



## **Audit Committee**

Date: Monday, 11 February 2019

Time: 10.00 am

Venue: Council Antechamber, Town Hall Extension,  
Manchester, M60 2LA

Everyone is welcome to attend this committee meeting.

There will be a private meeting for Members only at 9.30am in Committee Room 6 (Room 2006), 2nd Floor of Town Hall Extension. A Town Hall pass is needed to reach this room.

### **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. That lobby can also be reached from the St. Peter's Square entrance and from Library Walk. **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** - Ahmed Ali (Chair), Connolly, Lanchbury, Russell, A Simcock and Watson

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

## Agenda

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- 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** 5 - 8  
To approve as a correct record the minutes of the meeting held on 10 December 2018.
- 5. [10:05 - 10:15] Audit Strategy Memorandum Year Ending 31 March 2019** 9 - 40  
The report of the Council's External Auditor (Mazars) is enclosed.
- 6. [10:15 - 10:40] Internal Audit Assurance Report**  
The report is to follow.
- 7. [10:40 - 10:50] Manchester Service for Independent Living**  
The report is to follow.
- 8. [10:50 - 11:00] Outstanding Audit Recommendations**  
The report is to follow.
- 9. [11:00 - 11:20] Register of Significant Partnerships** 41 - 68  
The report of Deputy Chief Executive is enclosed.
- 10. [11:20 - 11:50] Risk Review Item - Assurance on Health and Social Care Activity**  
The report is to follow.
- 11. [11:50 - 11:55] Work Programme and Audit Committee Recommendations Monitor** 69 - 82  
A copy of the Audit Committee Work Programme 2018/19 and the

Recommendations Monitor is enclosed.

## Information about the Committee

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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](http://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

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

Andrew Woods  
Tel: 0161 234 3011  
Email: [andrew.woods@manchester.gov.uk](mailto:andrew.woods@manchester.gov.uk)

This agenda was issued on **Friday, 1 February 2019** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

## **Audit Committee**

### **Minutes of the meeting held on 10 December 2018**

#### **Present:**

Councillor Ahmed Ali - In the Chair  
Councillors Connolly, Lanchbury, Russell, A. Simcock and Watson  
Mr S Downs (Co-opted member) and Dr D Barker (Co-opted member)

**Apologies:** Councillor Connolly

#### **AC/18/61 Minutes**

The minutes of the Audit Committee held on 5 November 2018 were submitted for approval.

#### **Decision**

To approve the minutes of the meeting held on 5 November 2018 as a correct record.

#### **AC/18/62 External Audit Progress Report and Update 2018/19**

Members considered the report of Mazars, the Councils appointed external auditor, that provided the Committee with the second update on progress in delivering their responsibilities for the 2018/19 audit as the external auditor.

The Chair invited questions from the committee.

A member referred to updates and observations from National Publications and asked what observations had been made regarding Brexit. Reference was also made on concerns relating to councils funding commercial investment through borrowing and officers were asked if there was any relevance to the Council decisions made to fund commercial investments.

It was reported that due to the ongoing uncertainty regarding Brexit, no observations had been released on the potential risks on local authorities. It was expected that this would change as the government's position on Brexit becomes more clear.

The Committee was informed that the statement on council funding commercial investment through borrowing relates to a number of smaller borough councils that have borrowed to invest in commercial schemes to raise revenue to fund council services. The concerns expressed by CIPFA relate to the potential risks that are attached to such investments in the event that a commercial scheme did not succeed or did not produce the expected financial returns. It was recognised that Manchester City Council has a well-developed risk assessment model in place for the consideration of possible commercial opportunities.

## Decision

To note the report submitted.

### **AC/18/63 Draft Code of Corporate Governance**

Members considered the report of the Deputy Chief Executive which presented a revised draft Code of Corporate Governance, produced in accordance with the Accounts and Audit Regulations 2015. The Council is required to conduct an annual review of the effectiveness of its governance framework and document this in the Annual Governance Statement and publish it as part of the Council's Annual Accounts.

The Chair invited questions and comments from the committee on the draft Code of Corporate Governance.

A member made reference to the comparisons on functions, expenditure and performance with similar organisations (Section E of the draft Code of Governance) and requested that officers provide examples for members on the information used to benchmark work on functions, expenditure and performance.

A member referred to Managing Data (Section F of the document) and made the point that handling personal data is a responsibility for both officers and members. Officers were asked if they considered additional help was required for members on the use of Council held data.

It was reported that the wording used to set out responsibilities on Managing Data would be strengthened and included in the programme of implementation for the Annual Governance Statement.

Reference was made to the protocol governing member/ senior officer relations and the Committee discussed the importance and means of raising member awareness of the protocol. It was agreed that the matter be referred to the Member Development Working Group.

## Decisions

1. To note the report submitted.
2. To note the comments raised on the draft governance standards as set out within the draft Code of Corporate Governance.
3. To request officers to circulate to Audit Committee members, information and examples of benchmarking work used to assess functions, expenditure and performance.
4. To request officers to strengthen the wording used to set out responsibilities on Managing Data and that this be included in the programme of implementation for the Annual Governance Statement.

5. To request the Member Development Working Group to include within its Annual Work Programme for members training 'understanding of the Council Constitution - the protocol governing officer member relations'.

### **AC/18/64 Risk and Resilience Strategy and Corporate Risk Register**

The Committee considered the annual report of the City Treasurer and the Head of Internal Audit and Risk Management which presented progress made in relation to the delivery of Risk and Resilience strategic priorities. It was reported that the Corporate Risk Register (CRR) is usually included within the report, however, the CRR was under revision as part of the process of 2019/20 business planning refresh and would be included within the business planning reports for consideration by Scrutiny Committees in February 2019 and Audit Committee on 11 February 2019.

The report provided a summary on the following issues:

- Progress in delivery of objectives set out in the Corporate Risk Management and Business Continuity Strategies 2018-2020.
- Refresh of governance arrangements to provide scrutiny, oversight and leadership of the risk management programme.
- Next steps in review of the CRR in the context of links to the Business Planning Framework.

The Chair invited questions from the committee.

A member stated that the report did not refer to Brexit and potential risks to business continuity, maintenance of council systems, workforce, shortages and procurement. Officers were asked to include reference within the Corporate Risk Register on the uncertainty presented by Brexit and how this had been considered.

A member commented that the current version of the Corporate Risk Register should have been provided to members to allow members to consider and make comment for inclusion in the updated version.

It was reported that preparations for potential risks to Council services that are presented by Brexit are being considered by the Council's Brexit Preparedness Group. The GM Combined Authority also has a Brexit Preparedness Group to consider the risks presented on a Greater Manchester wide basis. The risks presented by Brexit would be included in the CRR, under the assumption the it is formally raised as a risk through determination at a Senior Management level.

The Committee was assured over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.

### **Decisions**

1. To note the current governance framework and timetable for refresh of the Corporate Risk Register.

2. To request that a further report is submitted on the refreshed Corporate Risk Register to the meeting of the Committee on 11 February 2018.
3. To note the comments made regarding potential risks to the Council presented by Brexit.
4. To request that the Corporate Risk Register include reference to the potential risks of Brexit on Council services.

**AC/18/65      Work Programme and Audit Committee Recommendations  
Monitor**

The report of the Governance and Scrutiny Support Unit which contained responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

The Committee noted that the business scheduled for the meeting on 11 February 2019 was excessive and requested officers to reschedule non-priority items to the meeting on 11 March 2019.

**Decisions**

1. To note that the Work Programme and Recommendations Monitor will be updated for the next meeting of the Audit Committee.
2. To agree the meeting of the Committee scheduled for 14 January 2019 is cancelled.



# Audit Strategy Memorandum

Manchester City Council

Year ending 31 March 2019





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1. Engagement and responsibilities summary
2. Your audit engagement team
3. Audit scope, approach and timeline
4. Materiality and misstatements
5. Significant risks, key audit matters and other key judgement areas
6. Value for Money
7. Fees for audit and other services
8. Our commitment to independence

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

Appendix C – Extended auditor's report

This document is to be regarded as confidential to Manchester City Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance by the Council. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Audit Committee  
Manchester Town Hall  
Manchester  
M60 2LA

13 December 2018

Dear Members of the Audit Committee

### **Audit Strategy Memorandum – Year ending 31 March 2019**

We are pleased to present our Audit Strategy Memorandum for Manchester City Council for the year ending 31 March 2019.

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 8 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Manchester City Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 0161 238 9248.

Yours faithfully

redacted signature for publishing

Karen Murray, Director and Engagement Lead  
Mazars LLP

# 1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

## Overview of engagement

We are appointed to perform the external audit of Manchester City Council (the Council) for the year to 31 March 2019. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>

## Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements.

Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Council for the year.

### Reporting to the NAO

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

### Value for Money

We are required to conclude whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 6 of this report.

### Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

# 1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY (CONTINUED)

Our audit does not relieve management, as those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Audit Committee as those charged with governance.



## 2. YOUR AUDIT ENGAGEMENT TEAM



**Karen Murray**  
**Director and Engagement Lead**

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**Senior Manager**

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Tel: 0161 238 9233



**Simon Livesey**  
**Assistant Manager**

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Tel: 0161 238 9240

In addition, as outlined in our engagement pack, an engagement quality control reviewer (EQCR) has been appointed for this engagement.

### 3. AUDIT SCOPE, APPROACH AND TIMELINE

#### Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

#### Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing.

Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (on classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

At the planning stage we do not envisage any significant change in the approach to controls and substantive testing from your previous auditor.

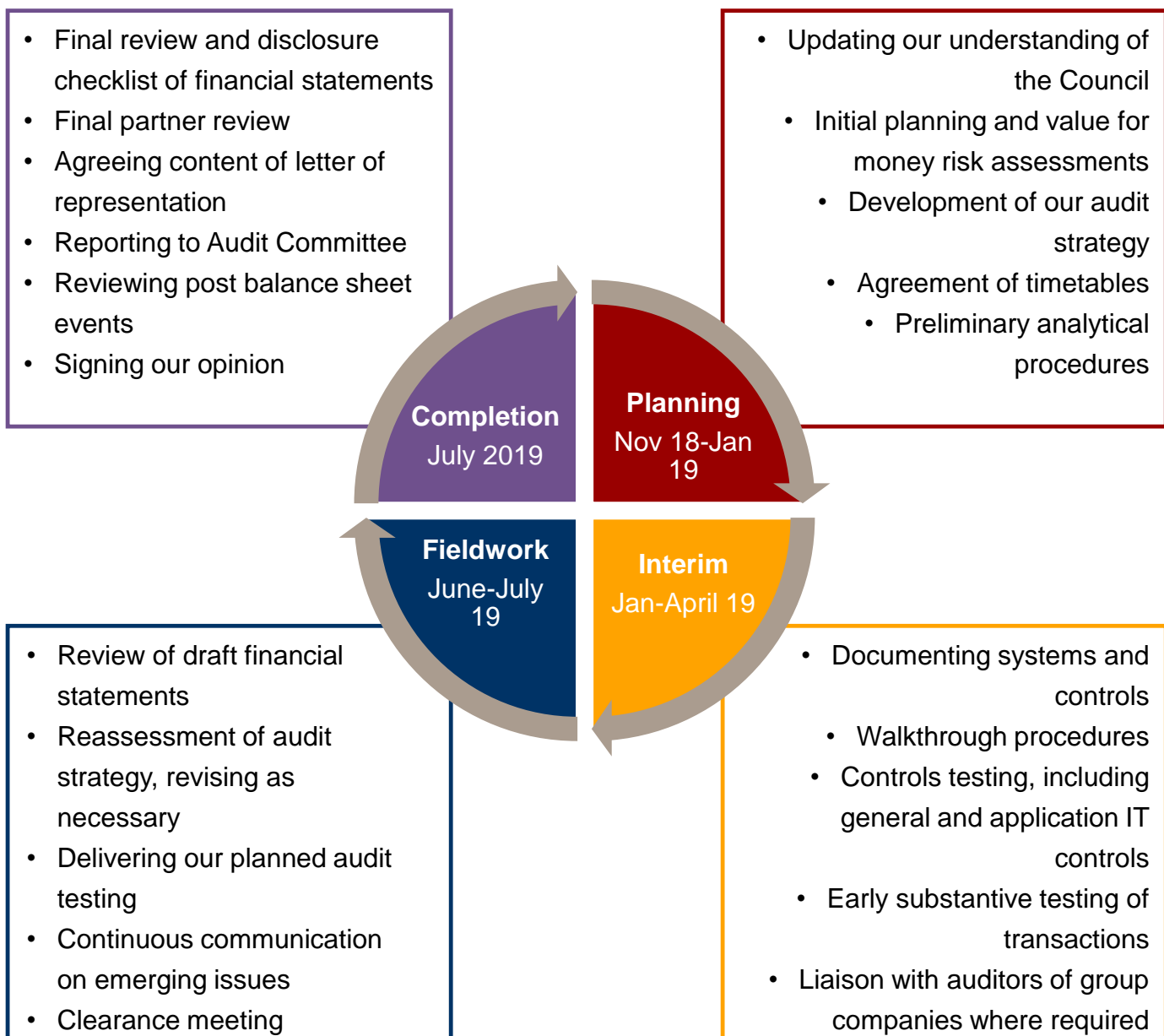
Direct confirmations will be obtained from the Council's bankers and for a sample of investments and borrowings.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 4.

The diagram below outlines the procedures we perform at the different stages of the audit.



### 3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)





### 3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

#### Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to inform the nature, extent and timing of our audit procedures. We will meet regularly with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures. We have held initial discussions with the internal audit team in October 2018.

#### Management's and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. We discuss our use of experts further in respect of independence in section 8.

Items of account	Management's expert	Our expert
Defined benefit pension liability valuation and disclosures	Hymans Robertson <i>Actuary for the Greater Manchester Pension Fund</i>	PWC <i>Consulting actuary appointed by the National Audit Office</i>
Property valuations: land and buildings owned by the Council	Urban Vision Partnership <i>Council house valuation</i>  Jacobs Inc <i>Other Council owned land and buildings</i>	We will use available third party information to challenge the key valuation assumptions.
Revaluation of land and buildings owned by third parties for group consolidation purposes	GVA (Manchester and East Midlands Airports)  PWC (Stansted Airport)  GVA (Manchester Central Convention Complex)  <i>Note that the above contracts are currently subject to tender</i>	The local audit team will challenge the key valuation assumptions.
Financial instrument disclosures	Link Asset Services	We will review Link's methodology to gain assurance that the fair value disclosures of the Council's financial assets and liabilities are materially correct.

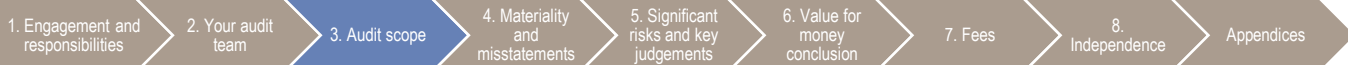
### 3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

#### Service organisations

International Auditing Standards define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. There are no service organisations used by the Council which impact upon our planned audit approach.

#### Timeline

The Timeline of the Audit is set out on page 8 of this document and is planned to meet the statutory audit deadline of 31 July 2019.



### 3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

#### Group audit approach

The Council prepares Group accounts and consolidates the following bodies

- Manchester Airports Holdings Limited (MAHL) – a joint venture in which the Council owns 35.5%
- Destination Manchester Limited (DML) – a 100% owned subsidiary of the Council.

The approach to the Group audit is set out below:

Entity	Level of response	Risks identified	Planned audit approach
Manchester Airports Holdings Ltd	Comprehensive	Alignment of group accounting policies	<p>Early engagement with the Council's finance team.</p> <p>Early engagement with MAHL auditors (KPMG) to understand their risk identification process</p> <p>Review the outcome of KPMG's audit</p>
Destination Manchester Ltd	Comprehensive	Alignment of group accounting policies	<p>Early engagement with the Council's finance team.</p> <p>Early engagement with MAHL auditors (KPMG) to understand their risk identification process.</p> <p>Review the outcome of KPMG's audit</p>

We apply a separate materiality for the audit of the Group accounts as set out in Section 8.

The Council also holds investments and interests in other bodies. Management carry out an annual assessment to see if these bodies have become sufficiently material to warrant consolidation into the Group accounts. Northwards Housing Ltd is the next largest body beneath MAHL and DML but was not consolidated in 2017/18 because inclusion would not materially alter the accounts. We will revisit management's assessment of the Group for 2018/19.

We have not identified any significant risks for Group accounts purposes in relation to the components. The significant risks and areas of audit focus for the Council as a single-entity are set out in section 5. Based on our initial planning discussions we do not consider these significant risks to be risks for the component subsidiary companies.



## 4. MATERIALITY AND MISSTATEMENTS

### Summary of initial materiality thresholds

Threshold	Initial threshold (£'000s)	
	Council	Group
Overall materiality	£30,261	£35,739
Performance materiality	£21,182	£25,016
Trivial threshold for errors to be reported to the Audit Committee	£1,513	£1,787

### Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

## 4. MATERIALITY AND MISSTATEMENTS (CONTINUED)

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross expenditure at the provision of services. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and also a level above which all identified errors will be reported to the Audit Committee.

We consider that gross expenditure at the provision of services remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark. We also consider qualitative factors when setting the level of materiality including related party transactions, transactions within the group boundary and the source of borrowing.

We expect to set a materiality threshold at 1.75% of gross expenditure at the provision of services level.

Based on gross expenditure at the provision of services we anticipate the overall materiality for the year ending 31 March 2019 for the Council to be in the region of £30.3m (£29.9m in the prior year), and for the Group it will be in the region of £35.7m (£34.8m in the prior year). For planning purposes this is based upon 2017/18 gross expenditure. This will be revisited upon receipt of the draft 2018/19 accounts and adjusted if there is a significant variation from the 2017/18 gross expenditure.

## 5. MATERIALITY AND MISSTATEMENTS (CONTINUED)

### Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 70% of overall materiality as performance materiality. This also takes account of the fact that 2018/19 is the first year that Manchester City Council is audited by Mazars.

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that misstatements of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We have set specific materiality for the following item of account:

Item of account – Council Only	Specific materiality
Senior Employees' Remuneration	£5,000 (reflecting the published salary bandings)

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

### Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold for the Council is £1.5m and £1.7m for the Group based on 5% of overall materiality (unchanged from the prior year). If you have any queries about this please do not hesitate to raise these with Karen Murray.

### Reporting to the Audit Committee

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Audit Committee:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).



## 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

- Significant risk** A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.
- Enhanced risk** An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
  - other audit assertion risks arising from significant events or transactions that occurred during the period.
- Standard risk** This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

# 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS (CONTINUED)

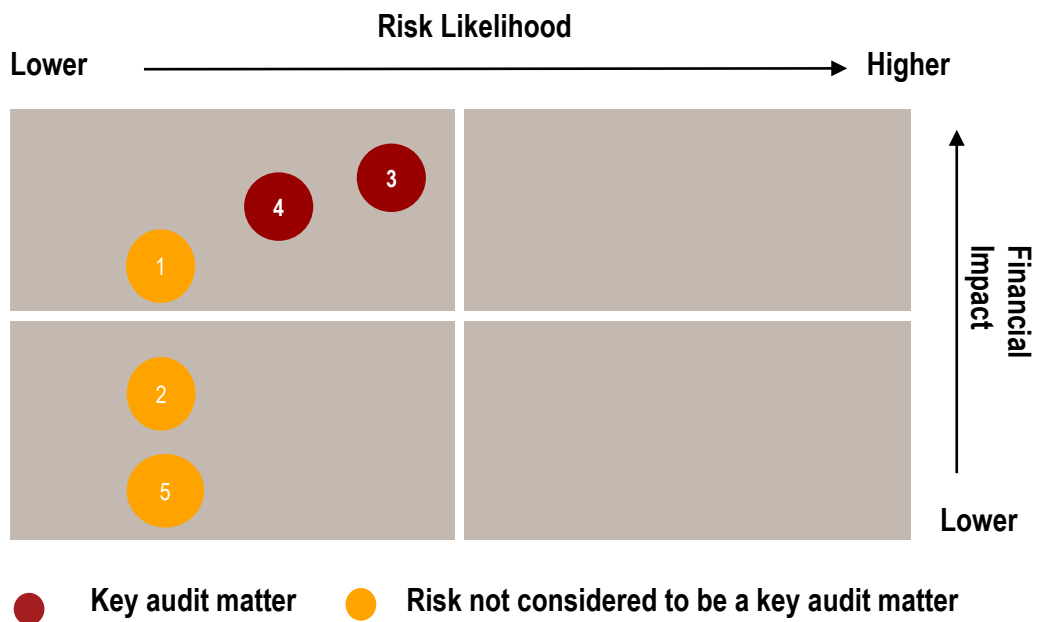
## Key audit matters

Key audit matters are defined as those matters that, in our professional judgment, 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.

It is important that you understand and have opportunity to discuss with us why something is being communicated as a key audit matter and the way this is described. The summary risk assessment, illustrated in the audit risk continuum below, highlights those risks which we deem to be significant, key audit matters and other enhanced risks.

Our audit response to each of these risks is outlined on the table on the following page.

An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Committee.





## 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below.

### Significant risks

	Description of risk	Fraud	Error	Judgement	Expected KAM	Planned response
1	<p><b>Management override of controls</b></p> <p>Management at various levels are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	○	●	○	<p>We plan to address the risk through performing audit procedures that cover a range of areas, including:</p> <ul style="list-style-type: none"> <li>• Material accounting estimates;</li> <li>• Journal entries, focussing on those that we determine to contain certain risk characteristics; and</li> <li>• Any significant transactions outside the normal course of business or otherwise unusual.</li> </ul>
2	<p><b>Revenue Recognition</b></p> <p>Our audit methodology incorporates this risk as a significant risk at all audits, although based on circumstances it is rebuttable. Based on our initial planning discussions we have concluded that we can rebut the presumption for the majority of the Council's revenue income and expenditure. The areas where we will carry out further detailed planning work and expect to be able to rebut the risk relates to the income categorised as fees &amp; charges or are derived from the Council's subsidiary companies and trading operations.</p>	●	●	●	○	<p>We plan to establish, through our obtaining of a detailed understanding of the fees and charges income sources, that we can rebut the risk of revenue recognition for all areas of income. Our audit approach will however incorporate testing from payments and receipts around the year-end to provide assurance that there are no material unrecorded items of income and expenditure in the 2018/19 accounts.</p>

# 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS (CONTINUED)

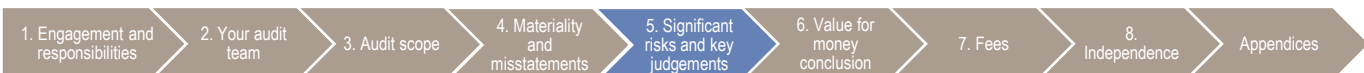
## Significant Risks (continued)

	Description of risk	Fraud	Error	Judgement	Expected KAM	Planned response
3	<p><b>Valuation of Property, Plant &amp; Equipment (land and buildings)</b></p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle. The valuation of Property, Plant &amp; Equipment involves the use of management experts (the valuers), and incorporates material assumptions and estimates. As a result of the rolling programme of revaluations there is a risk that individual assets not revalued for up to four years are not valued at their materially correct fair value. In addition as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.</p>	○	●	●	●	<p>In relation to the valuation of land and buildings we will:</p> <ul style="list-style-type: none"> <li>Assess the skill, competence and experience of the Council’s external valuers, Jacobs, Roger Hannah &amp; Co. and the Council appointed valuers for Manchester Airport Holdings Ltd and Destination Manchester Ltd;</li> <li>Consider whether the overall revaluation methodology used by the Council valuer is in line with industry practice, social housing statutory guidance, the CIPFA Code of Practice and the Council’s accounting policies;</li> <li>Critically assess the appropriateness of the underlying data and the assumptions used in the valuer’s calculations, based on our expectations by reference to sector and local knowledge;</li> <li>Critically assess the appropriateness of the social housing factor applied to the valuation of the Council Dwellings;</li> <li>Assess the movement in market indices between the revaluation dates and the year end to determine whether there have been material movements over that time;</li> <li>Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2018/19 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council’s valuers;</li> <li>Test a sample of items of capital expenditure in 2018/19 to confirm that the additions are appropriately valued in the financial statements.</li> </ul>

# 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS (CONTINUED)

## Significant risks (continued)

	Description of risk	Fraud	Error	Judgement	Expected KAM	Planned response
4	<p><b>Valuation of Defined Benefit Pension Liability</b></p> <p>The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of Greater Manchester Pension Fund (GMPF), which had its last triennial valuation completed as at 31 March 2016. 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, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's 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. There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability.</p>	○	●	●	●	<p>In relation to the valuation of the Council's defined benefit pension liability we will:</p> <ul style="list-style-type: none"> <li>• Critically assess the competency, objectivity and independence of the GMPF's Actuary, Hymans Robertson;</li> <li>• Liaise with the auditors of the Greater Manchester Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;</li> <li>• Test payroll transactions at the Council to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by the Council;</li> <li>• Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office;</li> <li>• Agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>



## 5. SIGNIFICANT RISKS, KEY AUDIT MATTERS AND OTHER JUDGEMENTS AND ENHANCED RISKS (CONTINUED)

### Other key areas of management judgement, key audit matters and enhanced risks

	Description of risk	Fraud	Error	Judgement	Expected KAM	Planned response
5	<p><b>Group Financial Statements consolidation process</b></p> <p>The Council has made judgements around which of its group entities it consolidates into its Group Financial Statements, and how it consolidates the transactions and balances into the Group.</p>	○	●	●	○	<p>Our approach to auditing the Group Financial Statements has been detailed in section 3.</p> <p>We will complement this work by our work over the Council's Group consolidation process. In particular we will review the Council's judgements relating to the entities that are consolidated into the Group financial statements, and we will review and test the method of consolidation of those group entities into the Group financial statements.</p>

## 6. VALUE FOR MONEY

### Our approach to Value for Money

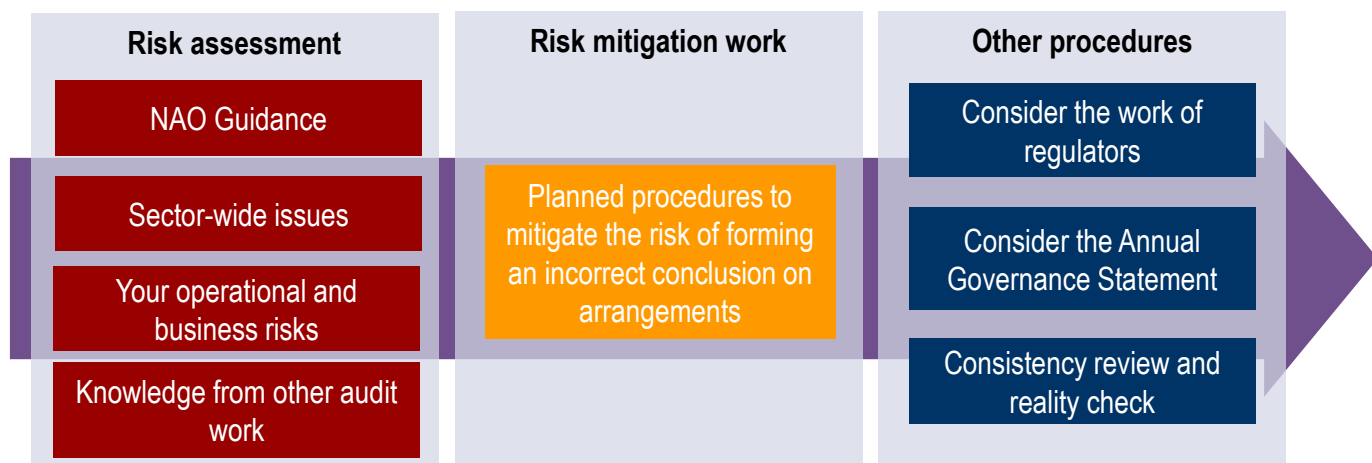
We are required to form a conclusion as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out, and sets out the overall criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are provided set out by the NAO:

- informed decision making;
- sustainable resource deployment; and
- working with partners and other third parties.

A summary of the work we undertake is provided below:



## 6. VALUE FOR MONEY (CONTINUED)

### Significant Value for Money risks

The NAO's guidance requires us to carry out work at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As outlined above, we draw on our deep understanding of the Council and its partners, the local and national economy and wider knowledge of the public sector.

For the 2018/19 financial year, we have identified the following significant risk to our VFM work:

Description of significant risk	Planned response
<p><b>1. Health and Social Care Integration</b></p> <p>From 1 April 2017 the Manchester Health and Care Commissioning (MHCC) Board has been in place, with representatives from health and social care commissioning, governing the commissioning spend in Manchester. A key part of the single commissioning function is that integrated decision making will take place for the health and social care commissioning budgets in Manchester.</p> <p>The partnership between the Clinical Commissioning Group (CCG) and the Council is supported through a new section 75 partnership arrangement (S75) from 1 April 2018. As part of the partnership arrangements, the CCG and the Council have agreed to establish and maintain an Integrated Care Budget which will be used by the MHCC Board to commission the Services as set out in the Locality Plan.</p>	<p>We will review documentation and meet with key officers to gain an understanding of the governance and decision making arrangements which underpin successful joint commissioning across Manchester. This will include understanding the financial impact for the Council.</p>

## 7. FEES FOR AUDIT AND OTHER SERVICES

### Fees for work as the Council's appointed auditor

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA.

Service	2017/18 fee	2018/19 fee
Code audit work	£211,167	£159,519

### Fees for non-PSAA work

We have not been engaged by the Council to carry out any additional work. If requested to carry out any additional work, before agreeing we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 8.

## 8. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

We have not made arrangements for any of our activities as auditor to be conducted by another firm that is not a Mazars' member firm. In section 3 we have outlined the experts that we intend to use as part of our audit. We will write to these experts seeking confirmation of their independence and will report this within our Audit Completion Report.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Karen Murray the first instance.

We have identified one matter which we wish to report to you for your information:

- In December 2018, along with the other businesses occupying the building at One St Peters Square, Mazars was delighted to celebrate the unveiling of the "Rise Up Women" statue of Emmeline Pankhurst. In doing so, we provided hospitality for our clients and for guests of the funding raising committee. The Chair of that committee is a Council member. We do not consider that the hospitality provided affects our objectivity and independence.

Prior to the provision of any non-audit services, Karen Murray will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.





## APPENDIX A – KEY COMMUNICATION POINTS

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance	Audit Strategy Memorandum  Engagement letter
The planned scope and timing of the audit including any limitations, specifically including with respect to key audit matters	Audit Strategy Memorandum
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> <li>• Enquiries of the audit committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report  Discussion at Audit Committee and at audit team meetings
<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report

## APPENDIX A – KEY COMMUNICATION POINTS (CONTINUED)

Required communication	Where addressed
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Board of Directors or the Audit Committee in the context of fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of.	Audit Completion Report  Audit Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
Reporting on the valuation methods applied to the various items in the annual [or consolidated] financial statements including any impact of changes of such methods	Audit Completion Report

## APPENDIX A – KEY COMMUNICATION POINTS (CONTINUED)

Required communication	Where addressed
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework.	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Identification of any audit work performed by component auditors in relation to the audit of the consolidated financial statements other than by Mazars' member firms	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Identification of each key audit partner involved in the audit	Audit Strategy Memorandum
Description of nature, frequency and extent of communication with the Audit Committee and other relevant bodies including dates of meetings	Audit Strategy Memorandum
Description of distribution of tasks among the auditors where more than one auditor has been appointed	Audit Strategy Memorandum
Description of methodology used, including which categories of the balance sheet have been directly verified and which categories have been verified based on system and compliance testing, including an explanation of any substantial variations compared to the previous year	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Disclosure of quantitative level of materiality applied to the audit, any specific materiality levels applied to particular classes of transactions, account balances or disclosures, and qualitative factors considered when setting materiality	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Explanation of judgements about events or conditions identified during the course of the audit that may cast significant doubt on the entity's ability to continue as a going concern and whether they constitute a material uncertainty, and provide a summary of all guarantees, comfort letters, undertakings of public intervention and other support measures that have been taken into account when making a going concern assessment	Audit Strategy Memorandum and/or Audit Completion Report as appropriate
Reporting on significant deficiencies including whether or not the deficiency in question has been resolved by management	Audit Completion Report

# APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

## Changes relevant to 2018/19

IFRS 9 Financial Instruments - the standard replaces IAS 39 and introduces significant changes to the recognition and measurement of the Council's financial instruments, particularly its financial assets.

Although the accounting changes may be complex and may require the reclassification of some instruments, it is likely that the Council will continue to measure the majority of its financial assets at amortised costs.

For Councils that hold instruments that will be required to be measured at fair value under the new standard, there may be instances where changes in these fair values are recognised immediately and impact on the general fund. Statutory provisions, over and above those already in place, are in place to mitigate the impact of these fair value movements on the Council's general fund balance.

IFRS 15 Revenue from Contracts with Customers - the 2018/19 Code also applies the requirements of IFRS 15, but it is unlikely that this will have significant implications for most local authorities.

There are no other significant changes to the Code of Practice on Local Authority Accounting for 2018/19.

## APPENDIX C – EXTENDED AUDITOR’S REPORT

### Basis of requirement for an extended auditor’s report

We are required to issue an extended auditor’s report on the Council’s 2018/19 financial statements under ISA (UK) 700 ‘Forming an Opinion and Reporting on Financial Statements’. This is required as the Council meets the definition of a Public Interest Entity as a result of it having debt that is listed on an EU regulated market.

### Layout of the extended auditor’s report

The extended auditor’s report for 2018/19 is expected to follow the format and structure outlined below, assuming that no emphasis of matter or qualification is required.



# APPENDIX C – EXTENDED AUDITOR’S REPORT

Paragraph heading	Summary of key content
Opinion	What we have audited and our opinion thereon.
Basis for opinion	Confirmation: <ul style="list-style-type: none"> <li>• that the audit is undertaken under the ISAs (UK)</li> <li>• of our independence including with the FRC’s Ethical Standard</li> <li>• regarding sufficiency and appropriateness of audit evidence obtained to provide a basis for our opinion.</li> </ul>
Conclusions relating to going concern	Reporting by exception on the Council’s: <ul style="list-style-type: none"> <li>• use of the going concern basis of accounting</li> <li>• disclosure of any material uncertainties</li> </ul>
Key audit matters	Definition of key audit matters.  Clarification that these matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and that we do not provide a separate opinion on these matters.  For each key audit matter identified: <ul style="list-style-type: none"> <li>• a description of the most significant assessed risk(s) of material misstatement</li> <li>• a summary of our response to those risks</li> <li>• key observations arising with respect to those risks including clear reference to relevant disclosures in the financial statements, where relevant.</li> </ul>
Our application of materiality	Explanation of how we applied the concept of materiality in planning and performing the [group and parent company] audit.  The overall materiality threshold for the [group and parent company] financial statements as a whole.
An overview of the scope of our audit	Overview of the scope of the audit, including an explanation of how the scope addressed each key audit matter and was influenced by our application of materiality.
Other information	Responsibilities of the City Treasurer and of the auditor for other information included in the Narrative Report.

## APPENDIX C – EXTENDED AUDITOR’S REPORT

Paragraph heading	Summary of key content
Responsibilities of the City Treasurer for the financial statements	Cross reference to the Statement of City Treasurers Responsibilities.
Auditor’s responsibilities for the audit of the financial statements	Explanation of the ‘reasonable assurance’ objective of the audit  Cross-reference to our responsibilities for the audit on the FRC’s web-site
Value for Money conclusion	Our conclusion on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.
Basis for conclusion	Overview of the scope of our value for money work.
Responsibilities of the Council for arrangements for securing economy, efficiency and effectiveness in its use of resources	Sets out the Council’s responsibilities.
Auditor’s responsibilities in relation to review of arrangements for securing economy, efficiency and effectiveness in the use of resources	Sets out the auditor’s responsibilities, derived from the Local Audit and Accountability Act 2014.
Matters on which we are required to report by exception	Report in the public interest under section 24 of the Local Audit and Accountability Act 2014.  Recommendation under section 24 of the Local Audit and Accountability Act 2014.  Exercise of any other special powers of the auditor under the Local Audit and Accountability Act 2014.
Other matters which we are required to address	Confirms that we have not carried out any prohibited non-audit services and that we remain independent on the Council and its group.  Confirms that our audit opinion is consistent with the Audit Completion Report.
Use of the audit report	Sets out who we are reporting to and what the report may be used for.
Audit certificate	Sets out that we have completed the audit of the Council in accordance with the Local Audit and Accountability Act 2014.

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**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 11 February 2019  
**Subject:** Register of Significant Partnerships  
**Report of:** Deputy Chief Executive

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### **Summary**

This report contains the Register of Significant Partnerships 2018. The format, and the review and assurance process associated with the register, is outlined in this report. The report focuses on partnerships which have been added to the Register during 2018 and those where the governance strength rating has changed, or where the rating remains 'Medium' or 'Low' following completion of the latest self-assessment. The full draft Register is included as an appendix to this report.

It should be noted that following the review of senior management arrangements considered by Personnel Committee on 29 January, the SMT Lead for each partnership will be revised.

### **Recommendations**

Audit Committee is requested to comment on and note the latest update of the Council's Register of Significant Partnerships.

### **Wards Affected: All**

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## 1. Introduction and Context

- 1.1. This report sets out why the Council produces a Register of Significant Partnerships, the review process and the areas of change during 2018. It sets out a summary of the rationale for any additions or deletions to the Register and for any changes to the governance strength ratings. The full Register is included as an appendix.
- 1.2. In recognition of the need to ensure that all of the Council's partnerships continue to perform well, delivering both value for money and supporting the achievement of the Council's strategic objectives on an ongoing basis, a Partnership Governance Framework is in place. The framework was refreshed in 2013, and will be refreshed prior to the 2019 update of the Register. This framework defines and standardises the Council's approach to managing its partnerships, in order to help strengthen accountability, manage risk and ensure consistent working arrangements.
- 1.3. In support of its application of the framework, the Council maintains a Register of Significant Partnerships, which has been in place since 2008. It lists all key partnership arrangements that are considered to be of the highest significance to the financial position or reputation of the Council or to its objectives. These arrangements are not uniform, they include joint venture partnerships, statutory groups, Private Finance Initiatives (PFIs) as well as other types of arrangements. They reflect different governance structures depending on their legal status.
- 1.4. The Register is reviewed annually as part of the Council's processes for obtaining assurance over the robustness of its governance arrangements, and ensuring that any challenges that may need to be addressed are highlighted so that improvements can be made where required.
- 1.5. Partnership working over the recent past has been an increasingly important way for the Council to meet its strategic objectives. In light of the financial challenges which continue to be presented by reducing levels of funding, organisations in the city must work together for mutual benefit to make best use of their combined resources. The principles of ensuring the lawful conduct of its business, and that public money is safeguarded, accounted for and spent economically, efficiently and effectively apply equally to the Council's work with its partners. Therefore it is vital that the Council gains assurance that there are clearly defined and effective governance arrangements in place for all partnership arrangements. This is becoming increasingly relevant to the Council as more services, particularly those delivered as part of the Our Manchester approach, are delivered in partnership with other local services.
- 1.6. CIPFA guidance on delivering good governance in local government was refreshed in April 2016. The guidance emphasises that Councils "*must ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met*". The Council's updated Code of Corporate Governance (the Code) sets out the

expectations for governance standards across the organisation, which align with the principles in the CIPFA guidance. The Register of Significant Partnerships process is one of the key assurance mechanisms used to assess compliance with the Code, and identify governance challenges. The appropriate evidence of assurance, and governance challenges, are recorded in the Annual Governance Statement (AGS). In 2016, Grant Thornton produced “*Better together: Building a successful joint venture company*”. This also highlights that it is critical to have an effective governance framework to provide protection and ensure there is accountability for all parties.

#### Definition of Significant Partnership

- 1.7. A partnership is a formal agreement between the Council and one or more other organisations to work collectively to achieve an objective. Partnerships may:
    - Agree to cooperate to achieve a common goal or shared objectives.
    - Create a new organisational structure or process to achieve goals or objectives.
    - Plan and implement a jointly agreed programme (often with jointly provided staff or resources).
    - Provide joint investment and share the risks and rewards.
  
  - 1.8. To be included on the Council’s Register of Significant Partnerships, the partnership relationship should be one or more of the following:
    - Of strategic importance to the Council, critical to the delivery of the Council’s key objectives or statutory obligations, and/or to the delivery of the Our Manchester Strategy.
    - Critical to the reputation of the Council – failure of the partnership to deliver could damage the reputation of the Council.
    - Responsible for spending significant public investment.
  
  - 1.9. Arrangements where the Council agrees a contract with another organisation to deliver services on its behalf will not be considered as a partnership and instead will be subject to appropriate procurement processes in accordance with the Council’s Constitution. Where two or more organisations, including the Council, jointly enter into a contract with a third party to deliver services for these organisations collectively, a partnership may be in place between the organisations who have contracted the third party. The effect of this is that where the Council has entered into a contract with another organisation to deliver services on its behalf will not be included on the Register.
- 2. The process of producing the Register of Significant Partnerships**
- 2.1. The annual review process starts with a self-assessment proforma being completed by the appointed partnership link officer. The proforma asks questions about aims and objectives, membership, decision making, finance, audit and risk management (including understanding obligations under applicable data protection legislation), conduct and behaviour, liability and

performance. This leads to an overall self-assessment governance strength rating of high, medium or low based on the robustness of the governance arrangements that the partnership has in place. A governance strength rating of 'High' indicates there is a high level of assurance.

- 2.2. To provide an additional level of assurance to the process, a panel of officers from Legal, Audit and Risk, Finance, HROD (Human Resources and Organisational Development) and Performance, Research and Intelligence carry out an independent review of the completed assessments. The group assesses whether sufficient evidence has been provided to support the proposed governance strength rating, and if not additional information and assurance is sought. Where this assurance can be provided the rating is confirmed; where this is not the case it is moderated. The outcome of this is a moderated governance strength rating, which is recorded on the Register for each partnership.
- 2.3. Once all the self-assessments have been received and reviewed, the updated ratings are compiled to produce the refreshed draft Register. The Register contains a summary of information about each partnership, including:
  - Class of Partnership:
    - Public public - All partners involved in the partnership are public organisations
    - Public private - Partnership with one or more private sector companies
    - LSP - Partnership is part of the Local Strategic Partnership family
  - Significance Rating – This indicates a partnership's relative significance, and reflects aspects such as its contribution to corporate priorities and the level of associated financial, political and reputational risk. A high score signifies major significance. It should be noted that even partnerships with a low relative significance are still of significance and weak governance arrangements can affect the achievement of the Council's goals.
  - Governance Strength Rating – The overarching rating for the partnership, following moderation.
- 2.4. For 2018, of the 50 partnerships on the Register, 34 (68%) are rated as having 'High' governance strength, 15 (30%) rated as 'Medium' and 1 (2%) rated as 'Low'. As a comparison, the ratings in 2013 were as follows: of the 47 partnerships, 40 (85%) were rated 'High', 6 (13%) rated as 'Medium' and 1 (2%) rated as 'Low'.
3. **Changes to partnership details on the Register and those registered as 'Medium' or 'Low' Governance Strength rating**

#### **Partnerships added to the Register in 2018**

Northern Gateway (entry 15)

- 3.1 In April 2017, the City Council appointed Far East Consortium International Limited (FEC) as its selected investment and delivery partner to bring forward the regeneration of the Northern Gateway to create a vibrant, attractive and sustainable neighbourhood. Through a Joint Venture (JV) arrangement, the Council and FEC will deliver the regeneration of the Northern Gateway on land controlled by the investment partnership and work closely with other local stakeholders to ensure that a comprehensive and coordinated approach to development is taken across the piece; with the cornerstone of this co-ordinated approach being provided via the establishment of a Strategic Regeneration Framework (SRF). This model will facilitate and provide clarity to the delivery of planned development phases across the Northern Gateway area.
- 3.2 The initiative is being driven by officers within the Strategic Development Directorate with support from other service areas across the Council including: Legal; Planning; The Neighbourhood Service, including Highways; Policy; Health; and Education.
- 3.3 A review of resource requirements to ensure the successful delivery of the initiative is being undertaken and once finalised will inform further reports to the Executive and Personnel Committee as required. The SRF and a summary of key actions of the Implementation Plan are subject to approval at the Council's Executive Meeting in February.'
- 3.4 Outside of the JV; other statutory stakeholders will play a role in the delivery of the Northern Gateway, as well as those bringing forward development proposals. Throughout the preparation of the SRF engagement activity has taken place with a range of stakeholders who will play a part in the delivering the Northern Gateway, including the Environment Agency; Transport for Greater Manchester; Greater Manchester Combined Authority; United Utilities; National Grid, Electricity North West; Homes England; and Ministry of Housing, Communities & Local Government. This engagement will continue as infrastructure planning moves forward.
- 3.5 Due to the JV partnership being in its infancy it has not yet formalised a risk register and monitoring process. This is currently being addressed via the formation of the Programme Board, and there is assurance that any risks identified are escalated to the Operational Company Board as appropriate. In view of the evolving nature of the partnership, Northern Gateway is rated as 'Medium' governance strength.

MCR Active (entry 44)

- 3.6 Manchester Active is a single governance model for sport and leisure, which also went live in part on 1st December 2018 and will be fully operational on 1st April 2019. Manchester Active is a non-profit organisation wholly owned by the Council. It will be contracted by the Council to implement the new Sport and Physical Activity Strategy which was agreed by the Council in May 2018.

- 3.7 The new approach will see the Council work alongside partners across Health and Sport England, and will ensure Manchester Active adopts a new approach to tackle inactivity and increase sport and physical activity participation.
- 3.8 Manchester Active will provide new leadership and a common narrative for sport and physical activity in Manchester. It will manage the performance of the new facility contracting arrangements on the Council's behalf, develop new commissioning arrangements to build capacity amongst the voluntary sector and work to activate all facilities across the city widening access for Manchester residents in every neighbourhood.
- 3.9 Given the partnership is new, and processes will continue to evolve and develop once it is fully operational in April 2019, a 'Medium' governance strength rating has been allocated to MCR Active. Progress on governance arrangements will be fed back in the six month update report to Audit Committee.

**Partnerships where governance strength rating remains 'Medium' or 'Low' following latest assessment**

Manchester Working Ltd (MWL) (entry 4)

- 3.10 Manchester Working Ltd (MWL) was established as a joint venture company in 2006 for the provision of building maintenance services for the Council and Northwards Housing.
- 3.11 The joint venture with Northwards Housing ended on 31st March 2017 as a result of the contract period ending after 10 years. The decision taken by Northwards and the Council was not to procure a joint venture. The re-procurement was undertaken in the open marketplace through a competitive process and a new contract was awarded to Mears on a commercial basis and on a formal contract in line with most other supply contracts. The Deputy City Treasurer has established a task and finish group to wind down the JVC known as MWL during the next two years as individual projects come to a conclusion. In view of this, the partnership will continue to be rated as 'Medium' governance strength.
- 3.12 Planned Programme Maintenance and Reactive Repairs for Public Buildings has been tendered and the contract award was made in December 2018. As MWL did not submit a bid, the new contract will be provided by the new contractor Engie Ltd and TUPE of the current workforce applied.

NOMA (entry 15)

- 3.13 The partnership is in place to provide strategic oversight and guide regeneration and development within the NOMA area between Victoria and Shudehill. Hermes are now the sole owner of the development, with the Co-op having sold their interest. Hermes are taking forward the delivery of the

masterplan, which is currently being reviewed in consultation with the City Council.

- 3.14 Council Officers are continuing to re-establish the strategic partnership with Hermes. These arrangements are still in the early stages. However, there is not considered to be a material risk in delivering the masterplan and the overall objectives of the scheme, as a significant proportion of development has already been delivered, or is being delivered. This includes completion of 1 Angel Square (the Co-op's Head Office); the European Regional Development Fund funded public realm; refurbishment of buildings in the Listed Estate; the first residential development; and development of the events strategy at Sadler's Yard.
- 3.15 Relationships with Hermes will continue to be developed over the next year and progress will be monitored via Board meetings and officer meetings. In view of this, NOMA continues to be rated as 'Medium' governance strength whilst links are re-established and delivery of the masterplan is under review.

Manchester Safeguarding Children's Board (entry 16)

- 3.16 A report on the Register of Significant partnerships was presented by the Deputy Chief Executive to the Audit Committee in July 2018, which included a detailed report on the MSCB improvement plan showing all areas were completed.
- 3.17 Since then the MSCB and the sub groups which support it have been focusing on the four priority areas of Neglect, Complex Safeguarding, Engagement and Communication and Transitions. A new business plan has been developed and this is regularly reviewed by the leadership group which co-ordinates the work of the partnership. Partners have provided information for the annual report for 2017/18. This report was considered by MCC scrutiny committee in October 2018 and by the Health and Wellbeing Board. Partners have also undertaken annual section 11 self-assessments which will be followed by a Peer Review session to review and discuss their responses and identify actions for future improvement.
- 3.18 The Board is supported by a strong Leadership Group made up of sub group chairs and key partners including the Executive Director of Nursing & Safeguarding, Manchester Health and Care Commissioning, the Director of Children's Services and the Detective Superintendent GMP City of Manchester Division, who are responsible for driving forward board business, having ownership of the business plan, risk register, budget and providing a forum for discussion around how sub groups can work effectively together. The Leadership Group is chaired by the Independent chair and is a forum for challenge; red flags are raised at these in relation to performance. The budget is combined across both Manchester Safeguarding Boards and at the year-end showed a balanced budget with a carry forward of reserves from previous years of £65k.

- 3.19 The board continue to meet bi-monthly and agendas are structured to provide assurance of the multi-agency response to safeguarding and make sure the statutory responsibilities of MSCB are discharged. In relation to conduct and liability, all agencies have their own policies and procedures in place to address matters of concern that the partnership itself does not have policies and procedures in place that are specific to conduct and liability.
- 3.20 The MSCB recently endorsed a Strategy with regard to Modern Slavery and Human Trafficking which is an important element of Complex Safeguarding. The Board also had one of its regular updates as to the implementation of the Domestic Violence and Abuse Strategy. Whilst this strategy is overseen by the Community Safety Partnership the MSCB needs to be assured that safeguarding is an integral part of the delivery.
- 3.21 Feeding into the Leadership Group are a number of sub groups serving cross cutting strategic areas such as Quality Assurance and Performance Improvement, Communication and Engagement, Learning and Development, Safeguarding Practice Development and Complex Safeguarding.
- 3.22 The Child Death Overview Panel reports to the Leadership Group and there is a sub group specifically having oversight of the serious case review programme, making sure that legal responsibilities are met and most importantly that multi-agency learning from serious incidents is captured quickly and appropriately so that it can be embedded across the partnership.
- 3.23 The Independent Chair has regular meetings with the Director, Lead Member and Chief Executive. There is also close working with other Board Chairs at a Greater Manchester level.
- 3.24 Work as per the above will continue in strengthening the partnership. Following a national review of Safeguarding Children Boards, a new statutory framework has been introduced through a revised Working Together which was published in early July 2018, which sets out requirements for the three statutory partners (Local Authority, Police and Clinical Commissioning Group) to establish new safeguarding arrangements at the latest by September 2019. Work has started to identify how the transition will take place during which time the current statutory obligations will remain. This new Multi-Agency Safeguarding arrangement will replace the MSCB.
- 3.25 In view of the continued work to strengthen the partnership's governance, and the forthcoming transition to new safeguarding arrangements, MSCB retains its rating of 'Medium' governance strength.

#### Children's Board Strategic Partnership (entry 20)

- 3.26 The Children's Board has continued to mature with regular strategic commitment and participation. The production of an Annual Report detailing the activity and impact from the partnership is evident as reflected in the



report to the Health and Wellbeing Board dated 6 June 2018<sup>1</sup>; which highlighted the impact of early help and troubled families programme. Whilst performance against the outcome framework is monitored, the ambition is for the Children's Board to adopt a multi-agency outcome based accountability approach to the identified strategic priorities which will include:

- Developing the partnership Services for Children Communications Strategy
- Supporting the reform of the forthcoming Multi-Agency Safeguarding Arrangements in Manchester to meet the legislative changes of the Social Work Act 2017, due to come in to effect from June 2019.
- Further develop and embed the role and voice of the children's partnership in the city wide transformation of health and social care
- Ensuring a well-developed whole systems response to the growth in Manchester's child population and their associated needs.
- To continue to align the Board's key strategies and those of its related Boards - through the Inter Board Protocol.

3.27 This will take time and will be reported and subject to regular scrutiny via the Children and Young People Scrutiny committee of key areas of activity including Early Help, Children's Health and routine reporting of proxy indicators for children's Services; with committee members regularly visiting services.

3.28 The Board has achieved a greater contribution and involvement of children and young people, with young people leading the Board, reporting on their activity and holding challenge sessions.

3.29 The partnership will retain its rating of 'Medium' governance strength. This reflects the requirement to embed the outcomes framework and to evidence the impact on the achievement of the Children and Young People's Plan priorities of safe, happy, healthy and successful.

#### Manchester's Service for Independent Living (MSIL) (entry 25)

3.30 The current agreement between the Council and the three Clinical Commissioning Groups is for the provision of a Community Equipment Service to children, young people, adults and older people across Manchester. This includes stock and store management of equipment and provision of delivery, collection, recycling, decontamination and maintenance services.

3.31 Although progress has been made and governance arrangements remain robust, the partnership is undergoing a period of transition and the work continues in terms of the partnership arrangements. The new Service Level Agreement (SLA), which sets out the responsibilities and priorities of the

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<sup>1</sup> Annual Report to Health and Wellbeing Board:  
[https://secure.manchester.gov.uk/download/meetings/id/25178/item\\_6\\_-\\_childrens\\_board\\_annual\\_report\\_2017-18](https://secure.manchester.gov.uk/download/meetings/id/25178/item_6_-_childrens_board_annual_report_2017-18)

Council and the CCG, still remains in draft form and is awaiting ratification by the CCGs before this can be signed off by the Director.

- 3.32 Whilst the signing of the SLA is believed to be imminent, the governance strength rating of 'Medium' will remain for 2018. A further update will be submitted later in 2019 once the SLA has been finalised and signed, and there is further clarity on the partnership's role.

Manchester International Festival (MIF) (entry 28)

- 3.33 MIF is a grant agreement to deliver the biennial festival; a memorandum of understanding is being developed to support its links with the development and operation of the city's new arts venue, The Factory, due to open in 2020.
- 3.34 Taking on the role of operator for The Factory has required MIF to undergo significant organisational change to grow and adapt as an organisation. The organisational re-design and transitional planning has partly concluded. This work is owned and driven by the MIF Board, Chief Executive Officer and the Executive Team.
- 3.35 The renewal and expansion of the MIF Board was the first step in this process, with nine new trustees approved. The Board has now grown to 18 members and the City Treasurer is an observer. An Executive Structure is being designed and a new Chief Operating Officer role has been recruited to. A Business Plan has been approved by Arts Council England / Department for Culture, Media and Sport. This plan is a live document and over the next 12 months the artistic programme will be developed.
- 3.36 A Business Plan has been approved by Arts Council England, the Council and the Department for Culture, Media and Sport. This plan is a live document and over the next 12 months the artistic programme will be further developed.
- 3.37 The development of MIF as an organisation and the artistic planning is taking place alongside the construction of The Factory, which is a major capital project, located within the St John's neighbourhood of the city centre and managed by the City Council. Governance arrangements are in place to manage The Factory project with the City Treasurer as the Senior Responsible Owner (SRO) and chair of the Project Board. As SRO for The Factory development, the City Treasurer also has oversight over the development of MIF as the operator for the venue, including approval of the emerging business plan.
- 3.38 A detailed risk register is reviewed at the Project Board meetings covering both the capital and non-capital risks. A Strategic Board has been established which is chaired by the Leader of the Council and attended by the Deputy Leader, Executive Member for Finance and Human Resources, Executive Member for Schools, Culture and Leisure, Chief Executive, City Treasurer, MIF Chairman, MIF Chief Executive Officer and a representative of Arts Council England as an observer as well as The Factory capital team.

- 3.39 As there are significant changes and preparations are in progress for MIF taking on the operation of The Factory, MIF will continue to be rated as 'Medium' governance strength.

Greater Manchester Mental Health NHS Foundation Trust (GMMH) (entry 27)

- 3.40 As of 1 January 2017, GMMH (formerly Greater Manchester West) acquired Manchester Mental Health & Social Care Trust (MMHSCT), and responsibility for the delivery of all its Manchester based mental health services. This was part of a NHS Improvement led process supported by the Council and Clinical Commissioning Groups, signed off by the Secretary of State.
- 3.41 A single integrated NHS contract was signed with GMMH in 2017, covering all Health, Social Care and Public Health mental health and wellbeing services. This was a two-year contract (with the option to extend for a further two years) with an annual value of c£95m. The Council's Social Care and Public Health element of this contract had a combined annual value of c£7.4m.
- 3.42 Manchester Health and Care Commissioning (MHCC) and GMMH have worked together during this two-year contract to deliver the strategic aims of the acquisition via the delivery improvements to particular pathways of care: improving access to psychological therapies; acute care and rehabilitation pathway for people experiencing severe and enduring mental health problems. GMMH have delivered to plan and made significant headway in transforming pathways of care.
- 3.43 For 2019/20 onwards, whilst MHCC will review the annual planning guidance from NHS England and ensure the organisation applies it as required, the timetable for contract agreement will be brought forward to match the Council's budget setting timetable. The CCG will prioritise the contracts but will, wherever possible, ensure that they all are agreed in line with national timetables. The CCG may look to draft a new contract with GMMH for 19/20 based on whether NHSE introduces significant change to the Terms and Conditions and Contract Particulars. MHCC also reserves the right to use the national contract variation if this becomes a viable option for 2019/20.
- 3.44 The Director of Adult Services has recently initiated a collaborative review with GMMH and MHCC, which is being led by the Council's Audit team. A terms of reference has been developed which includes a review of the statutory Council functions delegated to GMMH via the Section 75 agreement. This is to establish an up to date position with regard to current performance and outputs and provides the opportunity to proactively address any issues that are identified as part of the assurance process.
- 3.45 New priorities for areas of care needing transformation and attention will be negotiated within the 2019/20 contract and will include the findings of the section 75 audit referenced above.
- 3.46 With regards partnership arrangements, the establishment of the MHCC has led to a new structure being implemented between the Council and the CCG,

including the MHCC Board, Chief Operating Officer, Executive Team and associated staffing structures.

- 3.47 In view that the partnership remains in transition, it retains its governance strength rating of 'Medium'.

Avro Hollows Tenant Management Organisation (entry 35)

- 3.48 The Avro Hollows Tenant Management Organisation (TMO) was set up in 2008 to manage a relatively small area of housing stock (312 properties) in Newton Heath on behalf of the Council.
- 3.49 A governance strength rating of 'Medium' was recorded for 2017, which remained the same as the last two years. Following a request from Members at the January 2018 Audit Committee meeting, a further update was provided at the meeting held in March 2018. This included more detailed assurances in relation to governance and risk management arrangements, and also addressed concerns in light of the Grenfell disaster.
- 3.50 Over the last twelve months Avro Hollows have worked hard to complete all the tasks highlighted by Savills in relation to fire safety, all of which have been completed ahead of time. In addition to this, staff have received fire safety training. Improvements to procedures and processes have also been made following the advice from Savills.
- 3.51 The TMO have had two AGMs this year, both of which were well attended. Additional Board Members were elected at the January 2019 AGM.
- 3.52 The procurement of Avro's own repairs and maintenance contractor has meant that tenants receive a more cost effective and efficient service. Tenants have been asked for feedback on the service and all comments have been very positive.
- 3.53 A risk management process is in place, and there is a facility via the Estate Office whereby tenants, residents or visitor can report any identified risks on the estate. A risk log has been generated as a continually evolving document which is reviewed at Board Meetings and covers strategic or high level operational risks. Low to mid-level operational risks are raised at specific sub groups of the Board, such as finance and works. The whole risk register is reviewed at Board Meetings.
- 3.54 Council officers are currently working with Northwards Housing to prepare for the commencement of a capital works scheme in 2019. Fire Risk Assessment works are included in this scheme. The board meetings will continue through 2019, and officers will continue to attend the TMO liaison meetings, and regular liaison with Northwards will be ongoing.
- 3.55 The Council's professional relationship with AVRO has improved due to the joint working with partners to resolve several issues, especially those highlighted by the Grenfell fire. Although there will be now a major capital works programme delivered, the Council will seek to maintain its close

working relationship with AVRO as they work more independently than the Council's other partners. For this reason the governance strength rating will remain as 'Medium', with the Council working hard to sustain a more formal working relationship with the board and its management team.

SHOUT Tenant Management Organisation (entry 36)

- 3.56 The SHOUT TMO ensures effective monitoring, governance and support in the provision of a voluntary service managing a relatively small area of housing stock (100 properties).
- 3.57 The paid housing management staff have been in place for over a year and are gaining more situational experience building relationships with tenants and residents. SHOUT has a strong relationship with Northwards and the Council. Board membership has increased with three new members volunteering at the recent Annual General Meeting. Board member time spent at SHOUT did decrease at the mid-point of the year but is now increasing beyond the levels of 12 months ago.
- 3.58 In terms of processes, capacity has been built to enable staff to conduct repairs audits and invoice reconciliation, which has resulted in revenue refunded from the contractor circa £3k. A new void turnaround process was implemented, saving on average two weeks lost rent per void. Management meetings between Executive Board Members, paid staff and Council liaison officers take place on a weekly basis, the outputs of these meetings being the Issue Log and Action Log. A risk log will be introduced as currently risks are identified and responded to, but the process can be improved.
- 3.59 An audit of spend resulted in a consolidation of service providers, which led to savings being made. A new dedicated connection to Northwards ICT network is being installed in the SHOUT office which will enable full remote ICT functionality and system integration. The Health and Safety, Risk Assessment and Fire Risk Assessment have been completed for the office; Savills will report back in due course.
- 3.60 SHOUT received a unanimous quorate vote for the continuation of the TMO at the AGM, thus enabling a 5 year plan to be developed. The TMO has reached a maturity whereby close contact with the Consultants are no longer necessary but will be retained for advice and support as and when required. Close engagement with the Council's Neighbourhood Team has resulted in more coordinated and collaborative working with contractors and other stakeholders.
- 3.61 The commercial position of the TMO is sound. There was a slight overspend in the 2016/17 financial year of £1k, which was mitigated by repair costs claimed back from their repairs contractor. Responsive repairs was the major strain on the operating budget, accounting for more than 70% of spend. The account is currently showing a small surplus.

- 3.62 In terms of governance, the TMO has good requisition, financial and decision making governance arrangements in place. Board decisions are recorded and circulated, financial process are in place including an independent accountant to verify record keeping.
- 3.63 Customer relationships have continually improved over the last year. Engagement with tenants around repairs has resulted in SHOUT better communicating with Northwards and the Council over capital investment programmes.
- 3.64 Over the next 12 months, the new Board Members will become more active, enabling the establishment of specialist Sub-Committees. The priority is to establish the Management Sub-Committee. Staff skill level and capacity will be continually built on via experiential operational learning and formal training. Going forward, as systems and processes develop staff and board members should have more resource for customer engagement.
- 3.65 Repair costs and quality will continue to be challenged resulting in savings, better customer experience and better stock condition. Board meetings will continue as well as attendance at the TMO liaison meetings and continued discussions with Northwards.
- 3.66 The TMO has very much improved delivering services on the ground and in terms of its staffing arrangements, infrastructure and governance. However, they are still implementing a new suite of policies and processes, including how they adopt and integrate new members to the board. The Council would want to see prolonged evidence of improved governance from the board and better dialogue on issues with partners which will bring visual improvement to the fabric of their estate. The consultants who have been supporting SHOUT will have provided their final report in January, therefore the professional support they have previously relied on will no longer be as easily accessible. Council officers are closely monitoring their performance: going forward the Council is likely to have to play a closer, more detailed role in supporting the board and its management team. In view of this, SHOUT will retain its rating of 'Medium' governance strength.

#### Hulme High Street Ltd (entry 41)

- 3.67 Hulme High Street Ltd is a joint venture limited company incorporated in 1996 between Manchester City Council (as landlord) and Amec (as developer) formed to develop the Hulme High Street area brought about following the Hulme City Challenge regeneration project initiated in the early 1990s. The site comprised of the High Street area including the 'Asda' retail park along with the surrounding high street, market and residential development sites. Amec's interest is now held by Muse Developments. Although there is a Council Officer listed as a director of the Company, the company is effectively dormant. The Council do not have involvement in the day to day running of the Company given the elapse of time since any real activity.

- 3.68 The principal objective for the formation of this partnership arrangement was to develop the Hulme High Street area of the City. All but one of the sites has now been developed, and this site will be acquired by the Council as part of the winding up of the company.
- 3.69 The Council has now commenced the process of acquiring the shares in Hulme High Street Ltd currently held by AMEC/Muse. The result being that the Council shall become the sole shareholder of the company hence no longer a JV or partnership. The Council's legal team are prioritising this area of work; in the interim the partnership will remain as 'Low' governance strength.

Manchester Health and Care Commissioning (MHCC) (entry 42)

- 3.70 MHCC was established in 2017 to create a single health, adult social care and public health commissioning function for Manchester.
- 3.71 MHCC was originally set up to operate via delegation of function from the Council to the Manchester Clinical Commissioning Group (MCCG). However, this aim was not achievable due to VAT reasons. The two organisations have been working positively and collaboratively within shared governance arrangements but without a fully integrated budget. Decision making has been enabled through the Council's delegation to the Director of Adult Social Care and the Director of Public Health. Staff remain employed by the Council or MCCG and therefore are covered by their host organisations' policies and procedures.
- 3.72 A new partnership agreement has been agreed, which formalises the arrangement described above and sets out the rules for how financial pooling will occur via a Financial Framework. The Council have audited MHCC's governance arrangements and are monitoring delivery of the recommendations. Therefore, in the interim MHCC is rated as 'Medium' governance strength, and the formalising of arrangements and due diligence continues.

Manchester Local Care Organisation (entry 43)

- 3.73 Manchester Local Care Organisation (MLCO) was formally launched on 1st April 2018. The original intention was for it to be established through the award of single ten year contract for the delivery of a range of adult social care, community health, primary care and community mental health services.
- 3.74 Although a single contract for the delivery of the MLCO services was not possible, partners including Manchester University NHS Foundation Trust (MFT) agreed to develop a legally binding ten-year Partnering Agreement, which commits all parties (MFT, Manchester Health and Care Commissioning, Manchester City Council, Manchester Primary Care Partnership and Greater Manchester Mental Health NHS Foundation Trust) to the delivery of the MLCO agenda and the transformation of out of hospital services. The

Partnering Agreement was formally signed by all partners in March 2018, coming into effect 1st April 2018 and in doing so establishing MLCO.

- 3.75 Whilst not a recognised statutory body or legal entity, MLCO is responsible for the delivery of a range of services including community health services, and adult social care. The organisation is planned to develop over an agreed three year phased approach, over time the range of services that will be delivered through MLCO will grow to include Mental Health and Primary Care.
- 3.76 Whilst the MLCO is responsible for delivering those services described, due to the limitations of the Partnering Agreement and absence of a single health and care contract, the accountabilities for provision remain unchanged. Adult Social Care, whilst delivered through the ambit of the MLCO, remain the statutory responsibility of the Council, and likewise community health provision the responsibility of MFT in contractual terms.
- 3.77 MLCO activity for 2018/19 is defined by its business plan – which was agreed by its Partnership Board (comprised of the core partners) and is built out of six key priorities: Ensure a safe transition and a safe start; Improve lives through population health and primary care; redesign core services; ensure financial sustainability; create our organisational strategy; and prepare for 2019/20 and beyond.
- 3.78 With the launch of MLCO in April 2018, the organisation mobilised its internal governance arrangements. To meet the MLCO's ambitions for service delivery which include delivering safe and effective care, the internal governance for the organisation was built upon appropriate design principles. The governance created has been designed to ensure it is able to have effective oversight of in excess of £600 million worth of services per annum from 2019/20 onwards. The governance that has been mobilised to support the delivery of the MLCO, will continue to iterate as the organisation develops particularly in regards to the governance that will be developed to support Integrated Neighbourhood Teams. As part of ensuring that the governance is able to effectively support neighbourhood working, all of the governance of MLCO will be reviewed to ensure it is able to support safe delivery of services across the city, this will include fully mobilising a number of additional committees including a Risk and Audit Committee.
- 3.79 Work is currently ongoing in regards to the further development of phase 2 of MLCO which includes further transfer of services into the organisation and timing of that, and Manchester Health and Care Commissioning is in discussions with Partners in regards to concluding the proportionate procurement.
- 3.80 The partnership has robust controls in place in relation to governance, for example through its financial and performance reporting and internal governance processes. However, it is a relatively new and evolving partnership, and there is significant risk attached – for example, because the MLCO still has to report to different partners for decisions. In view of this, MLCO will retain its rating of 'Medium' governance strength.



One Education (entry 49)

- 3.81 One Education provides a range of Pupil and Business Support services to schools and academies, primarily in Manchester but also some other GM areas and West Yorkshire. It is commissioned by the Council to respond to the Education Act 2011 in a positive way, both in terms of the interface with schools and in providing challenge as champions of children in the City. It has its own Board of Directors which includes Council officers, and reports to the Council.
- 3.82 The overall financial position of One Education was positive at year end 2017/18, which was better than the predicted loss and is expected to be positive in the current year. However, there are pressures to meet the National Joint Council (NJC) agreed increases to staff salaries which are 2%, this is against the budgeted 1% in the 2018/19 budget. This places a cost pressure on One Education which the Council is working closely with them to bridge. Until this is resolved for the current and future years, it is appropriate to maintain an overall rating of 'Medium' governance strength.
- 3.83 The Council's Director of Education has committed to undertaking a review of One Education, which will include the most appropriate organisational form so that it is best placed to meet the City's priorities and remain a financially self-sustaining organisation in the current education landscape.

Brunswick PFI (entry 50)

- 3.84 This partnership is a contractual agreement between Manchester City Council and S4B, which is a consortium made up of four organisations: Equitix, Galliford Try, Mears and Onward Homes, which was recently established after Symphony Housing merged with another housing organisation.
- 3.85 Signed in 2013, the PFI contract involves the remodelling of the Brunswick neighbourhood. This will see over 650 homes refurbished; 296 properties demolished; 124 homes to have their orientation reversed to align with the new street layout; 302 new build homes for sale; 200 new build Housing Revenue Account homes (including a 60 place extra care unit) and the creation of new parks, a retail hub and neighbourhood office.
- 3.86 Whilst the majority of the governance arrangements are robust, the partnership was rated as 'Medium' governance strength due to there still being concerns around the contractor's capability to ensure delivery timescales are met. S4B are a long way behind their original completion dates for the refurbishment, new build and infrastructure work programmes. Following the issue of warning notices and discussions at Board level with their funders, this led to recovery programmes subsequently being issued, but Council officers still have some reservations as to whether the new programmes will be fully achieved.

**Partnerships to be removed from the Register**  
Manchester Museums Consortium

- 3.87 The Consortium is to be removed from the Register because it is now defunct, having not met for over three years.

#### The Neighbourhoods Board

- 3.88 The Neighbourhoods Board has not met for two years, mainly because the launch of the Our Manchester programme superseded the remit of the Board. In view of this, the partnership will be removed from the Register.

#### Eastlands Trust

- 3.89 Greenwich Leisure Limited have taken over management of the leisure facilities within the Eastlands portfolio, with the new contract commencing on the 1 December 2018. The Eastlands Trust partnership is no longer in existence and will be removed from the Register.

#### Confident and Achieving Manchester Board

- 3.90 The Confident and Achieving Manchester Group was disbanded in 2017. This decision was informed by a review of the public service priorities for the Our Manchester Investment Board, which led to a number of other changes including the renaming of that Board. The CAM Group had been taking forward work to provide an integrated offer of support for groups of adults with complex needs, through a range of partners including City Council, Housing Providers, Police, Health and Fire and Rescue.

- 3.91 This work has since transitioned to a new approach that is broader in scope, called Bringing Services Together for People in Places. The Bringing Services Together work is led by the Our Manchester Investment Board and is currently in the phases of design and development. This work looks at how to better connect targeted and universal services, reform programmes, and the assets in places for the benefits of residents. This includes the integration of Early Help, Integrated Neighbourhood Teams and the Local Care Organisation, Place-based approaches, Integrated Neighbourhood Management, and Work and Skills programmes.

#### Manchester Health Academy

- 3.92 Manchester Health Academy have changed their governance arrangements and are no longer in partnership with the Council; they now operate in alignment with other Academies across Manchester.

## **4. Next Steps**

- 4.1 An update on progress made to strengthen governance arrangements in those partnerships where a 'Medium' or 'Low' Governance Strength rating is recorded will be taken to Audit Committee in July 2019.

- 4.2 The annual refresh of the Register is part of the Council's processes used to gain assurance over the robustness of its governance arrangements, and will be used to inform the production of the Annual Governance Statement (AGS) 2018/19. A draft of the AGS will be taken to Audit Committee in April 2019.
- 4.3 Partnerships will undertake reassessment of their governance arrangements in September 2019. This will include new partnerships that have been formed in 2019, including the Housing Investment Fund Phase 2 (Matrix2). It is also worth noting that with regards the National Car Parks partnership, the current joint venture arrangement expires in June 2019. It has recently been agreed that the contract will be extended for 18 months whilst the Council reviews the arrangements and determine what will be re-procured.
- 4.4 Following this, a Register with revised governance strength ratings will be submitted to Audit Committee in December 2019. It should be noted that following the review of senior management arrangements considered by Personnel Committee on 29 January, the SMT Lead for each partnership will be revised accordingly.

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## 2018 Register of Significant Partnerships

<b>Key to Governance Strength Ratings</b>	<b>High:</b> There is a sound system of governance designed to achieve the partnership's and the Council's objectives
	<b>Medium:</b> While there is a basically sound system of governance, there are areas for improvement, hence some of the partnership's and the Council's objectives may be at risk.
	<b>Low:</b> Controls are generally weak leaving the partnership's system open to significant error or abuse. It is expected that the partnership's and the Council's objectives will not be met.

No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
<b>INCORPORATED BODIES (separate and distinct legal entities)</b>							
1	Manchester Central Convention	Manchester Central Convention Complex Ltd, wholly owned by the City Council. Owns the Convention Complex (formerly G-Mex). Reports to Manchester Central Board.	Carol Culley	Public Public	Medium	High	↔
2	Manchester Science Partnership Ltd	Manages the Science Park and attracts science and technology investment into Manchester. Partners: University of Manchester, Salford CC, MMU and private sector. Reports to company board.	Eddie Smith	Public Private	Medium	High	↔
3	Manchester Airport Holdings Ltd	Company with shareholding held by the Council, IFM Investors and the other Greater Manchester local authorities.	Eddie Smith	Public Private	High	High	↔
4	Manchester Working Ltd	Homes repair and maintenance joint venture. Partner: Morrison Facilities Service. Affiliated / Subsidiary partners: Northwards Housing Ltd, GMPTE, Warrington Council and Rotherham Council. Reports to Manchester Working Board.	Carol Culley	Public Private	Medium	Medium	↔
5	National Car Parks	Manages car parking facilities & CCTV under joint venture agreement with MCC. Reports to company board.	Eddie Smith	Public Private	Medium	High	↔
6	Spinningfields	Secures the redevelopment and regeneration of the Spinningfields area. Partners: Allied London. Reports to company Board. Also to SMT and Executive when appropriate.	Eddie Smith	Public Private	Medium	High	↔
7	Oxford Road Corridor Manchester	Delivery vehicle for a strategic development framework within the Oxford Road Corridor area. Partners: University of Manchester, Manchester Metropolitan University, Central Manchester Foundation Trust. Reports to Corridor MCR Board.	Eddie Smith	Public Private	Medium	High	↔
8	Mayfield	This is a partnership between the Council, Transport for Greater Manchester and London & Continental Railways, to secure the regeneration of the Mayfield area of Manchester, as a high quality mixed used scheme.	Eddie Smith	Public Private	Medium	High	↔

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No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
9	Manchester Life	Joint venture company established between Abu Dhabi United Group and the City Council, to deliver predominantly housing development. The first phase of the partnership will focus on the development of 6 sites within the Ancoats and New Islington neighbourhoods of the city which are in the ownership of the Council.	Eddie Smith	Public Private	High	High	↔
10	Matrix Homes	The Council and Tameside Metropolitan Borough Council have entered into a limited partnership, Matrix Homes Limited Partnership, for the purpose of developing five sites in the Manchester area building new homes for sale and market rent.	Eddie Smith	Public Public	High	High	↔
11	Eastlands Strategic Development Company Ltd	The Eastlands Strategic Development Company, provides an overview and direction for the Eastlands Development Company to carry out the development of Eastlands Regeneration Area. The partnership is a forum for MCC and MCFC to drive growth in the east of the city and best utilise the land surrounding the stadium to encourage economic growth.	Eddie Smith	Public Private	High	High	↔
12	Eastlands Development Company Ltd	The company is a vehicle for investment into East Manchester and provides a formal partnership arrangement for MCC and MCFC to leverage funding and investment in the area in line with the East Manchester Regeneration Framework.	Eddie Smith	Public Private	High	High	↔
13	NOMA	Partnership to oversee and guide regeneration and development within the area between Victoria and Shudehill. Partners are the Cooperative Group and Hermes Real Estate.	Eddie Smith	Public Private	High	Medium	↔
14	First Street	Partnership to oversee and guide regeneration and development within the First Street area. Partners are Southside Regeneration and HOME / GMAC.	Eddie Smith	Public Private	High	High	↔
15	Northern Gateway	Joint venture with Far East Consortium to regenerate Northern Gateway area for high quality housing and ancillary development to create a vibrant, attractive and sustainable neighbourhood.	Eddie Smith	Public Private	Medium	Medium	NEW ENTRY

## 2018 Register of Significant Partnerships

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No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
<b>STATUTORY PARTNERSHIPS</b>							
16	Manchester Safeguarding Children's Board	Statutory body responsible for co-ordinating and promote the welfare of children in Manchester. Partners: MCC, GMP, NHS, Manchester Children's Board, Schools and Voluntary & Community Sector.	Paul Marshall	Public Public	High	Medium	↔
17	Manchester Safeguarding Adults Partnership Board	Ensures that the Multi Agency Safeguarding Policy is carried out. Partners include: MMHSC Trust, University Hospital of South Manchester, NHS Pennine Acute Trust, NHS Manchester, Central Manchester Hospital Trust, Crown Prosecution Service, Age Concern Manchester, Manchester Carers Forum, GMP, Care Quality Commission, Probation Trust, Reports to Manchester Safeguarding Adults Board.	Bernadette Enright	Public Public	High	High	↔
18	Health and Well Being Board	Thematic partnership providing leadership for health and wellbeing. Partners: NHS and NHS Trusts, Pennine Acute Trust, North, Central and South Clinical Commissioning Groups, CN4M and Local Involvement Network. Reports to Manchester Partnership	David Regan	Public Public	High	High	↔
19	Manchester Community Safety Partnership	Statutory thematic partnership providing strategic direction for challenging and resolving crime and antisocial behaviour. Partners: GMP, GM Probation Trust, GM Fire and Rescue Service, Public Health Manchester, GM Probation Authority and Manchester Metropolitan University. Reports to MIB.	Sara Todd*	LSP	High	High	↔

<b>NON-STATUTORY PARTNERSHIPS</b>							
20	Children's Board	Thematic partnership providing strategic leadership on the design and delivery of services for children, young people and families in Manchester. Partners: Central Manchester Foundation Trust, GMP, NHS, Manchester Safeguarding Children Board, Voluntary and Community Sector (VCS) and Schools. Reports to the MIB.	Paul Marshall	LSP	High	Medium	↔

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					Significance Rating	Governance Strength Rating	
21	Cityco (Manchester) Ltd	Aims to improve all aspects of the city centre's trading environment. Incorporates Piccadilly Partnership. Partners: Boots, Bruntwood Estates, Marks & Spencer, Prudential Portfolio Managers Ltd and United Utilities. Reports to Cityco Board.	Sara Todd*	Public Private	Medium	High	↔
22	Greater Manchester Multi Agency Public Protection Agency	Enables Police, Probation and Prison services to work together to protect the public against dangerous and sexual offenders. Partners: GM Probation Service, GMP, Her Majesty Prison Service, NHS. Reports to Police Authorities.	Sara Todd*	Public Public	Medium	High	↔
23	Manchester Concert Hall	Manages Bridgewater Hall. Partners: Partners: SMG Theatres (the operator of the Hall) and Manchester Professional Services Ltd. Reports to company Board. Annual Returns are completed to comply with Charity Commission requirements.	Sara Todd*	Public Private	High	High	↔
24	Manchester Credit Union (MCU)	A not-for-profit financial co-operative serving people who live or work in Manchester. Partners: DWP, Northwards Housing and City South Housing (both provide accommodation). Reports to union board.	Carol Culley	Public Private	Medium	High	↔
25	Manchester Services for Independent Living (MSIL)	Operates under a SLA between MCC and NHS Manchester. SLA under review to incorporate changes to Community Health MCR.	Bernadette Enright	Public Public	Medium	Medium	↔
26	Manchester International Festival	Delivers an International Festival. Partner: Arts Council of England. Reports to the Festival Board. An independent review and evaluation, commissioned at the end of each Festival, is reported to Executive. MIF to take on role of operator of The Factory once completed.	Sara Todd*	Public Private	Medium	Medium	↔
27	Greater Manchester Mental Health NHS Foundation Trust (GMMH)	The partnership is based on a legal contract with the Manchester Mental Health and Social Care Trust for the delivery of the Council's statutory duties under a Section 75 Agreement (Mental Health Act). This works to deliver care management and assessment and Approved Mental Health Professional (AMHP) functions within an integrated health and social care organisation.	Bernadette Enright	Public Public	High	Medium	↔



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No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
28	Millennium Quarter Trust	Manages, operates and maintains amenities and facilities in the Manchester Millennium Quarter project area. Partners: private sector. Reports to Council.	Sara Todd*	Public Private	Medium	High	↔
29	Northwards Housing	ALMO managing and maintaining housing stock totalling 13,000 properties on behalf of the Council. Partners: Northwards Housing. Reports to Strategic Housing and Neighbourhoods DMTs.	Eddie Smith	Public Private	Medium	High	↔
30	St John's (Quay Street)	Manchester Quays Limited (MQL) is a joint venture between the Council and Allied London Properties Ltd set up to re-develop the former ITV site at Quay Street and Water Street.	Eddie Smith	Public Private	High	High	↔
31	North West Regional Strategic Migration Partnership	Supports the development of a regional strategy and co-ordinates support and services for migrants living and/or working in the North West. Partners: 54 organisations representing, public, private and third sector. Reports to UK Border Agency via Partnership's Executive Committee.	Paul Marshall / Bernadette Enright	Public Public	Medium	High	↔
32	Wythenshawe Forum Trust	Provides/assists in the provision of facilities for the general public, in particular for recreation or leisure-time. Partners: Parkway Green Housing Trust, Manchester Airport, University Hospital South Manchester and The Manchester College. Reports to the Trust's Board.	Sara Todd*	Public Public	Medium	High	↔
33	Work and Skills Board	Thematic partnership responsible for economic growth, employment and skills. Partners: Job Centre Plus (JCP), Skills Funding Agency (SFA), the New Economy and key delivery partners such as Manchester College, Manchester Solutions and VCS.	Sara Todd*	LSP	High	High	↔
34	Manchester Place	Collaborative partnership between MCC and the Homes & Communities Agency to harness the land resources and market intelligence assets of both organisations, to support the delivery of the Residential Growth Prospectus.	Eddie Smith	Public Public	High	High	↔

## 2018 Register of Significant Partnerships

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No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
35	AVRO Hollows Tenant Management Organisation	Tenant Management Organisations are set up under the Government's Right to Manage legislation. The company manages approx 300+ Council owned homes in Newton Heath, and is a contractual arrangement with a tenant management company.	Eddie Smith	Public Private	Medium	Medium	↔
36	SHOUT Tenant Management Organisation	Tenant Management Organisations are set up under the Government's Right to Manage legislation. The company manages approx 100 Council owned homes in Harpurhey, and is a contractual arrangement with a tenant management company.	Eddie Smith	Public Private	Low	Medium	↔
37	Strategic Education Partnership	The partnership brings together the Council, schools and city partners such as MMU and UoM to agree and connect key educational, skills and employment priorities for Manchester.	Amanda Corcoran	Public Private	High	High	↔
38	HOME	The partnership between MCC and Greater Manchester Arts Centre (trading name of HOME) is to secure the funding, development and operation of HOME and to ensure it achieves our vision and contributes to the City's economy, cultural ecology and delivering social impact for residents, visitors and workers in Manchester and beyond.	Sara Todd*	Public Private	High	High	↔
39	Our Manchester Forum	The Our Manchester Forum is a high level group which meets quarterly. It brings together leaders from the public, private and voluntary sector to develop the Our Manchester Strategy and oversee progress towards delivering it.	Sara Todd*	Public Private	High	High	↔
40	Our Manchester Investment Board	The Our Manchester Investment Board drives the delivery of the Community Strategy priorities and also leads the city's work on public service reform.	Sara Todd*	Public Public	Medium	High	↔

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No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2018 Ratings		Governance Strength Trend
					Significance Rating	Governance Strength Rating	
41	Hulme High Street	A joint venture Limited Company incorporated in 1996 between Manchester City Council (Landlord) and Amec (Developer) formed to develop the Hulme High Street area brought about following the Hulme City Challenge project on the early 1990's. The site comprised of the High Street area including the 'Asda' retail park along with the surrounding high street, market and residential development sites. One development site remains. Amecs interest is now held by Muse. The Council has commenced proceedings to acquire shares from Muse to become the sole shareholder.	Eddie Smith	Public Private	Low	Low	↔
42	Manchester Health and Care Commissioning (MHCC)	Established to create a single health, adult social care and public health commissioning function for Manchester.	David Regan	Public Public	High	Medium	↔
43	Manchester Local Care Organisation (MLCO)	To provide integrated, out-of-hospital, community based care for Manchester residents, bringing together Primary Care, Mental Health, Social Care and Community Health services in an integrated approach. Contributes to improvements in the health of the population, reduce demand and spend on acute health and care services, and improve the care available for patients. Develop new models of care that demonstrate Our Manchester principles and link effectively with wider services in communities that can impact on the wider determinants of health.	Bernadette Enright	Public Public	High	Medium	↔
44	Manchester Active	Established as a non-profit organisation formalised by the Council, Manchester Active came into effect on 1 Dec 2018: to provide leadership through collaboration with the whole sport and physical activity sector to implement the Sport and Physical Activity Strategy and manage the leisure facilities contract.	Sara Todd*	Public Public	Medium	Medium	NEW ENTRY

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					Significance Rating	Governance Strength Rating	
<b>SCHOOL LEADERSHIP</b>							
45	One Education	Is commissioned by MCC to respond to the Education Act 2011 in a positive way, both in terms of the interface with schools and in providing challenge as champions of children in the City. One Education has its own Board of Directors which includes officers of the Council. Reports to the Council.	Janice Gotts	Public Public	High	Medium	↔

<b>PRIVATE FINANCE INITIATIVES (PFI)</b>							
46	Grove Village PFI	Delivers estate regeneration in Ardwick neighbourhood by creating a mixed tenure community, improving the environment, delivering new retail opportunities and offering work, training and other community development activities. Governance managed by the contractual agreement (30 year term). Reports to Strategic Housing DMT and PFI Stock Transfer Board.	Eddie Smith	Public Private	Medium	High	↔
47	Renaissance (Miles Platting Neighbourhood PFI)	Contractual agreement to manage housing estates in the Miles Platting neighbourhood. Reports to Strategic Housing DMT and PFI Stock Transfer Board.	Eddie Smith	Public Private	Medium	High	↔
48	Schools PFI - Temple Community Primary	Contractual agreement to design, build and manage facilities at Temple Primary School.	Amanda Corcoran	Public Private	Medium	High	↔
49	Schools PFI - Wright Robinson	Contractual agreement to design, build and manage facilities at Wright Robinson High School.	Amanda Corcoran	Public Private	Medium	High	↔
50	Brunswick PFI	Contractual agreement to remodel the Brunswick neighbourhood which will see over 650 homes refurbished; 296 properties demolished, 124 homes reversed; 309 new build homes for sale; 200 new build HRA homes (including a 60 place extra care unit) and the creation of new parks, a retail hub and neighbourhood office.	Eddie Smith	Public Private	Medium	Medium	↔

Appendix 1, Item 9

\* SMT Lead to be reallocated following the review of senior management arrangements considered by Personnel Committee on 29 January

### Audit Committee: Work Programme 2018/19

**Meeting Date – 11 February 2019, 10am (Report deadline 31 January 2019) 110 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Audit Strategy Memorandum	External Audit	Karen Murray (Mazars)	To provide an overview of the planned scope and timing of the annual external audit for 2018/19. <i>To consider and comment</i>	2 4.7	10
Internal Audit Assurance Report	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Summary of internal audit activity and report opinions to the end of quarter three. <i>To consider and comment</i>	4.4	25
Manchester Service for Independent Living	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Report as requested by Committee on the decision by the Head of Audit and Risk Management to prioritise an audit of Deprivation of Liberties Safeguarding ahead of the planned audit of Manchester Service for Independent Living		10
Outstanding Audit Recommendations	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Update on the implementation of internal and external audit recommendations for each Directorate to the end of quarter three. <i>To consider and comment</i>	4.4	10
Register of Significant Partnerships	Courtney Brightwell  Kate Waterhouse	Performance Manager  Head of Performance, Research & Intelligence	Summary of the progress in implementing recommendations arising from the register of significant partnerships. <i>To consider and comment</i>	4.10 4.12	20
Risk Review Item	Tom Powell	Head of Audit and Risk	Report on the current and developing arrangements for obtaining assurance over Health and Social Care activity within the City.	4.1	30

Meeting Date – 11 February 2019, 10am (Report deadline 31 January 2019) 110 minutes					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
			<i>To consider and comment</i>		
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

Meeting Date – 11 March 2019, 10am (Report deadline tbc) 75 Minutes					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Corporate Risk Register	Tom Powell John Gill	Head of Audit and Risk Risk and Resilience Manager	Corporate risk profile as articulated in the latest refresh of the corporate risk register. <i>To consider and comment</i>	4.1	20
Counter Fraud Policies Update	Tom Powell	Head of Audit and Risk	Report on updates to counter fraud related policies to reflect legislative requirements and best practice <i>To consider and comment</i>	4.1	15
Risk Based Verification	Julie Price	Director of Customer Services and Transactions	Report on planned changes to arrangements for Risk Based Verification as a result of changes introduced through Universal Credit. <i>To consider and comment</i>	4.1	10
Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty	Carol Culley Janice Gotts Karen Gilfoy	City Treasurer Deputy City Treasurer Chief Accountant	To explain the accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the accounts. <i>To consider and comment</i>	1 4.9	10
Grants Certification Report	Mark Heap	External Audit (Grant Thornton)	Report from the External Auditor in respect of the audit of grant returns 2017/18, any issues arising and associated fees. <i>To consider and comment</i>	4.7	5

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Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. Area of focus to be confirmed <i>To consider and comment</i>	4.1	20
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**TBC Meeting Date – 15 April 2019, 10am (Report deadline 4 April 2019) 130 minutes**

Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Draft Annual Governance Statement (AGS)	Courtney Brightwell Kate Waterhouse	Performance Manager Head of Performance, Research & Intelligence	To advise the processes followed to produce the AGS and obtain Audit Committee input to the draft statement. <i>To consider and comment</i>	1 3 4.10 4.12	30
Review of Internal Audit and Quality Assurance Improvement Programme (QAIP)	Carol Culley	City Treasurer	To consider organisational arrangements for the delivery of internal audit in line with legislation and Public Sector Internal Audit Standards. To include review of Audit Committee Terms of Reference and Internal Audit Charter. <i>To consider and comment</i>	3	15
Head of Audit and Risk Management Annual Opinion	Tom Powell	Head of Audit and Risk	Head of Internal Audit and Risk Management Annual Opinion on the Council's systems of governance, risk management and internal control as well as a summary of audit work undertaken in the year. <i>To consider and comment</i>	4.6	30
Annual Internal Audit Plan	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards.	4.2 4.3	20

<b>TBC Meeting Date – 15 April 2019, 10am (Report deadline 4 April 2019) 130 minutes</b>					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
			<i>To review and approve</i>		
Audit Strategy Memorandum	External Audit	Karen Murray (Mazars)	To provide an overview of the planned scope and timing of the annual external audit for 2018/19. <i>To consider and comment</i>	2 4.7	10
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	4.1	20
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

<b>TBC Meeting Date – June 2019, 10am (Report deadline tbc) 95 minutes</b>					
Item	Lead Officer	Position	Comments	AC ToR	Time on agenda
Internal Audit Annual Report	Tom Powell Kathryn Fyfe	Head of Audit and Risk Audit Manager	Report of internal audit activity for the year. <i>To consider and comment</i>	4.4	10
Draft Annual Statement of Accounts	Carol Culley Janice Gotts Karen Gilfoy	City Treasurer Deputy City Treasurer Chief Accountant	To report the Annual Accounts prepared for submission to the external auditor for review. <i>To consider and comment</i>	1	30
Revenue Budget Outturn Report	Carol Culley	City Treasurer	To report the revenue outturn for the year as reported to Executive. <i>To note</i>	1	5
Capital Budget Outturn Report	Carol Culley	City Treasurer	To report the capital outturn for the year as reported to Executive. <i>To note</i>	1	5



Response letters from City Treasurer and Audit Committee Chair to the External Auditor	Carol Culley	City Treasurer	Draft responses proposed to be issued to the External Auditor from the City Treasurer and the Audit Committee Chair for the audit of the accounts	1	5
Treasury Management (Outturn) Report	Carol Culley Janice Gotts Karen Gilfoy Tim Seagrave	City Treasurer Deputy City Treasurer Chief Accountant Finance Lead	To report the Treasury Management activities of the Council for the year. <i>To consider and comment</i>	4.11	10
External Audit Progress Report	Karen Murray	External Audit (Mazars)	Update from the External Auditor in the delivery of the external audit plan <i>To consider and comment</i>	4.7	5
Risk Review Item	Tom Powell	Head of Audit and Risk	Update reports from officers on areas of focus to be agreed by Committee arising from limited/no assurance Internal Audit reports, outstanding audit recommendations or management of risk. <i>To consider and comment</i>	4.1	20
Work Programme and Audit Committee Recommendations Monitor	Andrew Woods	Governance Team Leader			5

Audit Committee Terms of Reference: As Constitution May 2018

1. To consider and approve the authority's statement of accounts, including the Annual Governance Statement in accordance with the Accounts and Audit Regulations 2015.
2. To consider, as soon as reasonably practicable, the annual letter from the external auditor in accordance with the Accounts and Audit Regulations 2015 and to monitor the Council's response to individual issues of concern identified
3. To consider the findings of the Council's annual review of the effectiveness of its system of internal control under the Accounts and Audit Regulations 2015, including the effectiveness of its system of internal audit
4. In furtherance of the Council's duty to make arrangements for the proper administration of its financial affairs and the Committee's responsibilities under the Accounts and Audit Regulations 2015 set out above:
  - 4.1. To obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
  - 4.2. To review and approve (but not direct) the terms of reference for internal audit and an Internal Audit Strategy.
  - 4.3. To review and approve (but not direct) the internal annual audit programme considering the effectiveness of proposed and actual coverage in providing adequate assurance over the Council's arrangements for governance, risk management and system of internal control.
  - 4.4. To monitor the implementation and outcomes of the Council's internal audit programme and where required, to review summary and individual audit reports with significant implications for financial management and internal control.
  - 4.5. To seek assurance on the adequacy of management response to internal audit advice, findings and recommendations in the form of implementation of agreed action plans
  - 4.6. To receive the Annual Report of the Head of Internal Audit

- 4.7. To consider the external auditor's annual letter, relevant reports and the annual report to those charged with governance on issues arising from the audit of the Statement of Accounts.
- 4.8. To engage with the external auditor and external inspection agencies and other relevant bodies to ensure that there are effective relationships between external and internal audit.
- 4.9. To make recommendations to the Chief Finance Officer and Monitoring Officer in respect of Part 5 of the Council's Constitution (Financial Regulations).
- 4.10. To consider the Code of Corporate Governance.
- 4.11. To monitor the performance of the Treasury Management function including:
  - approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
  - budget consideration and approval
  - approval of the division of responsibilities
  - receiving and reviewing regular monitoring reports and acting on recommendations
  - approving the selection of external service providers and agreeing terms of appointment.
- 4.12. To consider and advise the Council on the Annual Governance Statement.

### Recommendations Monitor

Date	Item	Recommendation	Response	Contact Officer
25 January 2018	AC/18/07 Monitoring Previous Recommendations	<p>2. To request that a progress report is submitted in six months on the development and introduction of a Contract Management Improvement Plan and that this is followed by regular reports to the Audit Committee.</p> <p>3. To request that a requirement is included within the terms of contract agreements with the Council for the contract service provider to produce and submit Key Performance Indicator data that can be recorded and used as part of the analysis of the contract.</p> <p>4. To request that an accessible dashboard is developed and introduced to enable elected members to monitor the Key Performance Indicator data on Council contracts.</p>	<p><b>Complete</b>  <a href="#">Contract Management and Governance update report</a> to Audit Committee November 2018</p>	Carol Culley City Treasurer
22 March 2018	AC/18/15 Review of Effectiveness of Internal Audit	4. To request that the subsequent reports on the Review of Effectiveness of Internal Audit include recognition of the importance of the role of the independent members serving on the Audit Committee.	This will be reflected in the 2018/19 review to be presented to March or June 2019 Audit Committee.	Carol Culley City Treasurer
22 March 2018	AC/18/16 Head of Audit and Risk Management Annual Opinion	<p>3. To agree the inclusion of the following topics on the Committee Work Plan:</p> <p>- Governance arrangements for the Integration of</p>		Tom Powell

		Health and Social Care, including submission of end of year accounts in respect of the Local Care Organisation and Manchester Health and Social Care Commissioning.  - Contract Management arrangements and system development.	Governance arrangements for the Integration of Health and Social Care to be scheduled  <b>Complete</b> <a href="#">Contract Management and Governance update report</a> to Audit Committee November 2018	Head of Audit and Risk
22 March 2018	AC/18/18 Risk Review Item: Adults Assurance Update	To request that a further report is submitted to the meeting of the Audit Committee 3 September 2018 action plan in place to deal with the four limited assurance audit reports.	<b>Complete</b> <a href="#">Adults Assurance Update report</a> provided to Audit Committee September 2018	Tom Powell Head of Audit and Risk
11 June 2018	AC/18/29 Annual Statement of Accounts 2017/18	To agree to refer the issue of public health investment in addressing childhood obesity to the Children and Young People Scrutiny Committee for inclusion on the Annual Work Programme.	<b>Complete</b> This has been added to the <a href="#">Children and Young People Scrutiny Committee Annual Work Programme</a> for December 2018	
31 July 2018	AC/18/37 Annual Statement of Accounts 2017/18 and Letter of Representation	To request officers to refresh the description of the core functions of Council committees, as detailed in Appendix 2 of the report, and include this within the 2018/19 Statement of Accounts.	For inclusion in 2018/19 accounts to Audit Committee June 2019	Carol Culley City Treasurer
31 July 2018	AC/18/39 Internal Audit Assurance Report	To request that a briefing note be provided for members of the committee to explain the functions, roles and responsibilities regarding Disclosure and Barring Service checks.	<b>Complete</b> <a href="#">DBS Update report</a> provided to Audit Committee September 2018	Tom Powell Head of Audit and Risk

31 July 2018	AC/18/40 Outstanding Audit Recommendations	<p>To request that a report is submitted to the September meeting of the Audit Committee to provide an update on ICT Disaster Recovery including the three recommendations not taken forward and to provide further information on the Public Services Network (PSN).</p> <p>To request that a Risk Item report be presented to a future meeting of the Audit Committee in response to concerns expressed relating to the North West Foster Care Framework and the Multi Agency Safeguarding Hub and to include details of any formal and informal work involved.</p>	<p><b>Complete</b> <a href="#">ICT DR and PSN report</a> provided to Audit Committee September 2018</p> <p><b>Complete</b> <a href="#">Childrens Services Audit Recommendations Update</a> report provided to Audit Committee September 2018</p>	Tom Powell Head of Audit and Risk
5 Nov 2018	AC/18/52 Internal Audit Assurance Report	<p>To request that a report is submitted to the next meeting of the Committee providing a review of lower priority rating of the audit of Manchester Support for Independent Living.</p> <p>To request that a report is submitted to the meeting of the Committee in February 2019 to give an update on the working arrangements of audit work of Mental Health casework compliance in respect of the Greater Manchester Mental Health Trust.</p>		

<p>5 Nov 2018</p>	<p>AC/18/54 2018/19 Annual Governance Statement (AGS) – Summary of Progress to Date</p>	<p>To request that the <b>Annual Governance Statement</b> includes a response to concerns expressed regarding the consistency of the implementation of the Our Manchester behaviours across all areas of the Council’s services and staff.</p> <p>To request the Resources and Governance Human Resources Sub-Group to consider a report that provides feedback on the BHeard survey, an update on the training and implementation of the Our Manchester Strategy and to update on the arrangements for Council staff to attend Listening in Action events.</p> <p>To note the comments made regarding the Our Manchester Experience and to pass the comments on to the officers involved in the refresh of the experience.</p> <p>To request that, as part of the <b>Annual Complaints report</b>, officers include details on the number of Freedom of Information and other subject access requests made to the Council and provide details of the average length of staff time taken to process a request and costs involved.</p> <p>To request the Resources and Governance Human Resources Sub-Group to consider issues raised within Action 11 of the report submitted relating to “improvement of governance and communication of workforce policy and associated guidance, including</p>	<p>Forwarded to Human Resources Sub-Group</p> <p>Forwarded to Human Resources Sub-Group</p>	
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		embedding new ways of working”.		
5 Nov 2018	AC/18/55 Governance Improvement Progress for Partnerships with Medium of High Risk Assessment Ratings	To note the comments received in respect of Manchester Service for Independent Living and <b>request officers</b> to undertake a review of the audit assumptions made on Manchester Service for Independent Living and provide an update on the partnership for the meeting of the Committee on 11 February 2018.		
10 Dec 2018	AC/18/63 Draft Code of Corporate Governance	To request officers to circulate to Audit Committee members, information and examples of benchmarking work used to assess functions, expenditure and performance.  To request officers to strengthen the wording used to set out responsibilities on Managing Data and that this be included in the programme of implementation for the Annual Governance Statement.  To request the Member Development Working Group to include within its Annual Work Programme for members training ‘understanding of the Council Constitution - the protocol governing officer member relations’.	The MDWG has received the request and included the topic in its work programme.	
10 Dec 2019	AC/18/64 Risk and Resilience Strategy and Corporate Risk Register	To request that a further report is submitted on the refreshed Corporate To request that the Corporate Risk Register include reference to the potential risks of Brexit on Council services.	Report included on the agenda for the 11 March 2019 meeting.	Tom Powell Head of Audit and Risk





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