integrated Commissioning and Procurement have delivered a half-day introduction course on financial and contractual management to over 300 managers. A new-learning course on contract management has been rolled out to commissioning and contracting staff and a new social value e-learning module has also just been launched, co-developed by a number of officers from across the Council.

10.6   A further priority last year was to improve accuracy and ownership of contracts registers, which has improved. Adults services and Corporate Services are two recent examples of directorates who have been delving deeper into their registers checking accuracy and identifying areas that need to be addressed. The 'ContrOCC' system was introduced in the Council over summer 2019, which is designed to support adults' and children's social care finance teams with the process of managing contracts and budgets, making payments and collecting contributions. This will also significantly improve data on the significant number of 'spot' contracts that the Council has with providers in relation to individual care packages.

Cross-cutting priorities

10.7   The Council continues to embed social value throughout practice across directorates through briefings, training and revised procurement documentation. We have also developed e-learning on social value available for all staff, and share best practice with other authorities. The Council's annual review of social value progress conducted with the Centre for Local Economic Strategies (CLES), continues to show good progress against key performance indicators. Looking ahead, the Council is currently developing a social value tracker and is also looking at how to strengthen the focus on environmental priorities particularly given the climate emergency.

10.8   The Council is currently seeking accreditation as a Living Wage organisation. As part of accreditation the Council will need to work with suppliers over the next three years to promote and embed the Real Living Wage as a minimum standard.

10.9   Officers are also working on introducing a new contract management system. Manchester are in discussion with a number of other authorities in GM and the North West as there are potential synergies and efficiencies from progressing

a system together. A further developed business case is being produced for Capital Board to seek approval to procure a system.

11. **Action 10:** *- "Continued development and coordination across Services of the governance, communication, implementation and monitoring of workforce policy and associated guidance. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance."*

Our People Strategy

11.1 The Our People Strategy recognises the critical role the workforce must play as the driving force behind Our Manchester. The Strategy is based on a solid evidence base and sets out a clear objective to inspire, connect and empower the workforce and a commitment to embed the Our Manchester behaviours throughout our culture and ways of working. The Our People Strategy is one of a number of thematic strategies and plans which, together with the Council Business Plan, articulate how we will deliver on the priorities set out in Our Corporate Plan. A refresh of the strategy is due to be delivered early in the 2020 calendar, alongside a timeline for the review and refresh of our HROD policies.
Induction

11.2 The new induction process was launched in 2019 supporting our new starters to understand their role, the Council, and how it works. New starters now receive a starter booklet explaining elements of their employment such as flexible working; pensions; equality, diversity & inclusion, a short guide to the constitution and information on trade union representation. Another addition is a video which has been created to provide new starters with an overview of the democracy of the Council and its decision making process. Alongside these new tools is a recently launched trial where new starters have monthly face to face sessions with the senior management team and for a buddy system for all new starters over grade 12. Although many improvements have been made the induction process for managers is a gap that has been identified, and HROD are currently looking at options to improve and close this gap for our new managers.

Leadership Development

11.3 The Raising the Bar Programme continues to assist the development of managers up to Grade 9 ensuring that they have the knowledge, skills and behaviours to deliver Manchester's ambitious targets, over 400 managers (circa 44%) have been through or are in the process of completing the course. For managers Grade 10 and above, the Our Manchester Leadership Programme (OMLP) provided a programme of enhanced leadership development. Over 50% of leaders and managers have engaged in this programme.

11.4 Following largely positive feedback it was noted that there was a need for more focus on core management basics, as a result both courses are being

refreshed, with a new module on Public Sector Leadership being added to the OM programme which is being rolled out retrospectively to delegates.

Our Ways of Working (OWOW)

11.5   The first phase of the OWOW initiative has now been completed. The project aim was to support a transition to modern workspaces and technology in addition to improving the flexibility of our workforce and supporting more agile and smarter working options through policy and procedures.

11.6   The relocation of 450 staff and Councillors from the Town Hall has allowed us to achieve an overall ratio of 8:10 (desks to staff) within the Town Hall Extension.

11.7   As a result of the project the Council has received Timewise Accreditation, demonstrating its commitment to increasing opportunities for its staff to work flexibly, reducing costs and improving services. The revised Flexible Working Policy Framework review has been completed, and was published in February 2019 alongside a refresh of the dedicated intranet pages relating to flexible working. The Our Ways of Working intranet site serves as the foundation to develop a policy and guidance hub for staff who are interested in aspects of OWOW, or who want to implement these practices within their services.

11.8   A review of Role Profiles is currently underway to further champion flexible working as an option within our roles. OWOW Phase 2 will support the development and testing of flexible working initiatives in services which have not been able to adopt approaches to date. This tranche of the project will primarily focus upon front line service areas and will include reviewing how we can better offer flexible working options to our social worker roles.

Recruitment and selection

11.9   Launched in October 2018 the revised Recruitment and Selection policy and guidance has been embedded into the recruitment process over the last year. Encouraging managers to 'Hire with their Head' the policy now enables managers to tailor the recruitment process to their roles and services to get the best possible candidates in a way which is fair, inclusive and consistent across the organisation. Since its launch the mandatory e-learning module has been completed by 1,095 individuals (14% of the workforce) who are involved in the recruitment process.

Disclosure and Barring Service (DBS) Framework

11.10 Over the last year the Directorate Lead Counter-signatories, with support from the HR team, has refreshed the DBS policy; audited the list of posts that require clearance and made system improvements (and planned others) that improve records. The internal audit team completed an inspection of new arrangements and gave a conclusion of moderate assurance (a notable improvement of the Limited Assurance findings from the last audit in 2015) with recommendations that have been acted on during 2019 to further improve

the assurance relating to the Council's DBS Framework. In addition, the Council has recently joined a Greater Manchester Combined Authority (GMCA) contract for the provision of a new electronic system (e-Bulk system) for the processing of DBS checks on behalf of the Council.

Using Workforce Intelligence

11.11 The Workforce Assurance Dashboard continues to be a heavily utilised product across management teams highlighting key areas of risk to the organisation, at both service and directorate levels on a quarterly basis. Continued review of the product has meant that the measures have been revised and refined in line with management feedback. The product now includes further information on Casework and the quarter two version will see a reduction in the number of metrics being included on sickness absence. The dashboards continue to be shared with the Trade Unions as an overview on workforce performance.

11.12 Continuing the work from last year in relation to reporting on the compliance with the Management of Attendance Policy - in regards to managers completing Return to Work (RTW) information promptly - this has seen completion rates increase from 78% in Q1 2018/19 for the Council as a whole, to 88% in Q1 2019/20, a 10 percentage point increase. A change in SAP from August 2018 enabled the system to automatically send emails to managers to inform them if they had any outstanding RTW to complete, following the implementation of this compliance rates increased to the current levels and will continue to be monitored by the Workforce Intelligence team.

Our Transformation Programme.

11.13 An update was provided to Resources and Governance Overview and Scrutiny Committee on 8 October 2019 which follows the work to review and evolve the Corporate Core Transformation Programme. The Our Transformation Programme is designed to deliver more radical change and be considered as a whole organisation approach. The work is a key driver to support the organisational goal of being a 'well managed Council' and it is about changing how we work as an organisation to ensure we can deliver our corporate priorities. Engagement is already well underway, building on a series of workshops held and has been well received by the Council's senior leadership group. The communications will roll out to all staff following the Council's leadership summit (involving every manager above grade 10) on 14 October 2019.

12. Next steps in the production of the 2019/20 AGS

12.1 A further update on progress made addressing the governance challenges detailed in this report, up to the end of the financial year, will be given in the full Annual Governance Statement 2019/20 document itself.

12.2 The Council will also undertake forward planning to consider what challenges will need to be addressed in 2020/21. As part of this process, evidence from a

number of sources is considered, as explained earlier in this report (paragraph 1.3). An annual meeting of governance lead officers will be arranged where this evidence will be considered, and a list of the most significant governance challenges which the Council will need to address in 2020/21 will be itemised in the Action Plan at the end of the AGS 2019/20.

12.3   A draft of the Annual Governance Statement for 2019/20 will be submitted to Audit Committee in April 2020, prior to its inclusion with the Council's Annual Accounts later in the year, in July 2020.