



Audit Committee

Date: Tuesday, 15 June 2021

Time: 10.00 am

Venue: Council Chamber, Level 2, Town Hall Extension

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 Chamber

Public access to the Council Chamber 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), Clay, Lanchbury and Russell

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

Agenda

1. Urgent Business

To consider any items which the Chair has agreed to have submitted as urgent.

2. Appeals

To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda.

3. Interests

To allow Members an opportunity to [a] declare any personal, prejudicial or disclosable pecuniary interests they might have in any items which appear on this agenda; and [b] record any items from which they are precluded from voting as a result of Council Tax/Council rent arrears; [c] the existence and nature of party whipping arrangements in respect of any item to be considered at this meeting. Members with a personal interest should declare that at the start of the item under consideration. If Members also have a prejudicial or disclosable pecuniary interest they must withdraw from the meeting during the consideration of the item.

4. Minutes

To approve as a correct record the minutes of the meeting held on 16 March 2021.

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5. Draft Annual Governance Statement

The report of the Deputy Chief Executive and City Treasurer is attached.

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6. Head of Audit and Risk Management Annual Opinion

The report of the Head of Audit and Internal Risk will follow.

7. Risk and Resilience Strategy and Risk Register

The report of the Head of Audit and Internal Risk will follow.

8. Annual Audit Letter - Year Ending 31 March 2020 - Council External Auditor

The report of the Council's external auditor (Mazars) is enclosed.

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9. Audit Strategy Memorandum - Year Ended 31 March 2021

The report of the Council's external auditor (Mazars) is enclosed.

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10. Register of Significant Partnerships

The report of the Deputy Chief Executive and City Treasurer is attached.

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Information about the Committee

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

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

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

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

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
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Further Information

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

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This agenda was issued on **Monday, 7 June 2021** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA.

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Audit Committee

Minutes of the meeting held on 16 March 2021

This Audit Committee meeting was conducted via Zoom, in accordance with the provisions of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

Present:

Councillor Ahmed Ali - In the Chair
Councillors Clay, Lanchbury, Russell and Watson

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

Also Present:

Karen Murray (Mazars) - External Auditor

AC/21/05 Minutes

Decision

To approve the minutes of the meeting held on 19 January 2021 as a correct record.

AC/21/06 Accounting Policies

The Committee considered the report of the Deputy Chief Executive and City Treasurer. The report provided an explanation of the Council's accounting concepts and policies, critical accounting judgements and key sources of estimation uncertainty that will be used in preparing the 2020/21 annual accounts. It also contains details of the new International Financial Reporting Standard (IFRS) 16 on leasing that following deferral is now to be fully introduced by Local Government on 1 April 2022.

Decisions

1. The Committee approved the accounting concepts and policies that will be used in completing the 2020/21 annual accounts.
2. The Committee noted the critical accounting judgements made and key sources of estimation uncertainty.

AC/21/07 External Audit Update Report

The Committee considered the report of the Council's external auditors (Mazars) that provided an update on progress made in delivering its responsibilities.

The Council's external auditor introduced the report and made reference to the receipt of the Council's 2019/20 Whole of Government Accounts (WGA) submission, which was anticipated during the week and would enable the completion of the final element of our 2019/20 audit. The Committee was informed that the national WGA submission process had changed for 2019/20 and there have been significant difficulties with the HM Treasury system which have caused challenges and delays.

The Committee was informed that planning is underway for the 2021 audit preparations in conjunction with the Council's Accounts Team. The 2020/21 closedown of accounts required the Council's accounts to be available for public inspection by August 2021 and completed by the end of September. The tight deadline may mean there is potential delays in the completion of this work and a timetable will be developed as part of the audit planning work.

The Chair invited questions from members of the Committee.

A member referred to the possible failure to complete the external audit of the Council's financial statement and asked if this would have a detrimental effect on the Council and what reason would be given on the Council website for not completing this requirement by the statutory deadline.

The Committee was informed that it was the intention of the external auditor to complete the audit work to a national quality standard. The notice of non-completion of the audit work would explain the tight time constraints in place and the intention to ensure the completion of the work to a quality standard. The continued impact of remote working and the complexity of the Council's accounts make the external audit work very challenging. There will be no detrimental impact on the Council in not completing the external audit by the statutory deadline.

A member of the Committee asked what difference there would be to the Council's annual accounts in view of the covid19 pandemic and the introduction of business grants work and would there be any comparability with previous years accounts.

The City Treasurer reported that the structural aspects of the accounts would be the same. The Management element of the accounts would include some distortion and will require explanation on the types and levels of spending that is not usual compared to other years. The work involved in the administration of Business Support Grants during the covid19 pandemic would not require detailed auditing but will require explanatory note in the accounts.

The external auditor reported that although there was no requirement for the Business Support Grants to be included in the audit of accounts, there would be a requirement to include the various streams of external funding that had been processed as part of the grants system. This would be a significant job in pulling together information from the different grant sources with a value of £12million (approx).

Decision

The Committee noted the report and the comments received.

AC/21/08 Internal Audit Plan 2021/22

Consideration was given to a report of the Deputy Chief Executive and City Treasurer and the Head of Audit and Risk Management that sets out areas of proposed audit coverage for the year and the delivery of this plan will be reported to SMT and Audit Committee as part of regular audit reporting. The Committee was informed that the plan focuses on the first six months of the year and an update will be presented to the Audit Committee and the Senior Management Team in September to confirm the areas of planned focus through to March 2022.

The Committee was advised on some of the some of the key area within the 2021/22 plan that includes:

- the ongoing Covid19 recovery and response including the requirements of Government for assurance over programmes funded through grants; financial challenges and related budget savings required to be delivered by the Council;
- organisational change including the further development of health and care partnerships and the 'supercharging of the Manchester Local Care Organisation; as well as the re-integration of the Northwards ALMO into the Council;
- organisational development and improvement programmes including the Future Council programme, Race Review and the Better Outcomes Better Lives programme across adult services; and
- Change activity including major capital projects, ICT investment and workforce development.

The Chair invited members of the Committee ask questions/ comment on the report.

A member referred to the impact of covid on the audit plan and how the priority of audit work has changed as a result. Officers were asked what audit work would have been included under normal circumstances and was there any potential risk identified as a result of particular audit work not being included in the plan. Officers were also asked what will be the focus of the plan in the final six months of the municipal year.

It was reported that the plan would have included core systems work, development, probity work and assurance mapping with a focus on Children's Services and Adult Services.

Members discussed the approach to audit recommendations, in particular those recommendations that remain overdue for 12 months. The suggestion was made that the current period should be increased to 18 months to allow sufficient time for outstanding recommendations to be implemented or where necessary follow up work before being submitted to the Audit Committee. Reference was also made to the integration of Northwards Housing (ALMO) and the importance of ensuring that there is capacity to undertake internal audit of not only the process of integration but also the organisation itself.

The Committee was informed that the proposal to increase the implementation period up to 18 months would be taken on board. With reference to the Northwards Housing it was reported that discussions were ongoing regarding the continuity of the current

outsourced provision during the period of transition. The ongoing audit of the organisational aspects such as repairs and maintenance did need to continue. The second half of the Audit Plan from September would address how the audit function could be best applied.

A member of the Committee made reference to the time provided by the external audit providers for Northwards Housing and the comparison of the time to be allocated by the internal audit function. Officers were asked for this information be included in the audit plan report to be submitted in September including what areas of the ALMO service were to be audited.

A member asked for more detail regarding the assurance title on the areas of focus in the audit plan in view of the size of the areas of service involved.

The Committee was informed that the second half of the year had not been scoped at this point and further breakdown and detail would be identified as the year progressed for inclusion in the Audit Plan report in September.

A member referred to the work identified for the next six months and asked if there is a broader area work on assurance mapping on connecting that work to the risk register.

The Committee was informed that assurance mapping would develop more as the year progresses and this would become more apparent over the next twelve months.

Decision

The Committee approved the Annual Internal Audit Plan for 2021/22, subject to the amendment of the period of time allocated for overdue recommendations be increased from 12 months to 18 months.

AC/21/09 Internal Audit Service Development Update

Consideration was given to the report of the Head of Internal Audit and Risk Management that provided a summary of the key areas of Internal Audit focus over the last twelve months, the planned future strategy for audit within the Council and the areas of planned service change in terms of innovation and structure. These included:

- Internal Audit During 2020/21;
- Internal Audit Strategy;
- Organisational Change and Partnerships;
- Innovation in Approach;
- Structure and Capacity.

The Committee was also informed that the Audit activity and other sources of assurance from 2020/21 will be used to inform the Annual Opinion for consideration by the Committee in April. The report also provided context for the Annual Plan that the Committee have approved to provide a clear direction of the work to be covered over the first six months of the year.

The Chair invited members of the Committee to ask questions.

A member asked the Head of Internal Audit and Risk if this is a direction that would have been taken even without the current circumstances and could those areas identified have been addressed quicker. Also, has the Council's external auditor been involved in the process or had some oversight.

The Committee was informed that the timing of the proposals was opportune in terms of wider changes to look at how the audit service works and evolve the service. The external auditor can be included in the process to provide comment.

A member proposed that officers within Internal Audit be thanked for the positive manner in which they have worked over the past year to benefit the residents of Manchester. In noting, this reference was also made the Organisational Change and Partnerships referred to in the report and the scale of the work involved and resources required to undertake this, in view of the reduced staffing and finances available to the Council.

A member referred to the schedule of meetings of the Committee and the importance of ensuring that the Risk Register report is submitted to the June meeting of the Committee.

The Committee was informed that meetings were programmed for the year and a work programme would be produced to project work and development across the year.

A member referred to the future replacement of the SAP system and how long this could take due to the importance and reliance on the system. Also, was the use of data sets as used by other local authorities, something Manchester will use and develop and is the consolidation of audit resources across GM something that is being considered.

It was reported that the Council will start to use data sets in different ways such as the National Fraud initiative for payments made to reduced duplicate payments. Birmingham City Council used data sets and had been for a number of year and would be consulted on its uses. The Committee was also advised that collaboration work had been discussed with other Councils in the Data Protection Service.

The City Treasurer reported that there are different components within SAP and therefore there is not an absolute end date set for its replacement. In preparation, work is underway as part of a change programme over the next two years, as parts of the system reach end of life. Other considerations include the cost of licences and what will best meet the future needs of the Council.

A member referred to the work of the Audit Service in core services such as Adult Services and Children's Services and asked officers if there is confidence in the Management Assurance Framework to enable Internal Audit to begin to pull back from those areas.

The Committee was informed that the Management Assurance Framework provided managers within the authority with a system that can be tested to help provide confidence and will provide a level of assurance with their arrangements, although the Internal Audit Service will be available to provide support where needed.

Decisions

1. The Committee noted the report on the proposals for development of the Manchester Internal Audit Service and to receive further updates and reports in April 2021 (Annual Opinion) and September 2021 (Updated Internal Audit Strategy, QAIP and Annual Audit Plan) and the comments received.
2. To thank the officers of the Internal Audit service for the work they have undertaken over the past year under difficult circumstances that has benefitted a large number of the residents of Manchester.
3. To provide an update on Outstanding Audit Recommendations to the next meeting of the Committee.

(Note: Dr Barker informed the Committee that through he is employment by Manchester University and is the line manager to the Interim Deputy City Treasurer's husband but had never met the Interim Deputy City Treasurer.)

Manchester City Council Report for Information

Report to: Audit Committee – 15 June 2021

Subject: Draft Annual Governance Statement 2020/21

Report of: Deputy Chief Executive and City Treasurer

Summary

This report introduces the draft 2020/21 Annual Governance Statement (AGS), which has been produced following completion of the annual review of the Council's governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report.

Recommendations

Audit Committee Members are recommended to note and comment on the contents of the draft version of the Council's 2020/21 Annual Governance Statement (AGS).

Wards Affected: All

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1. Introduction

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published.
- 1.2 Audit Committee Members are asked to note the findings of the 2020/21 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2021/22.

2. Format and sections of the document

- 2.1 The content and style of the AGS is reviewed each year to ensure that it remains compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, and that improvements are made where possible. There is a focus in the document on effective public communication, plain and clear language, partnership working, and ensuring transparency and clarity over what the Council's governance challenges are, alongside what is being done to address them.
- 2.2 For 2020/21, a desktop review of the AGS process was carried out to identify improvements and efficiencies. A review of good practice was undertaken, including comparison with peer authorities. The improvements identified have been implemented for the draft AGS, with a more concise document template now being used. In particular, the governance challenge update section now has a clearer focus on a high-level summary of the strategic oversight of improvements, avoiding the reproduction of detailed updates which are available in other existing Committee reports. This will reduce duplication, bring efficiencies in resource expended, and aims to improve the accessibility of the document.
- 2.3 In 2016, the Council fully reviewed and updated its Code of Corporate Governance (the Code) to reflect the seven new principles detailed in CIPFA's *"Delivering Good Governance in Local Government: Framework (2016)"*. Alongside the CIPFA principles, the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our Manchester was therefore also integral to the way the standards in the Code were defined when it was reviewed. The Code was subsequently updated again in 2019, to ensure that the contents remained accurate, up to date, and that they reflected all applicable relevant legislation. CIPFA has highlighted the Council's Code as an example of good practice.
- 2.4 A key element of compiling the AGS is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a clear way. This can be seen in Section 4, The Governance Framework.
- 2.5 The AGS includes the following sections:

1 – Introduction This section provides a clear, plain language explanation for the lay reader as to what the purpose of the document is.

2 and 3 - The scope of responsibility and the purpose of the governance framework; these sections outline the legal requirements for an AGS and its links to the Council's Code of Corporate Governance.

4 – The Governance Framework; this describes how the Council has complied with the principles in its Code of Corporate Governance, and includes links to online documents where the reader can access more detailed information.

5 – Annual review of effectiveness of the governance framework; this section explains the mechanisms by which the Council assesses its governance arrangements, and what conclusions have been drawn.

6 – Strategic oversight of actions to address the Council's governance challenges in 2020/21; This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2020/21 financial year, as identified in the Action Plan in the previous AGS (2019/20).

7 – Action Plan: Governance Challenges for 2021/22 Onwards; this section sets out the key areas which the Council will focus on in 2021/22, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2020/21

3.1 To identify significant governance issues to be addressed during 2021/22 several evidence sources were considered including;

- Analysis of responses from Heads of Services to the online annual governance questionnaires which provide a self-assessment of compliance with the Code of Corporate Governance.
- Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
- A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
- Consideration of risks identified in the Corporate Risk Register
- Emergent challenges identified by the work of Internal Audit during 2020/21
- Where appropriate carrying forward elements of action points from 2020/21 if further work and monitoring is required.

3.2 These processes, described in more detail in section 5 of the AGS itself, led to the identified governance challenges described in section seven. This sets out an action plan, which looks ahead to the main challenges where the Council will need to focus attention in 2021/22.

4. Communication of Governance Arrangements

- 4.1 The Council is committed to improving the transparency of its governance arrangements, and ensuring it publishes clear and concise explanations of these arrangements in a format easily accessible to the public.
- 4.2 **The Council's Governance Commitments** – These are set out in the Code of Corporate Governance, which is written in plain and clear language. This is published on the Council's website.
- 4.3 **Accessibility of the AGS** – The AGS has been written in such a way as to make it as accessible as possible for the lay reader, for example by focusing on making the governance challenge updates as plain, clear and concise as possible. As well as being included as part of the Council's Annual Accounts, it is also easily accessible separately on the Council's website.

5. Next Steps and AGS Timeline

- 5.1 The following table shows the key reporting dates for the 2020/21 AGS;

| Date | Milestone |
|--------------|---|
| 17 June 2021 | Draft AGS to Standards Committee |
| 17 July 2021 | Draft AGS included with draft Council Accounts. |
| 27 July 2021 | Draft Accounts to Audit Committee |

- 5.2 Audit Committee is requested to note and comment on the contents of the draft version of the Council's 2020/21 Annual Governance Statement (AGS). Any amendments to the statement requested by Committee will be included in the draft version included with the Accounts and passed to External Audit prior to Audit Committee on 27 July 2021.



Annual Governance Statement 2020/21

1. Introduction

- 1.1 This statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A summary of significant governance challenges which the Council faces is also given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is still to be done. This provides transparency, and gives assurance that the Council is committed to continuously improve the way in which it functions. More detail on particular topics can be accessed by clicking on the hyperlinks, which are highlighted and underlined throughout the document.
- 1.2 The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The city continues to progress the delivery of its ambitious Our Manchester strategy, with staff, residents and stakeholders across the city engaged in working towards the realisation of the vision set out in the strategy. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.
- 1.2 The national and international public health emergency caused by the COVID-19 pandemic have led to substantial impacts for the city and the Council over the last year. These have included implications for provision of services, our workforce and our financial position. Effective leadership and governance of the response and recovery have been critical. Plans are being delivered which now focus on the city's longer-term recovery, including its economy, residents and communities, for example the Economic Recovery and Investment Plan.
- 1.2 Looking forwards, significant national policy announcements from Government include NHS reforms that, from April 2022, will abolish Clinical Commissioning Groups (CCGs) and create Integrated Care Systems (ICS), to drive the next phase of health and social care integration. Delivery of this next phase for Manchester's health and social care integration will be key to enabling further progress towards achievement of the ambitions set out in the Our Healthier Manchester Locality Plan. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 1.3 The changes taking place present both opportunities and challenges. Therefore, the Council must continue to engage in a broad programme of innovation and reform work so that it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place to ensure appropriate oversight of this work.

2. Scope of Responsibility

- 2.1 Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the [Local Government Act 1999](#) to make arrangements to secure continuous improvement in the way in which its functions are exercised.

- 2.2 In discharging these responsibilities, the Council must put in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes arrangements for the management of risk. The Council first adopted a Code of Corporate Governance in June 2008. This Code is included in the [Council's Constitution](#) (part 6 section G). It sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.
- 2.3 The Code of Corporate Governance and the Council's Constitution are reviewed annually to ensure they remain consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government. CIPFA issued an update to the Framework in 2016, which has informed the preparation of the Annual Governance Statement (AGS) from 2016/17 onwards.
- 2.4 This AGS explains how the Council has complied with the Code of Corporate Governance. The AGS also meets the requirements of the [Accounts and Audit \(England\) Regulations 2015](#) regulation 6(1) which requires all relevant bodies to prepare an Annual Governance Statement (AGS).

3. The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of the city's strategic objectives as set out in the [Our Manchester Strategy](#), and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The Council's Corporate Plan sets out the Council's contribution to the Our Manchester vision. The objectives in Our Manchester and Our Corporate Plan are underpinned by the four Our Manchester principles;
- **Better lives** – it's about people
 - **Listening** – we listen, learn and respond
 - **Recognising strengths of individuals and communities** – we start from strengths
 - **Working together** – we build relationships and create conversations
- 3.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control identifies and prioritises risks; evaluates the likelihood of those risks being realised and the impact should they be realised; and aims to manage them efficiently, effectively and economically.

4. The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Council operates to a [Code of Corporate Governance](#), which forms part of the Constitution. The Code is updated when appropriate, to ensure it reflects the Council's current governance arrangements. The table below includes key examples of how the Council has adhered to its governance commitments set out in the Code and includes hyperlinks to sources of further information, which include more detail about how the Council has implemented its commitments. The Council has a broad range of strategies and policies in place, and therefore this is not intended to be an exhaustive list. More detail about particular areas of interest can be found on the Council's website manchester.gov.uk.

| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. | | |
|--|---|--|
| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Behaving with Integrity | <ul style="list-style-type: none"> The Council's Our Manchester approach includes four central principles that underpin everything the Council does, including how it works with partners, how it makes decisions and how it serves local communities; <ul style="list-style-type: none"> Better lives – it's about people Listening – we listen, learn and respond Recognising strengths of individuals and communities – we start from strengths Working together – we build relationships and create conversations | People Strategy - Our People |
| Demonstrating Strong Commitment to Ethical Values | <ul style="list-style-type: none"> The Standards Committee champion high standards of ethical governance from elected members and the Council as a whole. A summary of its work is included in its Annual Report to Council. | Standards Committee |
| Respecting the Rule of Law | <ul style="list-style-type: none"> The Council's City Solicitor undertakes the role of Monitoring Officer. The Monitoring Officer ensures that Council decisions are taken in a lawful and fair | Our Constitution (article 12.3(b)) |

| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. | | |
|--|---|---|
| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <p>way, correct procedures are followed, and that all applicable laws and regulations are complied with.</p> <ul style="list-style-type: none"> The Chief Finance Officer (Deputy Chief Executive and City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016). | <p>Our Constitution (article 12.4(a))</p> |

| B. Ensuring openness and comprehensive stakeholder engagement | | |
|---|---|---|
| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Ensuring Openness | <ul style="list-style-type: none"> The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as about Council Tax, and Waste and Recycling can be accessed quickly and easily from the main page. All Council and Committee meetings are held in public (other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded), with agenda and reports available on the Council's website. Live-streamed webcasts of Council, Executive and Scrutiny committee meetings are available online, as well as in an archive which can be accessed on-demand. | <p>manchester.gov.uk website</p> <p>Council Meeting Agendas and Reports</p> <p>Online Videos of Council Meetings</p> |

| B. Ensuring openness and comprehensive stakeholder engagement | | |
|--|---|--|
| The Council's Commitment to Good Governance | The Council's Commitment to Good Governance | The Council's Commitment to Good Governance |
| Engaging Comprehensively with Institutional Stakeholders | <ul style="list-style-type: none"> The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public and voluntary sector organisations. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy. The Council maintains a list of major partnerships in a Register of Significant Partnerships. This contains an assessment of the level of assurance for the governance arrangements of each partnership, shining a light on areas where improvements may be required - so that these can then be addressed. | Our Manchester Forum Register of Significant Partnerships |
| Engaging with Individual Citizens and Service Users Effectively | <ul style="list-style-type: none"> A reset of the city's Our Manchester Strategy 2016 - 2025 has been carried out as part of the Council's COVID-19 recovery planning. Engagement activity was undertaken based on the Our Manchester approach with residents, businesses, organisations and partners to develop a qualitative evidence base, which was then analysed to establish key priority themes. Approximately 3,800 people were directly engaged with and had their views captured between August and September 2020. To promote transparency and wider engagement with Council decisions, residents can sign up for email e-bulletins and use social media to interact with the Council. The Council has taken steps to seek to improve how we undertake consultations and community engagement. Part of this involves a commitment to ensuring that our workforce have the skills to take an Our Manchester engagement approach to working with residents and communities, which forms part of the programme for the new Campaigning Engagement Framework (CEF). | Our Manchester Strategy – Forward to 2025 E-bulletins and Social Media Our Manchester Campaigning Engagement Framework |

| C. Defining outcomes in terms of sustainable economic, social, and environmental benefits | | |
|---|--|---|
| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Defining Outcomes | <ul style="list-style-type: none"> An extensive consultation in 2015 led to a 10-year strategy for the city – the Our Manchester Strategy 2016-2025 – which included a new approach to working across the whole organisation and with residents, partners and other key stakeholders. Further engagement was carried out in August and September 2020 to update the strategy to reflect the current context as the city recovers from the impact of COVID-19. Our vision remains for Manchester to be in the top-flight of world class cities by 2025, when the city will: <ul style="list-style-type: none"> Have a competitive, dynamic, sustainable and fair economy that draws on our distinctive strengths in science, advance manufacturing, and culture, creative and digital businesses – cultivating and encouraging new ideas Possess highly skilled, enterprising and industrious people Be connected, internationally and within the UK Play its full part in limiting the impacts of climate change Be a place where residents from all backgrounds feel safe, can aspire, succeed and live well Be clean, attractive, culturally rich, outward-looking and welcoming Our Corporate Plan sets out the Council's contribution to the Our Manchester vision. These priorities have been refreshed for 2021/22 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The priorities are; <ul style="list-style-type: none"> Zero carbon Manchester Growth that benefits everyone Young People Healthy, Cared for people | Our Manchester Strategy – Forward to 2025 |

| C. Defining outcomes in terms of sustainable economic, social, and environmental benefits | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <ul style="list-style-type: none"> ○ Housing ○ Neighbourhoods ○ Connections ○ Equality ○ Well-managed Council | |
| Sustainable Economic, Social and Environmental Benefits | <ul style="list-style-type: none"> • The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. A report in February 2021 provided an update on the significant progress that has been made in delivering the Plan despite the challenges posed by the COVID-19 pandemic. • Powering Recovery: Manchester's Recovery and Investment Plan was published in November 2020, and this sets out how the city will emerge reinvigorated from the COVID-19 pandemic and rise to other challenges. This was developed by the Council with the support of city business leaders and is a statement of confidence in the future of the city's economy. It shows a resilient city with a diverse economy and strengths in key growth sectors, as well as strong existing partnerships and a track record of delivery. • Our Manchester Industrial Strategy sets out Manchester's vision for developing a more inclusive economy that all residents can participate in and benefit from, which will support the delivery of the Our Manchester Strategy, and the Greater Manchester Local Industrial Strategy. • The Council's has reviewed its approach to Social Value to reflect the impact that COVID-19 has had on the city, and the role that social value can play in supporting the economic recovery. | <p>Climate Change Action Plan 2020-25</p> <p>Climate Change Action Plan – progress report</p> <p>Powering Recovery: Manchester's Recovery and Investment Plan</p> <p>Developing a More Inclusive Economy - Our Manchester Industrial Strategy</p> <p>Refresh of the Social Value Policy</p> |

| D. Determining the interventions necessary to optimise the achievement of the intended outcomes | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Determining Interventions | <ul style="list-style-type: none"> Decision makers receive accurate, relevant and timely performance and intelligence to support them with objective and rigorous analysis of options, covering intended outcomes, financial impact and associated risks informing efficient service delivery. This can take the form of regular performance reporting, or bespoke reports. | Executive Reports |
| Planning Interventions | <ul style="list-style-type: none"> The Council plans its activity at a strategic level through its budget and business planning cycle and does so in consultation with internal and external stakeholders to ensure services delivered across different parts of the organisations and partners complement each other and avoid duplication. | Council Budget 2021/22 |
| Optimising Achievement of Intended Outcomes | <ul style="list-style-type: none"> The Council integrates and balances service priorities, affordability and other resource constraints, supporting it to take into account the full cost of operations over the medium and longer term, including both revenue and capital spend budgets. This includes a medium-term financial plan. The latest report set out the impact of COVID-19 and other pressures and changes on the Council's budget for the period 2021-2025. | Medium Term Financial Plan and Strategy for 2021/22 |

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| E. Developing the entity's capacity, including the capability of its leadership and the individuals within it | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <ul style="list-style-type: none"> As part of the Our People strategy, improved induction and appraisal processes ("About You") were introduced. These ensure all staff understand the part they will play in delivering the vision for the city in Our Manchester. The Council delivers a comprehensive programme of leadership and management development, which all new managers are enrolled on. The programmes are targeted at different Grade bandings, and cover a spectrum of areas essential to managers in the organisation. The Council is committed to promoting the physical and mental health and wellbeing of the workforce as a core component of the People Strategy through both specific interventions and opportunities and as a central part of the role of all managers. There is a dedicated intranet page with a wide range of support and guidance for staff and their managers covering a wide range of health and wellbeing topics and a 24/7 Employee Assistance Programme (phone line) providing a range of support. The strategy for Employee Health and Wellbeing in the Council is called 'Being Our Best Selves'. | Being Our Best Selves |

| F. Managing risks and performance through robust internal control and strong public financial management | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Managing Risk | <ul style="list-style-type: none"> The Council operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The Corporate Risk Register is part of this framework and is an articulation of the key risks impacting the Council. It is used to inform decision making, provide assurance over actions being taken to manage key risks and to inform directorate level risk management planning and mitigation activities. Named risk managers are identified in the Register for its key strategic risks. | Annual Corporate Risk Management Report and Corporate Risk Register |
| Managing Performance | <ul style="list-style-type: none"> The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An integrated report is provided to Strategic Management Team (SMT) every month. This brings together analysis of performance, finance, workforce intelligence and complaints - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed. A Corporate Plan Monitor is provided quarterly to SMT, tracking progress of delivery of our Corporate Plan priorities. | |
| Effective Overview and Scrutiny | <ul style="list-style-type: none"> The Council has six scrutiny Committees, which hold decision makers to account and play a key role in ensuring that public services are delivered in the way residents want. The agenda, reports and minutes are publicly available on the Council's website. | Scrutiny Committees |
| Robust Internal Control | <ul style="list-style-type: none"> The Council has robust internal control processes in place, which support the achievement of its objectives while managing risks. The Council's approach is set | Internal Audit Plan 2021/22 |

| F. Managing risks and performance through robust internal control and strong public financial management | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <p>out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan.</p> <ul style="list-style-type: none"> The Council has an Audit Committee, in line with CIPFA's 'Position Statement: Audit Committees in Local Authorities and Police (2018)', which provides an independent and high-level resource to support good governance and strong public financial management. The Committee has two Independent Co-opted Members, and provides a mechanism for effective assurance regarding risk management and the internal control environment. The Council maintains clear policies and arrangements in respect of counter fraud and anti-corruption. These are the Anti-Fraud and Anti-Corruption Policy; Whistleblowing Policy; Anti Money Laundering Policy and the Anti Bribery Policy. | |
| Managing Data | <ul style="list-style-type: none"> The processing of personal data is essential to many of the services and functions carried out by local authorities. The Council complies with data protection legislation, which includes GDPR (General Data Protection Regulation) and the Data Protection Act 2018 (DPA 2018). This will ensure that such processing is carried out fairly, lawfully and transparently. The Council reviews and supplement its policies, and also keep its processing activities under review, to ensure they remain consistent with the law, and any compliance advice and codes of practice issued from time to time by the Information Commissioner's Office (ICO). The Council ensures that officers handling personal data are trained to an appropriate level in the use and control of personal data. It is made clear that all staff and Members are personally accountable for using the Council's information responsibly and appropriately. All staff must undertake protecting information e- | |

| F. Managing risks and performance through robust internal control and strong public financial management | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <p>learning training, and this forms part of the induction process for new staff. Data protection also forms part of the induction programme for new Members.</p> <ul style="list-style-type: none"> Information Governance is overseen by the Corporate Information Assurance and Risk Group (CIARG) chaired by the City Solicitor who is the Senior Information Risk Officer for the Council (SIRO). The Council makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Data protection legislation, including the Data Protection Act 2018, provides individuals with various rights. The Council ensures that all valid requests from individuals to exercise those rights are dealt with as quickly as possible, and by no later than the timescales allowed in the legislation. | <p>Freedom of Information</p> |
| Strong Public Financial Management | <ul style="list-style-type: none"> The Council's approach to Financial Management ensures that public money is safeguarded at all times, ensuring value for money. Its approach supports both long-term achievement of objectives, and shorter term financial and operational performance. The Chief Finance Officer (Deputy Chief Executive and City Treasurer) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. The City Treasurer ensures well developed financial management is integrated at all levels of planning and control including management of financial risks, systems and processes. The Constitution (Part 5) details the financial regulations which underpin the financial arrangements. The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice | <p>Our Constitution (Part 5)</p> |

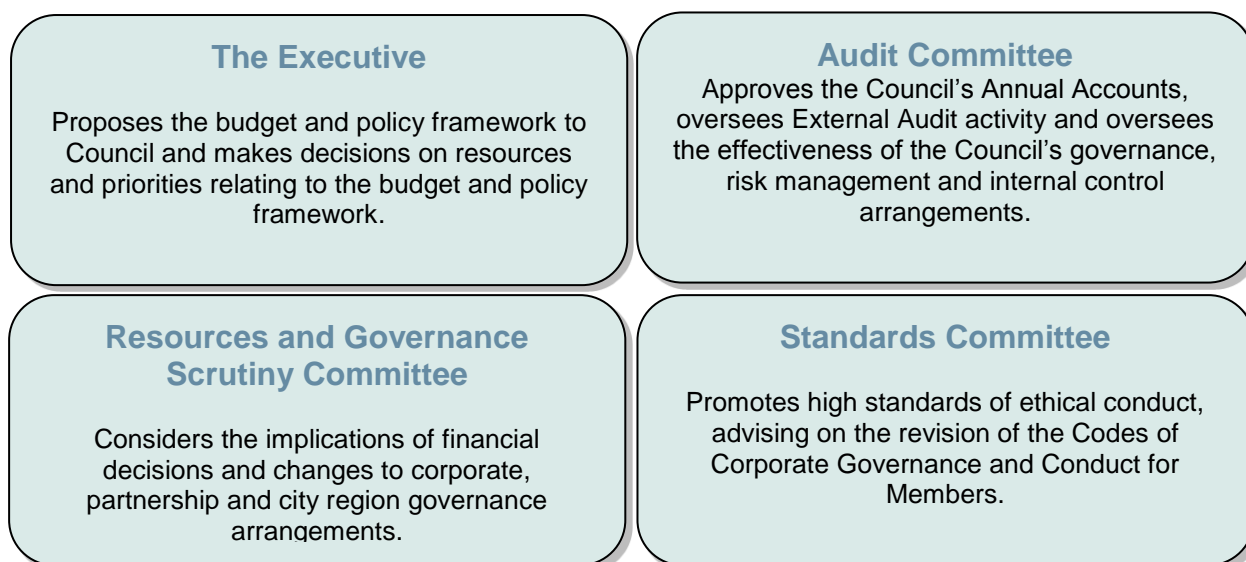
| F. Managing risks and performance through robust internal control and strong public financial management | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| | <p>and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, to be implemented from April 2020 with the commencement of a shadow year. It is expected that by 31 March 2021 Local Authorities can demonstrate that they are working towards full implementation of the code, with the first full year of compliance being 2021/22. The Council's preparations for this are set out in the Budget Overview 2021/22 report.</p> <ul style="list-style-type: none"> Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council CFO's detailed report in relation to these matters is set out in the Budget Overview 2021/22 report. | <p>Budget Overview and Strategy for 2021/22</p> <p>Budget Overview and Strategy for 2021/22</p> |

| G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Implementing Good Practice in Transparency | <ul style="list-style-type: none"> The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. The Council's website is set out in a clear and easily accessible way, using infographics and plain language. Information on expenditure, performance and decision making is sited together in one place and can be accessed quickly and easily from the homepage. | <p>Local Government Transparency Code</p> <p>manchester.gov.uk website</p> |

| G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability | | |
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| The Council's Commitment to Good Governance | How the Council meets these principles | Where you can see Governance in action |
| Implementing Good Practices in Reporting | <ul style="list-style-type: none"> The Council produces a detailed State of the City publication, which charts the city's progress towards its vision and priorities. An integrated report is provided to Strategic Management Team (SMT) every month. This brings together analysis of performance, finance, workforce intelligence and complaints - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed. A Corporate Plan Monitor is provided quarterly to SMT, tracking progress of delivery of our Corporate Plan priorities. | State of the City 2020 |
| Assurance and Effective Accountability | <ul style="list-style-type: none"> The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. An example of positive improvement having taken place following recommendations can be seen in the Ofsted report, which followed on from their most recent focused visit to the Council's children's services. The Council monitors the implementation of internal and external audit recommendations. Assurance reports are presented to Audit Committee and Mazars (the Council's external auditors), summarising the Council's performance in implementing recommendations effectively and within agreed timescales. Public Sector Internal Audit Standards (PSIAS) set out the standards for internal audit and have been adopted by the Council. This process includes the development of an Emergent Audit Plan designed to invite comment from management and the Audit Committee. | Ofsted focused visit Outstanding Audit Recommendations |

5. Annual review of effectiveness of the governance framework

- 5.1 The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.
- 5.2 The effectiveness of governance arrangements is monitored and evaluated throughout the year, with activity undertaken including:
- **Strategic Management Team (SMT)** - Responsibility for governance and internal control lies with the Chief Executive and the Strategic Management Team (SMT), which meets on a weekly basis to steer the organisation's activity.
 - **Scrutiny and challenge by Council and its Committees** - The Council has four bodies responsible for monitoring and reviewing the Council's governance:



- **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2021/22 (see Action Plan at Section 7)** - These sources include:
 - Heads of Service online annual governance questionnaires, which provide a self-assessment of compliance with the Code of Corporate Governance.
 - Significant governance challenges in Partnerships as identified by the Council's Register of Significant Partnerships assessment process.
 - A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues
 - Consideration of risks identified in the Corporate Risk Register
 - Emergent challenges identified by the work of Internal Audit

- Where appropriate, carrying forward elements of action points from 2020/21 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2020/21** - This opinion narrative is provided in a separate report on the Agenda for the June 2021 Audit Committee meeting.
- **External Auditor's Review of the Effectiveness of Governance Arrangements** - The Council's external auditor is Mazars. They submit progress reports and their Annual Audit Letter to Audit Committee.
- **Annual Review of the role and responsibilities of the Chief Finance Officer** - The 2020/21 review concluded that the CFO met the responsibilities of the Senior Finance Officer in full and was ideally placed to develop and implement strategic objectives within the Council, given her role as the Council's Section 151 Officer, Deputy Chief Executive and City Treasurer. The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- **Annual Report of the Standards Committee** - The Council is committed to promoting the highest standards of conduct by members and has adopted a Code of Conduct for all members as part of its constitution. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance.
- **Governance of Significant Partnerships** – Assurance relating to governance arrangements of the Council's significant partnerships is recorded on the Register of Significant Partnerships. Each partnership is self-assessed annually to provide assurance that effective arrangements are in place, and to highlight any governance challenges which need to be addressed.

6 Strategic oversight of actions to address the Council's governance challenges in 2020/21

This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2020/21 financial year, and what arrangements are in place for oversight of delivery. These challenges were set out in the Action Plan at the end of last year's AGS (2019/20). Where relevant, detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees - as set out in the table below.

| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
|--------|---|---|---|---|
| 1 | Effective response to COVID-19 through Council leadership, support to our workforce and organising an effective incident response and recovery. It is recognised that this will impact on the capacity and ability of the Council to respond fully to all of the other identified challenges and risks. The governance around the response will need to ensure effective decision making is maintained, and that critical parts of the organisation's business as usual continue to be delivered. | Plans continue to be delivered to ensure an effective response and recovery, including: <ul style="list-style-type: none"> Manchester's 12-point Action Plan Manchester's Economic Recovery and Investment Plan Situation reports to the Executive and Scrutiny Committees Effective connections to Greater Manchester governance | Chief Executive Deputy Chief Executive & City Treasurer Strategic Director of Neighbourhoods Director of Population Health | The Executive Economy Scrutiny Committee |

| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
|--------|---|--|--|---|
| 2 | Continuing to embed the Our Manchester behaviours necessary to support the delivery of Our Corporate Plan, across both the Council's leadership and the wider workforce. This includes delivery of the updated Our People Strategy. | <p>The Our Manchester (OM) approach is now fully integrated into the Organisation Development Team, within HROD, ensuring that Our Manchester is embedded throughout the Council.</p> <p>The last 12 months have seen the workforce transition almost overnight to a new way of working, a scale of change in how we work that would normally take years to achieve.</p> <p>Whilst some of priorities have remained the same, the context of which we are working has changed and the Our People Strategy is being reviewed again to ensure that it reflects this. Some of the key actions are:</p> <ul style="list-style-type: none"> • Improve the health and wellbeing of our staff including a reduction in absence levels across the organisation • Our commitment to ensure our workforce reflects our diverse communities is strengthened through the Workforce Equality Strategy and the Race Equality programme. • Reduce reliance on temporary staff including overall reduction in agency spend. | Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD. | Resources and Governance Scrutiny Committee |
| 3 | Our Transformation - ensuring effective governance of all the programmes involved in strengthening and transforming how we work. | A set of linked programmes have brought together work focused on the impact of COVID-19 on the Council, and plans to recover. A decision-making Future Council Core Group of senior officers, chaired by the Deputy Chief Executive and City Treasurer, oversees interdependencies between the Council's | Deputy Chief Executive & City Treasurer, City Solicitor Future Council Core Group | The Executive Scrutiny Committees |

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| | | <p>Budget planning and the Our Transformation portfolios of work.</p> <p>Each programme of work has a Senior Responsible Owner (SRO), and a Programme Manager who oversees the work of each Programme Team. The portfolios of work which comprise Our Transformation are as follows:</p> <ul style="list-style-type: none"> • Our Ways of Working • Strengthening Accountability and Our Processes • Resident and Business Digital Experience <p>The Our Transformation programme and project groups receive progress updates via highlight reports. The Future Council Core Group receives situation reports ('Sitreps') which provide summaries of key messages from the highlight reports. Regular Sitrep summary reports are also provided to the Council's Executive.</p> <p>Looking forward, the Future Shape of the Council programme will deliver the next steps to reshape how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. A report to March 2021 Executive set out the approach in detail.</p> | | |
| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 4 | Carbon reduction - ensuring that we have robust and effective governance of strategies, which will enable delivery of the 2038 zero carbon targets. | The Zero Carbon Coordination Group drives forward the integrated activity required to ensure that the Council plays its full part in ensuring the city reaches its ambitious climate change commitments. This strategic group oversees the | Deputy Chief Executive and City Treasurer, Director of Policy, | Neighbourhoods and Environment Scrutiny Committee |

| | | <p>development and delivery of the Manchester Climate Change Action Plan 2020-25, which was approved by the Executive in March 2020.</p> <p>Workstreams have formed to deliver the actions outlined under the five priority areas within the Council's Climate Change Action Plan. Each workstream consists of the operational officers and a senior manager, as workstream lead for each priority:</p> <ul style="list-style-type: none"> • Buildings and Energy • Transport and Travel • Reducing consumption-based emissions and influencing suppliers • Climate adaptation, carbon storage and carbon sequestration • Influencing behaviour and being a catalyst for change | <p>Performance and Reform.</p> <p>Zero Carbon Coordination Group</p> | |
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| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 5 | Support the integration of health and social care by ensuring effective governance of integrated teams and activity, including the operation of the partnership arrangements with MHCC commissioning function, and the Local Care Organisation (LCO). Ensuring there is progress made with developments that will deliver positive outcomes within the system resource envelope. | <p>The Our Healthier Manchester Locality Plan sets the ambitions for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.</p> <p>Health and social care partners have established a new Manchester Partnership Board (MPB) of system leaders, chaired by the Leader of the Council, is established to drive delivery of health and social care integration in the city. This will include the 'supercharging' of Manchester Local Care Organisation as the integrated delivery vehicle for improving health</p> | <p>Director of Adult Social Services, Deputy Chief Executive & City Treasurer</p> <p>Manchester Partnership Board</p> <p>MLCO Accountability Board</p> | <p>Health Scrutiny Committee</p> <p>Health and Wellbeing Board</p> |

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| | | <p>and wellbeing outcomes and reducing health inequalities in the city.</p> <p>The MPB has committed to ‘supercharging’ Manchester Local Care Organisation (MLCO), building on the strong progress made since its inception in 2018, as the delivery vehicle to reduce health inequalities and improve the health and wellbeing of the people of Manchester.</p> <p>A new Section 75 agreement is being developed by June 2021 to govern the partnership arrangements and decision making between the Council and Manchester Foundation Trust (MFT) that will operate through MLCO. The detail of the location of health commissioning functions in the Manchester system is yet to be determined, whilst all of Adult Social Care commissioning will be delivered through MLCO from 2021/22.</p> <p>A new MLCO Accountability Board has been established to provide a single governance forum and point of assurance for all key partners, including the Council, which will be represented by the Executive Member for Health and Well Being (co-chairing with MFT), the Chief Executive, the Deputy Chief Executive and City Treasurer, and the Strategic Director of Adult Social Care.</p> <p>A report on the Future Shape of the Council work programmes was taken to March 2021 Executive, which set out the next steps for Health and Social Care integration.</p> | | |
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| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
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| 6 | Delivery of the Adults Improvement Plan and integration of Health and Social Care, through the governance arrangements of MLCO and MHCC, whilst ensuring that the Chief Executive can be fully assured on statutory responsibilities, particularly around safeguarding. Ensuring effective integrated neighbourhood team arrangements, triage at the front door, and the assessment and review of citizens' needs in a timely, proportionate and consistent manner. This includes Adults Services governance oversight: operational compliance, quality assurance and the transition from Children's to Adults Services provision. | <p>The Adult Social Care Improvement Programme was established to focus on ensuring the basics are in place for adult social care, to deliver high quality services for our residents, and to successfully deliver health and social care reform and integration. A number of key priorities were successfully delivered, including significant reductions in waiting lists and progress with permanent social worker recruitment.</p> <p>The next stage is delivery of Better Outcomes, Better Lives which is MLCO's transformation programme for Adult Social Care. This commenced in 2021 and builds on work to integrate health and social care in Manchester, the ASC improvement programme and other transformation initiatives delivered in recent years.</p> <p>A full report on Better Outcomes, Better Lives was taken to March 2021 Health Scrutiny Committee.</p> | <p>Director of Adult Social Services</p> <p>Transformation Accountability Board</p> | Health Scrutiny Committee |
| 7 | Improving the resilience of ICT systems; including continuing to strengthen cyber security to ensure an effective response to the evolving external environment, and the Council's arrangements for disaster recovery via delivery of the data centre. | The Council has a Cyber Security team supported by Security Service contracts and external suppliers. This hybrid approach researches, investigates and implements continual security improvements. As well as taking actions to protect our infrastructure services, systems and devices along with our users. Relevant cyber alerts and updates are provided to staff through standard communication broadcasts to ensure that they feel supported and informed along with an | <p>Deputy Chief Executive & City Treasurer, Director of ICT.</p> <p>ICT Board</p> | Resources and Governance Scrutiny Committee |

| | | <p>ongoing Cyber Security training and awareness programme.</p> <p>The overall aim of the data centre project was to achieve improved resilience and disaster recovery. The objective was to migrate from the single data centre to two geographically separate co-located centres that provide disaster recovery and address previous single points of failure.</p> <p>The final tasks were undertaken in March 2021 to complete the transition from the project to the IT Service Operation teams and formally close the project. Regular service management reviews and Service Level Agreements are now in place with the new Data Centre Provider UKFast.</p> <p>A full ICT update report, including more detail about the final stages of the data centre project, was taken to February 2021 Resources and Governance Scrutiny Committee.</p> | | |
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| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 8 | Governance of delivery of proposed ICT infrastructure and systems essential to business operations and legal compliance, including the new social care system. Mitigation of delivery timescale risks, and effective prioritisation where there is an interdependence between business critical programmes (e.g. telephony). | Technological change is effectively managed within the Council by having oversight and governance provided by the following forums: the ICT Portfolio Board, Design Authority Group, Change Assurance Board and the Strategic Capital Board. In addition, ICT have robust internal governance processes that aim to ensure controlled and consistent approach to delivery change and provide assurance throughout the delivery lifecycle. | <p>Deputy Chief Executive & City Treasurer, Director of ICT.</p> <p>ICT Portfolio Board</p> <p>Design Authority Group</p> | Resources and Governance Scrutiny Committee |

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| | | <p>Some of the key programmes and projects to be progressed or completed in 2021/22 include, but are not limited to:</p> <ul style="list-style-type: none"> • Telephony and Contact Centre Project • Network refresh programme (WAN and LAN & WiFi projects) • End User Device • CIVICA Pay (Income Management) • FLARE (Application Rationalisation) • Resident Digital Experience Transformation • Legal Services Case Management Tool <p>The Liquidlogic suite of social care products have been operational since July 2019. The final component of this programme is the replacement of the Early Years and Education system (EYEs) which will become the core system for the Education Service in May 2021. Plans are currently underway for go live, with train the trainer sessions and user acceptance testing already taken place. This will complete the entire changeover to a modern, single, integrated platform for Adult Social Care (ASC), Childrens Social Care (CSC), and Education.</p> <p>Within the Network Refresh Programme, the Wide Area Network (WAN), Local Area Network (LAN) and the WiFi projects have completed procurement and have confirmed suppliers, site surveys are now underway and the design work for the WAN has commenced. These projects will represent significant investment for the Council over a number of years delivering much improved infrastructure and connectivity across the estate.</p> <p>ICT Departmental Management Team will continue to update the priority list of initiatives on</p> | <p>Change Assurance Board</p> <p>Strategic Capital Board</p> | |
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| | | <p>an ongoing basis as projects are delivered and to ensure continued alignment with the Our Manchester Strategy, Our Transformation Programme and other Council priorities.</p> <p>A full ICT update report was taken to February 2021 Resources and Governance Scrutiny Committee, which provides a detailed update on key projects.</p> | | |
| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 9 | Planning and implementation of changes required to mitigate potential negative impact of EU Exit on budget and other assumptions for the Council, partners and residents of the City. | <p>The Council's response to the risks and uncertainties associated with EU Exit Transition was coordinated by the Brexit (now EU Exit) Preparedness Group which was chaired by the Strategic Director - Neighbourhoods. The group has now been stood down and monitoring the impact is now business as usual for services. Adhoc meetings may be arranged if required for instance the group was recently convened to review the potential impact of Hong Kong Nationals arriving in the city following recent visa changes.</p> <p>The Greater Manchester Preparedness Group is currently still meeting and focuses on issues and civil contingencies at a city region level.</p> | <p>Chief Executive</p> <p>EU Exit Preparedness Group</p> | Economy Scrutiny Committee |
| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 10 | Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes; improving supply | Supply chain resilience continues to be an important area of focus because of COVID-19, and its impact on the economy. The steps taken by the Council to monitor and manage supplier risk were summarised in the Supplier Assurance | Deputy Chief Executive & City Treasurer, Head of Strategic Commissioning. | Resources and Governance Scrutiny Committee |

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| | chain resilience, building in carbon reduction requirements and reducing reliance on waivers. | <p>report to October 2020 Resources and Governance Scrutiny Committee.</p> <p>Governance of social value has been refined and there are now two officer groups - one strategic (the Social Value Governance Board), chaired by the Deputy Chief Executive and City Treasurer, and one operational, bringing together commissioning, contracts and social value leads in directorates.</p> <p>On waivers, the Integrated Commissioning and Procurement Team provided the August 2020 Commercial Board with an update on waivers across the Council's contract portfolio (excluding Capital Programmes), identifying progress and areas for further development.</p> | <p>Social Value Governance Board</p> <p>Commercial Board</p> | |
| Action | What action was to be addressed | Governance of actions taken / planned | Officer Leads / Programme Boards | How is this monitored? |
| 11 | Continued development and coordination across Services of the governance, communication, implementation and monitoring of workforce policy and associated guidance. This includes ensuring strong messages around compliance and accountability, and a planned programme of work to identify and tackle areas of non-compliance. Focus is needed on; the Accountability Framework - to support understanding of decision making, and the operation and efficacy of the Member / Officer Relations Protocol, and the Member Code of Conduct. | <p>Work has been progressed through the Our Transformation programme to strengthen the Accountability Framework, to improve levels of understanding and compliance with decision making requirements.</p> <p>The Council's Member/Officer Protocol was reviewed in June 2019. Whilst this review did not identify significant areas requiring revision, the opportunity was taken to make minor changes, which were approved by the Standards Committee and reported to Council.</p> <p>The Committee on Standards in Public Life has proposed a number of changes to the Code of Conduct for Members (some of which require changes to legislation) and has recommended</p> | Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD. | Standards Committee |

| | | | | |
|--|--|---|--|--|
| | | that the Local Government Association (LGA) draw up an updated model Code. The LGA has gone out to consultation on a model Code, and their final draft is awaited. The LGA has issued a new model code of conduct for Members, which was considered at the March 2021 meeting of Standards Committee. | | |
|--|--|---|--|--|

7. Action Plan: Governance Challenges for 2021/22 Onwards -

The review of governance arrangements has identified the main areas where the Council will need to focus its efforts during 2021/22, to address changing circumstances and challenges identified. These are set out in the action plan below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2022.

| Action | What action is to be addressed | Who is responsible for delivery | | How is this monitored? |
|--------|---|--|-------------------------------|---|
| | | SMT Leads | Directors or Heads of Service | |
| 1 | Continuing to ensure effective governance of the response and recovery from COVID-19. This includes a focus on the city's longer-term recovery, including its economy, residents and communities, for example via delivery of the Economic Recovery and Investment Plan. | Chief Executive, Deputy Chief Executive & City Treasurer | - | The Executive Economy Scrutiny Committee |
| 2 | Continuing to develop the capability of our workforce, to support the delivery of Our Corporate Plan and the Future Shape of the Council. This includes continuing to embed the Our Manchester Behaviours, and the new Employee Code of Conduct, along with delivery of organisational development plans. | Deputy Chief Executive & City Treasurer, City Solicitor | Director of HROD | Resources and Governance Scrutiny Committee |
| 3 | Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies | Deputy Chief Executive & City | | The Executive |

| Action | What action is to be addressed | Who is responsible for delivery | | How is this monitored? |
|--------|--|--|--|---|
| | | SMT Leads | Directors or Heads of Service | |
| | between the work programmes which will deliver the next steps to reshape how Manchester City Council operates, including using new technologies, ways of working and new delivery models. | Treasurer, City Solicitor | | Scrutiny Committees |
| 4 | Carbon reduction - ensuring that we have effective governance of strategies and action plans that enable delivery of the target to be a zero-carbon city and Council by 2038 at the latest. | Deputy Chief Executive and City Treasurer | Director of Policy, Performance and Reform | Neighbourhoods and Environment Scrutiny Committee |
| 5 | Ensure effective governance of the next phase of health and social care integration. This includes the next steps in the development of Manchester Local Care Organisation (MLCO) as the delivery vehicle to reduce health inequalities and improve the health and well-being of the people of Manchester. | Director of Adult Social Services, Deputy Chief Executive & City Treasurer | - | Health Scrutiny Committee |
| 6 | Ensure effective governance of the delivery of 'Better Outcomes, Better Lives' which is MLCO's transformation programme for Adult Social Care. | Director of Adult Social Services | - | Health Scrutiny Committee |
| 7 | Governance of the strategic direction for delivery of proposed ICT infrastructure and systems essential to business operations and legal compliance, including the social care system. Mitigation of delivery timescale risks, and effective prioritisation where there is an interdependence between business-critical programmes (e.g. telephony). | Deputy Chief Executive & City Treasurer | Director of ICT | Resources and Governance Scrutiny Committee |
| 8 | Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes; | Deputy Chief Executive & City Treasurer | Head of Strategic Commissioning | Resources and Governance Scrutiny Committee |

| Action | What action is to be addressed | Who is responsible for delivery | | How is this monitored? |
|--------|---|----------------------------------|--|--|
| | | SMT Leads | Directors or Heads of Service | |
| | improving supply chain resilience, building in carbon reduction requirements and reducing reliance on waivers. | | | |
| 9 | Governance of the coordination of delivery of our commitments on equality, diversity and inclusion in relation to Manchester's citizens, and to our workforce. This includes delivery of both the Workforce Equality Strategy and the Race Equality programme. | Chief Executive, City Solicitor | Director of HROD | Resources and Governance Scrutiny Committee Communities and Equalities Scrutiny Committee |
| 10 | Development of governance arrangements for the new model for housing delivery. This includes effective oversight of delivery of the first phase of this work, which will be the facilitation of the Northwards Housing Arm's-Length Management Organisation (ALMO) being brought back in house. | Strategic Director - Development | Director of Housing & Residential Growth | The Executive Economy Scrutiny Committee Resources and Governance Scrutiny Committee |

Conclusion

The governance arrangements as described above have been applied throughout the year, and up to the date of the approval of the Annual Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

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Annual Audit Letter

Manchester City Council

Year ending 31 March 2020





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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

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

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Manchester City Council (the Council) for the year ended 31 March 2020. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

| Area of responsibility | Summary |
|--|---|
| Audit of the financial statements | <p>Our auditor's report issued on 30 November 2020 included our opinion that the financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the Council's financial position as at 31 March 2020 and of its expenditure and income for the year then ended; and • have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 |
| Other information published alongside the audited financial statements | <p>Our auditor's report included our opinion that:</p> <ul style="list-style-type: none"> • the other information in the Statement of Accounts is consistent with the audited financial statements. |
| Value for money conclusion | <p>Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.</p> |
| Reporting to the group auditor | <p>In line with group audit instructions, issued by the NAO on 4th November, we are completing work required to report to the group auditor in line with the requirements applicable to the Council's WGA return.</p> <p>This work is not yet completed because of challenges the Council have experienced in completing the WGA return, in part caused by the new HM Treasury system.</p> <p>We hope to complete this work before the end of May 2021.</p> |
| Statutory reporting | <p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p> <p>The report also confirmed that we did not exercise any other special powers of the auditor under sections 28, 29 or 31 of the 2014 Act.</p> |



2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements

Unqualified

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2020 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

Our auditor's report, stated that in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2020 and of its financial performance for the year then ended. Our report included an emphasis of matters paragraph. This drew attention to the financial statement disclosures explaining that COVID-19 had contributed to 'material valuation uncertainty' in the valuation of the property assets in the Council's group entities, in its own property assets and in the Council's share of Greater Manchester Pension Fund's property assets included in the net Pension Liability.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2020:

| | | Council | Group |
|---------------------------------|--|-------------|-------------|
| Financial statement materiality | Based on 2% of the gross expenditure at the Surplus/Deficit on Provision of Services level | £31,489,000 | £36,829,000 |
| Trivial threshold | Based on 3% of financial statement materiality | £945,000 | £1,105,000 |
| Specific materiality | Officer Remuneration bandings | £5,000 | n/a |



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

| Identified significant risk | Our response | Our findings and conclusions |
|--|--|---|
| <p>Management override of controls</p> <p>In all entities, management at various levels within an organisation 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. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits</p> | <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting on amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. | <p>There were no significant matters arising from our work on the management override of controls</p> |



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks (continued)

| Identified significant risk | Our response | Our findings and conclusions |
|---|--|--|
| <p>Property, plant and equipment valuation</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 & Equipment involves the use of a management expert (the valuer) and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at 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. Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence.</p> | <p>We:</p> <ul style="list-style-type: none"> • Obtained an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Council; • Obtained an understanding of the basis of valuation applied by the valuer in the year; • Obtained an understanding of the Council's approach to ensure that assets not subject to revaluation in 2019/20 are materially fairly stated; • Obtained an understanding of the Council's approach to ensure that assets revalued through 2019/20 are materially fairly stated at the year end; • Sample tested the completeness and accuracy of underlying data provided by the Council and used by the valuer as part of their valuations; • Used relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020; • Compared the valuations of a sample of revalued assets to our external valuation expert's estimate of the valuation; • Obtained an understanding of the valuer's consideration of RICS guidance on material uncertainty relating to valuations, and considering whether there was evidence of material uncertainty; and • Tested the accuracy of how valuation movements were presented and disclosed in the financial statements. • Tested a sample of items of capital expenditure in 2019/20 to confirm that the additions are appropriately valued in the financial statements. | <p>We concluded that the valuation of the Council's Property, Plant & Equipment was materially fairly stated.</p> <p>However, the Council disclosed in Notes 9.1 and 9.2 that the valuation of the Council's land & buildings and investment were subject to 'material valuation uncertainty' as a result of COVID-19, and we included an 'emphasis of matter' in our auditor's report</p> |



2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks (continued)

| Identified significant risk | Our response | Our findings and conclusions |
|---|---|--|
| <p>Valuation of Defined Benefit Pension Liability</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, which had its last triennial valuation completed as at 31 March 2019. 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.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, 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.</p> <p>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 in 2019/20.</p> | <p>We:</p> <ul style="list-style-type: none"> Obtained an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council; Obtained confirmation from the auditor of the Greater Manchester Pension Fund that there were no deficiencies in controls in place at the Pension Fund. This included the controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation of the gross asset and liability is complete and accurate; Reviewed a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the council's share of Pension Fund assets. The Pension Fund auditor work included comparing the asset values used for the actuarial valuation to those subjected to audit by the Pension Fund auditor; Reviewed the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council's share of the assets to other corroborative information; Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations for the Council. This included comparing them to expected ranges, utilising information provided by PWC, consulting actuary engaged by the National Audit Office; and Agreed the data in the IAS 19 valuation reports for the Council provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. | <p>Our work on the valuation of the LGPS Pension Liability has not identified any significant issues and we have obtained assurance that the valuations are not materially misstated.</p> <p>However, the Council disclosed in Note 9.7 that the valuation of the property assets held by Greater Manchester Pension Fund were subject to 'material valuation uncertainty' as a result of COVID-19, and we included an 'emphasis of matter' in our auditor's report.</p> |



2. AUDIT OF THE FINANCIAL STATEMENTS

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls.

The matters we report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported.

We identified one internal control deficiency. This related to improving the audit trail from the Council's valuers to enable an efficient audit of the valuations. Management has strengthened the control arrangements during 2020/21.



3. VALUE FOR MONEY CONCLUSION

| | |
|----------------------------|-------------|
| Value for money conclusion | Unqualified |
|----------------------------|-------------|

Our approach to the value for money conclusion

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

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

Significant audit risks

The NAO’s guidance requires us to carry out work to identify whether or not a risk to our conclusion exists. Risk, in the context of our 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. In our Audit Strategy Memorandum, we reported that we had identified one significant audit risk. The work we carried out in relation to the significant risk is outlined overleaf.

Overall Conclusion

Our auditor’s report, stated that that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020.



3. VALUE FOR MONEY CONCLUSION

Significant audit risks (continued)

| Risk | Work undertaken | Conclusion |
|--|---|---|
| <p>Financial Sustainability</p> <p>2019/20 is the final year of the Councils three year strategy (2017-20), a period which has seen considerable budget cuts. The 2019/20 budget is balanced following an increase in Council Tax of 3.49% but requires the achievement of £15m savings.</p> <p>The continuing challenges the Council faces are not new and are not unique to Manchester City Council. The challenges do, however, present a significant audit risk in respect of considering the arrangements that the Council has in place to deliver financially sustainability.</p> | <p>Work undertaken</p> <p>We reviewed the arrangements the Council had in place throughout 2019/20 for ensuring financial resilience.</p> <p>Specifically we reviewed whether the medium term financial plan took into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors. We also reviewed the arrangements in place to monitor progress delivering the budget and related savings plans. In addition to considered the Council's arrangements in place in 2019/20 in the context of the emerging impact of the COVID-19 pandemic.</p> <p>The Council set balanced budgets for 2019/20 and 2020/21. The budget for 2019/20 was set with assumptions of utilising significant levels of earmarked reserves and required significant levels of savings from the previous year. At the same time the budget increased the resources available relating to the increase in some demand-led services. The outturn reported results for the year show a very small overspend against the budget (£0.5m) and delivery of £15m savings as planned. This enabled the Council to not have to rely on utilising additional reserves in 2019/20 to support the spending, and this has meant the General Fund balance is £21m and Usable Earmarked Reserves for revenue purposes (excluding schools) are £349m as at 31 March 2020.</p> <p>The Council's monitoring of its 2019/20 budget has been through detailed 'officer-led' monthly monitoring, with regular reporting to Council members in the Executive. The reporting provides a timely and detailed report of the current position and the projected position at the year end. The review of the monitoring in year identifies that the Council undertakes a robust review and regular reporting. The in year monitoring has been largely accurate and has predicted the level of overspending through the year, enabling timely mitigating decisions to be taken.</p> | <p>We concluded that for 2019/20 the Council has made proper arrangements to deliver financial sustainability in the medium term.</p> |

(continued)



3. VALUE FOR MONEY CONCLUSION

Significant audit risks (continued)

| Risk | Work undertaken | Conclusion |
|---|--|------------|
| Financial Sustainability (continued) | <p>Findings (continued)</p> <p>The financial position for 2020/21 is significantly more challenging. The Council agreed its budget for 2020/21 before the COVID-19 pandemic. And even before the impact of COVID-19 on the Council's financial position, the 2020/21 budget presented a significant challenge to the Council's long term financial sustainability balancing the increased costs from demand-led services with increasingly stretched resources.</p> <p>The Council is continuing to refine its assessment of the impact of COVID-19 on 2020/21 and future years and has recently commenced a consultation on reshaping the Council to ensure it remains financially sustainable in the medium term. What is certain is that there are significant additional cost pressures, particularly in delivering Adult & Children's Social Care, and very significant levels of lost income relating to the loss of the dividend from Manchester Airport, reduced fees and charges and the impact on the Collection Fund.</p> <p>The Council does have significant levels of earmarked reserves as at 31 March 2020, but these are not sufficient to sustain the Council's financial position over the medium term given the current projected impact and will not insulate the Council from making difficult decisions to deliver the medium term financial sustainability.</p> | |



4. OTHER REPORTING RESPONSIBILITIES

| | |
|--|-------------------------------|
| Exercise of statutory reporting powers | No matters to report |
| Completion of group audit reporting requirements | Work is still to be completed |
| Other information published alongside the audited financial statements | Consistent |

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

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

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

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data, and to carry out certain tests on the data. We received the Council's WGA submission on 1 April 2021. The Council reported significant problems with the new HM Treasury system which caused delays in submitting the information. Although our work has progressed since receiving the submission, the Council has yet to finalise the submission to enable us to report to the NAO. The Council is working with HM Treasury to resolve these issues.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.



5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to the Audit Committee in February 2020.

Our work on the Council's WGA return is still to be completed, but based on the completion of the work on the financial statements and VFM conclusion our proposed final fees are as follows:

| Area of work | 2019/20 proposed fee | 2019/20 final fee |
|--|----------------------|-------------------|
| Delivery of audit work under the NAO Code of Audit Practice | 159,519 | 159,519 |
| Fee variations *: | | |
| Recurrent scope changes due to increased regulatory expectations: | | |
| • Additional testing on Property, Plant & Equipment | | 20,000 |
| • Cost of engaging an external valuer | | 13,750 |
| • Additional testing on Defined Benefit Pensions Schemes | | 6,000 |
| In year scope changes due to Covid-19 and pension legal cases including: | | |
| • Impact of 'Material Valuation Uncertainty' on the Council's property assets; | | 2,000 |
| • Additional considerations of estimation uncertainty in going concern; | | 2,500 |
| • Changes impacting pension liabilities through the McCloud and Goodwin legal cases. | | 1,000 |
| Additional requirements for Manchester CC: | | |
| • Enhanced audit reporting | | 4,500 |
| Total audit fee | 159,519 | 209,269 |

* Fee variations subject to confirmation from PSAA

Fees for other work

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



6. FORWARD LOOK

Changes to the Code of Audit Practice

The Code of Audit Practice (the Audit Code), issued by the Comptroller and Auditor General, prescribes the way we carry out our responsibilities as your auditors. On 1st April 2020 a new Code came in to force and will apply to our work from 2020/21 onwards.

The new Audit Code continues to apply the requirements of International Standards on Auditing (ISAs) to our audit of the financial statements. While there are changes to the ISAs that are effective from 2020/21 the Audit Code has not introduced any changes to the scope of our audit of the financial statements. We will continue to give our opinion on the financial statements in our independent auditor's report.

There are however significant changes to the work on value for money arrangements, and the way we report the outcomes of our work to you.

The auditor's work on value for money arrangements

From 2020/21 we are still required to satisfy ourselves that you have made proper arrangements for securing the economy, efficiency and effectiveness in your use of resources, however unlike under the 2015 Audit Code, we will no longer report in the form of a conclusion on arrangements. Instead, where our work identifies significant weaknesses in arrangements, we are required to report those weaknesses to you, along with the actions that need to be taken to address those weaknesses.

Our work on value for money arrangements will focus on three criteria, specified in the revised Audit Code:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Under the new Audit Code we will be expected to report and make recommendations as soon as we identify a significant weakness in arrangements, as opposed to reporting our conclusion on arrangements at the end of the audit cycle as has previously been the case.

Reporting the results of the auditor's work

We currently issue you with an Annual Audit Letter which provides a summary of our work across all aspects of our audit. From 2020/21 the Annual Audit Letter will be replaced by the Auditor's Annual Report. This will continue to provide a summary of our work over the year of audit but will also include a detailed commentary on your arrangements in place to achieve economy, efficiency and effectiveness. This commentary replaces the conclusion on arrangements that was previously provided and will include details of any significant weakness identified and reported to you, follow up of any previous recommendations made, and the our view as to whether recommendations have been implemented satisfactorily.

The new Audit Code will result in additional officer time and auditor time and therefore audit fees.



6. FORWARD LOOK: AUDIT CHANGES 2020/21

Redmond Review

In September 2020, Sir Tony Redmond published the findings of his independent review into the oversight of local audit and the transparency of local authority financial reporting. The report makes several recommendations that, if implemented, could affect both the financial statements that local authorities are required to prepare and the work that we as auditors are required to do.

The report and recommendations are wide-ranging, and includes:

- the creation of the Office of Local Audit and Regulation (OLAR), to manage, oversee and regulate local audit;
- reviewing reporting deadlines;
- reviewing governance arrangements in local authorities, including the membership of the Standards and Audit Committee; and
- increasing transparency and reducing the complexity of local authority financial statements.

The full report is available here: <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

The recommendations and findings have been considered by the Ministry of Housing, Communities and Local Government and their response was published in December 2020. The response accepted some recommendations but did not accept others.

We look forward to working with all stakeholders to implement changes to ensure the development and sustainability of local audit.



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*where permitted under applicable country laws

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Audit Strategy Memorandum

Manchester City Council

Year ended 31 March 2021

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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 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 City Council
Manchester Town Hall
Manchester
M60 2LA

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

26 May 2021

Dear Audit Committee Members

Audit Strategy Memorandum – Year ended 31 March 2021

We are pleased to present our Audit Strategy Memorandum for Manchester City Council for the year ended 31 March 2021. 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 with you to be key to a successful audit and important in:

- teaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- 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.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to 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 07721 234043.

Yours faithfully

Karen Murray
Partner, Mazars LLP

01

Section 01:

Engagement and responsibilities summary


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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 2021. 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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. 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 does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.



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Going concern

The Council is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. The Deputy Chief Executive and City Treasurer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on the appropriateness of the Deputy Chief Executive and City Treasurer's use of the going concern basis of accounting in the preparation of the financial statements and the adequacy of disclosures made.




Value for money

We are also responsible for forming a conclusion on the arrangements that the Council has 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 5 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



Fraud

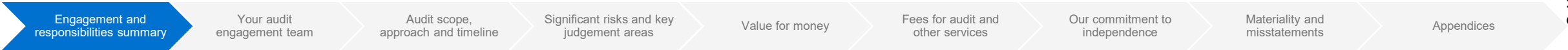
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

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



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.



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Section 02:

Your audit engagement team

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Engagement Partner

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Engagement Assistant Manager

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In addition an Engagement Quality Control Reviewer has been appointed for this engagement.

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Section 03:

Audit scope, approach and timeline

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3. Audit scope, approach and timeline

Audit scope

Our audit is designed to comply 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 impacted 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 details (of classes of transactions, account balances, and disclosures); and
- substantive analytical procedures.

In respect 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. 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 9.

The national timescales for 2020/21 require the Council to produce their draft Group accounts by the end of July 2021 and for our audit to be completed by the end of September 2021. This is two months earlier than the deadlines agreed for 2019/20. We believe that this timescale is extremely challenging, particularly given the complexity of the Council's financial statements, the related complexity of our external audit, and the pressure this places on the Council's finance team to deliver draft financial statements and supporting working papers by the end of July 2021. We have concluded that we will plan to complete the Council's audit by November 2021. This allows the Council two additional months to produce the draft Group financial statements and supporting working papers and enables us to complete the audit in a well managed and deliverable manner. We are not aware of any sanctions that apply to the Council or ourselves for not completing the external audit of the financial statements by 30 September 2021. The main challenges to achieving this timetable are:

- The size, number and complexity of the valuations of Council and Group land & buildings and investment properties – this was an area of significant difficulty in 2019/20, and the audit work requires significant information, and assistance, from the Council's three external valuers. Our 2019/20 completion report recommended improvements in the audit trail from the Council's valuers to support the valuations. We plan to start our detailed audit work on this area in July, in advance of the rest of the audit work, to mitigate the risk that there are delays in completing the work.
- Completion of audit work by the auditor of GM Pension Fund – we obtain assurances from the auditor of GMPF on several areas relating to the Council's pension asset and liability. The GMPF audit is planned to be completed by the end of July and at this stage we do not anticipate any delays impacting on the Council's audit completion.
- The timetable does require the Council's draft accounts and working papers to be available for the start of our audit. We have planned our main audit work to commence at the start of September to ensure that sufficient contingency is inbuilt to mitigate the risk that the accounts and working papers are unavoidably delayed. We believe this is a prudent approach given the continued challenges of remote working in the pandemic for the Council and our audit team.



3. Audit scope, approach and timeline

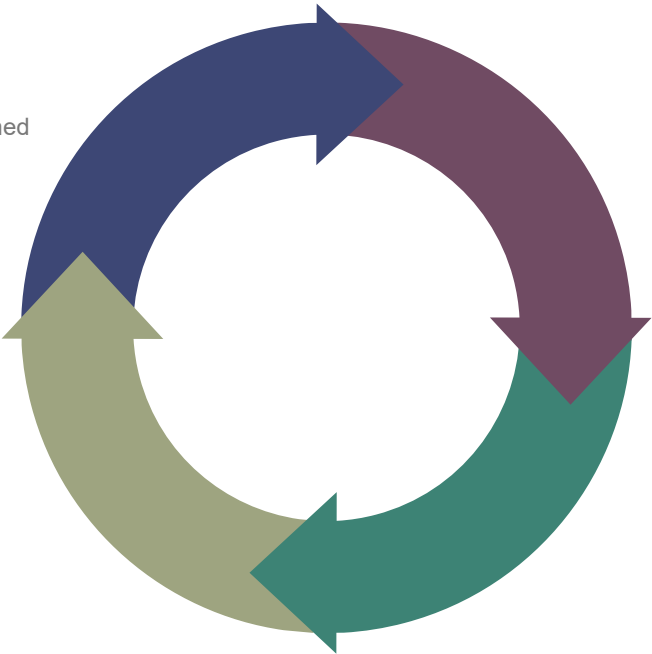
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Planning (March – April 2021)

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

Completion (November 2021)

- Final review and disclosure checklist of financial statements
- Final partner and EQCR review
- Agreeing content of letter of representation
- Reporting to the Audit Committee
- Reviewing subsequent events
- Signing the auditor’s report



Interim (March 2021)

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork (September – October 2021)

- Receiving and reviewing draft financial statements
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Communicating progress and issues
- Clearance meeting

3. Audit scope, approach and timeline

Group audit approach

The Council's group structure for 2020/21 will consolidate the Council's share of two other organisations: Manchester Airport Holdings Limited (MAHL) and Destination Manchester Limited (DML). In auditing the accounts of the Council's Group financial statements we need to obtain assurance over the transactions in the Group relating to the Council's share of these two entities. The Council owns 50% of the voting shares in MAHL and classes its investment as a joint venture, accounting for its share of the equity in MAHL. The Council wholly owns DML and consolidates its share of the company on a line-by-line basis.

Our group audit approach reflects the size and complexity of the transactions from the two companies that are consolidated into the Council's Group financial statements. Based on our planning discussions and review of previous year's accounts, we consider that MAHL is a financially significant component and that our significant risk relating to the Pension Liability, as set out in section 5, is a risk that applies to MAHL as well as the Council. Based on our knowledge and discussions we do not consider that DML is a financial significant component and we have not identified any significant risks to the group audit in DML.

Our planned approach, based on our initial understanding of 2020/21 and the values reported in the prior year financial statements, is to obtain assurance on the audit of MAHL from their external auditor, KPMG LLP ("the component auditor"). We issue group audit instructions to the component auditor and liaise closely with them through their external audit. After the conclusion of their audit of MAHL we review their audit files to obtain assurance on the accounting entries of which the Council consolidates its share. For DML we intend to carry out group level analytical procedures. The table below summarises our planned group audit approach.

If there are any changes to our assessment of the significance of the Council's group components, either through the size and complexity or the significant risks at the components, we will communicate these changes to the Audit Committee.

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| Entity | Significant by size | Significant risk | Planned audit scope | Auditor |
|---------------------------------|---------------------|------------------|---|--------------------------------|
| Manchester City Council | Yes | Yes | Full audit carried out by group engagement team | Mazars - group engagement team |
| Manchester Airport Holdings Ltd | Yes | Yes | Full audit carried out by component auditor | KPMG LLP |
| Destination Manchester Ltd | No | No | Group level analytical procedures | Mazars - group engagement team |

3. Audit scope, approach and timeline

Reliance on internal audit

Although we do not plan to place any reliance on the work of internal audit, where possible we will seek to understand their work to ensure the nature, extent and timing of our audit procedures is appropriate. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

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.

| Item of account | Management’s expert | Our expert |
|--|---------------------------|--|
| Defined benefit pension assets and liabilities | Hyman Robertson actuaries | PwC – NAO’s consulting actuary |
| Non-Council Dwelling Property, Plant and Equipment and Investment Property valuation | Jacobs Ltd | Mazars in house valuation expert |
| Council dwellings valuation | Capita | N/A – local audit team |
| Valuation of MAHL and DML land & buildings for Group consolidation purposes | Avison Young (UK) Ltd | Mazars in house valuation expert |
| Valuation of Financial Instruments | Link Asset Services | We will review Link’s methodology for providing the fair value disclosures |

International Auditing Standards (UK) (ISAs) 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.



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Section 04: **Extended auditor's report**

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4. Extended auditor’s report

Layout of extended auditor’s report and implications for the audit

The extended auditor’s report for the Council is expected to follow the format and structure below for the year ended 31 March 2021 assuming that no emphasis of matter or qualification is required.

| Paragraph heading in order | Summary of key content |
|---------------------------------------|---|
| Opinion on the financial statements | What we have audited and our opinion thereon. |
| Basis for opinion | Confirms that the audit is undertaken under the ISAs (UK). Specific confirmation of our independence including with the FRC’s Ethical Standard. Specific confirmation re sufficiency and appropriateness of audit evidence obtained to provide a basis for our opinion. |
| Conclusions relating to going concern | Reporting by exception on the Council’s: <ul style="list-style-type: none">• use of the going concern basis of accounting• disclosure of any material uncertainties |
| Key audit matters | Includes definition of key audit matters. Clarifies 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">• A description of the most significant assessed risk(s) of material misstatement;• A summary of our response to those risks including significant judgements applied; and• Where relevant, key observations arising with respect to those risks including clear reference to relevant disclosures in the financial statements. |



4. Extended auditor’s report

| Paragraph heading in order | Summary of key content |
|--|---|
| Our application of materiality and an overview of the scope of our audit | Explanation of how we applied the concept of materiality in planning and performing the Group and Council audit. The overall materiality threshold for the Group and Council financial statements as a whole, performance materiality and triviality threshold. Overview of the scope of the Group and Council 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 Deputy Chief Executive and City Treasurer and of the auditor for Other information included in the Statement of Accounts. |
| Responsibilities of the Deputy Chief Executive and City Treasurer | Cross reference to the full Statement of the Deputy Chief Executive and City Treasurer’s 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. Explain to what extent the audit was considered capable of detecting irregularities, including fraud. |
| 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. |



4. Extended auditor's report

| Paragraph heading in order | Summary of key content |
|--|---|
| Value for Money arrangements | Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. |
| 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 | 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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Section 05:

**Significant risks, key audit matters
and other key judgement areas**

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5. Significant risks, key audit matters and other key judgement areas

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. The definitions of the level of risk rating are given 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.

Significant risks may also be key audit matters.

Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement ('RMM') at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include 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 (RMM), 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. Standard risks will not normally be key audit matters as defined below.

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.

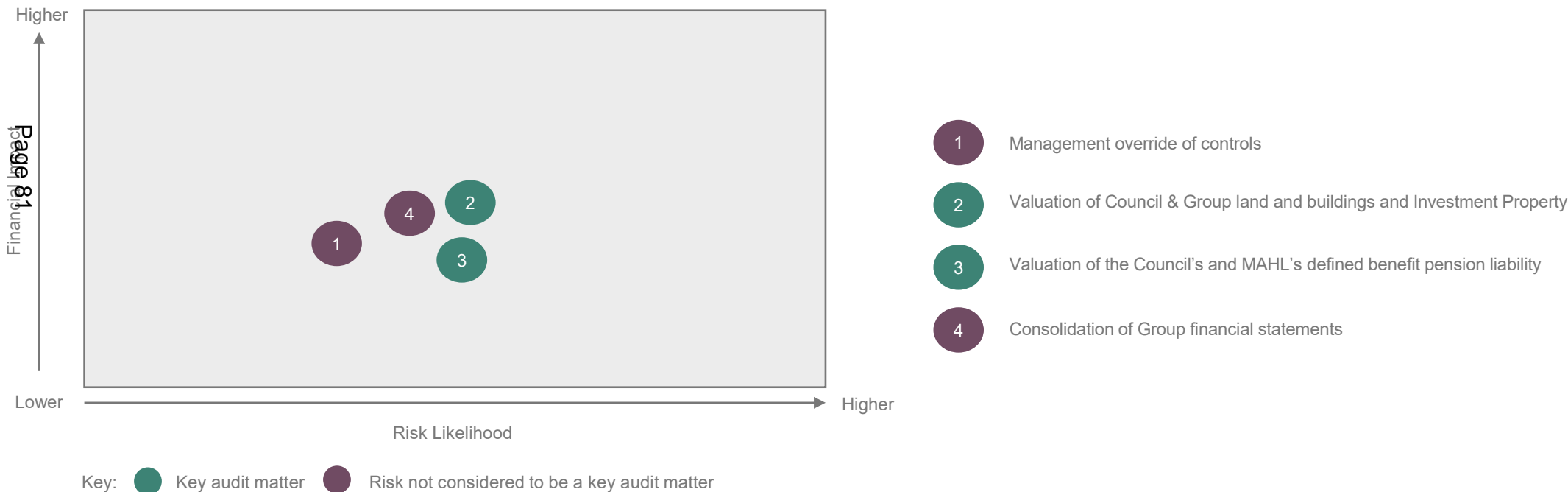
It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way this is described. This section highlights which of the significant risks and other key judgement areas are considered by us at the planning stage to be key audit matters. It should be noted, however, that other key audit areas may be identified during the course of the audit.



5. Significant risks, key audit matters and other key judgement areas

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council and Group, identifying those that are considered key audit matters ('KAMs'). We have summarised our audit response to these risks on the following pages.



5. Significant risks, key audit matters and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. 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.

Significant risks

| | Description | Fraud | Error | Judgement | Expected KAM | Planned response |
|---|--|-------|-------|-----------|--------------|---|
| 1 | <p>Management override of controls This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation 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> | ● | ○ | ○ | ○ | We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual. |

5. Significant risks, key audit matters and other key judgement areas

Significant risks (continued)

| | Description | Fraud | Error | Judgement | Expected KAM | Planned response |
|---|--|-------|-------|-----------|--------------|---|
| 2 | <p>Valuation of land & buildings and Investment Property (Council & Group)</p> <p>The CIPFA Code requires that where land & building assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Council has adopted a rolling revaluation model which sees all such property, plant & equipment revalued in a five-year cycle. The CIPFA Code requires that where Investment Property assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date.</p> <p>The valuation of land & buildings and investment property involves the use of a management expert and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process. The Council employs a valuation expert to provide valuations, however there remains a high degree of estimation uncertainty associated with the valuations due to the significant judgements and number of variables involved.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to four years are not valued at the current value at the balance sheet date. In addition, as the valuations are undertaken through the year there is a risk that the current value of the assets could be materially different at the year end.</p> <p>Council Dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for Social Housing (EUV-SH). The Social Housing adjustment factor is prescribed in MHCLG guidance, but this guidance indicates that where a valuer has evidence that this factor is different in the Council's area they can use their more accurate local factor. There is a risk that the Council's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence. (continued overleaf)</p> | ○ | ● | ● | ● | <p>Our audit procedures will include:</p> <ul style="list-style-type: none">• Obtaining an understanding of the skills, experience and qualifications of the valuers, and considering the appropriateness of the Council's instructions to the valuers.• Obtaining an understanding of the basis of valuation applied by the valuers in the year.• Obtaining an understanding of the Council's approach to ensure that assets not subject to revaluation in 2020/21 are materially fairly stated.• Obtaining an understanding of the Council's approach to ensure that assets revalued through 2020/21 are materially fairly stated at the year end.• Sample testing the completeness and accuracy of underlying data provided by the Council and used by the valuers as part of their valuations.• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2021.• Comparing the valuation to our valuation expert's estimate of the valuation• Testing the accuracy of how valuation movements were presented and disclosed in the financial statements.• Testing a sample of items of capital expenditure in 2020/21 to confirm that the additions are appropriately valued in the financial statements. |

5. Significant risks, key audit matters and other key judgement areas

Significant risks (continued)

| | Description | Fraud | Error | Judgement | Expected KAM | Planned response |
|-------------|---|-------|-------|-----------|--------------|------------------|
| 2 (cont) | (continued) The Council's two consolidated entities, MAHL and DML, account for their land & buildings at cost as permitted by their financial reporting framework. In consolidating their share of the two entities the Council must align the companies' accounting policies with their own. Consequently for the group consolidation exercise the Council engages an external valuer to value the land & buildings consistent with the Council's accounting policies. . | ○ | ● | ● | ● | |

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5. Significant risks, key audit matters and other key judgement areas

Significant risks (continued)

| | Description | Fraud | Error | Judgement | Expected KAM | Planned response |
|---|---|-------|-------|-----------|--------------|---|
| 3 | <p>Valuation of Council’s and Group’s defined benefit pension liability (Council and Group)</p> <p>The net pension liability represents a material element of the Council and the Group balance sheet. The Council and its consolidated subsidiaries are admitted bodies of Greater Manchester Pension Fund, which had its last triennial valuation completed as at 31 March 2019. 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 and the subsidiaries’ overall valuations. There are financial assumptions and demographic assumptions used in the calculation of the valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council’s and the subsidiaries’ employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligations are not reasonable or appropriate to the Council’s or the subsidiaries’ circumstances. This could have a material impact to the Council and Group net pension liability in 2020/21.</p> | ○ | ● | ● | ● | <p>Our audit procedures will include:</p> <ul style="list-style-type: none">• Obtaining an understanding of the skills, experience and qualifications of the actuary, and considering the appropriateness of the instructions to the actuary from the Council.• Obtaining confirmation from the auditor of the Greater Manchester Pension Fund that the controls in place at the Pension Fund are free from material deficiencies.• Reviewing a summary of the work performed by the Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the council’s share of Pension Fund assets.• Reviewing the actuarial allocation of Pension Fund assets to the Council by the actuary, including comparing the Council’s share of the assets to other corroborative information.• Reviewing the appropriateness of the Pension Asset and Liability valuation methodology applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This includes comparing them to expected ranges, utilising information provided by PwC, consulting actuary engaged by the National Audit Office.• Agreeing the data in the IAS 19 valuation report provided by the Pension Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s and Group’s financial statements. |

5. Significant risks, key audit matters and other key judgement areas

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

| | Description | Fraud | Error | Judgement | Expected KAM | Planned response |
|---|---|-------|-------|-----------|--------------|--|
| 4 | Consolidation of group financial statements 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>Our approach to auditing the Group Financial Statements has been detailed in section 3.</p> <p>We will complement this work by our review of 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> |

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Section 06: **Value for Money**

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6. Value for Money

The framework for Value for Money work

We are required to form a view 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 in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

The new Code of Audit Practice (the Code) has changed the way in which we report our findings in relation to Value for Money (VFM) arrangements from 2020/21. Whilst we are still required to be satisfied that the Council has proper arrangements in place, we will now report by exception in our auditor's report where we have identified significant weakness in those arrangements. This is a significant change to the requirements under the previous Code which required us to give a conclusion on the Council's arrangements as part of our auditor's report.

Under the new Code, the key output of our work on VFM arrangements will be a commentary on those arrangements which will form part of the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

| | |
|---|--|
| Planning and risk assessment | Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members |
| Additional risk based procedures and evaluation | Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness. |
| Reporting | We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement• Emerging issues or other matters that do not represent significant weaknesses but still require attention from Council. |

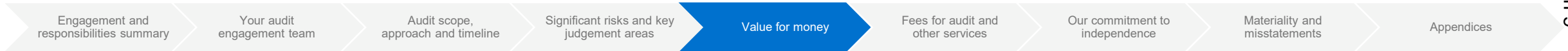


6. Value for Money

Identified risks of significant weaknesses in arrangements

The NAO’s guidance requires us to carry out work at the planning stage to understand the Council’s arrangements and to identify risks that significant weaknesses in arrangements may exist.

Due to the late release of the NAO’s Auditor Guidance Note and supporting information to auditors, we have not yet fully completed our planning and risk assessment work. We will report the results of our planning and risk assessment work to a subsequent meeting of the Audit Committee.



07

Section 07:

Fees for audit and other services

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Item 9

7. Fees for audit and other services

Fees for work as the Council’s appointed auditor

At this stage of the audit we have set our proposed fees in the table below. We will report any expected changes to the Audit Committee through the year, and at the completion of our audit work.

| Area of work | 2020/21 Proposed Fee | 2019/20 Actual Fee |
|--|----------------------|--------------------|
| Delivery of audit work under the NAO Code of Audit Practice ¹ | 159,519 | 159,519 |
| Additional fees | | |
| - Recurrent scope changes ² | 35,000 | 39,750 |
| - In-year scope changes ³ | TBC* | 4,500 |
| - Additional requirements for Manchester CC ⁴ | 4,500 | 5,500 |
| Total fees | 199,019* | 209,269 |

¹ The scale fee was initially set by PSAA in 2018.

² The additional fees in 2019/20 relate to additional testing of land & buildings and investment property valuations and additional pension liability procedures. We expect to request similar additional fees in 2020/21.

³ The additional fees in 2019/20 relate to additional audit work as a result of impact of Covid-19 on the Council’s reporting and accounting policies. In 2020/21 the new Code of Audit Practice will lead to a substantial amount of additional audit work to support the new value for money report. Our review of the Code and supporting guidance notes has led us to estimate that the additional fee impact for Code audits will be at least £10,000. The actual fee will take into account the extent and complexity of any significant weaknesses in arrangements we identify.

⁴ The additional fees in 2019/20 relate to the additional reporting requirements relating to Manchester City Council being classified as a Public Interest Entity (PIE) along with additional work on specific issues in year. In 2020/21 we expect to request additional fees relating to the additional PIE reporting.

Fees for non-audit work

We have not been engaged by the Council to carry out any additional work separate from our delivery of the NAO Code of Practice audit work. Before agreeing to undertake any additional work we will 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.

Services provided to other entities within the Council’s group

We have not been engaged by the Council’s consolidated group entities to carry out any work. If requested to carry out any additional work, and before agreeing to undertake any additional work, 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.

08

Section 08:

Our commitment to independence

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8. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council (FRC) to confirm to you at least annually in writing that we comply with the FRC'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 to the Audit Committee.

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; and
- 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, 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 in the first instance.

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.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

09

Section 09:

Materiality and other misstatements

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Item 9

9. Materiality and misstatements

Summary of initial materiality thresholds

| Threshold | Group | Council |
|--|-------------|-------------|
| Overall materiality | £39,100,000 | £32,900,000 |
| Performance materiality | £27,370,000 | £23,030,000 |
| Specific materiality: Officer Remuneration bandings | N/A | £5,000 * |
| Trivial threshold for errors to be reported to Audit Committee | £1,173,000 | £987,000 |

* Reflecting movement from one salary band to another

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.

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

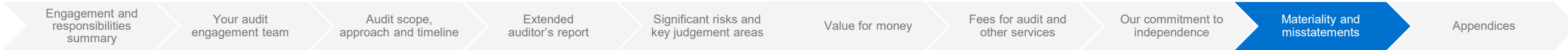
Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and 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 surplus/deficit on provision of services. We will identify a figure for materiality but identify separate levels for procedures design to detect individual errors, and a level above which all identified errors will be reported to the Audit Committee.

We consider that the gross expenditure at the surplus/deficit on provision of services remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



9. Materiality and misstatements

Materiality (continued)

We expect to set a materiality threshold at 1.75% of gross expenditure at the surplus/deficit on provision of services. In setting materiality there were no additional qualitative factors which were considered.

Based on the audited financial statements for 2019/20 we anticipate the overall materiality for the year ended 31 March 2021 to be in the region of £39.1m for the Group financial statements and of £32.9m for the Council financial statements (2019/20: £36.829m for the Group and £31.489m for the Council).

We have identified one disclosure in the financial statements where we have set a separate specific lower materiality level:

- Senior Officer Remuneration bandings: £5,000 reflecting the movement between bandings.

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

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 our assessment of a low inherent risk, meaning that we have applied 70% of overall materiality as our level of performance materiality.

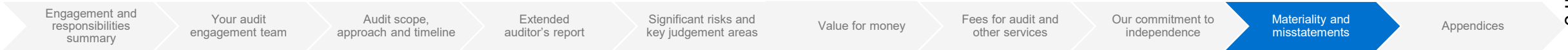
Misstatements

We accumulate 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 is £1,173,000 for the Group and £987,000 for the Council based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Karen Murray.

Reporting to the Audit Committee

The following three types of audit differences will be presented to the Audit Committee:

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





Appendix: Key communication points

Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

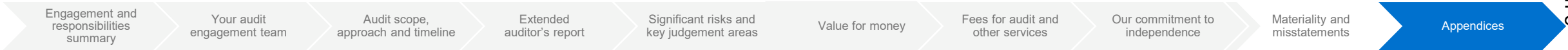
Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;

- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.



Appendix: Key communication points

ISA (UK) 260 ‘Communication with Those Charged with Governance’, ISA (UK) 265 ‘Communicating Deficiencies In Internal Control To Those Charged With Governance And Management’ and other ISAs (UK) specifically require us to communicate the following:

| 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 |
| The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks/ key audit matters. | Audit Strategy Memorandum |
| <div>Page 99</div> With respect to misstatements: <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion; The effect of uncorrected misstatements related to prior periods; A request that any uncorrected misstatement is corrected; and In writing, corrected misstatements that are significant. | Audit Completion Report |
| With respect to fraud communications: <ul style="list-style-type: none"> Enquiries of the Audit Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and A discussion of any other matters related to fraud. | Audit Completion Report and discussion at the Audit Committee, Audit Planning and Clearance meetings |

Appendix: Key communication points

| Required communication | Where addressed |
|---|-------------------------|
| <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"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. | Audit Completion Report |
| <p>Significant findings from the audit including:</p> <p>Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</p> <p>Significant difficulties, if any, encountered during the audit;</p> <p>Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</p> <ul style="list-style-type: none"> • Written representations that we are seeking; • Expected modifications to the audit report; and • 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 Audit Committee in the context of fulfilling their responsibilities. | 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: Key communication points

| Required communication | Where addressed |
|--|---|
| 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 and the Audit Committee meetings |
| 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: <ul style="list-style-type: none">Whether the events or conditions constitute a material uncertainty;Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; andThe adequacy of related disclosures in the financial statements. | Audit Completion Report |
| Reporting on the valuation methods applied to the various items in the Council and Group financial statements including any impact of changes of such methods | Audit Completion Report |
| 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 |
| Where applicable, 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 |
| Indication of whether all requested explanations and documents were provided by the entity | Audit Completion Report |
| Identification of each key audit partner involved in the audit | Audit Strategy Memorandum |

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

*where permitted under applicable country laws.

Manchester City Council Report for Information

Report to: Audit Committee – 15 June 2021

Subject: Register of Significant Partnerships 2020

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides an overview of the Register of Significant Partnerships 2020, outlining the review and assurance process which has taken place as part of the annual review.

The detail contained in the report focuses on a number of key areas:

- Any new partnerships which have been added to the Register
- entries recommended to be removed
- where the governance strength rating has changed following the introduction of the new four level ratings system
- any partnerships now classed as 'Reasonable' or 'Limited' strength following completion of the latest self-assessment.

The complete Register of Significant Partnership is attached at Appendix 1.

Recommendations

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

Wards Affected: All

| |
|--|
| Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city |
| This report is for information in relation to the governance strength ratings of partnerships and does not directly propose decisions affecting the achievement of the zero-carbon target. |

Contact Officers:

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Position: Deputy Chief Executive and City Treasurer
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Name: Sarah Narici
Position: Head of PMO: Commercial Governance & Directorate Support
Telephone: 07971 384491
E-mail: sarah.narici@manchester.gov.uk

Background documents (available for public inspection):

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

- Report to Audit Committee 10 March 2020: Register of Significant Partnerships 2019.
- Report to Audit Committee 26 November 2020: Register of Significant Partnerships - Governance Improvement Progress for Partnerships with Low or Medium Strength ratings.

1. Introduction

- 1.1 On an annual basis, the Council undertakes a comprehensive assurance process on the Register of Significant Partnerships (RSP). The Council has maintained a Register of Significant Partnerships since 2008 as part of its approach to good governance. The RSP outlines key partnership arrangements that are considered to be of the highest significance to the financial position or reputation of the Council or to the delivery of key corporate and Our Manchester objectives. These arrangements are diverse, with the RSP including Joint Ventures, wholly owned companies, statutory groups, Private Finance Initiatives (PFIs) as well as a variety of other types of arrangements. The partnerships have varied governance structures which are dependent upon their scale, legal status and delivery objectives.
- 1.2 The RSP forms part of the Council's 'Partnership Governance Framework' which was introduced in 2013. The purpose of the Framework is to ensure that the Council's partnerships perform well, deliver value for money, and support the delivery of the Council's strategic objectives. This 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 Partnership working is a significantly important way for the Council to meet its strategic objectives. In light of continued financial challenges presented by reducing levels of funding, and more recently the impacts of COVID-19, organisations in the city must work together for mutual benefit and 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.
- 1.4 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 assurance mechanisms used to assess compliance with the Code and identify governance challenges. The appropriate evidence of assurance and any substantial corporate level governance challenges which relate to partnerships, are also recorded in the Annual Governance Statement (AGS).
- 1.5 A partnership is defined as 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.

1.6 To be included on the Council's Register of Significant Partnerships, the partnership relationship should meet one or more of the following criteria:

- 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.

1.7 It is to be noted that 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.

2. The process of producing the Register of Significant Partnerships

2.1 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. The Commercial Governance service, with support from Reform & Innovation, has recently taken over responsibility for the production of the RSP, with the rationale for this being that Commercial Governance can support partnerships strengthen their governance due to the expertise of the team and being able to act in capacity of critical friend.

2.2 The process starts with a self-assessment pro-forma being completed by an appointed partnership link officer. The pro-forma asks questions about aims and objectives, membership, decision making, finance, audit and risk management (including understanding obligations under applicable GDPR legislation), conduct and behaviour, liability and performance. This leads to an overall self-assessment governance strength based on the robustness of the arrangements that the partnership has in place. The approach to the strength rating has been changed for this cycle, with further detail of the new system outlined at 2.4.

2.3 Following the self-assessment, the completed pro-forma's, the ratings are moderated by an officer working group made up of a range of service areas from across the Council: Audit, Commercial Governance, Finance, HROD and Reform & Innovation. The officer working group's role is to check and challenge the content of the submission and agree the ratings to be included within the RSP. This process also highlights where there may be any suggested

2.4 With regards to ratings, as agreed by Audit Committee in November 2020, a new system has been introduced for the RSP, shifting from a RAG rated system to four levels of assurance, which brings the RSP in line with a four step system that is utilised for the Annual Governance Statement. This approach has been applied to the latest review and the ratings that have been utilised are outlined below:

- **Substantial:** Demonstrating consistent application of good governance practices, providing a high level of assurance and delivering both the partnership and Council objectives. Any matters noted do not put the overall objectives at risk.
- **Reasonable:** An overall sound system of governance has been established but there are some areas for improvement to ensure the delivery of both the objectives of the Council and the partnership. Recommendations will be moderate or a small number of key priorities.
- **Limited:** A governance system has been established but there are a number of significant areas highlighted for improvement, which if not implemented, could result in the non-delivery of partnership and Council objectives. Recommendations will be significant and relate to key risks.
- **Weak:** Controls are generally weak leaving the partnership's system open to the potential of significant error, resulting in a high probability that partnership's and the Council's objectives will not be met unless action is taken. Critical priority or a number of significant priority actions required.

2.5 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:

- Classification of the Partnership:
 - Public - All partners involved in the partnership are public organisations
 - Public private - Partnership with one or more private sector entities
- 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.
- Governance Strength Rating – The overarching rating for the partnership

2.6 Following the completion of the 2020 review process, of the 49 partnerships on the Register, 36 (74%) are rated as having a 'Substantial' governance strength, 9 (18%) rated as 'Reasonable', 1 (2%) rated as 'Limited' and zero rated as weak, with 3 entries (6%) proposed to be removed from the register.

3. Entries added to the Register in 2020

3.1 For 2020, there are no new entries proposed to be included onto the register.

4. Entries proposed to be removed from the Register

- 4.1 Following the annual review of the RSP, there are three entries proposed for removal. The rationale for this is that the entities are no longer active or are in the process of being closed.

4.2 *Manchester Place*

- 4.2.1 The Manchester Place partnership was established in 2014 through a Memorandum of Understanding between the Council and the Homes and Communities Agency (HCA) to provide leadership, coordination and delivery capacity to steer the policy direction with regards to residential growth. The partnership focused energy on assembling and preparing land for development; identifying and appointing major investor partners where required; facilitating effective place-shaping to support essential early investment; and setting new standards for the delivery of housing and place management.
- 4.2.2 The main activity of the partnership was largely completed following the establishment of the Northern Gateway joint venture in 2017, and the refreshed Residential Growth Strategy. The partnership has remained inactive ever since. The Council's partner to the MoU, the Homes and Communities Agency, also ceased to exist in January 2018 when it was replaced by Homes England. The Manchester Place partnership will be formally closed down and superseded by the Council's positive relationship with Homes England.
- 4.2.3 Therefore, given the detail outlined above, it is proposed that this entry is now removed from the Register.

4.3 *Northwards*

- 4.3.1 The Council established Northwards Housing Limited (NHL) in 2005 with the primary objective of securing government funding to deliver the Decent Homes standard. Although the decent homes funding has now ceased, the Council has retained NHL and has continued to commission housing and additional services including the City-wide allocations scheme, Manchester Move and the delivery of the capital investment programme for Council housing.
- 4.3.2 On 3 June 2020 Executive considered the position of the delivery of the Housing service in the context of the Housing Revenue account (HRA). The current HRA 30-year business plan shows that reserves fall below the c£60m level required to avoid having to pay increased interest charges on debt in 2027/28, and the reserves are forecast to be exhausted by the end of the 30-year business plan leaving a deficit. The investments provision in the current business plan is primarily aimed at maintaining decent homes.
- 4.3.3 The June report reflected that there is additional pressure and demands on the HRA including enhanced fire safety works, new build schemes and retrofitting to achieve full Zero carbon of existing homes by 2038. Combined, these areas lead to a projected deficit in excess of £400m by the end of the

30-year business plan.

- 4.3.4 Following consideration of the issues and options in reports in June and September Executive agreed to approve consultation on the preferred option (insourcing) identified as part of the HRA review to bring the ALMO back in-house.
- 4.3.5 Tenants and leaseholders have been consulted on the proposal to take direct control of the management of the housing service from 5 July 2021. This was conducted by virtue of an information document and series of questions which tenants and leaseholders could vote on either on the document or online. The independent agency that ran the test of opinion UK Engage Ltd, used a barcoding system to ensure security and to avoid duplicated or multiple voting from one tenancy.
- 4.3.6 The test of opinion commenced on 3 December 2020 and concluded on 4 January 2021. As well as the direct mailing of the documentation, publicity was issued on both Northwards and the Council websites and via social media. The test of opinion closed at 5.00pm on Monday 4 January 2021. A total of 1633 people voted (1572* tenants and 54 leaseholders). This is 12.52% of those able to participate (12.57% tenants 11.87% leaseholders). (*two papers were spoilt).
- 4.3.7 As the “test of opinion” was the final stage of the consideration in bringing the ALMO back into the Council, at Executive in January 2021 ratification was given to bring the management of the housing management services, currently provided by Northwards Housing Limited, under the direct management of the council with effect 5 July 2021.
- 4.3.8 The proposal that is being worked upon and was put to tenants is known as a “lift and shift”. This means that the operational functions will continue and tenants and leaseholders will have continuity of service. This allows the Council to take the service into direct supervision whilst minimising the initial impacts and risks on service and tenants’ experience.
- 4.3.9 Extensive work is now underway to make the necessary preparations for the transition of Northwards into the Council on 5th July. There is a detailed programme of activity and dedicated programme manager who has been appointed to support the Director of Housing & Residential Growth with the assimilation of the ALMO into different service areas of the Council.
- 4.3.10 Given the Executive decision to bring the ALMO back into the Council and the report to Resources & Governance Scrutiny Committee outlining the governance and scrutiny process the insourcing will go through, it is proposed the Northwards is removed from the Register of Significant Partnerships.

4.4 ***National Car Parks Manchester Limited***

- 4.4.1 In 1999, the JV contract with NCP created a wholly owned company, NCP Manchester Ltd, with a 55%/45% shareholding to NCP/MCC respectively, to

manage and maintain those car parks listed in the JV Agreement. The JV agreement was for 20 years and was due to come to an end in June 2019. The decision made on 1st April 2019 saw the arrangement extended for an 18 month period, until 31st December 2020, when the arrangement came to an end.

- 4.4.2 It is to be noted that the closure of the company is subject to a number of dependencies and outstanding issues which will need to be resolved prior to the company being officially wound up. NCP have indicated that the company is potentially insolvent and have engaged Quantuma Advisory Limited to provide advice in relation to the solvency position of NML. A report from Quantama Advisory is expected imminently which will inform how the company is wound up and the associated timescales.
- 4.4.3 Therefore, given that this entity is no longer activity and being prepared for closure, it is recommended that is removed from the Register.

5. Partnerships where governance strength rating has improved

- 5.1 On completion of the latest review, there are no entries which governance strength has improved on since the 2019 assessment update.

6. Partnerships where governance strength rating remains 'Reasonable' or 'Limited' following latest assessment

- 6.1 The section below provides an overview of the Partnerships that have been rated as either 'Limited' or 'Reasonable' through the compilation of the latest register based on the new ratings system.

Reasonable Rated Partnerships

6.2 *Manchester Safeguarding Partnership (entry 16)*

- 6.2.1 The Manchester Safeguarding Partnership (MSP) replaced the Manchester Safeguarding Children Board and Manchester Safeguarding Adults Board. The MSP was established in response to legislative guidance (Working Together 2018) which required all local areas to publish their new multi-agency safeguarding arrangements for children by 29 June 2019. The legislation and guidance abolished the need for local areas to establish Local Children's Safeguarding Boards (LSCB) where local authorities had lead responsibility to having partnership arrangements led by three strategic partners, who all have equal responsibility for safeguarding arrangements in their local area. The three strategic partners are the Chief Officers of the Local Authority, the Clinical Commissioning Group (CCG) and Greater Manchester Police.
- 6.2.2 Manchester responded to the requirement to change our partnership approach to safeguarding children as an opportunity to align our partnership arrangements for safeguarding children and adults. The published arrangements are therefore also in line with the Care Act 2014 requirements

for Safeguarding Adults Board (SAB). In the new MSP arrangements, the Adult Safeguarding Executive Group fulfils the function of Safeguarding Adult Board detailed in the Care Act 2014.

- 6.2.3 Manchester's Multi-Agency Safeguarding arrangements document was published in June 2019. A Project Implementation Group was established, consisting of senior officers from the key partner agencies to progress the arrangements and implementation. This included an amended governance structure to support the safeguarding partnership arrangements in Manchester.
- 6.2.4 The Manchester Safeguarding Partnership arrangements remain largely unchanged. However, the Independent Chair and partners have been working on a number of areas since April 2020, as set out below.
- 6.2.5 A COVID-19 specific risk register is supported by weekly assurance meetings, chaired by an Independent Chair. These were stepped down to fortnightly in July 2020 and the purpose of the COVID-19 specific risk register and assurance meeting will be reviewed in April 2021. The risk register has provided a useful vehicle to keep track of trends and issues that may presents risks to MSP, it has also offered assurance that services are responding appropriately to Safeguarding concerns. The partners have assessed that with the progress made in adapting to the impact of CO-VID 19 the need for the COVID-19 specific risk register is not required and will most likely conclude this assurance activity from April 2021, achieving the appropriate level of oversight as part of business as usual.
- 6.2.6 The key assurance documents for the partnership, S11 Children's Assurance report (Section 11 of the Children Act 2004 places a statutory duty on key organisations to make arrangements to ensure that in discharging their functions they have regard to the need to safeguard and promote the welfare of children, the audit is an opportunity for each agency to demonstrate compliance with this statutory guidance) and the Adult Assurance document (The Care Act 2014 requires partners to assure that care providers have effective systems and processes to help keep children and adults safe from abuse and neglect) have been published in the Annual Report (2019/2020). The outturn on both is positive, with areas for improvement identified in the action plans developed in response to the audit findings of each partner agency.
- 6.2.7 The Independent Chair prepares an assurance statement for the Leadership and Accountability (L&A) group each quarter. This scrutiny provides the group with clear sight on key issues where improvement is required, and the opportunity to offer solutions and resources to mitigate associated risks.
- 6.2.8 The Annual report 2019/2020 has been presented to the Leadership and Accountability Board in quarter three. The report will go to Scrutiny Committee in May 2021.

- 6.2.9 The MSP Strategic Business plan was approved by the Leadership and Accountability Group in quarter two. This included the MSP budget for 2020/21. The MSP has also undertaken 3 strategic development sessions with key stakeholders in 2020 and the 2021/2022 Strategic Priorities have been agreed.
- 6.2.10 The MSP Strategic Risk Register was developed in quarter one, accompanied by a MSP risk framework guidance document and was approved in quarter two by the L&A group. Reflecting on the format and content, the group concluded that they would like the content to be revised as there is too much detail, and it would be beneficial if there was more focus on strategic risks. The new risk register format will be in place by Q1 2021/2022
- 6.2.11 In quarter two 2020, work began on the three-year Strategic Plan. Following 3 successful engagement sessions with key stakeholders' agreement was reached on the strategic priorities for 2012/2022. The 3 statutory partners endorsed the adoption of a 1- year plan as the impact of COVID-19 will significantly influence recovery going forward. It is the intention of the partnership to develop a 3-year strategic plan for the period 2022/2025 in the financial year 2021/20220. The work on developing the partnership effectiveness will focus on review of the governance arrangements, financial sustainability and Information Governance compliance.
- 6.2.12 In January 2021 Leadership and Accountability approved the MSP Quality Assurance framework, and the partnership will focus on the development of a data set aligned to the 2021/2022 strategic priorities.
- 6.2.13 The MSP Children Review Panel and Children Executive concluded all legacy Serious Case Reviews in line with government guidance by 29 September 2020.

6.3 Manchester International Festival (entry 25)

- 6.3.1 The past year has seen an intensification of preparation by MIF for the operation of The Factory. A full transformation project is underway within the organisation, with detailed plans now developed around Facilities Management, Operations, The Launch Programme, HR, Food and Beverage, Finance Systems, and IT. Staff are being brought on board as needed to manage these new work streams. The organisation's recruitment processes have been comprehensively re-imagined, resulting in a far more diverse workforce.
- 6.3.2 The MIF Board continues to develop and add new skills, with recent appointees including the Chief Executive of Co-op Food. A Commercial Committee is helping guide the company towards new opportunities and operating models. The appointment of MIF's Executive Director has also increased the company's skills-base in terms of commercial operations.
- 6.3.3 A new iteration of The MIF Business Plan was drafted with a review process undertaken involving an independent consultant appointed via Arts Council

England. Work has continued to refine the business plan following the feedback provided. Linked to this a number of key legal documents between MIF and the Council are in the process of being finalised in order to have all contractual arrangements in place between the parties prior to practical completion of The Factory.

- 6.3.4 The creative programme for MIF 2021, which is scheduled to take place from 1st to the 18th July 2021, has recently been released. It is anticipated that the festival will have a key role to play in city-centre recovery, in the well-being of Manchester's residents, and in economic support for freelancers in the creative industries. An exciting programme is already in place for the opening season of The Factory, with some of the world's most significant artists due to create new work for the venue, while Manchester's communities will also be deeply involved in both planning and participation.

6.4 Greater Manchester Mental Health NHS Foundation Trust (entry 26)

- 6.4.1 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). Work is underway to review the section 75 between GMMH and MCC (as part of the overarching contract) and there will be further work over the next 12 months on the structure and parties to the contract following the outcomes of the national Integrated Care Systems (ICS) consultation which will mean changes to Clinical Commissioning Groups nationally. Strengthening of the contractual arrangements will support increased level of assurance.
- 6.4.2 At an operational level, work continues across GMMH and ASC to strengthen performance reporting, decision making and professional social work leadership within community mental health teams following the outcomes of the Mental Health casework audit. This work is led through the monthly social care partnership meeting.
- 6.4.3 There has been a continued sustained programme of partnership work between the Council and GMMH to ensure a sustained level of improvement and confidence in arrangements, particular in response to audit recommendations. This has focused on underlying risks around recording and reporting of compliance that were the focus of the audit.
- 6.4.4 Assurance over the level of compliance with recording standards is based on each division having been given its own safeguarding plan which is held by the senior leadership team in GMMH and on which regular reporting and interrogation is in place. Practice quality and consistency has been supported by an update of the safeguarding policy and a comprehensive programme of training. Compliance for mandatory training for safeguarding is currently at 85% and is being delivered virtually. In addition to the mandatory training, relevant practitioners have completed additional modules that have recently been developed regarding safeguarding and decision making, section 42 enquiries and mental capacity.

6.4.5 The divisions now also have a system in place to monitor the safeguarding referrals and the completion of section 42 enquiries and can track compliance. A system for reviews is now led by the divisional leads and safeguarding is a mandatory agenda item of everyone's supervision. Three social care leads have also been appointed, one for each locality for a trial 6-month period for them

6.4.6 The key actions to be taken over the next 6 months are summarised above and include:

- Review of the section 75 agreement and development work to support the stronger focus on performance reporting, and partnership arrangements.
- Ongoing work at operational level to continue to embed strengthened practice and the role of the social care leads, working alongside MCC ASC.

6.5 Avro Hollows (entry 34) and SHOUT (entry 35)

6.5.1 The Avro Hollows Tenant Management Organisation (TMO) was set up in 2008 and manage 312 properties in Newton Heath. This includes 4 tower blocks and 28 low-rise flats. Avro Hollows manage allocations and lettings along with lower level antisocial behaviour. They also procure their own repairs and maintenance contractor to manage repairs and re-let works. The TMO employs a full-time manager and administrative support along with 3 caretakers and a handyman.

6.5.2 Shout TMO manage 92 low-rise homes in Harpurhey and employ a part-time officer. Shout manage allocations and lettings along with lower level antisocial behaviour. Northwards Housing manage the repairs and maintenance service, re-let works, rent collection and arrears recovery, all "major" works including servicing. Northwards Housing also review all serious antisocial behaviour cases referred to them and consider whether any further action, including legal action, is required and procure this on behalf of the TMO.

6.5.3 It is to be noted that there is a Modular Management Agreement which sets out the standard terms and condition and defines the relationship between the Council and the TMO.

6.5.4 Both TMOs in Manchester are within the geographical area of homes managed by Northwards Housing and the ALMO provides some services to the TMO. Until around 5 years ago the management of the TMOs was left entirely to Northwards Housing. Following a review of the Avro Hollows TMO it became clear that the Council needed to undertake a more direct involvement in the management of the TMO's. A Tripartite agreement was developed which describes the various roles of the Council, Northwards Housing and the TMO.

6.5.5 In a recent report to Resources & Governance Scrutiny Committee it was acknowledged that the Council does not, currently, spend sufficient time monitoring the practices, procedures and performance of its TMOs, primarily

due to staff resources and prioritisation. However, a number of extra posts have been agreed, in acknowledgment of the resourcing issue, and there will be a much greater emphasis on managing the TMOs.

- 6.5.6 A new post is being created specifically to deal with the new regulatory regime which is being introduced in the government's White Paper and this will work alongside another postholder with responsibility for Fire Safety issues. The Council will identify specific resources to ensure that regular monitoring meetings are held with both the TMO and the housing management staff delivering services to tenants in the TMO area. MCC will also schedule a series of audits throughout the year to satisfy the Council that quality services are delivered to TMO tenants. Performance reports will be produced for local Ward Members and will also be presented to the Housing Board.

6.6 Manchester Health and Care Commissioning (MHCC) (entry 40)

- 6.6.1 The Government has recently announced NHS reforms that, from April 2022, will abolish Clinical Commissioning Groups (CCGs) and create Integrated Care Systems (ICS), to drive the next phase of health and social care integration. This will lead to the abolition of MHCC.
- 6.6.2 MHCC was established as a partnership between the City Council and NHS Manchester Clinical Commissioning Group in 2017 in relation to the commissioning of health, public health and social care services and activity.
- 6.6.3 During that time, 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 Executive Director of Adult Social Services and the Director of Public Health. Staff have been employed by the Council or CCG and therefore are covered by their host organisations' policies and procedures.
- 6.6.4 A Section 75 partnership agreement was agreed, which formalised the arrangement described above and set out the rules for how integrated financial decision making would occur via a Financial Framework.
- 6.6.5 Health and social care partners have agreed that a new Manchester Partnership Board (MPB) of system leaders, chaired by the Leader of the Council, is established to drive delivery of health and social care integration in the city. This will include the 'supercharging' of Manchester Local Care Organisation as the integrated delivery vehicle for improving health and well being outcomes and reducing health inequalities in the city.
- 6.6.6 In terms of MHCC, a phased programme of work is under way to plan for an effective transition to the new arrangements. This includes the various functions of MHCC and associated capacity being transferred to:
- The Greater Manchester Integrated Care System

- Manchester Local Care Organisation. Including transfer of the commissioning of social care and health services. A Section 75 agreement is being developed by MCC and MFT to underpin this new arrangement.
- The Manchester Partnership Board.

6.6.7 During the 2021/22 financial year, the existing MHCC governance will continue to operate and MCC officers will still be represented on key decision making bodies and Committees.

6.7 Manchester Local Care Organisation (MLCO) (entry 41)

- 6.7.1 The Our Healthier Manchester Locality Plan sets the ambitions for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 6.7.2 Health and social care partners have established a new Manchester Partnership Board (MPB) comprising key system leaders and chaired by the Leader of the Council. It has been created to drive delivery of health and social care integration in the city and replaces Transformation and Accountability Board.
- 6.7.3 Its immediate priorities include the ‘supercharging’ of Manchester Local Care Organisation as the integrated delivery vehicle for improving health and well being outcomes and reducing health inequalities in the city building on the strong progress made since its inception in 2018.
- 6.7.4 A fundamental part of these arrangements are the development and implementation of a Section 75 agreement, which will be in place by June 2021. This is being created to govern the partnership arrangements and decision making between MCC and Manchester Foundation Trust (MFT). This will enable MLCO to deliver an enhanced range of functions and include the transfer of commissioning functions for social care. As part of a broader exercise it is anticipated that responsibility for commissioning certain health services will transfer from Manchester Health and Care Commissioning to MLCO.
- 6.7.5 To support this a new MLCO Accountability Board has been established to provide a single point of assurance for all key partners, including MCC. MCC will be represented by the Executive Member for Health and Well Being (co-chairing with MFT), the Chief Executive, the Deputy Chief Executive and City Treasurer, and the Strategic Director of Adult Social Care.
- 6.7.6 To ensure that the Accountability Board referred to above is effective MLCO will be reviewing its internal governance arrangements to ensure they provide effective and robust oversight off all activity that falls within its purview. This will include significantly improving the oversight of adult social care in line with the section 75 agreement referred to above. As part of this MLCO will strengthen its assurance arrangements back into MCC.

- 6.7.7 To underpin the arrangements referred to above MLCO (with its partners including MCC) will develop and implement a single assurance framework that encompasses the breadth of its organisation responsibilities across core domains including performance, people, finance, and quality. To support an enhancement in its risk management arrangement MLCO will align its risk those arrangements across health and social, adopting best practice in doing so.

6.8 One Education (entry 44)

- 6.8.1 One Education provides a range of Pupil and Business Support services to schools and academies, primarily in Manchester but also some other Greater Manchester 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.
- 6.8.2 One Education's service to schools and its financial position has held up reasonably well during the COVID-19 Pandemic and has responded well in terms of adapting the ways in which services are provided to change to meet client needs.
- 6.8.3 An external review has been carried out by PwC of One Education to consider its operation and company structure, with consideration being currently given as to how the operational relationship between the Council and One Education Board can be strengthened. Work is currently underway to explore opportunities to embed an enhanced approach to governance and decision making.

6.9 Brunswick PFI (entry 49)

- 6.9.1 This partnership is a contractual agreement between Manchester City Council and S4B, which is a consortium made up of four organisations: Equitix, Vistry Partnerships, Mears and Onward Homes. 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 apartment extra care scheme) and the creation of new parks, a retail hub and neighbourhood office. A significant amount of this work has now been completed.
- 6.9.2 Whilst the majority of the governance arrangements are robust, there are still concerns around the contractor's capability to ensure recovery programmes are met around newbuild homes for sale and the infrastructure programme. MCC is also in a number of ongoing legal disputes with S4B for significant financial sums. MCC has attempted to reach an agreement around a number of contract disputes at Board level but this has not proven possible. MCC is preparing to appoint an external legal advisor to consider further and provide

advice to allow MCC to make an informed decision on how best to proceed. This may be to follow the Dispute Resolution mechanism in the contract.

Limited

6.10 Manchester Working Ltd (entry 4)

6.10.1 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.

6.10.2 The contract between the Council, Northwards Housing and MWL has expired. A re-procurement tender exercise was undertaken in accordance with the EU public procurement rules and a new contract for Repairs and Maintenance Services to Northwards Housing Managed Stock and new adaptations across all Manchester City Council housing was subsequently awarded to Mears Limited. This contract is not connected to the joint venture company.

6.10.3 The contract for building maintenance services for the Council expired in May 2020, the new contract was awarded to Engie Ltd and staff transferred to Engie as part of the TUPE arrangements.

6.10.4 MWL currently has a small number of capital projects undertaking property renewals within the Northwards area. These contracts were initially expected to be completed in June 2020, but due to a combination of COVID-19 and accessibility issues the contracts are now expected to be completed in 2021.

6.10.5 There are two Council representatives on the MWL Board. Given that MWL are no longer bidding for new contracts, discussions have commenced around the future of the Company and the potential winding up of the Company.

7. Partnerships where governance strength rating has reduced from 'Significant' to 'Reasonable' or 'Limited' since the last assessment

7.1 There are no partnerships where ratings have reduced from significant following the latest refresh of the Register to either 'Reasonable' or 'Limited'

8. Next Steps

8.1 The production of this year's Register of Significant Partnerships was the first time in which the Commercial Governance service were involved in the production of the report. Through the process, there have been some areas which have been highlighted for further strengthen to ensure continual improvement:

- Link Officers: A comprehensive review of link officers is required to take place as the appropriateness of some officers to provide the level of information required has been highlighted as an area improvement given the delays in receiving some of the information required and some officers having a

sufficient level of insight into the partnership activity to provide a thorough response and accurate partnership rating;

- Self-Assessment Pro-Forma: Whilst there have been a number of amendments made to the pro-forma over time, it's felt that there needs to be a further review of the questions asked. The rationale for this is to try to make the form as streamlined as possible but still ensure that there is sufficient, robust information provided to complete the assessment;
- Partnership Governance Framework: As highlighted to Audit Committee previously, it is proposed that this is reviewed given the document has not been updated for some time;
- Officer Working Group: A review of the membership of the Officer Working Group is to take place as well as the introduction of a refreshed Terms of Reference to ensure that the group membership is fully aware of their important role in relation to the assurance of the partnership;
- Rankings and scoring thresholds: A further refinement of the scoring thresholds to generate the ratings is also required. This is particularly in relation to the scoring differentials between the partnerships being ranked as 'reasonable' or 'limited'. There are no concerns for the process that has just been gone through but will still be revisited.

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2020 Register of Significant Partnerships

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|-----------------------------------|---|
| Key to Level of Assurance Ratings | Substantial: Demonstrating consistent application of good governance practices, providing a high level of assurance and delivering both the partnership and Council objectives. Any matters noted do not put the overall objectives at risk. |
| | Reasonable: An overall sound system of governance has been established but there are some areas for improvement to ensure the delivery of both the objectives of the Council and the partnership. Recommendations will be moderate or a small number of significant priority. |
| | Limited: A governance system has been established but there are a number of significant areas highlighted for improvement, which if not implemented, could result in the non-delivery of partnership and Council objectives. Recommendations will be significant and relate to key risks. |
| | Weak: Controls are generally weak leaving the partnership’s system open to the potential of significant error, resulting in a high probability that partnership’s and the Council’s objectives will not be met unless action is taken. Critical priority or a number of significant priority actions required. |

| No | Partnership Name | Short Description of Partnership | SMT Lead | Class | Significance Rating | 2020 Level of Assurance Rating |
|--|---|--|---------------|----------------|---------------------|--------------------------------|
| INCORPORATED BODIES (separate and distinct legal entities) | | | | | | |
| 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 | Substantial |
| 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. | Joanne Roney | Public Private | Medium | Substantial |
| 3 | Manchester Airport Holdings Ltd | Company with shareholding held by the Council, Investors and the other Greater Manchester local authorities. | Carol Culley | Public Private | High | Substantial |
| 4 | Manchester Working Ltd | Repairs and maintenance Joint Venture with Mears. Reports to Manchester Working Board. | Carol Culley | Public Private | Medium | Limited |
| Page 121 | National Car Parks Manchester Limited | Manages off street car parking facilities and CCTV under joint venture agreement between MCC and National Car Parks. Reports to company board. | Fiona Worrall | Public Private | Medium | To be removed from Register |
| | Spinningfields | Oversees and facilitates the redevelopment and regeneration of the Spinningfields area. Partners: Allied London Properties. Reports to company board. Also to SMT and Executive when appropriate. | Louise Wyman | Public Private | Medium | Substantial |
| | 7 Oxford Road Corridor Manchester | Delivery vehicle for a strategic development framework within the Oxford Road Corridor area, oversees an area of the City running south from St Peter's Square to Whitworth Park. Partners: University of Manchester, Manchester Metropolitan University, Central Manchester Foundation Trust, Bruntwood. Reports to Corridor MCR Board. | Louise Wyman | Public Private | Medium | Substantial |
| | 8 Mayfield | This is a partnership between the Council, Transport for Greater Manchester and London & Continental Railways, to facilitate the regeneration of the Mayfield area of Manchester, as a high quality mixed used scheme. Reports to Partnership Board. | Louise Wyman | Public Private | Medium | Substantial |
| | 9 Manchester Life | Joint Venture 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. | Louise Wyman | Public Private | High | Substantial |
| 10 | Matrix Homes | Joint Venture arrangement between the Council and the Greater Manchester Pension Fund (GMPF) building new homes for sale and market rent across five sites in the city. | Louise Wyman | Public Public | High | Substantial |
| 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 between MCC and MCFC acts as a facilitator to drive growth in the east of the city and looks to best utilise the land surrounding the stadium to encourage economic growth. | Louise Wyman | Public Private | High | Substantial |
| 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. | Louise Wyman | Public Private | High | Substantial |
| 13 | NOMA | Partnership to oversee and guide regeneration and development within the area between Victoria and Shudehill. Hermes are taking forward the delivery of the masterplan in partnership with the Council and MEPC. | Louise Wyman | Public Private | High | Substantial |

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|----|------------------|---|--------------|----------------|------|-------------|
| 14 | First Street | Partnership to oversee and guide regeneration and development within the First Street area. Partners are Southside Regeneration and HOME / GMAC. Report to the Project Board. | Louise Wyman | Public Private | High | Substantial |
| 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. This also includes the submission of c£51m funding from Homes England Marginal Viability Fund to support infrastructure works. | Louise Wyman | Public Private | High | Substantial |

STATUTORY PARTNERSHIPS

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|----|---|---|------------------------------------|---------------|------|-------------|
| 16 | Manchester Safeguarding Partnership | Statutory body to ensure the multi-agency arrangements for children and adults at risk of, or experiencing, harm are effective in safeguarding individuals and promoting their welfare (replaces MSCB and MSAB). Led by three safeguarding partners of MCC, GMP and CCG, all of which have equal responsibility for the arrangements. Reports to partnership Accountability and Leadership Board. | Paul Marshall / Bernadette Enright | Public Public | High | Reasonable |
| 17 | Health and Well Being Board | Thematic partnership providing collaborative approach to improve the health and wellbeing of residents and reduce health inequalities. Reports to Manchester Partnership | David Regan | Public Public | High | Substantial |
| 18 | Manchester Community Safety Partnership | Statutory thematic partnership providing strategic direction for challenging and resolving crime and antisocial behaviour. Partners: GMP, Offender Management Services, GM Fire and Rescue Service, Public Health Manchester, the Universities, Housing Providers, and voluntary and community organisations. Reports to Manchester Investment Board. | Fiona Worrall | LSP | High | Substantial |

NON-STATUTORY PARTNERSHIPS

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|----|--|--|--------------------|----------------|--------|-------------|
| 19 | Children's Board | Thematic partnership providing strategic leadership on the design and delivery of services for children, young people and families in Manchester. Partners: MHCC, GMP and schools. Reports to the Health and Wellbeing Board. | Paul Marshall | LSP | High | Substantial |
| 20 | CityCo (Manchester) Ltd | Aims to improve, develop and regenerate all aspects of the city centre as a trading environment. Incorporates Piccadilly Partnership. Partners include Bruntwood and Manchester Arndale. Reports to CityCo Board. | Fiona Worrall | Public Private | Medium | Substantial |
| 21 | GM Multi Agency Public Protection Arrangements | Enables Police, Probation and Prison services to work together to protect the public against dangerous and sexual offenders. Partners include Probation Service, GMP, Northwards Housing, Her Majesty's Prison Service and CCGs. Reports to Police Authorities. | Louise Wyman | Public Public | Medium | Substantial |
| 22 | Manchester Concert Hall Ltd. | Manages Bridgewater Hall.Partners: Partners: SMG (the operator of the Hall) and MCC. Reports to Company Board | Fiona Worrall | Public Private | High | Substantial |
| 23 | 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 | Substantial |
| 24 | Manchester Services for Independent Living (MSIL) | Operates under a SLA between MCC and Manchester CCG to provide Community Equipment Service to residents. SLA under review to incorporate changes to Community Health MCR. Reports to Partnership Board. | Bernadette Enright | Public Public | Medium | Substantial |
| 25 | Manchester International Festival | Delivers a biennial International Festival. MIF will take on role of operator of The Factory once completed in 2021. Partners include Arts Council of England and GMCA. Reports to the Festival Board. An independent review and evaluation, commissioned at the end of each Festival, is reported to Executive. | Carol Culley | Public Private | Medium | Reasonable |
| 26 | Greater Manchester Mental Health NHS Foundation Trust (GMMH) | Based on a legal contract for the delivery of the Councils statutory duties under a Section 75 Agreement (Mental Health Act) commissioned by the Council and CCG. This works to deliver care management and assessment and Approved Mental Health Professional (AMHP) functions within an integrated health and social care organisation. Reports to various boards within MHCC, GMCA and the Council. | Bernadette Enright | Public Public | High | Reasonable |

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| 27 | Millennium Quarter Trust | Manages, operates and maintains amenities and facilities in the Manchester Millennium Quarter area (now known as Medieval Quarter). Partners include Manchester Cathedral, Selfridges, the Corn Exchange and Chetham's School of Music. | Fiona Worrall | Public Private | Medium | Substantial |
| 28 | Northwards Housing | ALMO managing and maintaining housing stock totalling c13,000 properties on behalf of the Council. Partners: Northwards Housing. | Louise Wyman | Public Private | Medium | To be removed from Register |
| 29 | 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. Reports to the Project Board. | Louise Wyman | Public Private | High | Substantial |
| 30 | 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: range of organisations representing, public, private and third sector. Reports to UK Border Agency via partnership's Executive Committee. | Paul Marshall | Public Public | Medium | Substantial |
| 31 | Wythenshawe Forum Trust | To manage and operate the Wythenshawe Forum site, including the contract management of Everyone Active (SLM). Partners include NHS, GMP, Manchester Airport, Wythenshawe Housing Group and Manchester Enterprise Academy. Reports to the partnership's Board. | Fiona Worrall | Public Public | Medium | Substantial |
| 32 | Work and Skills Board | Thematic partnership responsible for economic growth, employment and skills. Partners include LTE Group, GMCC, MHCC, Manchester College, Manchester Adult Education Service, Manchester Solutions and VCS. Reports to Our Manchester Investment Board. | Louise Wyman | LSP | High | Substantial |
| 33 | 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. | Louise Wyman | Public Public | High | To be removed from Register |
| 34 | AVRO Hollows | Tenant Management Organisation (established under the Government's Right to Manage legislation) contracted to manage c300+ Council owned homes in Newton Heath. | Louise Wyman | Public Private | Medium | Reasonable |
| 35 | SHOUT | Tenant Management Organisation contracted to manage c100 Council owned homes in Harpurhey. | Louise Wyman | Public Private | Low | Reasonable |
| 36 | Strategic Education Partnership | The partnership brings together the Council, schools and partners such as MMU and UoM to agree and connect key educational, skills and employment priorities for Manchester. | Amanda Corcoran | Public Private | High | Substantial |
| 37 | HOME | The partnership between the Council and Greater Manchester Arts Centre (trading name of HOME) to secure the funding, development and operation of HOME and 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. | Fiona Worrall | Public Private | High | Substantial |
| 38 | Our Manchester Forum | The Our Manchester Forum brings together leaders from the public, private and voluntary sector to develop the Our Manchester Strategy 2016-2025 and oversee progress towards delivering it. | Joanne Roney | Public Private | High | Substantial |

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|----|---|---|--------------------|---------------|--------|-------------|
| 39 | Our Manchester Investment Board | The partnership drives delivery of the Our Manchester approach across the city and Bringing Services Together for People in Places, which is Manchester's approach to place-based integration of public service reform across the city. | Joanne Roney | Public Public | Medium | Substantial |
| 40 | Manchester Health and Care Commissioning (MHCC) | Partnership between the Council and CCG to create a single health, social care and public health commissioning function for Manchester. | David Regan | Public Public | High | Reasonable |
| 41 | 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. Embed new models of care based on the Our Manchester approach, and connect effectively with wider services and assets in communities. Reports to partnership's Board. | Bernadette Enright | Public Public | High | Reasonable |
| 42 | MCRactive | Established as a non-profit organisation formalised by the Council, MCRactive 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. Reports to partnership's Board. | Fiona Worrall | Public Public | Medium | Substantial |
| 43 | Manchester Creative Digital Assets | Created to manage and operate the council's digital assets (The Sharp Project, Space Studios Manchester and Arbeta), to identify gaps in provision and bring forward strategies to provide support to digital businesses. | Louise Wyman | Public Public | Medium | Substantial |

SCHOOL LEADERSHIP

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|----|---------------|--|-----------------|---------------|------|------------|
| 44 | One Education | Fully Council owned limited company providing a range of pupil and business support services to schools and academies in Manchester, Greater Manchester and beyond. One Education has a Board of Directors which includes officers of the Council. | Amanda Corcoran | Public Public | High | Reasonable |
|----|---------------|--|-----------------|---------------|------|------------|

PRIVATE FINANCE INITIATIVES (PFI)

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|----|--|---|-----------------|----------------|--------|-------------|
| 45 | 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. Reports to Grove Village Monitoring Board. | Louise Wyman | Public Private | Medium | Substantial |
| 46 | 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. Reports to Miles Platting PFI Joint Board PFI Contract Board. | Louise Wyman | Public Private | Medium | Substantial |
| 47 | Schools PFI - Temple Community Primary | Contractual agreement to design, build and manage facilities at Temple Primary School. Reports to School Organisation and Strategy Board. | Amanda Corcoran | Public Private | Medium | Substantial |
| 48 | Schools PFI - Wright Robinson | Contractual agreement to design, build and manage facilities at Wright Robinson High School. Reports to School Organisation and Strategy Board. | Amanda Corcoran | Public Private | Medium | Substantial |
| 49 | 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. Reports to Brunswick PFI Joint Board and Housing Board. | Louise Wyman | Public Private | Medium | Reasonable |

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