



Audit Committee

Date: Tuesday, 10 March 2020

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension,
Manchester

This is a **second supplementary agenda** containing additional information about the business of the meeting that was not available when the agenda was published

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Membership of the Audit Committee

Councillors - Ahmed Ali (Chair), Clay, Lanchbury, Russell, Stanton, Watson

Independent Co-opted Members – Dr S Downs and Dr D Barker

Second Supplementary Agenda

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|------|---|---------|
| 7. | Annual Internal Audit Plan
Report of the Deputy Chief Executive and City Treasurer and
Head of Internal Audit and Risk Management attached | 5 - 24 |
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| 8. | Risk Management Strategy and Risk Register
Report of the Deputy Chief Executive and City Treasurer and
Head of Internal Audit and Risk Management attached | 25 - 48 |

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Monday, 9 March 2020** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (LLoyd Street Elevation), Manchester M60 2LA

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**Manchester City Council
Report for Information**

Report to: Audit Committee - 10 March 2020

Subject: Internal Audit Plan 2020/21

Report of: Deputy Chief Executive and City Treasurer and Head of Internal Audit and Risk Management

Summary

Standards for Internal Audit in local government are set out in the Public Sector Internal Audit Standards (PSIAS) and a Local Government Application Note from the Chartered Institute for Public Finance and Accountancy. The PSIAS confirm that the Council should periodically prepare a risk based plan of Internal Audit activity that is designed to support an annual opinion on the effectiveness of the systems of governance, risk management and internal control and is informed by the audit strategy, consultation with stakeholders and a dynamic assessment of risks.

The PSIAS state that “the chief audit executive (Head of Internal Audit and Risk Management) must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management (Senior Management Team) and the board (Audit Committee) for review and approval”.

Recommendations

Members are requested to:

1. Review and approve the Annual Internal Audit Plan for 2020/21; and
 2. Agree to a mid-year plan review and revision report to be presented in October 2020.
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Wards Affected: None

Contact Officers:

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Background documents (available for public inspection):

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

- Corporate Plan and Corporate Risk Register and Quarterly Assurance Reports 2019-2020

Internal Audit Plan 2020/21

1. Background

- 1.1. The Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Service in Manchester. All internal audit assurance and consultancy services fall within the Definition of Internal Audit. The PSIAS include the need for “risk based plans” to be developed for internal audit and for plans to receive review and approval from senior management and the “board”. For local authorities the “board” is defined as the Audit Committee.
- 1.2. The audit plan has been developed following consultation and includes requests for audit work from key stakeholders where appropriate. The content of the plan is based on risk assessment and assurance considerations including the outcomes of previous audit work and requests for support and advice. Outline audit plans were shared and discussed with strategic directors and directorate management teams in line with business risk assessment and with due consideration of alternative sources of assurance. The purpose of this report is to seek Audit Committee input and subsequent approval for the 2020/21 annual Internal Audit plan.
- 1.3. As a result of an ongoing structure review across the Audit and Risk Management Service and a number of vacancies in the Internal Audit Team, the audit plan for 2020/21 does not currently represent the scale of resources required to deliver a robust assurance over systems of governance, risk management and internal control. Whilst temporary resource is being secured to address some of this gap, active steps are underway to finalise and then implement the service structure and address gaps in a sustainable way. As such the plan presented for approval is focused on a current forecast of likely available resources and will be formally reviewed and revised once staff are in post in the new structure. Audit Committee will be presented with this revised plan for assurance and approval in the year.

2. Basis for the Plan

- 2.1. The PSIAS (section 2000) state that the Head of Internal Audit and Risk Management must “establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management and “the board”. These principles have been applied in the development of the 2020/21 plan as follows:

A. Annual Internal Audit Opinion (PSIAS 2010)

- Head of Internal Audit and Risk Management forms an annual assurance opinion based on an annual programme of audit work and assurance obtained by other means. It is not cost effective or necessary to obtain audit coverage of all strategies, systems, business areas and risks so these are reviewed on a risk basis each year.
- The current approach is to provide a range of types of audit work which provide for different scope and coverage.

- Advice and guidance is provided to services and partnerships where appropriate based on requests from management and resource is also allocated to support developing systems and a range of emerging projects. There remains a significant focus on this type of work because of the extent and range of transformation and change across the Council and partner organisations and the need to target audit support and engage with stakeholders in a timely way.
- The Head of Internal Audit and Risk Management seeks to place reliance on assurance mechanisms within the Council as well as the findings of other auditors and inspectors in forming the audit plan and in reaching his annual opinion.
- The plan is flexible and is reviewed and adjusted throughout the year, as necessary, in response to changes in policies, systems, processes, risks and controls across the Council. These changes are communicated to Audit Committee and senior officers.

B. Based on a Risk Assessment (PSIAS 2010.A1)

- The Internal Audit Section works closely with the Council's Risk and Resilience Team under a single Head of Service and this enables timely sharing of relevant intelligence between teams including an understanding of key directorate and corporate risks. Internal Audit engages with Strategic Directors and Heads of Service and colleagues across the Council to ensure that known and emerging risks are considered in annual audit planning.
- Proposed areas for audit are assessed by Internal Audit against risk criteria. Audits are ranked to determine the level of potential risk and inform decisions on the allocation of work to the annual plan based on the following criteria:

Welfare of People	Impact on Service Fulfilment	Impact on Strategic Objectives
Effective Use of Finance and Resources	Changes in management, structures or systems	Legality including statutory or regulatory obligations
Mandatory Requirement	Known control or fraud risks	Corporate or Key Directorate Risk

- Assignment audit planning considers key risks and the scope of audit work is designed to ensure that local and national issues and risks are addressed.
- The Head of Internal Audit and Risk Management ensures a culture of risk awareness is maintained within the Service so that all members of the team are aware of local, regional and national risks in the performance of their duties.
- Through regular liaison and the sharing of emergent plans with colleagues across the North West, Greater Manchester and the Core Cities, Internal Audit ensures that it is aware of emerging risks in other Councils and considers them as part of audit planning.

C. Informed by Expectations (PSIAS 2010.A2)

- The Internal Audit Service is aligned to service and directorate structures across the Council, ensuring audit teams engage actively with Strategic Directors and their teams.
- The annual audit plan is based on consultation and discussion with these directorate management teams and key officers to ensure it is focused on key risks, core systems and areas where Internal Audit can effectively contribute to the effectiveness and efficiency of governance, risk management and control processes.

3. Annual Planning

3.1. The approach to audit planning in the Council for 2020/21 has been based largely, but not exclusively, on the following:

- Review of corporate, directorate and programme/project risk registers, the draft Annual Governance Statement and Significant Partnership Risk Register.
- Consideration of Executive Member priorities, Our Manchester principles and priorities, Directorate Business Plans and financial plans, including partnership health and social care plans with Manchester Health and Care Commissioning (MHCC) and Manchester Local Care Organisation (MLCO).
- Assessment of the outcomes from audit and investigation work in 2019/20 and earlier years and consideration of alternative sources of assurance.
- Engagement with Strategic Directors, Heads of Services and directorate management teams.
- Liaison with the Council's external auditor and with health internal auditors in respect of MHCC and MLCO.
- Liaison with audit colleagues across the North West, Greater Manchester and the Core Cities.
- Engagement with colleagues across the Core, including Finance, HROD, Legal Services and ICT.
- Engagement with the Risk & Resilience, Insurance & Claims and Health & Safety teams within the Audit and Risk Management Division.

3.2. Progress has been made, in collaboration with Bolton Council, to produce assurance maps based on CIPFA / SOLACE standards, Association of Local Authority Risk Management standards and organisation service areas / themes. These are used to document assurances over systems of governance, risk management and internal control; at corporate, directorate and support service levels. This work will continue to support ongoing audit planning and assurance reporting. The aim of this approach is capture sources of assurance in addition to those provided by internal / external audit; reports to Executive and Scrutiny Committees, reports from consultants, inspectors and regulators. The results of this will be reported to relevant Directorate Management Teams (DMTs), Senior Management Team (SMT) and Audit Committee during the year. This work is well progressed for contracts and procurement and is in progress in respect of ICT, schools and core financial systems.

3.3. Following consultation, including risk horizon scanning, an emergent plan, broken down by themes and specific audits and assurance reviews has been

developed to provide key assurance requirements across the organisation. As noted above, this plan will be formally reviewed and revised following implementation of the new service structure by end of July 2020 and recruitment to vacant posts.

- 3.4. Liaison with senior officers will continue throughout the year to ensure that the risks identified are consistent with their understanding and assessment of assurance and support needs and this is reflective of the first and second lines of assurance within business areas. Any changes required to the audit plan based on a reassessment of risk or alternative sources of assurance will be agreed with management and reported to Audit Committee.

4. Key Characteristics of the Annual Plan

Context

- 4.1. The Internal Audit Plan takes account of the Council's overall business priorities and risks including service improvement programmes and the potential impact of reduced resources on the control environment. The Service has carried out a review of business plans and priorities and horizon scanning to assess known and emerging risks. As partnership working and collaboration within the City and across Greater Manchester continues to evolve the risk landscape changes. This is taken into account so the annual plan is designed to offer sufficient **flexibility** to adapt plans and enable assurance to be obtained over emerging risks and take account of alternative sources of assurance. The plan includes areas where the scope of work is not fully defined at the start of the year with some allocation of resource made in blocks. This time will be assigned when specific assurance work is more apparent and can be scoped effectively and will be agreed with management in year.
- 4.2. For 2020/21 this is based on a number of key factors including:
 - Budget savings required linked to service improvement programmes and changes in service delivery models.
 - The ongoing governance, risk and control impacts of major changes including the ongoing integration of health and social care services and the associated impact of developments in the Manchester Local Care Organisation (MLCO) and Manchester Health and Care Commissioning (MHCC).
 - The need for flexibility to provide appropriate assurance at various stages of large scale projects including Factory, Our Town Hall and ICT projects; as well as within large scale service improvement, change and development programmes such as Our Transformation, and the Adults Services Improvement Plan.
- 4.3. The resource availability Internal Audit work is finite and there are resource pressures at the start of 2020/21 because of audit vacancies held pending the restructure of the service and recruitment to planned positions. This means that priorities have been identified for the first half of the year based on risk assessment and timing needs. Alternative assurances will be sought where possible and the areas identified in horizon scanning will be considered for prioritisation later in the year.

- 4.4. Periods of change inevitably increase the potential for risks, both positive (opportunities) and negative (threats). Changes in governance, roles and responsibilities for example provides potential for a breakdown in control as well as an opportunity to consider new, more efficient ways of organising systems, processes and deploying people without impacting adversely on control. To reflect this risk the plan includes time for advice and guidance and for developing systems work to offer **support** and **challenge** to officers involved in the development of systems of governance, risk management and internal control.
- 4.5. The pace and scale of change across the Council requires assurance that is **prioritised** and **timely**. The Internal Audit plan provides for this assurance to enable any remedial actions to be taken on a timely basis. As a result there remains a need for short, focused and practical audits and advice. The scope for this work will usually be narrower than a full system or risk based audit, and will provide assurance over the management of specific risks. Agreed audit scopes will be designed to reflect whether the audit will provide an assurance opinion, offer other assurance work or provide advice in line with consultancy principles.
- 4.6. The plan includes time assigned for short (two-day) assurance assessments on topics of key risk or strategic interest where the scope of potential audit work and the additional assurance value this may add is not fully understood. This will enable the Internal Audit service to work with officers to establish the background to and key risks and actions underway in areas of business priority. The intention of this work is that the information and analysis will inform audit planning for the coming year and contribute to overall assurance reporting culminating in the Head of Internal Audit and Risk Management annual opinion.
- 4.7. As a result of the above the Head of Internal Audit and Risk Management considers that Internal Audit's objectives are most appropriately met by delivering a combination of different types of audit and review supported by an assessment of other sources of assurance. Resource is also directed to consultancy and advisory work, where opinions may not be provided but where support will be given to enhance the governance arrangements, management of risk and control environment.

Plan Structure

- 4.8. There are a number of different types of audit activity included in the annual plan. For 2020/21 the plan differentiates between four main types of audit work as follows:

Type of Assurance and Approximate Split for Planning		Examples
Audit Opinion Reviews	50%	System Audits Compliance Audits Risk Based Audits Governance and Strategy Audits Grants

Audit Assurance Reviews	20%	Developing Systems Reviews Management Assurance Requests Assurance Assessments
Advice, Guidance & Support	5%	Attendance on working groups and boards Responses to reasonable, relevant management requests for support or guidance
Counter Fraud, Irregularity & Investigations	25%	Proactive counter fraud and irregularity activities Corporate counter fraud and irregularity investigations (including theft, procurement, payments and officer conduct) Claimant counter fraud investigations (including Council Tax, NNDR and Housing Tenancy fraud)

- 4.9. The key outcomes of all audit opinion reviews; audit assurance reviews; advice and guidance; and counter fraud activity will be reported to Senior Management Team (SMT), Executive Members and Audit Committee. There are four levels of audit opinion specifically: no, limited, reasonable, and substantial assurance. When considered with the impact of the system or area (high, medium, low) audit reports highlight risk areas to SMT and Audit Committee.
- 4.10. Progress to implementation of recommendations from all types of audit activity will be reported to SMT and Audit Committee and escalation action taken as required where there are delays in addressing risk. The formal process is that quarterly updates are provided and any significant audit recommendation more than six months past the agreed implementation date is escalated to Executive Member and Strategic Director for review and to Audit Committee if outstanding at nine months.

Plan Content

- 4.11. The audit plan contains various types of audits based on assessed need. Audits focus on the management of emergent and inherent risk and to ensure the continued operation of controls within the Council's overall governance arrangements, its systems and processes.
- 4.12. The time allocated to assurance reviews and advice and guidance is reflective of the need to support the design and implementation of service improvement activities. In the coming year this will include responding to developments and changes being made including those in Adult Services through the Improvement Programme; Health and Social Care; Climate Change actions and the "Our Transformation" programme.
- 4.13. To manage the audit plan and maintain flexibility within the resourcing available some block allocations are made. These will be used to draw down resource for specific audit work based on risk assessment and need assessed in year. This approach is to ensure that the plan remains current and responsive to business needs.

- 4.14. Resource is required for counter-fraud, irregularity and probity work including ongoing work to develop key proactive counter fraud tools. This work will include development and enhancement of Counter Fraud strategies in collaboration with Bolton and other Council partners.
- 4.15. External work (paid assurance) is an offer available to schools and academies and other assurance requests will be considered as appropriate.
- 4.16. Internal Audit offers a Schools Data Protection Officer service. This GDPR work in collaboration with Bolton Council is self-funded and is contractually committed with a team dedicated specifically to the work and as a result is outside of the scope of the audit plan.
- 4.17. Through the annual planning and audit risk assessment process a number of areas of inherent risk were considered where assurance work could be undertaken. These areas are treated as lower overall risk or areas for potential focus in future years and are held 'below the line' as part of ongoing audit planning and review. In year review is carried out as part of ongoing prioritisation of work informed by engagement with key stakeholders.

Scale of Plan and Service Development

- 4.18. A review of the service structure for Manchester and Bolton Internal Audit is ongoing and will be finalised by the end of July 2020 based on a revised timeline.
- 4.19. The Manchester audit service has an approved establishment of 18 staff (excluding the Head and Deputy Head of Internal Audit and Risk Management). The team currently consists of 12 staff equating to ten FTE based on reduced hours arrangements in place. Resource availability is also impacted by maternity leave. These factors present significant resource pressure for the first half of the year. Agency resource and specialist ICT audit resource to support specific, identified assurance needs are being progressed and the resource forecast below includes only a prudent assumption for such staff.
- 4.20. As a consequence of the above, the total resources to be allocated to the management and delivery of direct audit work for 2020/21 based on current assumptions and capacity planning is 1,619 days for all Council and external client work.
- 4.21. This scale of plan is a short term proposal only as the level of audit resource required for the Council has been assessed by the Head of Audit and Risk Management and Deputy Chief Executive and City Treasurer as being c2500-3000 days. It is this scale of resource that is being proposed in the service structure for implementation from the end of July 2020.

4.22. Of the total audit resource, the planned work is as follows:

	Days 2020/21	Days 2019/20
Manchester City Council	1,564	2,554
GM Combined Authority (Ended 2019/20)	Nil	80
Support to Bolton Council	40	40
External: Schools & Academies	15	50
	1,619	2,724

Planned Audit Work Allocations

4.23. The plan has been compiled to broadly reflect the senior management structure:

- Core: Deputy Chief Executive & City Treasurer and City Solicitor.
- Growth & Development and Neighbourhoods: Director of Neighbourhoods and Strategic Director (Growth and Development).
- Children's Services: Director of Children's Services and Director of Education
- Adults Services: Director of Adult Services and Director of Population Health

4.24. The spread of time assigned to the Directorates, as well as across the thematic areas of Counter Fraud and Irregularity; Data, Information and Systems; and Procurement, Contracts & Commissioning is shown below.

	2020/21		2019/20	
Area	Days	%	Days	%
Counter Fraud and Irregularity	420	30%	677	30%
Children's Services and Education	155	11%	231	10%
Adults Services (including MHCC and MLCO)	125	9%	212	9%
Corporate Core	166	12%	219	10%
Data, Information and Systems	65	5%	108	5%
Neighbourhoods; Growth and Strategic Development	120	9%	198	9%
Procurement, Contracts & Commissioning	124	9%	197	8%
Follow Up, Advice and Guidance	150	11%	217	10%
2019/20 Completion and Contingency	50	4%	203	9%
Total Audit Time on Direct Audits	1,375		2,262	

Other Direct Audit Activity: Planning, Delivery Management and Assurance Reporting	189		292	
Total Bookable Audit Time	1,564		2,554	

5. Recommendations

5.1. Members are requested to

- Review and approve the Annual Internal Audit Plan for 2020/21.
- Agree to a mid-year plan review and revision report to be presented in October 2020.

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Appendix 1 Audits in 2020/21 Internal Audit Plan

The audit plan and areas of proposed focus link to the Corporate Plan Priorities (in no particular order) and Corporate Risk Register

Column headings 1-8 refer to the following:

1. Young People

From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded good or better

2. Healthy, Cared for People

Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives.

3. Housing

Ensure delivery of the right mix of good quality housing so that Mancunians have a good choice of quality homes

4. Neighbourhoods

Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.

5. Connections

Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks.

6. Growth that benefits everyone

To support our priorities, we need to continue to promote and drive sustained economic growth and job creation that benefits everyone

7. Well Managed Council

Support our people to the best and make the most of our resources

8. Zero Carbon Manchester

Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide:

9. Corporate Risk Register (CRR)

Numbers refer to references in CRR (prior to March 2020 SMT update) and whether high (H), medium (M) or low (L) risk

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
Counter Fraud and Irregularity	Counter Fraud Training and Communication	Proactive	Medium	Programme of training focused on key service areas with fraud risk and key activities to support awareness, accessibility to guidance and workshops.							x		
	Proactive Counter Fraud reviews	Proactive and Probity	High	Development and delivery of a series of detective counter fraud reviews focused			x				x		

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
				on key risks. Proposal to focus on insurance									
	National Fraud Initiative (NFI)	Proactive and Probity	High	Co-ordination and facilitation of the Council's response to the NFI including data collation, review of matches and action to address anomalies.			x				x		
	Reactive Counter Fraud Investigations	Reactive	High	Block to address referred work and deliver investigations. This includes referrals primarily in respect of: <ul style="list-style-type: none"> Corporate fraud, irregularity & error Housing Tenancy Right to Buy Council Tax Reduction fraud. 							x		
Corporate Core	Annual Governance Statement / Register of Significant Partnerships	Advice and Guidance	Low	Support for the annual review of arrangements supporting the compilation of key governance report.							x		
	Climate Change - Block	Opinion	High	Programme of work to include: <ul style="list-style-type: none"> Governance arrangements Contracts Key Performance Indicators 				x		x	x	x	
	Core Financial Systems	Opinion: System & Compliance	Mandatory	Delivery of programme of ongoing assurance over the effectiveness of the Council's core financial systems. For 2019/20 to focus on: <ul style="list-style-type: none"> Payroll: Continuous Auditing Business Rates Relief Council Tax Income SAP 							x		1 (H)

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	Our Town Hall	Opinion: Risk	High	To provide project assurance and advice and guidance on a risk basis over the Our Town Hall project. This is likely to focus on include award , management and delivery of work packages.						x	x	X	D7 (M)
	Our Transformation	Assurance: Review	Medium	To provide assurance, advice and guidance in relation to transformation work streams to support delivery of the Core Transformation Programme.							x		D1 (H)
	Grant Certifications	Opinion: Compliance	Mandatory	Certification of grant returns for accuracy and completeness including: <ul style="list-style-type: none"> • Urbact C-Change (EU funding) • URBACT Zero Carbon Cities • ABCitiEs 						x	x	x	
	Loans and Grants: Due Diligence	Opinion: Risk	Medium	Assurance over arrangements for approval and monitoring of loans and repayments									
Data, Information and Systems	ICT Audit Block	Opinion and Advisory	Medium	Scope to be agreed with new Head of ICT. Proposal to include: <ul style="list-style-type: none"> • Payment Card Industry (PCI DSS) compliance • Liquid Logic Implementation • Data Centre • Office 365 Developing System audit • Cyber Security Follow up Audit 							x		
	Early Years and Education System implementation	Assurance: Developing System	Medium	Developing system review to assure progress toward implementation and business continuity.	x						x		
	GDPR: Data Protection Impact Assessments	Assurance: Follow Up	Medium	Follow up of limited assurance opinion to confirm implementation action.							x		

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	GDPR: Remediating Actions from Breaches	Opinion: System	High	Assurance that process for implementation of agreed actions following information breach reports have been appropriately disseminated and acted upon.							x		
Adult Services	Integrated Delivery Teams (MLCO)	Assurance: Developing system	High	Assurance over the development of integrated neighbourhood delivery teams in line with expectations and in support of the discharge of statutory duties.		x		x			x		4 (H)x
	MHCC (Block)	Assurance	High	Scope to be determined in joint planning with MHCC health auditors. To consider financial framework compliance or areas where the joint budgets have commissioned changed approach.		x					x		
	MLCO Governance	Assurance: Follow Up	High	Assessment of progress to implementation following a limited assurance opinion report.		x					x		
	Adults Services Health Casework	Opinion: Compliance	High	To provide assurance over casework within Adults Services. Area of focus will be agreed with management in scoping the audit, having reviewed casework for safeguarding during 2019/20.		x					x		
	Mental Health Casework	Opinion: Compliance	High	Assurance over the impact of embedding changes to the system following a limited assurance opinion in 2018/19 and follow up audit in 2019/20. Joint work with health audit.		x					x		
	Homelessness: "Front door arrangements"	Opinion: System	High	Assurance over the "front door" arrangements in place for receiving citizens presenting as homeless.	x	x	x	x			x		

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	Personalised Budgets	Opinion: System	High	To provide assurance over the systems and controls in place to support delivery of personalised budgets.		x					x		
	Adults Supervisions and Management oversight	Assurance: Follow up	High	Review to confirm progress to implementation of recommendations made in 2019/20.		x					x		
	Health and Social Care assurance framework	Assurance	Medium	Assurance map for the arrangements in place across Health and Social Care.		x					x		
Children's Services	Troubled Families	Assurance	Mandatory	Annual assurance reporting to GMCA administering funding on behalf of GM Councils	x	x					x		
	Leaving Care	Opinion: System	High	Assurance over arrangements in place to deliver the Leaving Care Service	x						x		
	Complex Safeguarding	Opinion: System	High	Assurance over the effectiveness of the control systems in place for delivery of the complex safeguarding	x						x		
	Youth Justice: Cash Controls	Assurance: Developing System	Medium	Assurance over actions taken to consolidate controls over cash across the service following management review in 2019/20	x						x		
	Foster Care	Opinion: System	Medium	Assurance over aspects of delivery of internal foster care arrangements.	x								
Education, Skills and Schools	School Audit Assurance	Opinion: System	High	Annual programme of school financial health checks focused on financial systems of governance and control and coordination of the SFVS process.	x								D17 (H)
	Children Missing from Education	Opinion: System	High	Assurance over the arrangements in place for dealing with instances of children missing from education and approach to "whereabouts unknown"	x								

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	Special Education Needs (SEND)	Opinion: Risk	High	Assurance over the SEND offer. This will include two audits: Local Offer and Educational Health Care Plans (EHC).	x						x		D17 (H)
Procurement, Contracts and Commissioning (PCC)	Factory Project	Opinion: Compliance and Governance	High	To provide project assurance and advice and guidance on a risk basis over Factory projects and grant certification work.						x	x		
	Modern Slavery Prevention in Contracts	Opinion	High	Assurance over modern slavery safeguards in place with a focus on high risk suppliers. To consider the risk stratification process, supplier statements and resulting action should arrangements at supplier be deemed insufficient					x		x		
	Contract Management	Opinion: System	High	Block allocation of reviews to provide assurance over fundamental aspects of contract management including contract governance, cost control and performance management for a sample of contracts. Proposed to include: <ul style="list-style-type: none"> Adults Care Services Children's Placements 	x	x					x	x	7 (M)
	Frameworks: Block	Opinion	Medium	Assurance over selection and award of work from selected Framework Agreements to confirm compliance with framework terms, transparency over decision making and sufficiency of oversight and monitoring arrangements.						x	x	x	

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	Supply chains and third party risk: Contract Exit Planning	Opinion: System	High	Assurance over arrangements to consider the ongoing financial resilience of suppliers and panning for exit from third party contracts.							x		
	Use of Contract Extensions and Waivers	Opinion: System	Medium	Assurance over the effectiveness of contract planning, the waiver process and use of contract extensions.							x		
Growth and Development	Disabled Facilities Grant	Opinion: Compliance	Mandatory	Mandatory work to certify the spend of the Disabled Facilities Grant		x		x			x		
	Loans and Grants: Due Diligence	Opinion: Risk	Medium	Assurance over arrangements for approval and monitoring of loans and repayments.							x		
	Governance of Major Housing Developments	Opinion: System	High	Assurance over the governance and decision making arrangements around major housing developments in the City.			x					x	
	Facilities Management Contract Management	Opinion: Systems	Medium	Assurance over arrangements for the management of the security contract							x		
Neighbourhoods	Casework Compliance	Opinion: System	Medium	Assurance over the management and delivery of casework – proposed focus on Anti-Social Behaviour.				x			x		
	Highways Project Assurance	Assurance: Follow Up	Medium	Review of progress to address risk following Highways Assurance review 2019/20					x				
	Highway Grant Certifications	Opinion: Compliance	Mandatory	Annual certification of grants compliance based on identified need.							x		
	Casework Management: Replacement of Flare	Assurance: Developing System	Medium	Assurance, advice and support over the development of a replacement for the Flare case management system used across Neighbourhood Services.				x			x		

Area and Allocation	Audit Title	Audit Type	IA Risk Assess	Proposed assurance to be obtained	1	2	3	4	5	6	7	8	9
	GMCA - Growth Deal	Grant Certification	Mandatory	Assurance over grants received and spent					x	x		x	
Cross Cutting	Internal Audit assessment of approach and coverage of strategic priorities (two days assignments)	Assurance: Assessment	Medium	To carry out assessment of specific areas of strategic significance and assess approach which may include high level assurance or planned audit work for 2020/21 or 2021/22. Areas of focus include: <ul style="list-style-type: none"> • Post EU Exit: Supply Chain Contract Risks • Modern Slavery: Strategic Approach • Approach to implementation of the residential growth strategy 		x	x	x		x			
Follow Up	Follow-up of audit recommendation implementation												
External Clients	Delivery of Internal Audit services schools, academies and other clients												
Brought forward	Completion of audits and investigations from 2019/20												

**Manchester City Council
Report for Information**

Report to: Audit Committee - 10 March 2020

Subject: Risk Management Strategy and Corporate Risk Register

Report of: Deputy Chief Executive and City Treasurer and Head of Internal Audit and Risk Management

Summary

It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.

This report supports the Committee in discharging its risk management assurance role by providing:

- an update on progress in delivery of corporate risk management objectives;
- the proposed Risk Management Strategy 2020-22; and
- a copy of the latest refresh of the Corporate Risk Register.

Recommendations

Audit Committee is requested to consider the assurance provided by the risk management report.

Wards Affected: None

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Background documents (available for public inspection):

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

- Corporate Plan
- Corporate Risk Reports (Audit Committee December 2018 and February 2019)

1. Introduction

- 1.1. It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.
- 1.2. To support this responsibility, Audit Committee receive an annual progress report in relation to delivery of Risk and Resilience strategic priorities. The last report was presented in December 2018. For the purposes of Audit Committee assurance this paper provides the following:
 - Progress in delivery of objectives set out in the Corporate Risk Management and Business Continuity Strategies 2018-2020.
 - Refresh of the Council’s Risk Management Strategy
 - Current risks as articulated on the latest refresh of the Corporate Risk Register.

2. Risk Management Strategy Objectives Delivery

- 2.1. The Risk Management Strategy (2018-20) and Business Continuity Strategy (2018-20) were presented to Audit Committee on 25 January 2018. The strategies set out the work programmes for development of the risk and resilience capability across the Council with high level objectives and work programmes to be delivered.
- 2.2. Progress was last reported to Audit Committee in December 2018. The final position in delivery of agreed objectives to the end of February 2020 is shown below. Overall objectives have been delivered and areas of planned focus for 2020-22 are set out in the refreshed Risk Management Strategy attached as Appendix 1.

Objective	Progress Summary
Re-engineer the corporate support model for risk management and business continuity to ensure that support is focused at the areas of highest strategic need’	Complete (as reported to Audit Committee February 2019). Areas of ongoing focus have included support to risk and resilience within: <ul style="list-style-type: none"> • Our Town Hall Project • GDPR • Liquid Logic Implementation • ICT Projects and Programmes • Health and Care integration • Work Area Recovery (workplace resilience) Programme • Local, National and EU Elections
Fully develop a high level governance framework that articulates Council approach to risk assurance.	Complete: Governance and Assurance Group chaired by City Solicitor to lead on risk governance and oversee the review of the Corporate Risk Register. This group reports to the Strategic Management Team (“SMT”) who ultimately endorse and approve the CRR. Process to be sustained and embedded in 2020/21

Objective	Progress Summary
<p>Fully review and refresh the portfolio of training and coaching resources for risk and business continuity.</p> <p>(This objective is contained within both the Risk Management and the Business Continuity Strategies)</p>	<p>Part Complete: ELearning for risk management and business continuity refreshed. Communications and awareness of training and tools proposed by July 2020. Tools and guidance refresh underway for completion as part of intranet update in 2020.</p>
<p>Design and implement a standardised approach to lessons learnt reporting and implement an assurance process that holds services to account for delivering of lessons learnt recommendations</p>	<p>Complete: Design of lessons learnt framework complete and launched in ICT. Applied in MSIRR project. Wider application to be considered in 2020/21.</p>
<p>Ensure performance management framework is directly relevant to delivery of framework priorities.</p>	<p>Complete: Risk content for Integrated Performance report agreed and provided as part of update reports to SMT</p>
<p>Support the delivery of a full audit review of risk management systems and structures</p>	<p>Complete: Review and agreed actions finalised by Internal Audit 2018/19</p>
<p>Refresh and realign strategic approach to Business Continuity to ensure that it contributes seamlessly to a broader suite of risk and business continuity strategies for the Council.</p>	<p>Complete (as reported to Audit Committee February 2019). A full review of service business continuity plans was completed in 2018 and refresh commenced December 2019. Corporate Business Continuity Plan refresh underway.</p>
<p>Ensure completion of all scoping and analytical activity required to support the delivery of final components of the Work Area Recovery and ICT Business Continuity corporate work programmes.</p>	<p>Complete (as reported to Audit Committee February 2019). Further analysis of ICT prioritisation planned as part of Data Centre implementation 2020.</p>
<p>Re-design the performance, scrutiny and governance frameworks that drive progress with the corporate business continuity work programmes and provide assurance over completion and effectiveness.</p>	<p>Part Complete: The Integrated Performance elements and risk governance were completed but effectiveness measures require further development in 2020/21.</p>
<p>Undertake a comprehensive refresh of the Corporate Business Continuity Plan and ensure effective Incident Management Team arrangements, proportionate to the range of continuity risks we face.</p>	<p>Complete (as reported to Audit Committee February 2019): Full refresh undertaken and revised plan endorsed by SMT in 2019. Desktop review / refresh underway for 2020/21.</p>

Objective	Progress Summary
Continue to lead the development of the Manchester Business Continuity Forum, working in partnership with Advisory Group members from partner agencies to provide the most comprehensive service offer that is deliverable within the resources available	Complete: Annual work programme of support and events for Manchester businesses designed and delivered within budget and agreed timescales. Highly positive feedback from events can be evidenced

3. Risk Governance and the Corporate Risk Register (CRR)

3.1. The risk management framework provides oversight and scrutiny of the corporate risk management programme, including regular update and refresh of the CRR. The framework continues to be based on established principles, as follows:

- The Chief Executive has overall responsibility for assuring that the Council articulates and manages risks to the delivery of strategic objectives.
- The Deputy Chief Executive and City Treasurer has overall responsibility for the corporate risk management framework.
- The Head of Audit and Risk Management, supported by the Risk and Resilience Team maintains the corporate risk management framework and ensures that the CRR is regularly updated and presented to Strategic Management Team.
- SMT receive assurance that corporate risks are scrutinised and mitigating actions plans are delivered
- Chief Officers, Directorate Management Teams and Heads of Service are responsible for maintaining their own risk registers and escalating risks to the CRR, where they threaten delivery of the Council's strategic objectives.

3.2. The framework includes risk management oversight within the remit of the Governance and Assurance Group. The Group is led by the City Solicitor and the Deputy Chief Executive and City Treasurer, with representatives from across directorates. It oversees and seeks assurance over corporate risks through regular scrutiny and refresh of the CRR.

3.3. For 2020/21 the CRR will be refreshed on a quarterly basis as shown below:

	Q1 2019/20	Q2 2019/20	Q3 2018/19	Q4 2018/19
DMTs update risks	June 2020	Sept 2020	Dec 2018	March 2021
Governance and Assurance Group review and agree the CRR	July 2020	Oct 2020	Jan 2021	April 2021
SMT review and endorse the CRR	August 2020	Nov 2020	Jan 2021	May 2021
Audit Committee review risk management arrangements	February 2021			

- 3.4. As part of business planning for 2020/21 all directorates have recently completed a full refresh of their risk registers. The registers record the following information:
- Theme
 - Risk Description
 - Risk Consequences
 - Risk Owner
 - Existing Key Controls and Sources of Assurance
 - Areas for Key Actions and Deadlines
 - Risk Score (Impact X Likelihood): Current
 - Risk Score (Impact X Likelihood): Anticipated by June 2020
 - Key actions to be pursued over next six months
- 3.5. Risks reported through directorates are being finalised, assessed and synthesised to inform the latest refresh of the CRR. This process is ongoing but the current draft strategic risk register for discussion at the Governance and Assurance Group and for onward reporting to SMT is attached for information at appendix 2.
- 3.6. A list of all medium and high risks rated 12 and above from Directorate risk registers (where not already included in the strategic risk register) is attached at appendix 3.
- 3.7. The content of the corporate risk register is subject to change following GAG and SMT input and comments.
- 3.8. The current strategic risk profile is summarised below. A new high risk around Climate Change and Carbon reduction has been added and a new risk referring to Coronavirus. The number of medium risks has increased through inclusion of a general safeguarding risk to reflect the cross cutting nature of corporate leadership and responsibility in this area; and the inclusion of ICT resilience, ICT programme and information security as separate albeit related risks.

Themes	Strategic Risks				Last Review		
	H	M	Total		H	M	Total
Our Partnerships	1	1	2		1	1	2
Our People		3	3		1		1
Our Performance		3	3		1	1	2
Our Finances & Resources	1	1	2		1		1
Manchester People	1		2		1		1
Manchester Places	1						
Statutory & Legal Duties		1	1			1	1
Total	4	9	13		5	3	8

- 3.9. The current directorate risk profile is as follows. Whilst there has been a number of changes to the reported risks the overall pattern remains similar to the last formal review. A number of place based risks have been reduced from high to medium but there has been an increase in Manchester People risks reported as high by Adults Services and Homelessness. This accounts for the most notable change in the directorate risk registers.

Themes	Directorate Risks				Change Since Last Review		Total
	H	M	Total		H	M	
Our Partnerships	1		1		2		2
Our People	1	2	3		2	2	4
Our Performance		1	1		1	2	3
Our Finances & Resources		3	3			3	3
Manchester People	4	7	11		3	1	4
Manchester Places	1	5	6		4	4	8
Statutory & Legal Duties							
Total	7	18	25		12	12	24

3.10. No low risks have been included within the risk profile on the basis that these will be managed within directorates and only escalated in the event of a change in their risk profile to a degree where they warrant the active engagement of the relevant Strategic Director(s).

4. Recommendations

4.1. Audit Committee is requested to consider the assurance provided by the risk management report.

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Appendix 1

Manchester City Council Risk Management Strategy 2020-2022

Strategic Context

Our Vision is for Manchester to be in the top flight of world-class cities by 2025.

The Our Manchester Strategy charts a course to achieve this Vision.

It builds on the City's existing long-term strategic direction and sets out our priorities for the decade ahead. It will be delivered by building on Manchester's history of collaboration: between civic leaders, businesses, the wider public and voluntary sectors, and residents themselves. This is set out in the Strategy and the priorities in the Council's Corporate Plan which are:

- **Young People:** From days one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better.
- **Healthy cared for People:** Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives
- **Housing:** Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes
- **Neighbourhoods:** Work with the City's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.
- **Connections:** Connect Manchester people and places through high-quality roads, sustainable transport and better digital networks.
- **Growth that Benefits Everyone:** Continue to promote and drive sustained economic growth and job creation that benefits everyone.
- **Well Managed Council:** Support our people to the best and make the most of our resources
- **Zero Carbon Manchester:** Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide:

Approach

Manchester seeks to be creative in partnership working in order to gain maximum impact from the collective resources available; this includes a strategic focus on collaboration with key public sector partners, delivered in part through the working of the Combined Authority (GMCA) and in partnership with health service organisations within the City and across Greater Manchester.

Manchester demonstrates its vision and commitment in the way it plans, commissions and delivers. This involves doing new things and seeking opportunities for positive change. With such innovation and transformation, comes risk. Many of the ways in which we seek to work and the partnership models we are embracing are new and untested; and are being done in the context of radically reduced resources. Delivery of outcomes will always have to be based on an understanding of the risks entailed and a measured and proportionate approach to either embracing or mitigating risk. Our risk management approach ensures we support creativity and ambition by adopting a dynamic approach to assessing and managing risk.

Organisational Strategy

Dynamic risk management is developed through active leadership, both corporately and within services. The corporate strategy sets the vision and it is the responsibility of all directorates and services to lead the delivery of the strategic priorities.

In order to support active risk leadership, the corporate focus is on establishing and maintaining a clearly articulated risk governance structure. It has been a long stated corporate priority that all managers integrate the delivery of risk management as a core management competency. A sustained commitment to the development of technical risk management skills has created a “*risk literate*” organisation. Whilst this is encouraging, it is recognised that there is always more that can be done in developing, embedding and updating risk management skills, systems and processes across all services.

It is the responsibility of all Council staff to embrace the principles of risk management and managers are required to ensure that risk scrutiny and risk mitigation are constant and ongoing, supported by risk reviews, reporting and escalation where appropriate.

Corporate leadership, management commitment and staff engagement remain the main area of priority for improving risk management practices over the next two years; focusing resources on the highest strategic priorities for the Council and supporting delivery of innovation through partnership working.

Risk appetite statement.

Overall, Manchester City Council is a risk tolerant organisation, accepting that measured and proportionate risk taking is essential to delivering change, growth and reform.

The Council, however, requires all officers considering changes to services and their operating models to act only after systematic consideration of the risk profile. The risk profile should be fundamental to decision making and the effective management of innovation and transformation.

The Council accepts that it is appropriate for managers to balance the scale of the risk and the opportunity for growth or reform. Growth may be assessed in terms of financial efficiency, service development or innovation in the enhancement of services to customers and stakeholders. The Council accepts exposure to risk where the service can demonstrate accountability and that the opportunity and reward is commensurate to the level of risk.

The Council recognises that the value of risk management is only truly delivered if it is pursued as part of a sustained “business as usual” approach. Where service, project or programme planning cannot demonstrate a considered and thorough assessment of risks, they should not implement change programmes. It is incumbent on the Head of Service or Senior Responsible Officer to demonstrate that effective risk management is embedded within all developmental and delivery activities.

The Council will take no risks that challenge ethical, legal and statutory responsibilities and will be cautious in pursuing aims and ambitions that may present risks to the safety or welfare of people or the achievement of Council priorities.

A dynamic risk management programme seeks to ensure that our decision making is “sound by design”. We consider the risks and vulnerabilities at the outset, allowing us to build mitigation activities into our work plans. In this way, our risk literacy assists us in demonstrating that we are disciplined, efficient and committed to making maximum use of the public resources entrusted to our care.

Approach to Training and Coaching

Management competence has been identified as key to the successful delivery of the Council's risk management approach. Risk management basics and methodology courses are available for all staff with resources available to all via the intranet and through a small Corporate Risk and Resilience Team. Other courses, learning and development embed risk management in their overall content as a key component of effective decision making.

The Council recognises the powerful contribution that risk facilitation support can make in developing risk competence. In addition to mainstream operational management, the Council's approach to project and programme delivery is supported by initiation risk workshops, with risk scrutiny and assurance built into ongoing governance. The Risk and Resilience Team is committed to supporting high priority projects and programmes in identifying their risk profile and designing their risk governance framework. Lead Officers (risk co-ordinators) are designated by each Directorate to promote strong working practices, supported by a Governance and Assurance Group - focused on identifying common themes across directorate risk profiles to ensure the corporate risk profile is aligned to these

Experiential learning at a practical rather than a theoretical level offers the best opportunity to embed risk management thinking, supported by opportunities to formalise learning through structured training- this blended learning model underpins further staff development across all services.

Service Priorities and Strategy

The Risk and Resilience Team will focus on projects and programmes that seek to build effective, sustainable and trust based partnership working across public, private and voluntary sectors. Direct support to operational management within directorates will continue, as will facilitation of Directorate risk workshops and direct engagement with transformation programmes and projects.

The team provides tools and guidance for managers and for staff; as well as oversight of the governance of risk management; supporting directorates in the regular refresh of their risk management arrangements and their assessment and evaluation of risk.

It works closely with the insurance, safety and audit teams within the Audit and Risk Management Division as well as colleagues across the Council to embed risk management into ways of working, transition and delivery of services.

Service Objectives 2020-2022

- Continuously improve the corporate support model for risk management and business continuity to ensure that support is focused at the areas of highest strategic need.
- Monitor effectiveness within Directorates, evidencing activities using key lines of enquiry on a quarterly cycle as part of the Integrated Performance dashboard.
- Fully develop and sustain the high level governance framework that articulates Council approach to risk assurance.
- Work with partners, particularly in health, to ensure the identification and management of risks across arrangements that span organisational boundaries.
- Support project and programme risk management, targeted on areas of highest need and greatest value.
- Review and refresh the portfolio of training and guidance resources.
- Support lessons learnt reporting and assurance process.

Outcomes

These service objectives form part of the Audit and Risk Management Business Plan 2020-22 which is subject to regular review.

Overall success in progressing risk management will be assessed through consideration of the following:

- Service alignment complete and able to deliver against new priorities across Manchester City Council and Bolton Council
- Resources focused against areas of greatest corporate need and published priorities are delivered within the annual work programme
- Support provided to enhance knowledge and skills in directorates through training, coaching and consultancy.
- Enhanced working at a City and Greater Manchester level with confidence over partnership risk and assurance frameworks
- Risk Management priorities are embedded within both performance reporting and within the corporate assurance framework.

Monitoring and Review

This two year strategy will be reviewed and updated annually in December.

Appendix 2: Corporate Risk Register (Strategic Risks)

ID	Theme	Corporate Plan Links	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Risk (current) Impact x Likelihood	Risk (June 2020) Impact x Likelihood	Areas for Key Actions and Deadlines
1	Our Finances and Resources	7	Planned savings are not achieved resulting in increased pressure on reserves and requirement for unplanned savings and cuts to services to made to achieve a balanced budget.	Savings are not sustainable requiring a fundamental change in organisational expectations and priorities; impacting on the ability to deliver services and achieve original objectives.	DCE and CT	Robust regular process of budget setting and budget monitoring in place with assessment of key financial risks. Budget reports 2020/21 to Scrutiny, Executive and Council March 2020 addressed a number of key risk in the current budget plans. <u>Reporting</u> to DMTs and SMT; Executive and Scrutiny Committees.	4x3=12 Medium	4x3=12 Medium	Budget monitoring Ongoing (DCE&CT)
2	Our Finances and Resources	7	Medium Term Financial Resources are insufficient to support achievement of priorities for the Council and the City. This is based on financial uncertainty post 2020/21 and risks that could arise from Spending Review, Fair Funding Review, Business Rates reset, uncertainty over Shared Prosperity Fund and wider financial / fiscal risks linked to EU Exit and macro-economic factors.	Resources are insufficient and this results in non achievement of Corporate Plan priorities and the Our Manchester strategy, with consequent negative impacts on Manchester residents.	DCE and CT	Budget reports 2020/21 to Scrutiny, Executive and Council March 2020 reflect current levels of risk and scenarios in medium term financial strategy. Maintenance of reserves. Engagement and lobbying of national decisions makers direct and via network groups including Core Cities and the LGA. <u>Reporting</u> to SMT; Executive and Resources and Governance Scrutiny Committee.	4x4=16 High	4x4=16 High	Ongoing intelligence and lobbying alongside robust future financial planning based on prudent assumptions (DCE&CT)
3	Manchester Places	4 (but impacts on all priorities)	Climate Change: The Council does not produce, or deliver on, a sufficiently ambitious plan to become a zero carbon Council by 2038 or earlier if possible. The Council does not undertake its leadership role effectively for Manchester to become a zero carbon city by this date, and stay within the science-based budget for the City. The Council does not plan or implement measures effectively to adapt to the impacts of climate change on Manchester in the longer term (e.g. increased risks of extreme weather, flooding and heat)	Significant political and reputational damage to the Council for not acting on the climate emergency that has been declared, in terms of our leadership role across the City and our direct emissions in the Council Significant longer-term risks to health, society, economic and financial position of the City and the Council if mitigation and adaptation measures are not effective. Costs of required change are significant as is the need for Government funding and	CEX	Governance through Zero Carbon Coordination Group Regular reporting to Executive. Additional resources investment in budget 2020/21. Very high level of ambition on this agenda will require fundamental changes to how we operate and significant investment across all aspects of the Council, and for many partners in the City. <u>Reporting</u> to SMT, Executive, Scrutiny Committees and Members sub-group	4x4 = 16 High	4x4 = 16 High	Production of Climate Change Action Plan 2020-25 for Council and City for agreement March 2020. Plan sets out the key actions and deadlines that need to be delivered including a significant focus on energy use targets and associated actions (CEX)

ID	Theme	Corporate Plan Links	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Risk (current) Impact x Likelihood	Risk (June 2020) Impact x Likelihood	Areas for Key Actions and Deadlines
				leadership and clear strategy and leadership at GM level.					
4	Our Performance	4 7	Consequences and impact of EU Exit impact negatively on a range of budget and other assumptions for the Council, partners and residents of the City. These include impacts on business rates, care and health budgets, airport revenues and welfare budgets; as well as wider impacts on recruitment and retention, economic development, employment, housing and infrastructure projects.	The core budgets of the Council are impacted resulting in requirement to make further cuts and reduce levels of services at a time when the residents of Manchester are also impacted.	CEX	EE Exit Group Head of Policy attendance and feedback from GM EE Exit Group EU Exit Impact Assessment <u>Reporting to Council</u> Resilience Forum and SMT	4x3=12 Medium	4x3=12 Medium	Refresh of EU Exit Impact Assessment by end August 2020 and (DN)
5	Our People	7	Capability of the workforce is not aligned effectively to key priorities and organisational requirements. This includes: <ul style="list-style-type: none"> capacity in core managerial and technical disciplines; leadership capacity and capability to drive change and transformation; and workforce motivation and engagement. 	Motivation and engagement of workforce is reduced (or not developed fully) impacting on the ability to respond to transformation, change and deliver organisational priorities. Skills and capacity do not match stated priorities resulting in underachievement of planned outcomes	CEX	Corporate plan supported by Our People Strategy and staff engagement including Listening in Action, Our Manchester Experience and regular communications. Leadership and wider skills development programmes in place. Directorate business plans, workforce development and Bheard improvement plans. <u>Reporting to SMT</u> , Executive and Resources and Governance Scrutiny Positive assurance from overall Bheard 2019 scores improvement evidence improved levels of motivation and engagement.	4x3=12 Medium	4x3=12 Medium	SMT and SLG development and implementation of Action Plan in response to BHeard 2019. By April 2020 (Led by CEX) Development of OurTransformation programme during 2020 (DCE&CT)
6	Our Partnerships	2	Failure to achieve the desired and intended outcomes of health and social care integration increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents. Risk rating reflects the delivery of integration alongside the breadth of activity to be delivered in adult social care as part of the new arrangements including delivery of the improvement plan, stabilisation of the care market, new care models, home care roll out,	Poor outcomes and increased financial pressures result in further diversion of Council resources to reactive care services without addressing root causes and whole system issues.	CEX	Joint business and budget planning with MHCC and MLCO and active senior leadership engagement in HSC governance with MHCC and MLCO. Risk managed at SMT level Positive response to MHCC and MLCO Governance audit reports 2019 with further steps for development underway. <u>Reporting to SMT</u> , Executive, Health and Wellbeing Board and Health Scrutiny Committee. Joint reporting within MLCO and MHCC governance arrangements.	4x4=16 High	4x4=16 High	Ongoing system wide development led by SMT and partners across health in 2020

ID	Theme	Corporate Plan Links	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Risk (current) Impact x Likelihood	Risk (June 2020) Impact x Likelihood	Areas for Key Actions and Deadlines
			embedding of casework management system and delivery of priorities.						
7	Manchester People	7	Loss of required access to ICT systems impacts on the ability to operate services and deliver to Manchester residents. This could arise from risks relating to core infrastructure (network and applications), hardware obsolescence (WYSE terminals), system availability (unsupported systems, insufficient licenses) or cyber-attack.	System instability or unavailability requires manual workarounds with impact on efficiency and the integrity / quality of data and information on which to make decisions and ensure service delivery. Data loss or unavailability results in ICO inspection, fines or other actions; including complaints and legal action.	DCE&CT	Corporate and Service Business Continuity Plans and robust incident management process in place. Programme of ICT investment with reporting to ICT Board, Capital Strategy Board, SMT, Executive and Scrutiny. Positive assurance from LGA Cyber Stock Take 2019 Despite improvement in control, risk maintained at medium as a consequence of heightened cyber risk in external environment and pending completion of data centre project. <u>Reporting to</u> ICT Board, Corporate Information Assurance and Risk Group (CIARG) and SMT; and Executive and Resources and Governance Scrutiny Committee	4x4=16 High	4x3=12 Medium	Completion of Mandatory Cyber Security Training for all staff (Director of ICT with all DMTs by end April 2020) Information incidents reporting tool enhancements by end July 2020 (CS on behalf of CIARG) ICT Infrastructure Investment priorities – to be set out in new ICT Strategy and portfolio plan/ Pipeline (by September 2020) (Director of ICT to DCE&CT)
	Our Partnerships	7	Key suppliers of goods and services fail to develop or deliver required services, due to lack of financial resilience or other factors, impacting the onward ability of the Council to secure required services to Manchester residents. A key risk given inflationary pressures, negotiation of post EU Exit deals and lack of competition in some markets.	Contractor failure (contract or provider) results in the Council having to re-procure services at short notice or deliver services in-house with significant cost and capacity implications that result in budget overspends and required cuts to other services.	DCE&CT	Professional Procurement and Commissioning Teams in place to support services in effective management of procurement lifecycle; including supplier due diligence. Contract management register and risk assessment in place. Bankruptcy / Liquidation Policy to enable consistent response to supplier failure. Enhanced due diligence arrangements developed in 2019/20. Risk reduced but maintained at medium due to wider risks of supplier resilience outside of control of the Council. <u>Reporting to:</u> Commercial Board, SMT and Resources and Governance Scrutiny Committee	3x4=12 Medium	3x3=9 Medium	Programme of commissioner and contract manager training (CT): Ongoing

ID	Theme	Corporate Plan Links	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Risk (current) Impact x Likelihood	Risk (June 2020) Impact x Likelihood	Areas for Key Actions and Deadlines
9	Legal and Regulatory	7	Information governance and information technology security arrangements, including behaviours of the workforce, partners and suppliers, are insufficient to prevent serious avoidable data losses, breaches or authorised access to systems or data.	Loss of stakeholder and public confidence. Potential for ICO fines and ability to share data with partners. Impact on individuals with additional costs of remedial actions and potential legal action.	DCE&CT CS	Governance through Corporate Information Assurance and Risk Group (CIARG) and network of Senior Information risk Officers at Corporate, Departmental and Service Level supported by core IG and ICT security personnel, including Data Protection Officer Established breach reporting processes for ICT security and information incidents. <u>Reporting to:</u> CIARG, ICT and SMT	3x4=12 Medium	3x3=9 Medium	Programme of IG awareness ongoing (CS) Improved systems with new IG system in place and programme of CIARG activity by July 2020 (CS) MS365 project to support policy change around information governance (Director of ICT)
10	Our Performance	7	Current or proposed ICT systems essential to business operations and legal compliance are not implemented or maintained (due to being out of support or lack inherent resilience) due to limitations in availability of financial and ICT resources.	Failure to realise efficiency benefits through the use of technology impacts on ability to achieve savings targets and refocus effort on core priorities. Technology does not meet business needs around transformation, resilience or legal / regulatory compliance – impacting on the ability to deliver priorities.	DCE&CT	Prioritisation process via Director ICT Boards, ICT Board and Capital Strategy Board; with oversight from SMT. Senior sponsorship of critical or flagship projects with robust governance; with engagement of key stakeholders including finance, communications and risk. Risk reflects scale current programme and commitments on programmes and projects. <u>Reporting to</u> DMTs, SMT, Executive and Resources and Governance Scrutiny Committee.	4x3=12 Medium	4x3=12 Medium	Regular review and refresh of projects via ICT Board and Capital gateway Process (DCE&CT). ICT Infrastructure Investment priorities – to be set out in new ICT Strategy and portfolio plan/ Pipeline (by September 2020) (Director of ICT to DCE&CT)
11	Manchester People	1 2	Inability to maintain and demonstrate organisation-wide arrangements to safeguard children and vulnerable adults .	Harm to those most in need with associated impact on families as well as financial and reputational damage to the Council	CEX DCS DASS	Manchester Safeguarding Boards (Adults and Childrens) Statutory roles and assurances through DASS and DCS <u>Reporting to</u> SMT, Scrutiny Committees as well as MHCC and MLCO Boards.	4x3=12 Medium	4x2=8 Medium	Delivery of Adults Improvement Plan ongoing (DAS)
12	Our Performance	1	Implementation of new case management system (Liquid Logic and Controcc) does not have the anticipated impact and fails to deliver the necessary improvements in practice, recording, reporting, management oversight and performance.	Impact on delivery of priorities and quality of services to residents; and delivery of statutory duties. Impact on quality, completeness, integrity of	DCS DAS CT	Programme Management for implementation of the new system has full service and corporate support as a Council wide priority. Focus is now on system stabilisation and embedding systems and change	3x4=12 Medium	3x4=12 Medium	Programme governance remains in place with risks, issues and actions overseen by Senior Oversight (DASS, DCS and DCE&CT)

ID	Theme	Corporate Plan Links	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Risk (current) Impact x Likelihood	Risk (June 2020) Impact x Likelihood	Areas for Key Actions and Deadlines
				data to support effective decision making.		<p>within services – continued area of focus with SMT level oversight.</p> <p>Implementation/change boards led by respective Deputy Directors of Adult Services and Childrens Services.</p> <p><u>Reporting</u> to ICT Board, SMT and Scrutiny Committees</p>			
13	Manchester People	2 7	Effects of COVID-19 (Coronavirus) impacts ability to deliver priorities and safe services to Manchester residents; whilst also ensuring the safety and wellbeing of staff.	<p>Loss of staffing (due to virus, self-isolation or wider impacts such as reduced transport or school closures) impacts ability to deliver services to residents across the City.</p> <p>Impact on goods and services supply chain if borders, travel and imports impacted</p> <p>Lack of assurance and appropriate risk control measures results in potentially avoidable illness. Contingency planning is unable to cope with unanticipated demands.</p>	CEX, DPH and DN	<p>Leadership from Public Health across the Council and wider health and care community led by Director Public Health; with direction and guidance through Public Health England</p> <p>Multi agency command and control arrangements in place across Manchester and wider GM.</p> <p>Council Resilience Forum (CRF) and GM Civil Contingencies Unit supported by core Council services including HR, communications, health and safety and estates.</p> <p>Pandemic Flu and other resilience plans in place with robust multi agency planning and joint working.</p> <p>The level of risk assessment is emergent and remains fluid - this will be subject to regular revision as circumstances develop.</p> <p><u>Reporting</u> to SMT, Executive and Public Health England</p>	4x3 = 12 Medium	4x3 = 12 Medium	Delivery of effective strategic, tactical and operational measures to respond to guidance and emergent risks (SMT and CRF; led by DPH)

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Appendix Three; Strategic Risk Register: Directorate Chief Officers Summary of High and Medium Risks (Risks Rated 12 or above)

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ID	Business Plan Area	Theme	Corporate Plan Links	Risk Description	Risk (to achievement of Directorate Priorities)
D1	Core	Our People	7	Lack of capability across the Core to lead and engage effectively in development, support, challenge and assurance activity impacts on ability to of Core to drive and support organisational reform, transformation and change as well as operation of effective systems of governance, risk management and control. Includes capacity to support early and effective influence and engagement in key areas such as financial planning, project governance and change programmes including health and social care.	4x4=16 High
D2	Core	Our People	7	Insufficient transformation of internal processes and system to deliver the change required across the organisation as set out in Our Transformation mean processes and systems are too inefficient, burdensome for our staff, and do not empower staff to make better decisions within a new accountability framework (NEW)	3x4=12 Medium
D3	Core	Our Performance	7	Inconsistent understanding, expectations or alignment of the role of the Core increases demands of services to deal with roles and functions that should be / could be better governed and managed in part or in full within other directorates and services.	3x4=12 Medium
D4	Core	Our Finances and Resources	7	Inability to deliver required savings attributable to the Core due to interdependencies with the actions of other directorates and with other Core services.	3x4=12 Medium
D5	Core	Manchester People	1 2 3	Universal Credit roll out and Welfare Reforms impacts on resources and given limited local ability to manage the changes and limitations in discretionary budgets this results in local reputational issues and significant welfare impact on Manchester residents; increasingly demand on other public services.	3x4=12 Medium
D6	SDvt	Manchester Places	3 5 6	Failure to deliver the spatial framework, GM Strategy and Our Manchester targets for attractive and increased housing offer and infrastructure improvements at sufficient pace to provide affordable and appropriate housing, attract new businesses and improve skills. This impacts on pace of growth in the City, strategic priorities and achievement of future financial assumptions over NNDR and Council Tax income	4x4 = 16 High
D7	SDvt	Our Finances and Resources	2 7	The operational estate does not meet the Council's needs in the context of required capacity and transformation and opportunities for co-location with partners. The emerging nature of demands and requirements within existing resources could potentially mean that the service cannot meet the requirements as well as being safe, secure and effective within timescales, resulting in ongoing/planned work having to be deprioritised.	4x3=12 Medium
D8	SDvt	Manchester Places	6	Slow down in economic growth/investment due to exiting the European union will have a direct impact on planning income, future development opportunities and economic growth of the city (NEW)	4x3=12 Medium
D9	SDvt	Our Finances and Resources	3 7	Requirements for registered housing providers to reduce rents over the next four years leads to a deficit emerging within the HRA generally and Northwards Housing specifically.	3x4=12 Medium
D10	N'Hoods	Manchester Places	4 7	The Our Manchester Strategy and approach fails to drive resident and community behavioural change necessary to reduce dependency and foster neighbourhood improvements. Key strategic priorities are not delivered. This generates additional pressure on Universal services and affects the directorate's ability to deliver required budgetary savings.	3x4 = 12 Medium
D11	N'Hoods	Manchester Places	4	Communities and households do not engage with strategies to reduce waste disposal and increase capture of target recycling materials. Changes in the recycling markets result in strict application of the recycling specification which results in more rejected recycling loads. This results in increased financial liabilities through the waste levy and an inability to maintain recycling rates.	4x3 = 12 Medium

ID	Business Plan Area	Theme	Corporate Plan Links	Risk Description	Risk (to achievement of Directorate Priorities)
D12	N'Hoods	Manchester Places	4 7	Business Continuity Plans both within Council services and the supply chain do not mesh to address all key reliances and protect the delivery of essential services (NEW)	3x4 =12 Medium
D13	N'Hoods	Manchester Places	5	Delivery of service development priorities and associated plans in Highways are not achieved within proposed timescales and budget resulting in inability to deliver Council priorities including success of the planned major investment in highways improvement.	4x3 = 12 Medium
D14	Adults	Manchester People	2 7	Delay in development of integrated front door results in inappropriate demand into the service and use of resources; Care Act 2014 statutory responsibilities relating to information and advice not fully met.	4x4 = 16 High
D15	Adults	Manchester People		Citizens not assessed or reviewed in a timely, proportionate and consistent manner results in increase in safeguarding enquiries, complaints, risk of judicial review, causes breach of Statutory Duty.	3x4 = 12 Medium
D16	Adults	Our Partnerships	2	Partnership governance arrangements necessary to deliver key components of Health and Social Care integration deteriorate over time and affect ability to deliver major workstreams and anticipated benefits.	5x4 = 16 High
D17	Adults	Manchester People	1 2	Transition pathways and processes of citizens from children's to adult services results in increased risk of safeguarding and unmet need. Costly re emergency placements or interventions. (NEW)	4x4=16 High
D18	Adults	Manchester People	2	Capacity and quality in the care market is insufficient to meet adult social care requirements. (NEW)	4x4=16 High
D19	Children's	Manchester People	1	Continuing growth in population impacts on ability to meet social care targets, provide pre-school/school/special school/post 16 placements and associated transport - this would create intensive pressure on services.	4x3=12 Medium
D20	Children's	Our People	1 2	Difficulty in recruiting and retaining social workers and the restructuring of key services could lead to inexperience and instability within the workforce. This would impact progress, assurance, performance targets and service delivery. (NEW)	4x3=12 Medium
D21	Children's	Manchester People	1	Implementation of new ways of working e.g. locality model, integration of Early Years and Early Help Hubs, school clusters fail to deliver expected outcomes and anticipated reduction in demand for high cost services. (NEW)	4x3=12 Medium
D22	Homelessness	Manchester People	2 3	The volume of new homelessness referrals outstrips the available resources. Service and quality standards deteriorate.	3x4 = 12 Medium
D23	Homelessness	Manchester People	2	Increased service demand, combined with increased number of complex cases results in an inability to identify and respond to safeguarding concerns . (NEW)	4x4 = 16 High
D24	Homelessness	Manchester People	2	Increasing levels of rough sleeping leads to individual rough sleepers being placed at an enhanced risk of harm, impacts on health (physical and mental), increased pressure on service providers to take placements. (NEW)	4x3 = 12 Medium
D25	Homelessness	Manchester People	2 3	Insufficient affordable housing available as "move on" accommodation for homeless households. This results in prolonged homelessness and a lack of choice regarding location of accommodation (NEW)	3x4 = 12 Medium

Appendix Two: Glossary of Terms and Assessment Criteria

A. Themes

Our Partnerships	Primary impacts on delivering outcomes through partnerships and key suppliers at national, regional, GM, City or local level.
Our People	Primary impacts linked to the workforce capability, capacity, skills, motivation and engagement.
Our Performance	Primary impacts on delivering on stated priorities, targets and agreed performance standards.
Our Finances & Resources	Primary impacts on financial and other (non workforce resources) including ICT, information and premises
Manchester People	Primary impacts on Manchester residents, service users and those who engage with universal or specialist series across the City; including children and adults.
Manchester Places	Primary impacts on Manchester neighbourhoods and place, including infrastructure, transport, housing, leisure and other universal services for residents and visitors.
Statutory & Legal Duties	Primary impacts on legal duties and compliance with legislation

B. Corporate Plan Links

1	Young People: From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better
2	Healthy, Cared-for People: Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives
3	Housing: Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes
4	Neighbourhoods: Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of.
5	Connections: Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks
6	Growth that Benefits Everyone: To support our priorities, we need to continue to promote and drive sustained economic growth and job creation that benefits everyone
7	Well-Managed Council: Support our people to be the best and make the most of our resources.

C. Risk Owners

CEX	Chief Executive, Joanne Roney
DCE	Deputy Chief Executive and City Treasurer, Carol Culley
CS	City Solicitor, Fiona Ledden
DCS	Director of Childrens Services, Paul Marshall
DAS	Director of Adult Services, Bernadette Enwright
DSD	Director of Strategic Development, Eddie Smith
DN	Director of Neighbourhoods, Fiona Worrall
DPH	Director of Public Health, David Regan
MW	Director of Homelessness, Mike Wright

D. The Risk Continuum: Risk Scoring Guidelines

Risk Impact and Likelihood scores are attributed from within a sliding scale. Definitional statements are described in broad terms and there is a requirement to consider each risk within the continuum and apply specialist understanding or experience to apply a risk score.

Score	Impact	Likelihood
5	<p>Life threatening / multiple serious injuries.</p> <p>Intense political and media scrutiny i.e. national media coverage / prolonged local media coverage.</p> <p>Possible legislative, criminal, or high profile civil action against the Council, members or officers.</p> <p>Cessation of core activities.</p> <p>Failure of major projects/programmes.</p> <p>Finance impacts that cannot be managed from within financial Directorate resources.</p> <p>Statutory intervention triggered.</p> <p>Severe impact on Priority 1 or Key Service performance / Impact on the whole Council.</p>	Highly likely that risk will be realised (60%)
3	<p>Threat to the health and wellbeing of one or more individuals. Potential for workdays lost to injury/stress</p> <p>Additional scrutiny required by management and internal committees.</p> <p>Service impacts require co-ordinated directorate response.</p> <p>Some local media attention requiring corporate intervention.</p> <p>Failure of projects with directorate impact</p> <p>Core activities continue to be delivered but reasonable adjustment required to focus resources at priority areas</p> <p>Budgetary realignment required to manage impacts.</p>	Medium/Low likelihood (circa 30%)
1	<p>Injuries / stress requiring only limited medical intervention.</p> <p>Limited additional scrutiny required by management.</p> <p>Risk unlikely to receive local media coverage.</p> <p>Short-term disruption of activities / service performance.</p> <p>Internal policies and regulations not complied with.</p> <p>Finance impacts managed with minimal impact.</p>	Whilst possible the likelihood of the risk being realised is considered low (<5%)

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