



Audit Committee

Date: Tuesday, 28 November 2023

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **revised agenda** which names an additional item of business that was not available when the agenda was first published.

Everyone is welcome to attend this meeting.

Access to the Council Antechamber

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension

There is no public access from the Lloyd Street entrances of the Extension.

Filming and broadcast of the meeting

Meetings of the Audit Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Membership of the Audit Committee

Councillors - Lanchbury (Chair), Curley, Noor, Kilpatrick and Simcock

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

Agenda

- 1. Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent.
- 2. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.
- 3. Interests**
To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.
- 4. Minutes** 7 - 12
To approve as a correct record the minutes of the meeting held on 19 September 2023.
- 5. Annual Audit Report and Completion Letter 2021/22** 13 - 56
The report by the External Auditors (Mazars) is enclosed.
- 6. External Audit Update - Annual Accounts 2022/23**
An oral report will be provided by the External Auditors (Mazars).
- 7. Annual Accounts update**
The report of the Deputy Chief Executive and City Treasurer **will follow**.
- 8. Governance and Management of Complaints 2022/23** 57 - 74
The report of the Assistant Chief Executive and the City Solicitor is attached.
- 9. Treasury Management Update**
The report of the Deputy Chief Executive and City Treasurer **will follow**.
- 10. Internal Audit Assurance (Quarter 2)**
The report of the Head of Audit and Risk Management **will follow**.

- 11. Outstanding Audit Recommendations (Quarter 2)**
The report of the Head of Audit and Risk Management **will follow.**
- 12. Housing Services Update** 75 - 80
The report of the Strategic Director of Neighbourhoods is attached.
- 13. Register of Significant Partnerships**
The report of the Deputy Chief Executive and City Treasurer **will follow.**
- 14. Work Programme** 81 - 88
The report of the Governance and Scrutiny Support Unit is attached.
- 15. Exclusion of the Public**
The officers consider that the following item contains confidential information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The Employee Appeals Committee is recommended to agree the necessary resolutions excluding the public from the meeting during consideration of these items.

An appeal process exists for members of the public who wish to appeal against the officers' recommendation for confidentiality. Anyone who does wish to appeal should contact the Committee Officer as soon as possible (preferably at least 48 hours) before the meeting.
- 16. Annual Counter Fraud (Part B)**
The report of the Head of Audit and Risk Management **will follow.**

Information about the Committee

The Committee is responsible for approving the Council's statement of accounts; considering the Audit Commission's Annual Audit and Inspection Letter and monitoring the Council's response to individual issues of concern identified in it. The Committee also considers the Council's annual review of the effectiveness of its systems of internal control and assurance over the Council's corporate governance and risk management arrangements, and engages with the external auditor and external inspection agencies to ensure that there are effective relationships between external and internal audit.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to the strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public are asked to leave.

The Council welcomes the filming, recording, public broadcast and use of social media to report on the Committee's meetings by members of the public.

Agenda, reports and minutes of all Council Committees can be found on the Council's website www.manchester.gov.uk.

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

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

Donna Barnes
Tel: 0161 234 3037
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This agenda was issued on **Tuesday 21 November 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA.

Audit Committee

Minutes of the meeting held on 19 September 2023

Present:

Councillor Lanchbury - In the Chair
Councillors, Kilpatrick, Noor, Simcock and Stogia

Independent Co-opted members: Dr S Downs and Dr D Barker

Apologies: Councillor Curley

Also Present:

Councillor Akbar, Executive Member for Finance and Resources
Alastair Newall (External Auditor)
Suresh Patel, Mazars (External Auditor)

AC/23/25 Statement on the recent issue of a Section 114 Notice by Birmingham City Council

In light of the recent issue of a Section 114 Notice by Birmingham City Council, at the Chair's request, the Deputy City Treasurer made a statement to Committee members to provide assurance on the authority's financial position.

An outline of the factors that had contributed to Birmingham City Council's Section 114 notice was provided to the Committee. Members were informed that Manchester had settled all of its equal pay claims with no outstanding liabilities remaining as a result of its robust job evaluation processes. Members were also invited to note that some 27 Councils had to date either warned or had issued a Section 114 Notice due to significant funding pressures with more warning of similarly precarious circumstances should in-year budgets and/or savings not be delivered.

The Committee was invited to note that whilst the Authority's position was challenging with various overspends being reported, mitigations are being developed and the Council has a robust reserves strategy leaving the Authority in a sustainable yet challenging position. However, any reductions in funding (eg the forthcoming Business Rates reset due in 2025/26) would pose a significant risk to the Council's longer term financial sustainability. He gave assurance that the Council would continue its prudent approach to treasury management and would uphold its established track record of taking early and positive financial decisions.

AC/23/26 Minutes

Decision

To approve the minutes of the meeting held on 25 July 2023 as a correct record.

AC/23/27 Mazars (External Auditor) Annual Audit report 2020/2021

The Committee received the Annual Auditors' report (AAR) from Mazars (External

Auditors) which summarised the work undertaken by Mazars in respect of audit work for the year ended 31 March 2021.

In addition to the background and introduction, the report included:

- The opinion on financial statements, including the scope of the audit and the results of the opinion.
- A discussion of Value for Money (VFM) arrangements, including the approach to VFM and a summary in respect of financial sustainability, governance and economy, efficiency and effectiveness; and
- An outline of wider reporting responsibilities, including fees

Alastair Newall (External Auditor) confirmed that this was the final report on the 202/21 audit which had been completed in August 2023 shortly following the Committee's previous meeting in July 2023. He gave emphasis to the information remaining unchanged to that which had been previously reported in July 2023 and had been submitted as a formality in line with National Audit Office requirements.

In response to a query from a committee member, he outlined the complexities in the approach required to ensure that valuations remained materially correct in the context of a five-year rolling programme and the Council's broad and complex asset base.

The Committee conveyed its thanks to the Finance Team and Mazars for the completion under challenging circumstances.

Decision

To note the report.

AC/23/28 Mazars (External Auditors) Audit Completion Letter 2020/21

The Committee received the Annual Audit Completion letter in respect of the 2020/21 Local Authority Accounts. Appended to the Letter was Mazars proposed audit report and opinion and a summary of additional fees to be requested from Public Sector Audit Appointments (PSAA). The letter confirmed that there were no matters to report to the Committee in relation to the audit.

The Committee acknowledged that the purpose of the letter's submission was to align with International Standards on Auditing - UK and Ireland (ISA (UK and Ireland)) requirements and that all matters relating to the 2020/21 Audit of Accounts was complete.

Decision

To note the audit completion in respect of 2020/21 Annual Accounts.

AC/23/29 Mazars (External Auditors) Audit Completion report 2021/22

The Committee received a report of the External Auditors (Mazars) which presented the Annual Audit Completion report for the year ending 31 March 2022.

The report included the following information:

- The Executive Summary,
- The Audit Status
- The Audit Approach
- Significant Findings
- Internal Control Mechanism recommendations
- Misstatements

The following were also appended to the report:

- The Draft Management Representation Letter
- The Draft Audit Report
- Independence
- Other Communications

Suresh Patel (External Auditor, Mazars) introduced the report with reference to its Executive Summary, highlighting familiar areas of risk and focus to the 2020/21 Audit of Accounts. Mr Patel indicated that Mazars were preparing to submit an unqualified opinion subject to a number of matters requiring completion and with an anticipated date of the end of September 2023. With regard to Value for Money arrangements, he endorsed the Deputy City Treasurer's earlier statement concerning the Council's financial sustainability as a result of unearmarked reserves. It was anticipated that the report on Value for Money audit work would be completed by the end of November 2023 at which the Annual Audit report for 2021/22 would be submitted. He added that no correspondence or objections from any sources including the public had been received in respect of the report.

Alastair Newall (External Auditor, Mazars) talked the Committee through the report's findings, providing a narrative for the similar areas of risk as identified in the previous financial year's audit. There was then a discussion about the factors that had contributed to those repeated risks which were said to be due in part to the impact of the five year rolling programme as well as ongoing considerations in respect of their individual nature and complexity, meaning that they may take longer to be appropriately addressed. He urged the Committee to note that this should not be seen as criticism of the Council's processes and that Mazars were satisfied with the progress that had been made thus far. The Committee acknowledged this.

Decision

To note the report.

AC/23/30 Final Statement of Accounts 2021/22

The Committee received the report of the Deputy Chief Executive and City Treasurer

which presented the Council's final accounts for 2021/22 and an explanation for the key audit adjustments to the draft. The accounts had been updated from the draft accounts previously reported (27 September 2022) and took account of changes that had arisen since that time. This included the national accounting changes to the reporting of infrastructure assets that had delayed the final audit of the accounts, and affected all Councils.

In addition to an introduction and background, the report discussed:

- Changes to the Single Entity Main Accounting Statements
- Group Accounts; and,
- Other changes

The following was appended to the report:

- A summary of changes to the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet
- The updated Annual Statement of Accounts 2021/22

The Committee was asked to:

- 1) Note the amendments made to the annual accounts since they were reported to the Audit Committee in September 2022
- 2) Approve the revised annual accounts including the accounting policies contained within them
- 3) Agree not to amend the annual accounts in relation to asset valuations as detailed in paragraphs 2.8, 2.11 and 2.12 and that the amounts are not considered material

The Deputy City Treasurer introduced the report's main points of consideration and responded to questions.

In response to a question from a Committee Member, the Deputy City Treasurer confirmed that the valuation regarding the National Football Museum (NFM) had been undertaken by professional valuers instructed by Mazars and that periodically differences of opinion can occur, and which highlighted the complexities of asset valuation. Mr Newall (External Auditor, Mazars) confirmed that the NFM sat amongst numerous city centre assets in which there had been a disparity over the land value rate applied when compared to other city centre sites. The Finance Lead added that in view of those complexities, a commitment was in place to have certain city centre assets valued on an annual basis. The Chair acknowledged the broad ranging asset base across the city resulting in the Council's decision to use a range of valuers to allow for the appropriate level of expertise.

Discussions moved to the report's discussion about the pensions liability as a result of the reintegration of former Northwards staff to the Council. The Deputy City Treasurer confirmed that the liabilities had been calculated correctly but had been posted in the incorrect subsection of the financial statement but had not been a discrepancy in terms of the amount of pensions liability.

Decision

- 1) Note the amendments made to the annual accounts since they were reported to the Audit Committee in September 2022
- 2) Approve the revised annual accounts including the accounting policies contained within them
- 3) Agree not to amend the annual accounts in relation to asset valuations as detailed in paragraphs 2.8, 2.11 and 2.12 and that the amounts are not considered material

AC/23/31 Mazars (External Auditors) Oral Update on Progress of 2022/23 Accounts

The Committee listened to an oral update on the progress of the 2022/23 accounts as delivered by Suresh Patel (External Auditor, Mazars).

Mr Patel set out the timetable for 2022/23 audit work. Planning and some interim audit work was scheduled to commence in November/December 2023 with detailed audit work scheduled for January 2024. The anticipated completion date for the audit was said to be the end of March 2024. No significant changes were highlighted for the audit plan itself, however with reference to earlier discussions in the meeting regarding repeated risks it was anticipated that those risks would reduce as a result of reviewed processes.

Discussions moved to the issue of Reinforced Autoclaved Aerated Concrete (RAAC) (aka RAAC concrete) and the scope for this to become an issue for the 2022/23 audit. The Deputy City Treasurer said that this was largely attributed to the schools sector with currently just one Voluntary Aided school partially affected though still operational. However a Task and Finish Group had been constituted to look at assets across the estate meaning that Council would soon be able to provide further information on the matter once those assessments had concluded with a view to whether any findings could significantly impair the Council's asset base.

Decision

To note the report.

AC/23/32 Work Programme

The Committee considered a report of the Governance and Scrutiny Support Unit which set out its future Work Programme for the remainder of 2023/24 municipal year.

Decision

To note the report and approve the work programme.

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Auditor's Annual Report

Manchester City Council – year ended 31
March 2022

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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

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Section 01: Introduction

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Manchester City Council ('the Council') for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 16 November 2023. Our opinion on the financial statements was unqualified.

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Value for Money arrangements

In our audit report issued we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



Wider reporting responsibilities

The group audit instructions issued by the NAO set a threshold for detailed work on Whole of Government Accounts returns at £2bn., The Council is above the threshold and we will need to complete the detailed work set out in the group audit instructions. We have not commenced this work yet. When we complete our work on the Council's Whole of Government Accounts return we will report to the NAO in line with their instructions and will issue our certificate for the 2021/22 audit of the Council.

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02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 16 November 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

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Section 03: **Commentary on VFM arrangements**

3. Commentary on VFM arrangements

Overall summary

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services



Governance - How the Council ensures that it makes informed decisions and properly manages its risks



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We did not identify any risks from our planning work.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	No	No	No
 Improving economy, efficiency and effectiveness	17	No	No	No

3. Commentary on VFM arrangements

Financial Sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to financial sustainability in 2021/22

The Council entered the 2021/22 financial year with the continued financial and operational challenges posed by the Covid-19 pandemic still impacting significantly. Some of the Government’s initiatives to respond to the Covid-19 pandemic were supported by additional funding, and the Council continued to receive significant additional funding in 2021/22. This funding helped the Council to support residents and businesses through the year. The Council’s financial sustainability challenges from the Covid-19 pandemic will continue through the medium term and this places considerable pressure on the Council to maintain effective financial sustainability arrangements.

The Council’s financial planning and monitoring arrangements

In March 2021, the Council set a balanced budget for the 2021/22 financial year with a total net budget for Council services of £637m. This required an increase in Council Tax of 4.99% (including 3% Adult Care precept). Throughout the year the Council regularly updated its budget forecast, enabling budgets to remain up-to-date in the fast-changing and uncertain operating environment of the pandemic. The final net budget reported for the year was £675m reflecting the significant Covid-19 funding received through the year. The budget planning for 2021/22 recognised the very significant impact on the Council’s finances of Covid-19, identifying the financial impact on the Council for 2021/22 at £144m. The budget for 2021/22 included £41m of savings proposals and £185m use of reserves. The high use of reserves in 2021/22 reflects the use of Covid-19 funding received in 2020/21 but which was unspent and added to reserves at the end of 2020/21, to be spent during 2021/22.

The Council’s financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities, the Council’s Corporate Plan, and the impact on resources of emerging challenges and risks. Where additional resources are required these are scrutinised and challenged before they are included in the budget estimates. Engagement with directorates and members are key parts of the budgeting arrangements, and from our review of the output and discussions with officers, these are detailed and extensive.

The Council reported its revenue outturn position for 2021/22 as an overall underspend of £1.2m. This continues the Council’s strong track record of managing its budget through the year, and mitigating the risks and pressures emerging through the year. The Council provided regular reports of its financial position to Executive through the year. We have reviewed a sample of the reports presented for 2021/22. These reports

were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Executive which includes reporting to directorate management teams and the strategic management team.

The Council has a very significant capital programme, and continues to play a lead role in developing the City. In 2021/22 the final capital budget was £503m. Actual spending against the budget was £293m, reflecting that, although significant progress was made against the various projects, Covid-19 impacted on the delivery of projects. As well as the routine capital projects the Council undertakes, there several large, strategically important projects. The most significant of these are the renovation of the Town Hall (total capital budget of £305m), the Factory project (total capital budget of £190m), and the Victoria North project (total capital budget of £75m). The size and complexity of the capital programme requires a robust and effective monitoring process to enable the financial impact of the projects to be evaluated and reported promptly to enable timely effective decision making. The capital budget monitoring and reporting mirrors the revenue budget monitoring. We reviewed a sample of these reports and this confirmed they provide timely detailed monitoring reports to key decision makers in the governance structure.

The Council’s arrangements for identifying, managing and monitoring funding gaps and savings

As part of its budget setting arrangements for 2021/22 the Council commenced its planning for its updated three year financial plan. The planning for 2021/22 recognised the importance of setting a balanced one year budget alongside demonstrating the long term financial resilience of the Council. The approach for 2021/22 reflected the one year settlement announced by the government, and recognised the uncertainty in the medium term funding. A key element of the budget setting process is identifying savings and funding gaps. The budget reporting to Executive and Council provides significant detail on the savings plans, in-year monitoring and outturn delivery at the year end. The budget report to Council in March 2021 set out the detailed savings plans and proposals for each directorate, along with the proposed impact on the Council’s reserves until 2024/25.

The Council’s budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its savings requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies. We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed the documents were comprehensive and detailed and the discussions were timely and delivered the intended outcomes to assist with the budget preparation.

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

Council’s arrangements and approach to 2022/23 financial planning

The Council’s arrangements for the 2022/23 budget setting process largely followed the arrangements in place for 2020/21.

The budget for 2022/23 was approved at the March 2022 Council meeting. The Council set a balanced budget with a total net budget for Council services of £691m with an increase in Council Tax of 2.99% (including 1% Adult Care precept). The 2022/23 budget included £11m of savings and efficiencies. The Council budget planned to use £154m of reserves, £117m related to the reserve for Business Rates, required to smooth the impact of the Covid-19 pandemic on the Collection Fund. The majority of the reserve use was related to the Business Rates reserve. The projected General Fund and earmarked reserves at the end of 2022/23 were £318m.

We have reviewed the supporting evidence relating to the preparation of the 2022/23 budget and these demonstrate the arrangements are consistent with the previous year, were detailed and robust, and were properly applied.

Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to financial sustainability.

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3. Commentary on VFM arrangements

Governance

How the Council ensures that it makes informed decisions and properly manages its risks

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Council’s risk management and monitoring arrangements

The Council has a well established risk management system in place and embedded in the governance structure of the organisation. The Council has a risk management strategy 2020-2023 which sets out the Council's risk appetite and context to its risk management. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These registers inform the Council's corporate risk register which sets out the key strategic and corporate risks. The risk registers apply a risk score alongside the Council's target score for each risk. The register includes the controls in place to mitigate the risks along with other sources of assurance, and enables the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy along with examples of risk registers. Our review confirms the strategy is clear, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members to discharge their responsibilities.

The Council reports its risk registers through its governance framework, culminating in reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed the Committee understands its role in the risk management framework. It provides challenge to management on the risk registers and corresponding risks and mitigating actions.

The Council has a team of internal auditors, led by the Head of Audit & Risk Management, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is ordinarily agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. In 2021/22, the Audit Plan was presented to the Committee in March 2021. The audit plan is based on an assessment of risks the Council faces, and is planned to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2021/22 and 2022/23 and confirmed they are consistent with the risk based approach. The Council has comprehensive anti-fraud and corruption policies which are updated as required. In 2021/22 a continued focus of the Council's anti-fraud work was in implementing processes to minimise any loss on business grants by putting in place checks to minimise fraud/ loss before payments were made to businesses.

Internal Audit progress reports are presented to Audit Committee meetings routinely throughout the year, including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Audit & Risk Management provides an opinion based on the work completed during the year. For 2021/22 the Head of Audit & Risk Management concluded a reasonable level of assurance could be given that the Council's overall framework of governance, risk management and control remains appropriate and had been complied with. Whilst this reflected the significant impact of the pandemic, the annual report highlighted the strength of the core governance, risk and control systems.

Throughout the year we have attended all Audit Committee meetings. These meetings have received regular updates on both internal audit progress and risk management. Audit Committee members engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

Council arrangements for budget monitoring and budgetary control

The Council has well established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. The format of the reports ensures relevant information is available. We have reviewed a range of the reports and conclude they are appropriately detailed and comprehensive to provide members with the current financial position and the future challenges and risks ahead.

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Council decision making arrangements and control framework

The Council’s decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Executive, or other decision making committees) or delegated to Executive portfolio leads, or officers. The Constitution sets out clearly the approach to decision making. The Council also has a range of overview and scrutiny committees and sub-groups that challenge and scrutinise Council decisions.

Reports provided to support decision making include an assessment of the revenue and capital financial impacts and other key impact areas such as risk management, legality and equal opportunities.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and, where necessary, asks management to report on specific internal control issues. This includes asking management to attend meetings to answer questions. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls.

Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to governance.

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3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

The Council's arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported through the year. The monitoring of the achievement of the Corporate Plan priorities is supported by accessible detailed dashboards. These are presented alongside narrative reporting of the actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is doing. The financial monitoring position is reported separately to performance monitoring but both provide a detailed and insightful summary of the Council performance and provide up to date evidence to inform decision making. The monitoring is also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified.

The Council produces a range of value for money analysis, including annual benchmarking of outcomes and unit costs against similar Councils. During 2020/21 the Council commissioned an external financial benchmarking review. The Council used the output to both inform the budget planning process for 2021/22, and also to undertake detailed work with directorates to identify and deliver improvements in the delivery of value for money. The Council uses benchmarking tools to inform its understanding of its performance. As well as using some off the shelf benchmarking tools, the Council also has a corporate Performance, Research & Intelligence service. This service provides a valuable source of advice on performance monitoring methodologies for projects and directorates, as well as interpreting data and performance monitoring information.

The Council's arrangements for effective partnership working

The Council's key partnerships include a wide range of organisations as is expected for a very large and complex Council. These include service delivery partnerships, statutory partnerships, and commercial partnerships.

The Council monitors its delivery through key partnerships including an ongoing assessment of risk as set out in its Register of Significant Partnerships which is reported to the Audit Committee annually. This summarises the significant partnerships the Council has alongside a rating of assurance the Council considers the partnership arrangements provide. This is informed by discussions and assessments involving the partnership link officer, moderated by Council officers from a range of service areas. As at 31 March 2022 the register included 48 significant partnerships, only one of which was reported as having limited assurance of controls

over the partnership, and 37 were rated as having the highest level of assurance. This is a consistent position with the previous year, and provides good information to the Council on the level of risk in its partnership working.

During 2021/22 the impact of Covid-19 continued to place a greater focus on the operation of a number of strategic partnerships, particularly those related to delivery of health and social care responsibilities, and those supporting vulnerable residents.

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procurement Rules. This sets out the detailed process the Council must follow when procuring goods or services. We have reviewed the procedure rules and this confirms they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

To support procurement, the Council has centralised procurement team. This team provides a key source of procurement expertise. The team are required to be involved in procurement contracts above £30,000 and lead the procurement process in many cases. The Council controls in place to manage procurement effectively include completion of a pre-tender form to evidence the approval for the procurement and that financial and legal requirements have been followed. The support provided by the procurement team includes training to officers involved in the procurement process, enabling a clear common understanding of the approach and compliance requirements. The Council appoints contract managers who have responsibility for managing the contract. Directorates record their contracts in registers to track all the contracts within their portfolio.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

04

Section 04:

Other reporting responsibilities and our fees

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4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not yet completed this work and will submit this information to the NAO on completion.

Paragraph 5

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£159,519	£159,519
Additional fees in respect of recurrent scope changes: Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	£43,750	£48,000
Additional fees in respect of in-year scope changes: Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	£2,500	-
Additional fees in respect of additional audit requirements for Manchester CC: Enhanced Audit Reporting	£5,625	£5,625
Additional fees in respect of value for money work arising from the change in the Code of Audit Practice	£12,500	£12,500
Additional fees in respect of auditing infrastructure assets	£15,000	-
Additional fees in respect of auditing the Council's Group	£20,000	£20,000
Additional fees in respect of specific accounting and quality issues	£42,000	£30,000
Total fees	£300,894	£275,644

Fees for other work

We confirm that we have not undertaken any non-audit services for the Council in the year.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

Item 5

Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.



Cllr Lanchbury
 Chair of the Audit Committee
 Manchester City Council
 Mount Street
 Manchester
 M30 2LA

Direct
 line

Email suresh.patel@mazars.co.uk

16 November 2023

Dear Cllr Lanchbury

Conclusion of pending matters– Audit completion report

Following on from the September 2023 Audit Committee meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated 14 September 2023. The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
Pension Liability	We have completed our work on the Council's final actuarial valuation report. The work did not identify any additional matters to report to the Council. The adjustments the Council made to the financial statements were reported in our Audit Completion Report.
Movement in Reserves Statement	We have completed our work on the Council's Movement in Reserves Statement. Our work identified a misstatement in the classification of items in the Unusable Reserves (Capital Adjustment Account) in Note 39d of the financial statements. The Council amended the financial statements. This adjustment did not impact on any other entries in the financial statements.
Cost of Services expenditure and income	We have completed our work on the Council's expenditure and income. There are no matters to report to the Committee from our work.
Cash flow statement	We have completed our work on the Council's Cash flow statement. There are no matters to report to the Committee from our work.

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Matter	Conclusion reached
Financial instruments disclosures	We have completed our work on the Council's Financial Instruments disclosures in Note 37 of the financial statements. Our work identified that the Council has misclassified two financial assets with a total value of £2.5m. The details are included in Appendix A. Our work did not identify errors in carrying value of those assets. The Council has not amended the financial statements on the grounds of immateriality.
Group consolidation	We have completed our work on the Council's Group consolidation. Our work identified errors in the consolidation work and the misstatements. The Council has made amendments to the financial statements for some of the errors, and has not amended other errors on the grounds of immateriality. The adjustments made and not made are included in Appendix A.
Final review procedures	We have completed our final review procedures. The work identified a misstatement in the Council's disclosure of Contingent Assets in Note 44. In our view the asset disclosed is not a contingent asset but is a long term debtor and should be included in the Council's balance sheet. The value of the asset is £2.5m and is not material. The Council has not amended the financial statements on the grounds of immateriality.
Post Balance Sheet Events	We have completed our work on the Council's post balance sheet events including obtaining relevant assurances from Council officers. Specifically these assurances included events impacting on Manchester Airport Holdings Limited, and RAAC in Council buildings. The Council have included additional disclosures reflecting the events that have occurred since 31 March 2022 which have materially impacted the Council's financial position. There are no matters to report to the Committee from our work.
Financial statements, Annual Governance Statement and letter of representation	We have received the final signed statements and the signed letter of representation. Based on the final financial statements we reconsidered our materiality levels. We reduced our materiality level for the Council to £29.1m and for the Group to £33.57m. The reduction reflects the reduction in the Council's Gross Expenditure at the Surplus/Deficit on Provision of Services level arising from adjustments made following the audit. Our performance materiality and trivial reporting thresholds were reduced as a consequence of the reduction in headline materiality. There are no additional matters arising to report to the Committee.

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Appendix A contains the summary of additional mis-statements identified. Appendix B contains our proposed audit report and opinion. Appendix C contains our requested Management Representation Letter from management. Appendix D contains our additional fees which have been agreed with the Deputy Chief Executive & City Treasurer, and are subject to approval by Public Sector Audit Appointments. If you wish to discuss these or any other points then please do not hesitate to contact me.

Yours sincerely



Suresh Patel

Partner

16 November 2023

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Appendix A – Audit Misstatements**Corrected misstatements**

The Council has amended the financial statements for the following misstatements above our trivial threshold of £873k (Council) and £1,007k (Group).

	CIES		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1	Dr Group Property, Plant & Equipment	-	831	-
	Dr Group Long Term Debtors	-	750	-
	Dr Group Short Term Debtors	-	241	-
	Cr Groups Short Term Creditors	-	-	750
	Cr Group Long Term Deferred Liabilities	-	-	241
	Cr Group I&E Reserve	-	-	831

Errors identified in the consolidation of Destination Manchester Limited. The cumulative impact on Group Total Assets was an increase of £1.8m with an increase of £0.8m on the Group I&E reserve.

2	Dr Group Long Term Investment in Joint Venture		33,183	
	Cr Group I&E Reserve			33,183

The group consolidation for the draft accounts removed the full equity value of the airport car park company, of which the Council's share is only 10% and is not consolidated by the Council. The Council should have applied their 35.5% share of Manchester Airport Holdings Ltd to the car park company equity value. This adjustment corrects the consolidation adjustment so that only 35.5% of the equity value is removed.

3	Cr Group Net Cost of Services Expenditure	12,380		
	Cr Group Net Cost of Services Income	31		
	Dr Group Tax Expense of Subsidiary	897		
	Dr Group I&E Reserve		11,514	

Adjustments identified in the 2020/21 audit, completed after the 2021/22 draft accounts were produced impacted on the 2021/22 consolidation of group accounts. The impact of the adjustments is to reduce Group Net Expenditure at the Cost of Services level by £12.4m, increase Tax Expenses of the Subsidiary by £0.9m and increase Group I&E reserve by £11.5m.

4	Dr Group Share of Other Comprehensive Income and Expenditure of Joint Ventures	12,998		
	Cr Group I&E Reserve			12,998

Adjustments identified in the 2020/21 audit, completed after the 2021/22 draft accounts were produced impacted on the 2021/22 consolidation of group accounts. The impact of the adjustments is to reduce the Group Share of OCI of the Joint Venture by £13m with a corresponding reduction in the Group I&E reserve.

Corrected Disclosure Adjustments

- Note 39(d) Capital Adjustment Account – the Council adjusted the note to correctly disclose downward revaluation of investment properties in the line for 'Movement in fair value of investment property'
- Note 40 Dedicated Schools Grant – the Council has included the prior year comparator disclosure.

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- Group Cash Flow Statement and Group Notes 11 and 12 – the Group Cash Flow Statement and Group Notes 11 and 12 have been amended to remove the £1.5m loan repayment by Destination Manchester Limited to the Council. This is an intra group transaction.

Uncorrected misstatements

The Council has not amended the financial statements for the following misstatements above our trivial threshold of £873k (Council) and £1,007k (Group) on the grounds that they are individually and cumulatively immaterial.

	CIES		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
1	Dr Property, Plant & Equipment	-	1,504	-
	Cr Unusable Reserves	-	-	1,504
	The valuation of an asset was understated because the calculation was incorrectly reduced by a price indexation.			
2	Dr Long Term Debtors		2,595	
	Cr Usable Reserves			2,595
	An asset disclosed as a contingent asset should have been recognised as a long-term debtor.			
3	Dr Group Long Term Investment in Joint Venture		2,378	
	Cr Group I&E Reserve			2,378
	In calculating the Council's equity share of Manchester Airport Holdings Limited (MAHL) the Council should remove the impact of IFRS16 from the MAHL accounts. This is because IFRS16 does not yet apply to the Council. The Council did not make this adjustment and the Group Balance Sheet and Group I&E Reserve are understated.			
4	Dr Group Long Term Investment in Joint Venture		835	
	Cr Share of Operating Results of Joint Venture		13,766	
	Dr Other Comprehensive Income of Joint Venture	12,931		
	The Council adjusts the operating results of Manchester Airport Holdings Limited to apply depreciation on the consolidated revalued assets values. In 2020/21 additional depreciation had incorrectly only been applied to some of the Airport assets. This error also applies to 2021/22. The cumulative impact of the error was a reduction in depreciation of £13.7m, an increase in Other Comprehensive Income of £12.9m, resulting in a net increase in the valuation of the investment of £0.8m.			

Uncorrected Disclosure Adjustments

Note 37 Financial Instruments – one financial asset (£1.3m) was misclassified as Fair Value through Other Comprehensive Income, and one financial asset (£1.2m) was misclassified as Fair Value through Profit & Loss. Both assets should have been classified as Amortised Cost.

Note 44 Contingent Assets – the Council has disclosed one contingent asset. Our work concluded that the asset was not a contingent asset but was a long term debtor that should have been recognised in the balance sheet. The value of the asset at 31 March 2022 was £2.5m.

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Appendix B – Proposed Audit Report

See following pages

16 November 2023

Independent auditor's report to the members of Manchester City Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Manchester City Council ('the Council') and its subsidiary and joint venture ('the Group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ('the Code Update'), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2022 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Deputy Chief Executive & City Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Note 5.1.1 of the financial statements explains how the Deputy Chief Executive & City Treasurer formed their judgement that it is appropriate to adopt the going concern basis of preparation for the Council and the Group.

In accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, our review of management's assessment of going concern was focused on the extent to which there are any indications that the functions of the Council and Group will not continue in operational existence for the foreseeable future.

Our audit procedures to evaluate the Deputy Chief Executive & City Treasurer's assessment of the Council's and the Group's ability to continue to adopt the going concern basis of accounting included but were not limited to:

16 November 2023

- undertaking an initial assessment at the planning stage of our audit to identify events or conditions that may cast significant doubt on the Council's and the Group's ability to continue as a going concern in the context of the guidance in Practice Note 10;
- obtaining an understanding of the relevant controls relating to the Deputy Chief Executive & City Treasurer's going concern assessment;
- making enquiries of the Deputy Chief Executive & City Treasurer to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Council's and the Group's continuation of service; and
- considering whether the Deputy Chief Executive & City Treasurer's assessment is proportionate to the risks associated with going concern for the local government sector.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Deputy Chief Executive & City Treasurer with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures. These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	How our scope addressed this matter
<p>Valuation of Council Property, Plant and Equipment <i>Note 19a to the financial statements discloses information on the Council's holding of property, plant and equipment (PP&E) which includes £744.5m of Council Dwellings and £1,241.7m of Other Land & Buildings held at current value at 31 March 2022.</i> The CIPFA Code of Practice requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The valuation of property, plant & equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the skills, experience and qualifications of the Council's valuers, and considering the appropriateness of the Council's instructions to the valuers. • Obtaining an understanding of the basis of valuation applied by the valuers in the year. • Critically assessing the Council's approach to ensure that assets not subject to revaluation in 2021/22 are materially fairly stated. • Critically assessing the Council's approach to ensure that assets revalued through 2021/22 are materially fairly stated at the year end.

16 November 2023

impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.

Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.

The Council's two consolidated entities, MAHL and DML, account for their land & buildings at cost as permitted by their financial reporting framework. In consolidating their share of the two entities the Council must align the companies' accounting policies with their own. Consequently for the group consolidation exercise the Council engages an external valuer to value the land & buildings consistent with the Council's accounting policies.

- Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuers as part of their valuations.
- Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2022.
- Substantively testing for a sample of assets how valuation movements were presented and disclosed in the financial statements.

Our observations

We obtained sufficient appropriate evidence to conclude that the valuation of land & buildings included in the financial statements is reasonable.

Valuation of Investment Properties

The Council's Balance Sheet discloses their Investment Properties to be valued at £493.7m at 31 March 2022

The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date.

The valuation of Investment Property involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.

Our audit procedures included, but were not limited to:

- Obtaining an understanding of the skills, experience and qualifications of the valuers, and considering the appropriateness of the instructions to the valuers from the Council.
- Critically assessing the basis of valuation applied by the valuers in the year.
- Critically assessing the appropriateness of the methodology and assumptions adopted by the Council's valuers for a sample of assets.
- Comparing the valuations to our valuation expert's estimate of the valuations for a sample of assets.

16 November 2023

<p>The Council employs valuation experts to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p>	<ul style="list-style-type: none"> • Sample testing the completeness and accuracy of underlying data used by the valuers as part of their valuations. <p>Our observations</p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of investment properties included in the financial statements is reasonable.</p>
<p>Valuation of the Council's and the Group's Defined Benefit Net Pension Liability</p> <p><i>The Council's and the Group's balance sheet discloses the Council and Group pension liability to be valued at £540.6m at 31 March 2022 and comprises assets of £3,841.6m and liabilities of £4,382.2m.</i></p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council is an admitted body of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2022. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's and subsidiaries' employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the Council and Group net pension liability in 2021/22.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Critically assessing the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council. • Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the Pension Fund has designed and implemented controls to prevent and detect material misstatement. This included the controls in place to ensure data provided to the Actuary by the Pension Fund, including membership data for the triennial valuation, for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate. • Obtaining a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets and the membership data, and evaluating whether the outcome of their work would affect our consideration of the council's share of Pension Fund assets and the actuary's calculation of the pension liability. The Pension Fund auditor work included comparing the asset values used for the actuarial valuation to those subjected to audit by the Pension Fund auditor. • Testing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information. • Challenging the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included challenging the assumptions included in the 31 March 2022 triennial valuation. This challenge included comparing the assumptions to expected ranges provided by our expert, PWC, consulting actuary engaged by the National Audit Office.

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	<ul style="list-style-type: none"> • Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's and Group's financial statements.
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Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Council	Group
Overall materiality	£29.1m	£33.57m
Basis for determining materiality	Materiality has been determined as approximately 1.5% of gross expenditure at the surplus/deficit on provision of services level	
Rationale for benchmark applied	Gross expenditure at the surplus/deficit on provision of services level was chosen as the appropriate benchmark as this is a key measure of financial performance for the Council/Group and for users of the financial statements	
Performance materiality	£18.915m	£21.821m
Reporting threshold	£0.873m	£1.007m

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Deputy Chief Executive & City Treasurer made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Council and Group, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our approach to auditing the Group was based on our understanding of the group structure and an assessment of the significance of individual components to the group financial statements. In summary:

- Full scope audit procedures were carried out on the Council which represents 94.0% of the Group's total assets, 99.4% of the Group's total liabilities, 91.0% of the Group's income and 86.7% of the Group's expenditure.
- Group audit instructions were issued to the auditor of Manchester Airport Holdings Limited in respect of their full scope audit of the Manchester Airport Holdings Limited financial statements. Component materiality of £19.0m was applied to our group audit instructions. Manchester Airport Holdings Limited

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represents 5.4% of the Group's total assets, 0% of the Group's total liabilities, 8.2% of the Group's income and 13.1% of the Group's expenditure.

- Specific audit procedures were carried out on the valuation of Destination Manchester Limited's Property, Plant & Equipment assets which represents 0.7% of the Group's total assets.
- Analytical procedures were performed on Destination Manchester Limited as a non-significant component included in the Group financial statements.

We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The Deputy Chief Executive & City Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Deputy Chief Executive & City Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Statement of Accounts, the Deputy Chief Executive & City Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Deputy Chief Executive & City Treasurer is also responsible for such internal control as the Deputy Chief Executive & City Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Deputy Chief Executive & City Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Deputy Chief Executive & City Treasurer is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

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error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Deputy Chief Executive & City Treasurer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, reviewing management judgements and assumptions in significant accounting estimates, and reviewing any significant one-off or unusual transactions.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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We are also required to conclude on whether the Deputy Chief Executive & City Treasurer use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in this respect.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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Other matters which we are required to address

We were appointed as the Council's auditor by Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is four years covering the audit of the financial years ending 31 March 2019 to 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Council or Group and we remain independent of the Council and Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of the audit report

This report is made solely to the members of Manchester City Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

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Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.

Suresh Patel, Key Audit Partner
For and on behalf of Mazars LLP

30 Old Bailey
London
EC4M 7AU

[Insert date]

16 November 2023

Appendix C – Requested Management Representation Letter**To be provided to us on client headed note paper**

[Date]

Dear Suresh

Manchester City Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Manchester City Council ('the Council') and its Group for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) , as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022, and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022 and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Deputy Chief Executive & City Treasurer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council, Executive and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council 's and Group's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

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I confirm that any significant assumptions used by the Council and Group in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Deputy Chief Executive & City Treasurer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council and Group involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's and Group's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Council's and Group's related parties and all related party relationships and transactions of which I am aware.

Future commitments

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I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Other matters

- I confirm the Council has assessed the potential impact of the Covid-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.
- I confirm the Council has assessed the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.
- I confirm the Council has assessed the potential impact on the Council of the on-going global banking challenges, in particular whether there is any impact on the Council's ability to continue as a going concern and on the post balance sheet events disclosures. In this regard I confirm that our exposure with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation is not material.
- I confirm the Council has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Council, and in particular whether there are indications of a need for an impairment of the Council's property, plant and equipment or investment property balances. I confirm there are no such indications of impairment in those assets.

Going concern

To the best of my knowledge there is nothing to indicate that the Council and the Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of any uncorrected misstatements is included in the Appendix to this letter.

Yours faithfully

Carol Culley
Deputy Chief Executive and City Treasurer

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Appendix**Schedule of unadjusted misstatements**

		CIES		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Unusable Reserves			5,722	
	Infrastructure Assets				5,,722
2	Property, Plant & Equipment			10,658	
	Unusable Reserves				10,658
3	Unusable Reserves			4,208	
	Property, Plant & Equipment				4,208
4	Short Term Debtors – Payments in advance			1,905	
	General Fund Reserves			774	
	Net Cost of Services – Gross expenditure		2,679		
5	Property, Plant & Equipment			1,504	
	Unusable Reserves				1,504
6	Long Term Debtors			2,595	
	Usable Reserves				2,595
7	Group LT Investment in Joint Venture			2,378	
	Group I&E Reserve				2,378
8	Group LT Investment in Joint Venture			835	
	Group Other Comprehensive Income	12,931			
	Group Share of Operating Results of Joint Venture		13,766		
Total unadjusted misstatements		12,931	16,445	30,579	27,065

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Appendix D – Additional fees

Area of work	2020/21 actual fees	2021/22 proposed fees
Planned fee in respect of our work under the Code of Audit Practice	159,519	159,519
Additional fees in respect of recurrent scope changes: Additional testing on Property, Plant & Equipment and Defined Benefit Pensions Schemes as a result of changes in regulatory expectations	43,750	48,000
Additional fees in respect of in-year scope changes: Additional testing as a result of the implementation of new auditing standards: ISA 220 (Revised): Quality control of an audit of financial statements; ISA 540 (Revised): Auditing accounting estimates and related disclosures; ISA570 (Revised) Going Concern; and ISA 600 (Revised): Specific considerations – audit of group financial statements	2,500	-
Additional fees in respect of additional audit requirements for Manchester CC: Enhanced Audit Reporting	5,625	5,625
Additional fees in respect of value for money work arising from the change in the Code of Audit Practice	12,500	12,500
Additional fees in respect of auditing infrastructure assets	15,000	-
Additional fees in respect of auditing the Council's Group	20,000	20,000
Additional fees in respect of specific accounting and quality issues	42,000	30,000
Total fees	300,894	275,644

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**Manchester City Council
Report for Information**

Report to: Audit Committee –28 November 2023

Subject: Governance and Management of Complaints and Information Requests
2022/23

Report of: Assistant Chief Executive and the City Solicitor

Summary

This report presents the complaints, enquiries and information request dashboard, which sets out the Council's annual performance for 2022/23 in the management of corporate and social care complaints, Councillor and MP enquiries, as well as information requests.

Recommendations

Audit Committee Members are asked to note the report and the key messages in relation to the Council's performance in these areas of Complaints and Enquiry management service and legal compliance.

Wards Affected: All

Contact Officers:

Name: James Binks
Position: Assistant Chief Executive
Telephone: 0161 234 1146
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Name: Poornima Karkera
Position: Head of Governance
Telephone: 0161 234 3719
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Name: Lucy Knight
Position: Complaints Manager
Telephone: 0161 234 4094
E-mail: lucy.knight@manchester.gov.uk

1.0 Purpose of report

- 1.1 This report outlines the Council's performance in relation to complaints and related metrics, as well as the performance management of information requests, during the financial year 2022/23, from April 2022 to March 2023.
- 1.2 Committee are asked to note the positive progress made during 2022/23 to respond to more complaints and enquiries in a timely manner, despite significant increases in the overall numbers of complaints and enquiries received. Some of the key headlines as show in table 1 below are:
- An increase in the total number of stage one complaints from 3,157 in 2021/22 to 3,515 in 2022/23. These numbers are significantly higher than previous years. The proportion responded to in 10 days has improved from 77% to 81%.
 - 85 Local Government and Social Care Ombudsman (Ombudsman) enquiries compared to 81 in 2021/22 and much lower numbers in previous years, with a slight reduction in cases upheld. Performance in dealing with the Housing Ombudsman is an area for improvement – see table 2.2 and which sets out more detail, as this is a new area of reporting for the Council.
 - An increase in Councillor / MP enquiries from 1,835 to 2,007 overall – noting the work done to improve reporting of cases following discussion at Audit Committee last year – and an improvement in timeliness of response from 76% to 84%.
 - A significant reduction in the number of social care cases from 377 to 262, and an improvement in the proportion responded to in 20 days from 59% to 84%.
 - Both General Data Protection Regulation (GDPR) and Freedom of Information (FOI) request numbers remained largely steady.
- 1.3 In summary, timeliness of responses has markedly improved overall during 2022/23 and whilst some targets still have not been met, overall performance is much closer to target than in previous years. This is despite significant challenges in terms of increased numbers of complaints and capacity. A key factor has been the embedding of the '*Infreamation*' complaints handling system during the year.
- 1.4 As with the previous report, section 8 of this report includes examples of how services have learned from complaints received and changed how they work.
- ## 2.0 Complaints and Enquiries Management
- 2.1 The table below summarises performance for each measurable indicator for 2022/23 compared with previous years. A more detailed dashboard is also available at **Appendix 1**.

Period	Stage one complaints	Response within 10 working days	Social Care	Response within 20 working days	MP enquiries	Response within 10 working days	No of LGSCO Enquiries	Average no of days to respond and % upheld
2014/15	1864	89%	314	55%	1321	82%	39	28 (26% upheld)
2015/16	1841	85%	220	70%	1331	80%	27	28 (44% upheld)
2016/17	2243	81%	285	80%	1537	83%	17	27 (10% upheld)
2017/18	2013	87%	343	81%	1545	76%	22	27 (44% upheld)
2018/19	2253	80%	305	84%	1577	83%	35	26 (22% upheld)
2019/20	2140	74%	162	72%	1723	76%	20	26 (18% upheld)
2020/21	2103	58%	411	54%	1827	73%	37	21 (14% upheld)
2021/22	3157	77%	377	59%	1835	76%	81	16 (24% upheld)
2022/23	3515	81%	262	84%	2007	84%	85	18 (23% upheld) ¹

2.2 Summary performance against targets in 2022/23 is as follows:

Key Performance Indicator (KPI)	2022/23 performance	Current target
Stage one Corporate Complaints responded to within 10 working days	81%	85%
Stage one Corporate Complaints escalated to Stage two	15%	15%
Stage two Corporate Complaints responded to within 10 working days	65%	80%
Corporate Stage one and Stage two Complaints Upheld (and Stage three pre-2017)	32%	40%
Councillor and MP enquiries responded to within 10 working days	84%	85%
Social Care Complaints handled within timescale	84%	80%
Social Care Complaints Upheld	34%	40%
Average time to respond to LGSCO enquiries	18 days	28 days
LGSCO decisions upheld	23%	30%
Average time to respond to Housing Ombudsman enquiries	33 days	28 days

¹ See section 6.2.1 for an explanation as to why this differs from the Ombudsman's recording of this metric.

Key Performance Indicator (KPI)	2022/23 performance	Current target
Housing Ombudsman decisions upheld	67%	30%

3.0 Performance Management of Corporate Complaints

3.1 **Stage one complaints. Expected standard - 85% of Stage one complaints responded to within ten working days**

3.1.1 Complaints at stage one are managed by individual services whilst oversight and support are provided by the Council's centralised Complaints Team (based in Performance Research and Intelligence, PRI). This ensures that complainants receive a response from the individuals or teams best-placed to respond to them, whilst ensuring that Council-wide standards are adhered to as per the formal complaints policy. Cases recorded in this report are all complaints received during the period (not necessarily responded to within the 2022/23 financial year) and include all outcomes, i.e., in addition to those where a full and formal response was issued, this report also includes those complaints that were informally resolved and thus averted or withdrawn, or that after investigation were referred on to another organisation. This methodology is consistent with that used in previous reports.

3.1.2 The Council received 3,515 stage one complaints in 2022/23 compared to 3,157 in 2021/22, an increase of 11%. Cases in 2022/23 and 2021/22 were significantly higher than previous years. Despite this very significant increase in cases, the timeliness of responses increased for 2022/23 to 81% (from 77%), though this remains below the target of 85%.

Neighbourhoods

3.1.3 The Neighbourhoods service received 1,905 stage one complaints in 2022/23 compared to 1,646 stage one complaints in 2021/22, an increase of 16%. A key factor for this is moving Homelessness Services from Adults to Neighbourhoods, which accounts for 181 stage one complaints and an increase in complaints relating to damp and mould for Housing Operations (as Northwards Housing was re-integrated into the Council and now forms part of the Housing Operations service), set out more detail in 3.1.4 below. Other services within Neighbourhoods have remained largely steady. For instance, complaints for Waste services (managed by Biffa) remained largely steady at 708 received, compared with 707 in 2021/22. Timeliness of response decreased to 81% in 2022/23 from 85% in 2021/22. As the new Resident and Business Digital Experience Programme brings a new customer relationship management system (CRM) in February 2024, this could also lead to an uplift in issues being raised as the new system is embedded. Over the following two years however, we expect this new system to bring several advantages in making processes smoother, which in turn, should reduce some of the frustrations raised with the current system that can now lead to complaints.

3.1.4 Housing Operations (excluding Homelessness) received a total of 114 stage one complaints in 2022/23 compared to 72 in 2021/22, an increase of 58%. 65 of 114 (57%) of complaints were responded to on time in 2022/23

compared to 47 of 72 (65%) in 2021/22. 37 of the 49 overdue cases (76%) related to repairs issues. Repairs complaints have risen dramatically around damp and mould issues, following a national Government campaign and several high profile cases. This increase in complaints and also Housing Ombudsman cases (see section below) has been a national trend and has not just impacted in Manchester. Response times have been affected by the volume of complaints and resourcing issues in the Repairs Management Team. New processes have been introduced to help with this, including a structure change within the in-house repairs team and the recruitment of a Feedback Officer to manage the complaints process to ensure that cases are responded to within agreed timeframes. This is already having a positive impact.

Corporate Core

- 3.1.5 The Corporate Core received 929 stage one complaints in 2022/23 compared to 864 in 2021/22, an increase of 8%. This followed a 65% increase in 2021/22. The Corporate Core managed to respond to 87% of complaints on time, compared to 77% in 2021/22 and 63% in 2020/21. However, the 2020/21 performance reflected what were unprecedented demands on traditionally high-performing services, such as the requirement for Revenues and Benefits Unit to quickly create the infrastructure to process a series of Covid-19 related grants and the resulting impact upon day-to-day services. However, other services have seen demands increase, with Parking receiving 505 complaints in 2022/23 compared to 357 in 2021/22 and 190 in 2020/21. This has been driven in part by a small number of recurring issues, such as Bridge Street bus gate fines and the Christie parking scheme.
- 3.1.6 In November of this financial year, the Council has gained new powers, that previously only the police were able to enforce, to deal with contraventions in motorists making illegal right/left turns or blocking yellow boxes at junctions. The aim in using these powers is to make roads safer, reduce congestion and to improve journey times. Although not relevant to the data in this year's report, as these powers are new, we do expect to see an uplift in complaints this year about these powers, as residents adjust and so expect to see this reflected in next year's report to Committee.

Adults

- 3.1.7 It should be noted that corporate complaints relating to Children and Adults are different to social care, and are focussed on a small number of services, e.g., School Admissions, Special Educational Needs provision, or Adults Finance.
- 3.1.8 Adult Services received 54 stage one corporate complaints in 2022/23 compared to 33 in 2021/22, an increase of 64%. However, many these records are for cases that were then successfully 'Averted' or 'Referred Elsewhere.' 'Averted' is often used when a complaint has been resolved informally or via a Service Request, with a formal investigation and response then not being required. 'Referred Elsewhere' can be for multiple reasons but

some examples include complaints not being for the service or Council to respond to or repeat contact from complainants who should now contact the Local Government and Social Care Ombudsman for a review of their complaint. However, this remains lower than the 75 received in 2020/21 (after which and Homelessness moved from Adults to the Neighbourhoods Directorate). 78% of these complaints were responded to within 10 working days. Adults often see a larger proportion of social care complaints than corporate complaints and so this figure is consistent with our expectations.

Children and Education Services

- 3.1.9 Children and Education Services received 542 stage one corporate complaints in 2022/23 compared to 468 in 2021/22, an increase of 16%. This followed a very large 292% increase on the previous year in 2021/22. The total number has gone from 160 to 542 in two years. These pressures have had an impact on timeliness of response, but 63% are still responded to on time compared to 67% in 2021/22. Over half of the complaints 307 (57%) related to 'School Access and Sufficiency', representing a further increase from 263 in 2021/22 and only 67 in 2020/21. This was due partly to issues within Special Educational Needs Home to School Transport, which has since led to a review of process and procedures and a new policy put in place around decision making for entitlement.

Growth and Development

- 3.1.10 Growth and Development received 85 stage one complaints in 2022/23 compared to 95 in 2021/22, a small decrease (11%). However, timeliness of response has increased considerably with 73% being on time in 2022/23 compared to 54% in 2021/22.

3.2 **Complaints escalated to Stage two. Expected standard - 15% of corporate Stage one complaints escalated to Stage two**

- 3.2.1 Complaints escalated to Stage two are managed by the Council's centralised Complaints Team (based in Performance Research and Intelligence, PRI). This provides an independent review of how the complaint has been dealt with at stage one and provides the final opportunity to investigate before the complainant is referred to the Ombudsman.
- 3.2.2 Overall, the Council has seen a 1% decrease in the proportion of complaints escalated to the final stage of the complaints process in 2022/23 to 15%, from 16% in 2021/22. This is now in line with targets and reflects that most complainants are satisfied with the investigation undertaken at stage one.
- 3.2.3 In reviewing each Directorate's performance, Adults' complaints escalated have remained very low at 6%, albeit from a small number (3) of complaints and also because the service that most often had cases escalated, Homelessness, has been moved to Neighbourhoods. Neighbourhoods' performance stayed the same in 2022/23 as it was in 2021/22 at 18%. Children and Education Services have seen an increase to 8% from 4% in

2021/22. The Core remained largely consistent with previous years at 13% whilst Growth and Development had the largest percentage of cases escalated at 19% which is the same proportion as 2021/22.

3.3 **Responding to stage two complaints. Expected standard - 80% of corporate Stage two complaints responded to within ten working days.**

- 3.3.1 The total number of stage two case received was 541, which was similar to 2021/22. This is however significantly more than in previous years. The largest numbers were in the Corporate Core (123) and Neighbourhoods (356).
- 3.3.2 The number of stage two complaints tends to be highest in Neighbourhoods due to the level of direct interactions with residents. In 2022/23, 343 (or 63%) of stage two complaints related to Neighbourhoods compared to 282 (or 56%) in 2021/22. A key factor here is Homelessness moving from Adults to Neighbourhoods, resulting in a decrease in this case type for Adults from 21 in 2021/22 to only 3 in 2022/23, with a corresponding increase being experienced by Neighbourhoods. Whilst experiencing a high number of stage one complaints, Housing Operations within Neighbourhoods received only 13 stage two complaints in 2022/23. Children and Education services received 43 stage two corporate complaints in 2022/23 compared to 33 in 2021/22, an increase of 30%. This is mainly explained by issues with Home to School transport provision. The Corporate Core received 123 stage two complaints in 2022/23 compared to 150 in 2021/22, an 18% decrease. A more detailed summary can be found at Appendix 1.
- 3.3.3 There has been an improvement from 60% to 65% in stage two complaints responded to within ten working days, although this is still 15% lower than the target, and was affected by staff turnover during the year.

3.4 **Stage one and two complaints upheld. Expected standard - 40% of corporate Stage one and two complaints upheld**

- 3.4.1 The Council's performance in terms of complaints upheld at 32% in 2022/23 is largely consistent with previous years (28% for both 2021/22 and 2020/21). The Complaints Team always emphasised that whilst it is important to be robust where the Council is not at fault, it is more important that investigations are thorough and non-defensive. This stance leads to a higher calibre of complaint response, and a reduced risk of escalation to the Ombudsman, however it will also lead to an increase in the percentage of complaints being upheld.

Neighbourhoods

- 3.4.2 The Neighbourhoods Directorate had the highest percentage of complaints upheld with 833 of 2,261 (37%) in 2022/23. This is an increase on 2021/22 when Neighbourhoods also experienced the highest percentage of complaints upheld, at 632 of 1,968 (or 32%). Neighbourhoods usually experiences the highest proportion of upheld complaints due to the nature of

the services provided such as missed bin collections, where there is limited scope for investigation and where it is often more expedient to accept that a failed collection is the result of crew error rather than residents failing to present the bin. Housing Operations' data has also affected this with 89 of 108 (82%) of complaints upheld.

Corporate Core

- 3.4.3 Corporate Core has seen both an increase in its complaint decisions and its percentage of upheld complaints to 245 of 1,052 (23%) in 2022/23, from 203 of 1,014 (20%) in 2021/22. This has predominantly arisen from Revenues and Benefits, with 120 upheld complaints of 245 for the service (49%).

Adults

- 3.4.4 Due to the transfer of Homelessness to Neighbourhoods, there were fewer complaints both and upheld, with only 6 of 57 (11%) partially upheld or upheld in 2022/23 compared to 9 of 34 (26%) in 2021/22.

Children and Education Services

- 3.4.5 As above, Children and Education Services have seen significant increases to their number of stage two complaints and this is in tandem with an increase in the proportion of these that were upheld at 193 of 585 (33%) in 2022/23 compared to 150 of 501 (30%) in 2021/22. This can be correlated to the issues around Home to School Transport. There were also a number of delays in actioning in year school place applications due to demand and capacity in the Admissions service.

4.0 Performance Management of Councillor and MP enquiries

4.1 Responding to Councillor and MP enquiries. Expected standard - 85% of enquiries responded to within ten working days

- 4.1.2 In response to issues raised at Audit Committee last year, the Complaints team worked with services to improve recording of enquiries, briefing staff and issuing guidance regarding what types of issues should be recorded on the Complaints and Enquiries system as a formal enquiry (i.e., where an element of dissatisfaction is expressed) and what should be treated as routine business or service requests. This has helped services to distinguish between cases that need to be formally recorded and the large volume of cases which Members raise on behalf of their constituents that should be dealt with quickly and informally. This work has helped to increase the number of cases recorded from 1,835 in 2021/22 to 2,007 in 2022/23. Whilst this is an increase, there is further work to embed the improvements in recording as there may still be some under-reporting of cases. The largest volumes received were in Neighbourhoods (956), Children's (477) and Core (267). Timeliness has improved from 76% to 84% responded to in ten working days, only marginally below the target of 85%.

5.0 Performance Management of Social Care Complaints

5.1 **Responding to Social Care complaints. Expected standard - 80% of social care complaints handled within timescale**

- 5.1.1 Although legislation sets timescales for Children's Services social care complaints (stage one a maximum of 20 working days, stage two a maximum of 65 working days and stage three must be organised within 30 working days), Adult social care legislation does not, but states timescales must be negotiated with the complainant. That said, the Council aims to complete Adults complaint responses within 20 working days, in line with the process for Children's Services social care complaints.
- 5.1.2 There was a significant reduction of 73% in Children's Services cases to 42 in 2022/23 from 155 in 2021/22, whilst corporate complaints increased by 84. This is a result of a drive by the service to be more diligent in determining whether complaints should be handled via the corporate complaints policy as opposed to the social care legislation which is lengthier in nature. This is especially relevant in cases where the complainant is not representing the 'voice of the child' (for instance, complaints from parents about how decisions have affected them personally.) Timeliness of responses has improved from 59% to 86% in the year.
- 5.1.3 Adults Services social care complaints have reduced slightly by 14% from 256 in 2021/22 to 220 in 2022/23. However, timeliness has improved from 51% in 2021/22 to 84% in 2022/23, now achieving targets.
- 5.1.4 Overall, there was a 36% reduction in the number of social care complaints received, but a 30% increase in timeliness of response, with overall timeliness now being ahead of target by 4 percentage points at 84%.
- 5.1.5 Since 2019, health complaints received by Manchester's Clinical Commissioning Group were handled in partnership with the Council, with a small team of Health complaints staff co-located in the Council's Complaints Team. This enabled strong partnerships to be forged and collaborative working practices to be developed, which was particularly beneficial for those complaints crossing the health and social care boundaries.
- 5.1.6 At the end of 2022/23, the Health Complaints Team was encompassed into a wider Greater Manchester (GM) model and so all complaints are now managed by the new Greater Manchester Patient Services Team. This new GM focussed model will bring a number of advantages, such as providing a single point of contact, improving access for patients, and speedy and efficient local resolution first with a Gateway for making a complaint if local resolution is unsuccessful. As complaint staff from across GM are brought together, it will lead to a team of experts with knowledge of the system, stakeholders, routes to informal resolution, complaints handling and experience in dealing with the Ombudsman. Data will also be in one place, to enable identification of themes, trends and to take early action. It will also bring increased opportunities for a system wide view and learning. Despite

not being co-located with the Council's team since the start of this financial year, the benefits of the earlier model are still very well established and there is still a strong focus on collaborative working across all areas of complaints management, in health, public health, social care and other Council services.

5.2 Social Care complaints upheld. Expected standard - 40% of social care decisions upheld

5.2.1 The Council saw an increase in the percentage of social care decisions upheld, seeing a rise from 27% to 34%. Due to the nature of provision offered in social care, it is expected that the upheld rate will fluctuate, and this increase is not as a result of any particular issue or pattern of fault.

6.0 Performance Management of Local Government and Social Care Ombudsman (LGSCO) Enquiries

6.1 Responding to Local Government and Social Care Ombudsman enquiries. Expected standard - Local Government and Social Care Ombudsman enquiries responded to within 28 days

6.1.1 The Council received 85 enquiries from the LGSCO in 2022/23 compared to 81 in 2021/22, which followed a significant increase from 37 in 2020/21. There has also been an increase in the staff workload per case for Ombudsman Enquiries, with the Ombudsman more frequently requesting extensive information even at the 'pre-assessment' stage. This has resulted in a slight increase in average response time to 18 days in 2022/23 from 16 in 2021/22, albeit this is still well within target of 28 days. There have been several very complex cases that required more detailed input and working with partner organisations to provide a comprehensive response to the Ombudsman's enquiries, and this is reflected in the comparatively high number of days needed for Adults and Children's cases.

6.2 Local Government and Social Care Ombudsman decisions. Expected standard - 30% of Local Government and Social Care Ombudsman decisions upheld

6.2.1 The Council received 87 decisions in 2022/23, down from 108 in 2021/22. It should be explained why the Council received more decisions than enquiries in both 2022/23 and 2021/22. This is because an enquiry requires a full investigation with written questions that the Council must answer. At the end of the Ombudsman's investigation, a decision will be issued. In some cases however, the Ombudsman has sufficient information from casefiles or from complainant submissions to issue a decision on the case without initiating a formal investigation or issuing formal enquiries. This is why there was a discrepancy between enquiries and decisions in 2021/22. The Ombudsman upheld 20 of the 87 cases with decisions in 2022/23 (23%), below the target.

6.2.2 In some cases the Ombudsman may choose to issue a Public Interest Report against a Council. This is where the Ombudsman believes that the injustice is so great, there are grounds to highlight the case to the wider public as a

means for others to learn from the errors, or it is issued where the Council does not accept the Ombudsman's findings and seeks to challenge them. The Council did not receive any public reports from the Ombudsman in 2022/23. The Ombudsman did say they may publish a public report in a draft decision, but following further negotiation and information provided by the Council they chose not to do so, albeit whilst still upholding the complaint. This highlights the importance of challenging the Ombudsman's findings where they are seen to be unjust, or lacking in information and the Complaints Team will continue to do this where appropriate.

- 6.2.3 The Ombudsman's annual review letter in 2022/23 was largely positive, with them noting they were mostly satisfied with the remedies we suggested, and our relatively low rate of complaints upheld following investigation compared with other Local Authorities. They did however highlight that there were four occasions where remedies were not completed to agreed timescales, and several occasions where investigations were delayed by the Council providing late or incomplete responses to enquiries. This was due to the marked increase in Ombudsman Enquiries, coupled with the overall increase in cases seen, which has caused significant workload pressures for the Complaints team.
- 6.2.4 Previous annual reports have highlighted several improvement areas to focus on, including more consistent application of remedies (including financial redress, and being more open with apologies), challenging the Ombudsman's findings where appropriate and development of robust learning action plans to prevent reoccurrence of faults. The LGSCO found that our Council had already provided adequate remedies in 9% of cases that the LGSCO subsequently upheld. This is however the second time that Manchester City Council has not met or exceeded the average in similar authorities, in this instance, 10% and will be an ongoing focus for officers to improve upon.
- 6.2.5 The Ombudsman has an interactive map available on their website, showing comparisons with other authorities. In this, Manchester is shown to have the following performance highlights, which show our performance is consistent with similar authorities:
- 61%² of complaints investigated were upheld, compared with an average of 77% in similar authorities.
 - in 100% of cases, they were satisfied the Council had successfully implemented their recommendations, compared with an average of 100% in similar authorities
 - in 9% of upheld cases they found the Council has provided a satisfactory remedy before the complaint reached the Ombudsman, compared with an average of 10% in similar authorities
- 6.2.6 The interactive map can be found at:

² Note: this percentage does not match the Council's metric due to different methods of recording. The Council records complaints where the Ombudsman does not investigate as 'not upheld', whereas they record these separately.

<https://www.lgo.org.uk/your-councils-performance/manchester-city-council/statistics>

- 6.2.7 We also hosted a very positive meeting with the Assistant Ombudsman and his colleagues, which had input from the Director of Children’s and Adults Services, and the Assistant Chief Executive. This meeting, and the ongoing liaison between the Complaints Manager and the Ombudsman’s office helps us to maintain our positive working relationship with the Ombudsman’s service and to seek their views on where we can improve, as well as to keep abreast of the developments their service is undertaking. Their praise of the complaints service we offer, along with our thorough responses to their enquires was very well received.

7.0 Performance Management of Housing Ombudsman Enquiries

7.1 **Responding to Housing Ombudsman enquiries. Expected standard – Housing Ombudsman enquiries responded to within 28 days**

- 7.2 2022/23 marks the first year in which Housing Ombudsman data is being reported. Due to the more limited remit of the Housing Ombudsman in terms of its interactions with local authorities, these typically sit with either Growth & Development under Strategic Housing, or in Neighbourhoods under Housing Operations.

- 7.3 The table below summarises performance for each measurable indicator for the Housing Ombudsman for 2022/23. A more detailed dashboard is also available at Appendix 1.

Year	Housing Ombudsman Enquiries	Housing Ombudsman Decisions	Determination of Fault	Timeliness of Response	% Upheld
2022/23	33	6	4	33 days	67%

- 7.4 The Housing Ombudsman operates differently than the Local Government and Social Care Ombudsman in that it generally makes more enquiries but fewer decisions, which is reflected in the table above. It should also be noted that the Housing Ombudsman also generally takes longer than the Local Government and Social Care Ombudsman to consider complaints, currently advising that it may take up to 12 months for a complaint to be considered. This impacts upon our timeliness of response to the Housing Ombudsman.

Growth and Development

- 7.5 Growth and Development received 9 Housing Ombudsman enquiries, none of which resulted in decisions and thus no determinations of fault.

Neighbourhoods

- 7.6 Neighbourhoods received 24 Housing Ombudsman enquiries, 6 of which resulted in decisions and 4 of which resulted in a determination of

maladministration or fault. The Housing Ombudsman contacts every Landlord where the maladministration rate is over 50% and sets out clear guidance for improvement. Much of this improvement work is already well underway, with the addition of three new Strategic Leads across Housing Operations and service development plans in place. The new leadership team will be responsible for ensuring all services meet the regulatory requirements of the Social Housing Regulator, Building Safety Regulator, and the Housing Ombudsman. Committee are asked to note the trend of improvement shown in Appendix 1 in terms of both response times to the Housing Ombudsman and % upheld as the year progressed.

8.0 Praise

- 8.1 There were 306 instances of praise recorded in 2022/23, down from 409 in 2021/22 and 383 in 2020/21. The Complaints team will issue a reminder to services on the importance of recording all praise they receive.

Directorate	Instances of praise
Adults Services	125
Children and Education Services	70
Corporate Core	17
Growth and Development	5
Neighbourhoods	89
Total	306

9.0 Learning from complaints

9.1 Our approach to learning – Learning Action Plans

- 9.1.1 We recognise that when things go wrong, we need to learn from any mistakes made to ensure that we reduce the likelihood of the same fault occurring again. Where possible, we should also seek to proactively improve the level of service that the Council provides in the future.
- 9.1.2 Where complaints are received that are a concern in terms of risk and impact on the complainant or the Council (High risk), a *Learning Action Plan* is developed and monitored by the Corporate Complaints Team, working with the service manager, to secure ownership and commitment to the actions and timescales. Once the plan is signed off as completed, where appropriate the key actions and learning outcomes will be shared in a communication bulletin across the service, and beyond if necessary, to ensure that the impact of the learning improves practice and performance in the future.
- 9.1.3 When this report was last presented to Audit Committee, they requested more information on how learning action plans have impacted on complaints and prevented either repeat issues being raised, or more people being impacted from the fault identified. They also requested more information on the timeliness of actions being completed against agreed timescales.

9.1.4 30 Learning Action Plans were launched in 2022/23:

Directorate	Learning Action Plans issued	% completed within agreed timescale
Adults Services	7	57%
Children's & Education Services	18	50%
Corporate Core	2	100%
Growth & Development	0	N/A
Neighbourhoods	3	0%
TOTAL	30	50%

9.1.5 There are varying reasons why some actions took longer than agreed to implement, for example some cases required policy change that took longer than proposed, and some experienced processing issues with making payments to complainants. Any emerging themes will be picked up and addressed as it is clear we need to be more robust in monitoring the timeliness of actions and ensuring resources are available for this.

9.1.6 Actions in a number of these Learning Action Plans resulted in changes to processes or procedures, examples of which are set out below:

- I. The Council decided that we were at fault after investigating a complaint in relation to inaccurate care charges recorded by a care provider, which was compounded by our failure to promptly address the concerns that were raised. To remedy the injustice caused, the Council made a one-off token payment to the complainant in addition to apologising and correcting the care charges. The complainant was satisfied with the Council's remedy and chose not to escalate to the Ombudsman. Following this, the service made the decision to perform an audit of care charge information going back to the start of the pandemic, which further highlighted that some residents had not been charged. A review of policy is currently ongoing to address this. The review will inform future commissioning of care contracts.
- II. The Council was at fault for not addressing repairs issues relating to a privately rented property a timely manner, nor via the 'Housing Health and Safety Rating System' (HHSRS) framework. The Council apologised and made a one-off payment to the complainant to remedy the injustice. A memo was issued to officers reminding them of the need to complete a HHSRS assessment in a timely manner, and to remind them to carry out follow up inspections to confirm whether repairs had been completed.
- III. The Council was at fault for failing to properly consider the advice in the Homelessness Code of Guidance about whether someone should remain in private rented accommodation after a valid Section 21 Notice has expired. In accepting the Ombudsman's decision, the Council reviewed this particular case and found that it would have been suitable to ask the complainant and family to remain in the property after the

expiration of the Section 21 Notice, however each case like this would need to continue to be considered on a case-by-case basis.

9.1.7 We have also been focusing on measuring the impact of learning to assess whether this has had impact on future complaints or individuals. Whilst this is not always possible in every case, as not all learning actions are measurable, there is evidence that changes to the Council's approach following complaints have had a tangible and positive impact in several areas, examples below.

I. In 2021/22, the Council identified that several complainants appeared to encounter difficulties navigating the Council's complaints processes because of their neurodiversity. In several cases, this led to a breakdown in communication between officers and complainants. As a result, an excessive amount of officer time was required to deal with such cases and the experience for complainants was inadequate. To address this, the Corporate Complaints Team and Equalities Specialists instigated a joint programme of work to review and improve our handling of enquiries and complaints from people who are neurodiverse. Actions from this review were put into practice in 2022/23 which included:

- A review of Complaints policy with an Equalities Specialist in response to comments that the policy was overly rigid, with a particular focus on the 'unreasonably persistent' section of this policy.
- Training for the Complaints Team in how to identify behaviours that might indicate that a person may be neurodiverse. As part of this training, the team were reminded that no assumptions should be made about whether a complainant is neurodiverse. Accordingly, officers apply the learning from the review equally to people who may not be neurodiverse.
- Tailored complaints responses, for instance placing complaints decisions nearer to the top of our response rather than at the bottom, following feedback that responses had been difficult to digest. This also includes responses on different coloured backgrounds or in larger fonts.
- Use of 'Flesch-Kincaid' readability index in Word to ensure our level of language matches as closely as possible to the reading comprehension of complainants.
- If requested to do so, agreeing to telephone complainants to read our response to them, as a reasonable adjustment, in response to feedback that they found our written responses more difficult to digest.
- Responding in further detail even after issuing our stage two ('final') response as a reasonable adjustment, in cases where neurodiverse

residents gave feedback that they had not understood our response or had further queries.

Although still difficult to measure the impact in some cases, in at least two instances, this resulted in neurodiverse complainants with a very high likelihood of escalating their concerns to the Ombudsman instead accepting the Council's response and not escalating their concerns further. In another case where a complainant with a significant history of submitting complaints did escalate their concerns, the Council has managed to maintain a positive professional relationship with them regardless which may not otherwise have been possible.

- II. The Ombudsman decided that the Council was at fault for determining that a resident needed to have a hardstanding driveway installed before work on a dropped kerb could be carried out. The Ombudsman decided that such a requirement was unnecessary and determined that the work to the dropped kerb should have been carried out when requested. The Council apologised, reimbursed the complainant with the costs associated with the driveway installation and in addition made a one-off token payment to recognise their time and trouble. It has since, therefore, changed its policy in this area and as a result, altered its assessment criteria for when a dropped kerb can be undertaken. To date, the Council has not received any further complaints about this specific issue now that the policy is more flexible.
- III. In 2021/22 the Ombudsman decided that the Council was at fault for failing to accommodate a young person under Section 20 of the Children Act 1989 as a looked after child. Following this decision, there was concern that this may have impacted other young people at the time, so the Council agreed to review all homelessness applications from 16/17-year-olds between April 2019 and March 2020. Of the 175 young people audited for this period, 35 were identified as meeting thresholds that would have meant that the applicants should have been treated as looked after children and provided with support under Section 20 of the Children Act, rather than under the general duty of Section 17. As a result of this, the Council contacted all 35 individuals, explaining the position, and inviting them to engage with the Positive Housing Pathway Team if they required support. Three young people responded to this reach out and have had their casefiles re-opened and are now being supported.

10.0 Freedom of Information and GDPR requests

10.1 Responding to GDPR requests. Expected standard - 90% of GDPR requests responded to within relevant statutory timescale (ordinarily one month).

- 10.1.1 The Council receives requests from individuals under the GDPR (for example, Subject Access Requests for personal information (SARs), the right to rectification and the right to be forgotten). It also receives requests for

disclosure of personal information from external organisations under the Data Protection Act 2018. The Council received 1628 GDPR requests, the majority of which are SARs, in 2022/23 which is 46 fewer than in 2021/22 when a total of 1674 requests were received. The Information Commissioner's Office (ICO) is clear that the legal requirement is for all requests to be completed in the statutory timeframe but has indicated that the minimum standard set out in 10.1 would not usually give rise to significant concern. The appendix to the report captures the overall performance of the Council as well as that of each of the Directorates in meeting that standard. Of those requests which have been responded to the percentage of those responded to on time has decreased by one percent from 84% to 83%, and so remains just below the minimum ICO standard.

10.1.2 The 90% target has been met on this metric by the Corporate Core, the Neighbourhoods Service and Growth and Development. Children and Education Services and Adults Services remain some way from the target. Both Children and Education Services and Adults Services continue to receive the most complex and sensitive requests from individuals, particularly in relation to SARs which in many cases comprise a significant volume of records that are often held in paper format requiring retrieval of files from archive. In addition, Children and Education Services saw an increase of 12% in the number of requests being received across the year and during the last quarter there was a significant rise in comparison to the other nine months of the year.

10.2 **Responding to FOIA requests. Expected standard – 90% of Freedom of Information Act requests responded to within relevant statutory timescale (ordinarily 20 working days).**

10.2.1 The Council receives requests for information under both the Freedom of Information Act and the Environmental Information Regulations. For the purposes of performance reporting, the two regimes are combined into a single figure and are referred to as 'FOIA requests. Again, the ICO is clear that the legal requirement is for all requests to be completed in the statutory timeframe but has indicated that the minimum standard as set out in point 10.2 would not usually give rise to significant concern. The Council received 1,935 FOI requests in 2022/23 which is 57 fewer than in 2021/22 when a total of 1,992 requests were received. The proportion of these requests responded to on time has improved from 79% to 83%. None of the Directorates have met the ICO target of 90% but with the exception of Children and Education Services all have equalled or improved their performance, which was recorded for the financial year 2021/22. In particular, the Neighbourhoods Service significantly increased the number of requests responded to on time by 14%.

11.0 Recommendations

11.1 Audit Committee are asked to note the Council's performance in managing complaints and enquiries in 2022/23 and are asked to note the key

messages that are emerging in relation to the management of information requests.

Manchester City Council Report for Information

Report to: Audit Committee

Subject: Housing Services Update

Report of: Strategic Director Neighbourhoods

Summary

Audit Committee have monitored progress in the implementation of recommendations made by the Internal Audit Service, and this has included previous reports on actions being taken to address risks in Housing Services.

This report provides an update on the actions taken to address risk in these areas.

Recommendations

The Committee is recommended to: -

Note the assurance updates.

Wards Affected:

Ancoats & Beswick, Charlestown, Cheetham, Crumpsall, Gorton and Abbey Hey, Harphurhey, Higher Blackley, Moston, Ardwick, Clayton & Openshaw, Miles Platting & Newton Heath and Piccadilly

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The Housing Service is a key deliverer of the City's Net Zero 2038 ambitions through the Housing Retrofit Programme (SHDF) and energy efficiency works.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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Good quality housing is at the heart of the Making Manchester Fairer programme and tackling inequalities in the City.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	As the largest single landlord in the City, MCC Housing Services is a major source of contracts and supplies that ideally are sourced locally
A highly skilled city: world class and home grown talent sustaining the city's economic success	Access to appropriate affordable housing and services will support residents to achieve and contribute to the city's ambitions.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The council's housing service is resident led and includes tenants directly in the provision of the social landlord function
A liveable and low carbon city: a destination of choice to live, visit, work	The housing service is pioneering the retrofitting of existing social housing homes to achieve Manchester's zero carbon housing ambitions
A connected city: world class infrastructure and connectivity to drive growth	The housing service is a major contributor to the North Manchester infrastructure and regeneration.

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Background documents (available for public inspection):

The following documents disclose key 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.

Previous internal audit reports to Audit Committee (25 July 2023)

1.0 Introduction

1.1 This report provides an update on Building Safety Compliance in Housing Services and, in particular to the Internal Audit report on Fire Safety of 25 July 2023 where a Limited Assurance opinion was issued.

2.0 Fire Risk (Assessment, Actions and Audit)

2.1 There have been significant recent changes to the legal and regulatory framework governing the management of building safety during design, construction and occupation, and more specifically the new Fire Safety Act 2021 (implemented May 2022) and Fire Safety Regulations 2022. Non-compliance with Fire Risk Assessment (FRA) actions has been identified as a key risk for the Council and is recognised as a key priority for Housing Services for 2023/24.

As such, in March 2023 the Director for Housing Services, Director for Development and Director of Capital Programmes jointly commissioned an audit of the Council's current processes in relation to Fire Risk Assessment.

2.2 The aims of the audit were to provide assurance over the developing approach and processes to support the timely completion of actions arising from Fire Risk Assessments of the Council's residential buildings. Specifically.

- Roles, responsibilities and expectations are clearly defined and understood.
- Adequate systems and processes are in place to support the work of the team.
- Management information and reporting is sufficient to support monitoring, challenge and decision making.

2.3 The final report was issued on 10 July 2023 and the findings presented at Audit Committee on 25 July 2023. With the report setting out a Limited Assurance option as well as the following commentary. *'It was clear that issues were understood, and management agreed actions to develop a fire risk strategy and approach to address the current backlog of actions but also ensure that there is an agreed Council-wide approach for all future compliance and fire risk assessments and the management of risk across all areas of Council-owned housing.'*

2.4 Table 2.1 overleaf sets out the agreed actions, the action owners, and the update against each.

Table 2.1 FRA Agreed Actions and Owners		
Agreed Action	Due Date/Owner	Update
1. Development of a coordinated plan for responding to fire safety related recommendations not covered by the 10 phased programme	30 th Sep 2023 David Lynch, Director of Development	In progress FRA process appendix created and forms part of MCC Fire Safety Plan and Fire Safety Management Procedure suite of documents. Drafts have been commented on by Health & Safety, Housing Services and Audit and Assurance and will be presented to the Housing Board for approval on 13 December MCC Housing Services are currently working to the updated draft Fire Safety Plan and Procedure in terms of existing working practices For completion by 13th December 2023
2. Development and roll out of a corporate access strategy	30 th Sep 2023 David Lynch, Director of Development Dave Ashmore, Director Housing Services	In progress Initial draft circulated and comments received, meeting with all stakeholders to further progress w/c 6th Nov. Completion by mid-December
3. Improvements in the ownership and priority assigned to the completion of FRA actions across relevant teams and services	31 st Dec 2023 David Lynch, Director of Development Dave Ashmore, Director Housing Services	Action Complete Ownership of the social housing FRA management data base 'RiskHub' now resides within the new Housing Services Assets Team. An FRA action structure allocation review has been completed resulting in the identification and reallocation of all previously allocated FRA actions. All new FRA inspection findings are triaged by the qualified Fire Safety Manager prior to allocation in accordance with the previously completed structure review.
4. Establishment of contingency arrangements for key	31 st Dec 2023 Richard Woolfall, Housing Services Assets Lead	Action Complete: In support of the new FRA action triage allocation approach, all

<p>parts of the process. Ensuring the assessment, interpretation, and allocation of actions is undertaken by a technical role.</p>		<p>actions are either directly assigned to a supplier or assigned to a specialist FRA assessor.</p> <p>The FRA action assessment is initially completed by the MCC Fire Safety Managers and/or the MCC Building Safety Manager.</p> <p>If deemed required, additional third-party specialist FRA assessor support is called upon to assess FRA actions and project manage any resulting works through to completion.</p>
<p>5. Maximising value from the contract (FRA) through robust contract monitoring and management activity</p>	<p>31st Dec 2023</p> <p>Richard Woolfall, Housing Services Assets Lead</p>	<p>Action Complete:</p> <p>The council with its additional investment in specific building safety roles and expertise has improved the contract management of these services and works with third-party specialist suppliers too, to further strengthen our approach. This includes both cost appraisal and qualitative assessment</p> <p>The executive oversight of FRA is reflected in the monthly strategic meetings between MCC and our main reactive repairs supplier Equans, in that additional assurance mechanisms have been put in place</p>
<p>6. Optimising the capability of the Risk Hub system and addressing the duplicate actions</p>	<p>31st Dec 2023</p> <p>Richard Woolfall, Housing Services Assets Lead</p>	<p>Action Complete:</p> <p>As per audit action No.3, a Risk Hub allocation review was completed that identified and mitigated duplicate actions with new, more robust processes put in place.</p>
<p>7. Development of a framework for reporting to provide assurance through management reporting and</p>	<p>30th Sep 2023</p> <p>Dave Ashmore, Director of Housing Services</p>	<p>Action Complete:</p> <p>FRA performance monitoring is facilitated via regular RiskHub performance reports.</p> <p>Performance reports are presented to Housing Services Improvement Board, Neighbourhoods SLT and</p>

quality assurance		Housing Services Management Meeting and the Housing Advisory Board (residents, co-opted housing specialist and elected members)
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- 2.5** All of the actions above are overseen at the Housing Improvement Board, chaired by the Strategic Director Neighbourhoods, which is focussed specifically on ensuring Manchester is compliant with the Home Standard, which is a legal requirement to ensure that residents receive decent quality of accommodation, a good and a cost effective, repairs service and that the council meet all applicable statutory, health and safety requirements. Through this improved approach the council continues to reduce the number of outstanding Fire Risk Actions.

**Manchester City Council
Report for Information**

Report to: Audit Committee – 28 November 2023
Subject: Work Programme and Decisions Monitor
Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

- Recommendations Monitor
- Items for information
- The draft Work Programme

Recommendation

The Committee is invited to discuss the information provided and agree any changes to the work programme that are necessary.

Wards Affected: All

Contact Officers:

Name: Donna Barnes
Position: Governance Officer
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Background document (available for public inspection):

None

1. Monitoring Previous Audit Committee Decisions

This section of the report contains decisions made by the Committee and responses to them indicating whether the decisions will be implemented, and if it will be, how this will be done.

Date	Item	Decision	Response	Contact Officer
There are no decisions to report from the last meeting.				

**Audit Committee
Work Programme – 2023/24**

Meeting date – Tuesday 28 November 2023 (Report deadline – Friday 17 November 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Annual Audit report 2021/22 and the Audit Completion letter 2021/22	To receive the Annual Audit report and the associated Completion letter for the 2021/22 Accounts.		Mazars (External Auditors)
External Audit Update 2022/23 Accounts	To receive an update on the progress of the 2022/23 accounts.		Mazars (External Auditors)
Accounts Annual Update	To receive an update on the Annual Accounts	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Treasury Management Update	To note, receive and comment on Treasury Management activities over the last six months.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Internal Audit Assurance Q2	To note, receive and comment on Internal Audit assurance activity in Quarter 2.	Councillor Akbar	The Head of Audit and Risk Management
Outstanding Audit Recommendations Q2	To note receive and comment on the implementation of audit recommendations in Quarter 2.		The Head of Audit and Risk Management
Annual Counter Fraud (Public Excluded)	To receive, note and consider on Annual Counter Fraud findings and activity.	Councillor Akbar	The Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management

Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		
Annual Complaints report	To note, receive and comment on the complaints, enquiries and information request dashboard, in respect of annual performance for 2022/23 corporate and social care complaints.	Councillor Akbar	The City Solicitor and the Assistant Chief Executive

Meeting date – Tuesday 12 December 2023

Annual Training Event

Meeting date 13 February 2024 – (Report deadline – Friday 2 February 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Internal Audit Plan 2024/25	To receive, note and consider the Internal Audit Plan for 2024/25	Councillor Akbar	The Head of Audit and Risk Management
Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty	To receive, note and consider the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2023/24 annual accounts.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Corporate Risk Strategy and Risk Register	To receive, note and comment on the Corporate Risk Strategy and the associated Risk Register.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Register of Significant Partnerships	To receive the six-monthly update on the Register of Significant Partnerships.	Councillor Akbar	The Deputy Chief Executive and City Treasurer
Review of the Effectiveness of Internal Audit, Audit Committee and QAIP	To note receive and consider the efficacy of Internal Audit, the Audit Committee and the Quality Assurance Improvement Plan.	Councillor Akbar	The Head of Audit and Risk Management
Internal Audit Assurance Q3	To receive note and consider Internal Audit assurance opinions and activity in Quarter 3.	Councillor Akbar	The Head of Audit and Risk Management

Outstanding Audit recommendations Q3	To note receive and comment on the implementation of audit recommendations in Quarter 3.	Councillor Akbar	The Head of Audit and Risk Management
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		

Meeting date – 12 March 2024 – (Report deadline – Friday 1st March 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Annual Audit Report and Completion Letter 2022/23			Mazars (External Auditors)
External Audit Progress	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)
Annual Audit Opinion 2022/23	To receive, note and consider the Annual Internal Audit Assurance Opinion for 2022/23	Councillor Akbar	The Head of Audit and Risk Management
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.	N/A	Governance and Scrutiny Support Unit

Meeting date – 9 April 2024 – (Report deadline – Friday 29 March 2024)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Update	To receive, note and comment on progress of draft accounts for 2023/24.		Mazars (External Auditors)

Risk Review item: TBC			
Work Programme	The monthly report includes the decisions monitor, the Committee's work programme and any items for information.		

To be Scheduled:

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Annual Audit of Accounts and Completion Letter for 2023/24			External Auditors (Mazars)
Draft Accounts 2023/24			
External Audit Plan 2023/24			External Auditors (Mazars)

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