

MANCHESTER CITY COUNCIL

REPORT FOR INFORMATION

REPORT TO: Audit Committee

DATE: 15th January 2009-01-07

SUBJECT: Manchester Improvement Programme – External Audit Report and Recommendations

REPORT OF: Elaine Bowker, Strategic Director, MIP

PURPOSE

The purpose of this report is to inform the Committee of the outcome of the External Audit Review of the activities of the Manchester Improvement Programme.(MIP)

Recommendations

The Audit Report recognises the positive contribution MIP has made to achieving service improvements and savings and has made a number of recommendations in relation to the future focus and monitoring of outcomes of MIP activities. Management agree with the recommendations of the Audit Report and will be undertaking actions to satisfy these recommendations as set out in Appendix 1 of the Report.

Members are asked to note the contents of the report and recommendations.

Financial Consequences for the Capital and Revenue Budgets:

No specific consequences

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Background Documents:

Audit Report attached

Implications for key Council policies

Anti-poverty Employment	Equal Opportunities	Environment
None	None	None



**Manchester City Council
Audit 2007/08**

**Review of the Manchester Improvement
Programme**

7 January 2009

1. Executive summary

Background

- 1.1 The Manchester Improvement Programme (MIP) was established in 2006 to establish a systematic process for the achievement of required Gershon efficiency savings, aligned to significant IT change and development of the Council's workforce, including the introduction of single status. Initially MIP activity was focused on achieving Council wide efficiencies through, for example, procurement and services with significant overspending, such as education.
- 1.2 Over time, whilst MIP has continued to support the Council in the identification and achievement of significant efficiency savings, MIP resource has been largely focused on service areas that have been regarded as being in greatest need of improvement, with significant resource also being devoted to a number of other Service Improvement Projects (SIPs). MIP is also involved in a number of other activities including, for example, a new project to help AGMA set up a Greater Manchester efficiencies programme office.
- 1.3 MIP has an annual budget of over £5m and, over the last 2 years, the MIP team has grown from 10 to 63 permanent and contract staff, as a result of increasing demand from the Council for MIP services. Key areas of activity are summarised in Exhibit 1 overleaf.
- 1.4 Recently, the Council has decided that MIP should return to having a more strategic focus around business transformation and change, through leading on the key Council strategies around people, IT and customer services. It is also seeking to balance the efficiency focus with a focus on effectiveness and service improvement, and becoming more involved in ensuring that the Council is achieving value for money through its use of resources.
- 1.5 Key to enabling this refocus is ensuring that an ethos of service improvement and increased value for money permeates throughout the Council so that, over time, routine business planning and performance management disciplines will mean that detailed MIP team involvement will only be required in service areas most in need of support. This will allow the MIP team to focus more on Council wide change strategies.
- 1.6 As a result, the MIP is undergoing a period of change, with the principal aim of better aligning activity with other key corporate processes, and with SMT, in order to improve the Council's capacity to deliver its strategic objectives.

Exhibit 1: Primary areas of MIP activity

Business support	People
Information Strategy IT Strategy Mobile working Web development Intranet Business planning/Self assessment/Value for money/Use of resources Financial management (Shared service centre) Procurement	People Strategy Personnel SIP (Shared service centre) Organisational development SIP Skills Pledge Workforce/Culture
Customer	Service improvement
Customer Strategy Corporate contact centre Customer relationship management (non – technical) Town Hall service centre Transformational change programme for Town Hall Complex Web development Internet development Customer service excellence standard	Education services redesign Traded services Legal services Family placement services Travel co-ordination unit Governor services Adult social care Bereavement services MiCare implementation Corporate landlord Highways
Other areas	Operational responsibility
Town Hall Complex Refurbishment – Programme Management Residents wage MAA BB4	Website Environment on call (EoC) ICT

Scope and methodology

- 1.7 Our work has involved a high level evaluation of the MIP over the past two years, including identifying what has been achieved and areas where there is scope for improvement. We also reviewed plans and progress in developing and integrating the MIP and assessed the extent to which these developments may address identified areas for improvement.
- 1.8 In carrying out the audit, we have:
- met with the MIP Strategic Director and Head of Business Change
 - reviewed key documentation, including board and team minutes and reports, presentations on future direction, financial data and reports to Members
 - met with the Head of Education, who worked with the MIP team during the service redesign
 - discussed the MIP with the Executive Member for Finance and Human Resources
 - reviewed progress in implementing previous external audit recommendations.

Conclusions and recommendations

- 1.9 The MIP has been successful in helping the Council deliver over £13m of efficiency savings, to March 2008, through improved procurement and service improvements through redesign in key areas, such as education services. The MIP continues to identify and monitor the delivery of an ambitious savings programme and a substantial number key corporate improvement projects. MIP's workload is increasing as it becomes more involved in supporting the Council in a number of long term and temporary projects.
- 1.10 To date, the absence of an integrated strategy for improvement and for the MIP has contributed to some delays in progressing key projects, including customer relationship management (CRM) and some back office Service Improvement Programmes. It is acknowledged that part of the reason for SIP delays has been to do with the relationship between service management and the MIP team.
- 1.11 In recent months, partly influenced by the appointment of a new MIP Strategic Director, the Council has developed its future vision for the MIP, within a context of improved ownership from services for efficiency and improvement. This is reflected in the business planning process where MIP efficiency targets have been integrated with service area targets so that service heads have autonomy and responsibility for driving and shaping improvement and efficiency.

- 1.12 A Service Performance Framework approach has recently been designed by MIP to further develop consistent inclusion of improvement and efficiency into the annual business planning process used by all Council services. The framework also incorporates consideration of use of resources and annual governance statement requirements and, whilst in the early stages, we regard this integration as a positive development for the Council.
- 1.13 However, the Council recognises that the key challenge is to ensure that cultural change, from senior and service management, takes place to maximise the Council's chances of success in spreading leadership and ownership for improvement and efficiency. The Council will need to continue to build on recent progress by further management of the competing pressures of increasing efficiency savings requirements with the ambition for a whole-Council cultural shift towards service improvement.
- 1.14 In view of the expansion of MIP activity and the shift in focus, it is timely for the Council to review the management arrangements for the MIP to ensure:
- strategic and annual planning of MIP activity and resource is performed, so that the Council can be assured that finite MIP resources are being deployed to most effectively support the Council's strategic objectives
 - reporting of progress against plans is sufficiently frequent, comprehensive and targeted at the right management and member audience to enable prompt and well informed decisions to be made
 - that the value that is being added by MIP is periodically and formally assessed.
- 1.15 Our proposed recommendations are summarised at Appendix 1. These supersede prior external audit recommendations.

Next steps

- 1.16 We have discussed our findings with management and agreed an action plan. We will present this report to the Audit Committee in January.

Grant Thornton UK LLP
7 January 2009

2 Detailed Findings

- 2.1 In this section of the report we set out our findings and recommendations in relation to:
- the MIP programme of work
 - planning monitoring and reporting progress on MIP activity
 - the future direction of the MIP
 - progress in implementing prior external audit recommendations.

Programme of work

- 2.2 The MIP has a significant programme of improvement work, covering:
- integrated children's services
 - neighbourhood services
 - customer services
 - back office functions.
- 2.3 The MIP also remains responsible for supporting the Council in the delivery against significant annual efficiency targets.
- 2.4 A summary of this activity, including what has been achieved, progress and any issues is set out in the paragraphs below.

Integrated children's services

- 2.5 MIP is significantly involved in children's services, a key priority service area for the Council which, in the past, has not performed as well as it should. MIP has carried out work in a number of areas, as summarised in Exhibit 1, the most significant being the redesign of the education service. MIP worked in partnership with the Head of Education on a 2 year intensive redesign programme, with MIP providing interim senior management and delivering the redesigned service.
- 2.6 In April 2008, a new organisational structure was implemented within children's services, aligned to a set of operating principles which define the culture of the new education service as being:
- demand not supply-led
 - more strategic and co-ordinated in its approach for service provision to schools
 - predominantly a commissioner of services
 - more clearly focused on challenge of individual performance, schools attainment, achievement and delivery of outcomes.

- 2.7 The new organisational structure has resulted in significant efficiencies resulting in a reduction in whole time equivalent staff of 140, saving £2.7m. There are indications that the service redesign is contributing to improved results, with educational attainment improving at a faster rate between 2007 and 2008.
- 2.8 From our discussions with the MIP team and Head of Education, we understand that the establishment of the new strategic management team is resulting in a service provider culture being created. At an operational level, the combination of new posts for Senior School Effectiveness Officers, SIP Manager and Strategic Leads are adding strength to the Council's education service.
- 2.9 With an additional £18m of funding devolved to schools, the service has become more streamlined and the new organisation structure, together with the business management processes in place, should enable further devolvement to schools, when appropriate.
- 2.10 The Head of Education provided positive feedback on MIP's involvement, in particular, the strength of:
- business analysis
 - change expertise and driving change
 - turning service ideas into reality through a good understanding of how the Council works
 - transfer of skills to service staff to support a legacy performance culture.
- 2.11 Some potential improvement areas were also flagged, including ensuring that changes are being driven primarily to improve services rather than to cut costs, and ensuring that due regard is given to the experience and views of staff when services are rapidly being redesigned.
- 2.12 The observation that MIP is viewed negatively by some as a tool to cut budgets rather than a driver of service improvement was also acknowledged in a July 2008 report to MIP Board from the MIP Strategic Director. The Council acknowledges that this perception has sometimes acted as a barrier to full co-operation from services in MIP reviews.

Recommendations

1. The Council and MIP team should work to ensure that MIP is regarded by services predominantly as a positive driver for change rather than as a tool to cut costs (links to recommendation 7).
2. The MIP team should ensure that sufficient time is allowed in service redesign projects to fully consider the views of service management and staff.

Neighbourhood services

- 2.13 MIP has been involved in 2 service redesign projects in neighbourhood services - bereavement services and adult social care and with the implementation of the MiCare system.
- 2.14 The work in bereavement services, which is now complete, involved the introduction of a more customer focused service including improved arrangements for management of cemeteries and crematoria and development of an online records system. In 2007/08, the Council reported resulting efficiency savings of £0.3m.
- 2.15 The more significant project is the introduction of a new service model for adult social care to improve the quality of services offered and provided. The strategic aims are to:
- widen the service offering to a broader range of people
 - shift investment from high-cost services for relatively few people to better services for more people in the community
 - ensure that people can benefit from a wider range of modern, flexible services of their choice.
- 2.16 MIP involvement in the project, which runs from September 2006 to October 2009, has been to carry out an end to end review of processes leading to a new operating model, including introduction of an electronic records and information system and development of customer choice through individual budgets.
- 2.17 Reports to MIP Board show that the project is broadly progressing in line with the planned timescale. It is too early for us to assess outcomes at this stage.
- 2.18 Recent progress has been made, supported by MIP, with the MiCare system going live in adult social care and most areas of children's social care. This is an important milestone for these services as implementation of the system is a key component of planned service improvements and the Council, in the past, had some difficulties in establishing the best system solution.

Customer Services Programme

- 2.19 In 2008, the MIP team has taken on an increasing level of responsibility for the Customer Services Programme, which is the collective term for a number of customer facing initiatives including development of customer relationship management (CRM) systems, the town hall service centre (as part of the town hall complex refurbishment), a customer strategy and website development.

- 2.20 These inter-related projects are currently in the initiation and research stages, with planned completion dates between March 2009 and August 2011. Although MIP budgets for CRM from 2007/08 and 2008/09 suggest that these projects were intended to commence earlier, the projects have commenced with a revised timescale and reporting to MIP Board suggests that they are running to plan.
- 2.21 The MIP team is also involved in the development of mobile working in environmental services using new technology which will allow mobile officers to spend more time in the field delivering more service for the same cost. Pilots in the pest control service started in May 2008 and, following resolution of issues with the technology, the project is running to plan.

Back office

- 2.22 MIP is responsible for leading a number of back office Service Improvement Programmes (SIPs), most of which contribute to planned improvements in the Council's customer facing operations. These include financial management (including SAP), corporate landlord, procurement, personnel and ICT. These projects have scheduled completion dates up to December 2010.
- 2.23 The key areas where MIP has made the most progress and is achieving results are procurement and development of the corporate landlord function.
- 2.24 In 2006, the MIP team developed a corporate model for procurement, leading to centralisation of the procurement function from departments in 2007. This has resulted in savings of £4.1m for 2007/08 and further projected savings of £2.7m in 2008/09.
- 2.25 The corporate landlord project, completed in 2008, has centralised buildings management to a new corporate landlord function and brought in a private sector partner for operational management, allowing the corporate property service to focus on strategic asset management planning. We recognised the strengthening arrangements for asset management in our 2008 use of resources assessment.
- 2.26 The Council has made recent progress, supported by MIP, in setting up the finance and human resources shared services centres, in November and December. This has involved the centralisation of all transactional work and the relocation of processing teams from directorates to single sites.
- 2.27 Whilst the back office SIPs that are monitored by the MIP Board have largely commenced, it is in this area where some MIP activity is not running to plan. A number of the projects, including ICT, and human resources have suffered from delayed starts and slow progress. We understand that this is partly due to some cultural resistance from these service areas to change.

- 2.28 Later in this report we make recommendations where there is scope for some improvement in strategic planning, progress monitoring and reporting of MIP activity.

MIP work on savings targets

- 2.29 A significant element of MIP work relates to the identification of efficiency savings and monitoring the delivery of these. As part of improved financial management arrangements introduced during 2007/08, the MIP Board also has a role in reviewing the delivery of non-MIP savings.
- 2.30 At the inception of the MIP, in 2006, an aspirational target for savings from improved procurement and reviews of major services were assessed at around £50m over the three years to 31 March 2010. In the most recent Medium Term Financial Plan, the savings target timeframe has been extended by a year to 31 March 2011 and the cumulative savings target has been confirmed as £35m.
- 2.31 In 2007/08, MIP identified £15.4m of savings and £12.6m were delivered, with £7.8m of these savings were identified as recurring.
- 2.32 In 2008/09, the MIP target for further recurring savings was £9.1m, with £4.1m non-recurring savings budgeted. Financial information as at August 2008 projected that £6.8m of recurring savings, which had been allocated to services, would be achieved in 2008/09. This represents a recurring savings shortfall of £2.3m.
- 2.33 The Council is expected to make up the 2008/09 recurring savings shortfall through an increased target of £6.4m non-recurring savings for the year, in order to achieve the Council's cumulative savings target by the end of 2008/09. However, as at August 2008, £1m of these non-recurring savings remained unallocated to any particular corporate function or service area.
- 2.34 The latest MTFS plans for the achievement of cumulative savings of £30m by the end of 2009/10, and £35m by the end of 2010/11.
- 2.35 Our conclusion is that the Council continues to make substantial efficiency savings, supported by the MIP. However, the Council is behind budget in delivery of recurring savings. Although this has been compensated by increased delivery of non-recurring savings, it increases the pressure each year on hitting savings targets.

- 2.36 The combination of the current economic climate and the expectation, following the recent national pre-budget announcement, of increasing efficiency requirements on public services increases the risk of failing to achieve savings targets over the medium term.
- 2.37 The Council is aware that achieving planned savings targets for the next couple of years represents a significant challenge. In order to maximise the chances of achieving target, whilst ensuring that these are not regarded by services and service users as cuts, it will be particularly important for the Council, supported by the MIP, to secure further recurrent efficiency savings.

Recommendations

3. The Council and MIP team should carry out further work with directorates to ensure that the required level of recurrent efficiency savings are found each year. We envisage that this would include:

- prompt identification of areas for targeted efficiency savings and early sign-up to these by budget holders, Heads of Service and SMT
- specific allocated savings identified with no unallocated efficiencies remaining at the start of the budget year
- targeting, as far as possible, recurring savings
- realism in the timescales for delivery
- clear accountability for delivery, prompt monitoring and rapid remedial action in response to any slippage against budget.

Planning, monitoring and reporting progress

- 2.38 As part of our review, we assessed how the work of the MIP is:
- determined - to ensure it fits with strategic priorities of the Council
 - monitored and reported on - to ensure that it is delivered as planned.

Planning MIP work

- 2.39 Review of the MIP activities over the last 2 years and planned activities for the next 2 years demonstrates that the MIP has been used to support the Council in some key service priority areas, for example education and adult social care. The MIP is also being used to make improvements in the Council's processes that support the delivery of better services, for example the information strategy and customer strategy.

- 2.40 The MIP is also used by the Council to provide support and expertise for new initiatives (e.g. recently agreed support for the Housing Market Renewal programme) or for temporary cover for area where the Council is experiencing pressure (e.g. supporting the contract centre during the local government strikes this year and setting up a TIF contact centre at short notice).
- 2.41 From our discussions with senior officers in MIP, it is clear that MIP welcomes this additional work, seeing the benefits that it brings to the Council, and to the MIP team in terms of experience and challenge. So far, MIP has had sufficient flexibility to respond to such requests, by diverting resource from other projects and "backfilling" with contract support as required. We note, however, that the workload of the MIP team has increased over the past year and, in view of the recently introduced areas of responsibility referred to in this report, this looks likely to continue.
- 2.42 From our review of documentation, including minutes and reports to Senior Management Team (SMT) and the MIP Board, we found evidence of SMT asking the MIP to review areas and of the MIP Strategic Director raising issues for consideration by SMT. However, we found no evidence of a formal SMT led strategic planning process for the MIP.
- 2.43 In view of the significant resource devoted to the MIP and the increasing demands for support from the Council, there is a risk that the absence of such a process could result in the MIP not achieving as much as it could, for example by being overcommitted or through sub-optimal resource allocation.
- 2.44 The recent closer alignment of MIP and SMT and the new Service Performance Framework go some way to producing a more formal annual plan for MIP, but there remains a need for this to form part of a formalised strategic planning process.

Recommendations

4. SMT and the MIP team should formalise strategic planning for the MIP, including the production of strategic and annual plans, to ensure that MIP activity is planned, coordinated and resourced in a way that can best support the Council's strategic objectives.

Monitoring and reporting MIP work

- 2.45 We reviewed reporting of progress on MIP programmes and projects and MIP finance reports to assess the extent to which MIP is delivering planned activity and the robustness of monitoring procedures.
- 2.46 MIP holds regular management team meetings which include discussions of progress on delivery. The monthly MIP Board minutes also demonstrate that summarised template progress reports are reviewed at each meeting. These 'programme highlight reports', which include traffic light assessments of progress and explain briefly the reasons for variances to plan, show how the MIP team maintains an awareness of progress in many areas of MIP activity.
- 2.47 In addition to the programme highlight reports, additional reports covering some areas of MIP activity and an outline programme plan, which sets out summary details of a number of projects including start/end/milestone dates and a traffic light progress assessment, are also used.
- 2.48 We found that programmes and projects covered in the programme highlight report do not fully match the areas covered in the other reports. Certain areas are covered in more detail than others and some activities are omitted from monthly reports. Medium support and 'track only' SIPs are monitored annually, based on updates provided by lead officers in service areas.
- 2.49 The programme highlight report is a brief document which does not offer a lot of scope for detailed investigation of variances from plan and proposed remedial action. Review of MIP Board minutes suggests that whilst issues with progress were acknowledged, there is less evidence of the Board assessing the implications of this and committing to required remedial actions. We did not see any evidence that the MIP Board regularly considers the costs of the MIP alongside progress in delivering programmes and projects.
- 2.50 MIP financial data breaks down budget and actual spend into 2 areas, CRM roll out and SIP projects. This shows that:
- in 2006/07, the MIP had a total budget of almost £5.8m and spent almost £5.4m. The reason for the variance was a significant underspend on SIP projects of £0.7m, offset in part by a £0.3m overspend on CRM roll out
 - in 2007/08, the MIP had a total budget of £5.2m but only spent £3.1m. The £2.1m underspend was made up of an underspend on SIP projects of £0.7m and an underspend on CRM of £1.4m.
- 2.51 This underspending appears to be consistent with delays in the progress of some areas of MIP activity, particularly around back office SIPs and implementation of CRM.

Recommendations

5. The Council should review current reporting and monitoring of progress on MIP projects and programmes to ensure that:

- progress on all MIP projects and programmes is regularly monitored, including medium support and 'track only' SIPs
- the required level of detail of reporting is considered on a risk basis, for example, focusing more on projects where delivery is at risk
- reporting and management action focuses more on assessing the implications of delivery issues and determining required recovery actions
- performance against budget is considered alongside progress on delivery.

- 2.52 As described earlier, SMT directs MIP activity towards priority areas for review and periodically receives written reports on plans and progress on individual MIP activities, such as efficiency targets and the customer strategy.
- 2.53 We have not seen any evidence to suggest that SMT requires MIP to report periodically on progress on the whole of the MIP programme against plans and budgets. This is linked to our earlier point around the requirement for more formal strategic and annual planning for the MIP.
- 2.54 We reviewed reporting of MIP activity to members and found that:
- regular and detailed reports were made to overview and scrutiny committees on the education redesign and the travel co-ordination unit projects, up to the end of 2007
 - progress on the bereavement services SIP was reported to the communities and neighbourhoods overview and scrutiny committee in January 2008
 - the MIP Strategic Director reported to Executive Members Group (EMG) in May 2008
 - the Executive Member of Finance and Human Resources attended the MIP Board in June 2008.
- 2.55 From our discussion with the Executive Member for Finance and Human Resources, we understand that key areas of MIP activity are also discussed between the MIP Strategic Director and Executive Members every 2 weeks. Reports on achievement of efficiency savings are also regularly considered by members.

- 2.56 We believe that there is scope for more holistic and formal reporting to SMT and Executive Members of MIP's achievement against plan and budget so that the Council can be assured that interrelated key projects, and MIP's contribution towards them, are all progressing as planned. This will be important in assessing the added value that the Council gets from its investment in the MIP, in terms of improved outcomes and efficiency savings achieved.

Recommendations

6. The Council should establish a process of more holistic and formal reporting, to SMT and Executive Members, of MIP progress on projects and budgets, against clearly defined strategic and annual plans.

Future direction of the MIP

Spreading MIP principles throughout the Council

- 2.57 For the past 18 months, the Council has expressed its intention for the MIP principles of service improvement and increased value for money to be spread throughout the Council, with MIP performing a reduced supporting role, allowing it to focus on strategic business transformation.
- 2.58 The current MIP Strategic Director took up post in April 2008 and, working with SMT and Executive Members, began the process of change. The key principles for the change process were set out in the MIP Strategic Director's May 2008 presentation to SMT, which outlines that the future direction of the MIP is driven by the need for the Council to:
- deliver increasing efficiency savings
 - achieve CAA 4 star status
 - deliver customer expectations, including achieving the Government standard on Customer Service Excellence
 - improve its use of information
 - deliver its strategic objectives.
- 2.59 Key to the success of the plan is the requirement to develop a whole organisational approach to deliver the various strategies which have been planned but not delivered over the past couple of years. These include co-ordinated customer services, people, information and IT strategies, which are regarded as key enablers for the Council to fulfil its ambitions. MIP's role is to facilitate the delivery of these in a prompt and co-ordinated way, with a view to launching the strategies in the first half of 2009/10.

- 2.60 The other key area that the Council recognises it needs to develop is increasing leadership and ownership by directorates of their own efficiency savings and service improvements. There is a recognition that this will require a strong understanding by SMT of what the Council, supported by MIP, is trying to achieve and the commitment to support the process by influencing directorate behaviour. This high level of SMT support is regarded, by the MIP Strategic Director and Executive Member for Finance and Human Resources, as a key factor that will determine the success of the plan.

Recommendations

7. SMT should agree the most effective ways that it can support MIP in developing leadership and ownership by directorates of their own efficiency savings and service improvements. SMT should keep this under review to ensure that its support remains as effective as it can be.

Service Performance Framework

- 2.61 The Service Performance Framework process has been designed to develop the Council's business planning process to include an explicit requirement for directorates to consider their own service performance and value for money, as part of a structured annual cycle.
- 2.62 The self-assessment approach, designed by MIP, is aligned with the criteria associated with the CAA and the achievement of value for money, together with an emphasis on the Corporate Plan objectives and other key priorities for the Council which include:
- customer strategy
 - information strategy
 - IT strategy
 - people strategy.
- 2.63 The main purpose of the self-assessment is to allow the Council to develop a clearer view of where it performs well and to identify areas where improvements can be made in relation to the introduction of improved processes, the achievement of value for money, as well as enabling the Council to identify priorities for making improvements and efficiencies. This will form the basis for improvement plans and associated resource allocation for the coming year.
- 2.64 For the 2009/10 planning cycle, the Council 'soft launched' the self-assessment to engage Heads of Service in the process and find out what works and what does not.

- 2.65 The self-assessment process has been divided into two distinct categories to enable each service to evaluate both its results and the enablers of results.
- 2.66 The Results Self-Assessment covers:
- strategic impact/outcomes
 - customer satisfaction/feedback
 - stakeholder satisfaction/readiness
 - performance/effectiveness
 - economy/costs/unit costs/income
 - efficiency/productivity/timeliness
- 2.67 The Enablers Self-Assessment covers:
- leading and managing people
 - managing performance
 - managing finance and resources
 - managing risk
 - living the values
 - understanding customers, communities and neighbourhoods.
- 2.68 The Results Self-Assessment is aligned to the areas that services consider in business planning and business monitoring. Therefore, due to timing constraints, as well as the need to integrate the self-assessment process with the business planning process, the analysis done as part of this year's business planning process has been used to form the primary evidence base for the self-assessment. For the 20010/11 planning cycle, starting in August 2009, the self-assessment will precede and inform business planning.
- 2.69 The results part of the self assessment will consider the achievement of priority targets for which the service is accountable, as set out in the LAA, the Corporate Plan and the service business plan.
- 2.70 The Enablers Self-Assessment is based on the Manchester Standards, which have been designed as a guidance tool for Heads of Service to ensure that they are consistently demonstrating the behaviours expected of them and applying the techniques that will enable the Council to achieve its strategic aims. The Manchester Standards replace the former Management Standards and are aligned with both CAA and Annual Governance statement (AGS) requirements.
- 2.71 The enablers part of the self assessment will consider the service's capacity to improve. It will be an assessment against the key lines of enquiry for the use of resources assessment.

- 2.72 Services will be asked to score their assessment 1 to 4 (1 low, 4 high) for both results and enablers (capacity to improve). This will test self-awareness and provide a basis for targeting support.
- 2.73 Heads of Service are currently completing summary self-assessments based on their business plans, using standard guidance and templates. Business plan review teams, consisting of senior representatives from the Council's corporate functions, will then review the self assessments in January and February, and will hold senior challenge and support sessions for each service area.
- 2.74 The senior challenge and support sessions will be attended by the Strategic Director and Head of Service for each service area and will focus on the results part of the self assessments, covering:
- evidence to support the self-assessment grade
 - areas of strength and weakness
 - key actions to bring about further success
 - what the corporate team can do to better support the service
 - what level of support, if any, is required from MIP.
- 2.75 The panel will then:
- agree an overall score for the service area
 - agree a set of actions with the Head of Service to be included in the business plan
 - make recommendations with regards to further evaluation work that needs to take place, with or without MIP support.
- 2.76 The Use of Resources and Governance Sub-Group will support SMT by working on the enablers (capacity) part of the self-assessment and using this to report on gaps in the embeddedness of the Use of Resources processes.
- 2.77 The Service Performance Framework appears to be a well designed approach for integrating MIP, business planning and other key processes. It is also consistent with recommendations we made during the year around integrating governance processes and fits in well with the approach to use of resources under CAA.
- 2.78 SMT provided part of the drive for the Service Performance Framework in July 2008, when it emphasised the need for services to identify and allocate efficiency savings and challenge VFM at an earlier point in the business planning process.

- 2.79 We understand that, due to the need for the Council to identify further efficiency savings for 2008/09 and 2009/10, there has been an increased focus in the business planning process on the VFM component. Whilst this is an understandable and pragmatic response to the need to identify efficiency savings, the Council will need to be aware of the potential for the Service Performance Framework being regarded as primarily a cost reduction measure which could risk departmental ownership.
- 2.80 We acknowledge that the Council is aware of this risk and devoted effort to ensuring that services were engaged in the development of the Service Performance Framework. However, the Council will need to remain aware that the success of the framework will depend on service areas continuing to buy into the process.

Recommendations

8. The Council should ensure that the current focus on identifying and delivering further efficiency savings does not result in the emerging Service Performance Framework being regarded by directorates as primarily a cost cutting tool.

Progress in implementing prior recommendations

- 2.81 In March 2007, the Audit Commission issued an external audit report on the MIP. The recommendations arising from that report, and a current assessment of progress against them, is set out in the table below.

Recommendation	Current status
The approach used for the Environment on Call centre should be adopted for other call centres and a combined strategy for all contact centres should be established.	The plans for a single customer contact centre are based on replicating the success of Environment on Call.
The MIP core team should urgently review the revenue budget monitoring report to identify overspends in 'track only' SIP areas.	Strengthened processes have been introduced for monitoring delivery of efficiency savings, including reporting progress to the MIP Board. Monitoring of 'track only' SIPs appears to remain an issue, and is covered by an earlier recommendation in this report.
Put in place procedures to enable the impact of the MIP on a Manchester citizen to be assessed at the end of the initiative.	The MIP approach involves the production of final reports which require a statement around service improvements for users. From the finals reports reviewed this information has been completed, e.g. library services, Environment on Call.

Recommendation	Current status
SMT need to agree, as a matter of urgency, who has the final say on the extent of MIP changes in service areas.	The requirement for the MIP Board to agree a consensus between MIP and strategic directors, where required, was written into the revised terms of reference for the MIP Board in May 2007.
The MIP Board needs to prioritise requests to the MIP team to ensure their support is appropriately targeted to maximise their effectiveness in service areas.	Although MIP activity appears to be focused in areas of strategic importance, we have raised a recommendation for a more formal strategic approach to directing MIP activity for the maximum benefit of the Council.

2.82 The Council has made adequate progress in implementing prior external audit recommendations. Areas where further action is required have been incorporated into our recommendations at Appendix 1.

Appendix 1 – Action plan

No.	Recommendations	Priority	Management response	Implementation details
1.	The Council and MIP team should work to ensure that MIP is regarded by services predominantly as a positive driver for change rather than as a tool to cut costs (links to recommendation 7).	Medium	<p>MIP team to review project methodology to ensure balanced focus on customer service improvement versus savings.</p> <p>SMT to positively promote the image of MIP as a transformational change team as opposed to a savings driven team.</p>	<p>MIP review by end of March 2009.</p> <p>SMT ongoing</p>
2.	The MIP team should ensure that sufficient time is allowed in service redesign projects to fully consider the views of service management and staff.	Medium	MIP to review the design stage of their methodology to ensure there is sufficient time to fully consider the views of service areas.	MIP review by end of March 2009.

No.	Recommendations	Priority	Management response	Implementation details
3.	<p>The Council and MIP team should carry out further work with directorates to ensure that the required level of recurrent efficiency savings are found each year. We envisage that this would include:</p> <ul style="list-style-type: none"> • prompt identification of areas for targeted efficiency savings and early sign-up to these by budget holders, Heads of Service and SMT • specific allocated savings identified with no unallocated efficiencies remaining at the start of the budget year • targeting, as far as possible, recurring savings • realism in the timescales for delivery • clear accountability for delivery, prompt monitoring and rapid remedial action in response to any slippage against budget. 	Medium	<p>There has been a recognition that MIP savings targets previously lodged have lacked both scientific basis and ownership by Heads of Service and Directors. In response, we have succeeded in having MIP savings targets incorporated into the Business Planning process and therefore clearly owned by the Heads of Service. The revised Business Planning process allows sufficient time to promptly identify areas that can be targeted for efficiency savings, ahead of the budget setting process.</p> <p>MCC is also investing in a toolkit that looks across the organisation and identifies cashable savings based on firm evidence. MIP is also leading on a programme of VfM studies that will identify evidence based savings.</p>	<p>MIP/SMT sub-group on Use of Resources:</p> <p>1st round business planning cycle underway.</p> <p>Challenge sessions to look at targeted efficiency areas to be completed by end of Jan 2009.</p> <p>Deployment of toolkit by April 2009.</p>
4.	<p>SMT and the MIP team should formalise strategic planning for the MIP, including the production of strategic and annual plans, to ensure that MIP activity is planned, coordinated and resourced in a way that can best support the Council's strategic objectives.</p>	High	<p>An Annual Work Plan for MIP, which is clearly aligned to strategic objectives, will Result from Business Planning process and challenge sessions.</p>	<p>MIP by end of March 2009.</p>

No.	Recommendations	Priority	Management response	Implementation details
5.	<p>The Council should review current reporting and monitoring of progress on MIP projects and programmes to ensure that:</p> <ul style="list-style-type: none"> • progress on all MIP projects and programmes is regularly monitored, including medium support and 'track only' SIPs • the required level of detail of reporting is considered on a risk basis, for example, focusing more on projects where delivery is at risk • reporting and management action focuses more on assessing the implications of delivery issues and determining required recovery actions • performance against budget is considered alongside progress on delivery. 	High	<p>MIP to invest in more robust Programme Office which will review:</p> <ul style="list-style-type: none"> • Reporting Processes, (including Track Only projects) • Governance (including role of MIP Board) • Performance against budget 	<p>MIP Programme Office review by end of April 2009.</p> <p>SMT to be engaged in review of role of MIP Board by end March 2009.</p>
6.	The Council should establish a process of more holistic and formal reporting, to SMT and Executive Members, of MIP progress on projects and budgets, against clearly defined strategic and annual plans.	Medium	Actions 4 & 5 will address this recommendation.	March & April 2009
7.	SMT should agree the most effective ways that it can support MIP in developing leadership and ownership by directorates of their own efficiency savings and service improvements. SMT should keep this under review to ensure that its support remains as effective as it can be.	Medium	Actions in Point 3 will enable MIP / SMT to meet this recommendation.	SMT - ongoing
8.	The Council should ensure that the current focus on identifying and delivering further efficiency savings does not result in the emerging Service Performance Framework being regarded by directorates as primarily a cost cutting tool.	High	MIP will undertake a review of the initial roll out of the Self Assessment process to ensure that it is effective and does not focus primarily on cost cutting.	MIP – June 2009



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