



Audit Committee

Date: Tuesday, 14 June 2022

Time: 10.00 am

Venue: Council Antechamber, 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 Antechamber

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

Filming and broadcast of the meeting

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Membership of the Audit Committee

Councillors - Curley, Flanagan, Good, Lanchbury, Russell, Simcock and Wheeler

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** 5 - 14
To approve as a correct record the minutes of the meeting held on 12 April 2022.
- 5. Draft Annual Governance Statement 2021/22** 15 - 50
The report of the Deputy Chief Executive and City Treasurer is attached.
- 6. Register of Significant Partnerships** 51 - 70
The report of the Deputy Chief Executive and City Treasurer is attached.
- 7. Internal Audit Service Review Update** 71 - 76
The report of the Head of Audit and Risk Management is attached.
- 8. Risk and Resilience Strategy Management Update** 77 - 102
The report of the Head of Audit and Risk Management is attached.
- 9. Risk Review Item: Internal Audit External Quality Assessment** 103 - 112
The report of the Head of Audit and Risk Management is attached.
- 10. Work Programme and Recommendations Monitor** 113 - 122

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.

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Smoking is not allowed in Council buildings.

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Further Information

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This agenda was issued on **Monday, 6 June 2022** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension (Library Walk Elevation), Manchester M60 2LA.

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Audit Committee

Minutes of the meeting held on 12 April 2022

Present:

Councillor Ahmed Ali - In the Chair
Councillors Clay, Good, Hitchen, Lanchbury, Robinson and Russell

Apologies:

Independent Co-opted member: Dr D Barker
Independent Co-opted member: Dr S Downs

Also Present:

Councillor Joanne Midgely (Deputy Leader)
Karen Murray, Mazars (External Auditor)

AC/22/08 Minutes

Decision

To approve the minutes of the meeting held on 15 February 2022 as a correct record.

AC/22/09 Accounting Concepts and Policies, Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Committee considered a report of the Deputy Chief Executive and City Treasurer which discussed the Authority's accounting concepts, conventions, policies and requirements, critical accounting judgements and key sources of estimation uncertainty to be used in the preparation of the 2021/22 Annual Accounts. The details of a recent emergency Code consultation were also provided for comment.

The report set out a narrative around:

- The basis of accounting policy
- Requirements around disclosure in respect of the application of critical accounting policy judgements
- A list of key sources of estimation uncertainty, including useful lives and valuations of properties which are estimated by qualified valuers, provision for business rate appeals based on claims received and previous experience of the outcome of appeals, the amount of arrears that will not be collected which is estimated based on expectations of the collection of different types of debt and the liability for future pension payments which is estimated by qualified actuaries (provided in an appendix); and
- The details of a consultation on emergency proposals for an update of the 2021/22 and 2022/23 Codes of Practice on Local Authority Accounting in the UK, largely driven by 91% of Local Government Accounts being submitted after the statutory deadline. The outcome of the consultation resulted in a deferral of the implementation of IFRS 16 Leases for a further year and reversed the planned changes to the 2022/23 code. Whilst this outcome would

not reduce the burden on Local Authorities, there would be no further complication of the leasing treatment.

The key lines of enquiry discussed in the meeting were:

- The impact of changing interests rates and inflationary factors on matters such as pension liability, asset valuation, collections rates of council tax / business rates etc
- The impact of the cost of living crisis on arrears arising from short term / sundry debtors such as housing rent, council tax and business rates debtors

In respect of changing interest rates on pension liability, the Deputy City Treasurer confirmed that a wide range of variables were routinely monitored and kept under close consideration through a mixture of formulaic measures and actuarial assessments in order to ensure effective management. In view of the complexity within those wide-ranging factors (eg life-expectancy, pay awards, inflationary factors, investment returns) a professional judgement call was necessary to address those uncertainties. In terms of how Local Government pensions were externally audited, Karen Murray (Mazars) explained that the National Audit Office commissioned an external expert to evaluate the approach taken by the five actuaries that are in place with a focus on the assumptions that are made across numerous factors to be satisfied that those assumptions are consistently applied, are within a reasonable range and align with the national position in terms of the approach taken.

With regard to arrears from sundry debtors, the Deputy City Treasurer explained that where the Council is seeking to recovery monies, inevitably there would be those who would default which resulted in the need for an estimate of those that would doubtfully be recovered. Due to the cost of living crisis, in addition to other economic factors, the level of 'write off' was predicted to be higher than usually anticipated and therefore warranted closer monitoring.

Decision

1. To approve the accounting concepts and policies that will be used in completing the 2021/22 annual accounts
2. To note the critical accounting judgements made and key sources of estimation uncertainty
3. To note the outcome of the recent emergency Code consultation

AC/22/10 Internal Audit Plan 2022/23

The Committee considered a report of The Head of Audit and Risk Management which in line with Public Sector Internal Audit Standards (PSIAS) and a Local Government Application Note from the Chartered Institute for Public Finance and Accountancy presented a risk-based plan of Internal Audit activity that is designed to support an annual opinion on the effectiveness of the systems of governance, risk management and internal control. The Head of Internal Audit and Risk Management

is required to communicate internal audit plans and resource requirements, including significant interim changes, to Strategic Management Team and the Audit Committee for review and approval. The audit plan for 2022/23 set out areas of proposed audit coverage for the year and the delivery of this plan would be reported to SMT and Audit Committee as part of regular audit reporting.

The report set out information about

- Basis for the Plan
- Characteristics of the Audit Plan, including its Context, Timeframe and Structure
- Resourcing of the Plan; and
- Planned Areas of Focus

The key points of discussion in the meeting were:

- The length of time taken to implement the service restructure
- Resourcing and capacity within the team to deliver
- The classification of risk within the Corporate Risk Register
- Staff welfare and wellbeing, noting the impact of the pandemic and other workforce developments

With regard to the time taken to implement the service restructure, the Head of Audit and Risk Management spoke about the complexities about health and safety aspects of the service review which had caused unavoidable delays. In terms of timescales, consultation with staff was expected to commence in early June following which appointments to posts could be made and recruitment progressed to fill vacancies in the new roles expected in July 2022.

There was a discussion about capacity to deliver more complex areas of audit activity once COVID grant related work had ceased. Members commented that they were keen to see those vacancies filled and sought assurance that there was adequate capacity to deliver the comprehensive range of audits scheduled for completion this year with sufficient flexibility to respond to currently unplanned work. The Deputy Chief Executive and City Treasurer said that COVID grant related work and more recent government schemes would remain a feature of audit activity as part of a planned lengthy programme of work. Therefore efforts had been made to ensure that there was sufficient capacity with the service to complete this work alongside the programme of scheduled work as part of the Audit Plan. The Head of Audit and Risk Management added that the Plan had been developed based on current staffing levels therefore allowing an element of capacity to respond to risks that could emerge during the year.

There was a discussion about the classification of risk within the Corporate Risk Register, with particular reference to the rating allocated for 'housing needs not being met' (defined as medium risk). The Head of Audit and Risk Management described the process involved for consideration of the Register with the Senior Management Team, adding that a discussion had taken place around that particular definition, which had recently been broadened from the narrower definition of access to affordable housing. A further meeting was therefore planned with the Strategic

Director of Development to explore whether its current rating required an amendment.

With reference to the report's mention of staff training and development, a member acknowledged the increasing demands on staff (particularly in response to the pandemic) and stressed the importance of staff welfare. In response the Deputy Chief Executive and City Treasurer spoke about the dedication and commitment she had witnessed across the workforce to provide the best possible service to Manchester residents during the significant challenge presented by the pandemic. She said that the importance of staff welfare had been discussed at length at a recent Senior Management Team meeting which touched on challenges around competing workforce development priorities as well as recruitment. Actions were being undertaken to ensure that established measures such as staff surveys and the Council's Wellbeing Strategy were well communicated and the importance of the role of managers (with particular reference to responding to signs of stress) were referred to as examples of the types of support available.

Decision

To endorse the Annual Internal Audit Plan for 2022/23.

AC/22/11 Annual Internal Audit Assurance Opinion and Report 2020/21

The Committee considered a report of the Head of Audit and Risk Management which discussed the delivery of the annual programme of audit work designed to raise standards of governance, risk management and internal control across the Council, in accordance with Public Sector Internal Audit Standard 2450.

The report provided Members with the Head of Audit and Risk Management's annual assurance opinion and report on the Council's system of governance, risk management and internal control for 2021/22.

In addition to the scope, purpose and context of the opinion, the report also included information about:

- The overall opinion for the year to March 2022 (cited as 'Reasonable'), including key strengths, risks and issues arising from audit work
- The delivery of the Audit Plan
- Audit assurance, risks and issues
- Children's Services and Education Directorate Opinions
- Adults Services and Public Health Directorate Opinions
- Corporate Core Directorate Opinions, including Information and ICT, Financial Systems, Capital Programme, Commercial Governance, Our Town Hall and the Estates Services Review
- Procurement, Contracts and Commissioning Directorate Opinions, including Carbon Reduction in Procurement, Waivers and Contract Extensions, and Follow Up Review – Children's Placements, Supplier Due Diligence
- Neighbourhoods Directorate Opinions including Governance and Oversight Housing Operations Service, Governance and the Oversight, Management of Void and Empty Properties, Grant Certifications, Highways Compensation Events

- Growth and Development Directorate including the AVRO Hollows Tenant Management Organisation
- Counter-Fraud and Investigations
- Proactive and Reactive Work; and
- An overview of the current position of earlier Audit Recommendations

The key points of discussion in the meeting were:

- The scope and scale of the local audit framework
- Avro Hollows Tenant Management Organisation (AHTMO)
- The Management of void and empty former Northwards properties

The Committee thanked officers for the comprehensive and detailed report and a discussion followed on the changing scope of governance arrangements within local government audit in reflection of the increasing move towards the partnership delivery model.

A member asked for further information about the information provided on the limited assurance opinion issued for the AHTMO, noting that there had been an issue over the logging of requests for minor repairs and fundamental differences in expectations between the Council's Strategic Housing Service and AHTMO regarding basic elements of service delivery. The importance of ensuring local ward members on such issues was also cited. The Head of Audit and Risk Management explained that this largely related to quality assurance measures for service delivery which had resulted in a number of actions being put forward in respect of refining the Modular Management Agreement (MMA) which set out the respective responsibilities of the Council and the TMO. He agreed to liaise with the Strategic Housing Service concerning the request to ensure that local ward members are advised of such issues as a matter of routine.

There was a discussion about the management of void and empty former Northwards properties and the associated actions issued alongside the 'Limited' assurance opinion. A member sought further information on likely timescales for the completion of the audit of void properties, and the implications for charging of Council Tax amongst the other recommendations put forward. The Head of Audit and Risk Management explained that performance had fallen during the pandemic and that it had been acknowledged amongst leaders in the service, that improvements were needed. A completion date of September 2022 had been identified however it was likely that some of those action points could be completed before this date. The Head of Audit and Risk Management agreed to provide further information in the next update to this Committee about the action plan for the auditing of void properties (including how and by whom that would be delivered) and would include specific reference to the management of lost rental income

Decision

1. To note the Annual Assurance Opinion (2020/21)
2. To agree that the next scheduled update on former Northwards properties shall include information on the agreed action plan for the management of void and

empty properties, including the management of lost rental income.

AC/22/12 External Audit Progress (2020/21) Update

The Committee considered a report of the External Auditors (Mazars) which discussed progress towards completion of the external audit of 2020/21 accounts.

Karen Murray (Mazars) reported that there had been a considerable amount of progress, such that Mazars were very close to completion of the work. Three particular areas were yet to be completed, namely the completion of 2020/21 Financial Statements work; the valuation of Property, Plant & Equipment (PP&E) Value for and work around cash balances. Mazars were in the process of working through a recently received set of accounts which it was hoped would help to resolve the small number of outstanding queries. Mazars were also awaiting soon to be announced guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) on the consideration of infrastructure assets. Ms Murray indicated that a number of recommendations would be put forward at the point that the audit is completed, in respect of the Council's measures of internal control to help streamline future external audits and facilitate completion more easily.

The Deputy Chief Executive and City Treasurer confirmed that the audit process had been a particular challenge this year and made reference to no local authority having signed off their accounts at time of the meeting. This was attributable to a number of factors, the most significant of which included changes to the accounting treatments around highways which had been a particular cause of the delay. In addition, the remote close down during the pandemic; single points of failure within the Finance team (due to an unavoidable staff absence); an increased focus on valuations and changes to audit and accounting standards had culminated in issues for all parties. She referred to a piece of work led by the Deputy City Treasurer focussing on lessons learnt which would, in particular, streamline future reporting around cash flow statements.

Discussions moved to whether there would be a knock on effect on the following year's external audit completion. The Chief Accountant provided an overview of the steps necessary to progress the closure of the 2021/22 accounts and the challenges this presented in view of the planned submission date of September 2022. The Committee therefore noted that a delay on completion of the audit was indeed very likely. In respect of capacity within the Finance team to assist with its completion, the Deputy City Treasurer advised that additional resource had been provided within the Council's Finance team, with added support from wider Finance Directorate colleagues. Additionally more input was planned around quality assurance measures prior to submission to the external auditors to ease the process. Ms Murray also referred to capacity issues from the perspective of the external auditors, which was largely attributed to their scheduled programme of work with other entities meaning that pauses in progress were, at times, unavoidable.

Decision

1. To note the progress of the external audit of accounts 2020/21

2. To note that the finalisation of the external audit of 2021/22 accounts was unlikely to meet the September 2022 completion date.

AC/22/12 Risk Review: Adults Assurance Update

The Committee considered a report of the Executive Director of Adult Services which provided an update on the actions taken to address risk in respect longstanding and partially implemented audit recommendations in relation to Adults Mental Health safeguarding and transitions from Children's to Adults social care.

The report therefore focussed on:

- Actions Taken to Develop the Social Work Transitions in Care Service and a summary of Next Steps; and
- Actions to support the reconciliation of mental health casework records across the Adult Service function and the Greater Manchester Mental Health Trust (GMMHT), as well as additional measures taken to provide added assurance

With regard to Social Work Transitions, significant progress across the system in respect of planning and preparation for the transition to adulthood was reported, which formed part of a wider programme of improvement activity. This included the development of new practice forums, an invigorated multi-agency focus to deliver an impactful and joined up approach to referrals and care delivery. Additionally, a service delivery improvement in respect of Care Act assessments for young people before or within their 18th year instead of at or following a young person's 18 birthday was reported. The Committee was also invited to note external assurance had been provided for the service following an OFSTED inspection of Special Educational Need and Disability (SEND) services in November 2021. The inspection had found leaders' clear vision for improving outcomes for children and young people with SEND; that appropriate and timely interventions were provided and good oversight of delivery including priorities for action had been maintained. Further priorities were also outlined in the meeting regarding earlier identification of young people approaching the transition to adult services and earlier assessment and review functions of young people with an Education Health and Care Plan to support the management of future demands on services. An expansion of the team was also reported in the form of two additional staff members who would be specifically recruited to deliver person focused planning arrangements.

With regard to the reconciliation of mental health casework and safeguarding referrals between social work and health colleagues, reference was made to the challenges of infection control measures arising from the pandemic on service delivery and the impact of GMMH's COVID business continuity plans to manage significantly increased demands on services. The Deputy Director of Adult Services spoke about time that had been invested in actions and resources to mitigate the complexities of reconciling records across two different recording systems, which was at the heart of the issue and was a common feature nationally across integrated health and care forums. Weekly and monthly reporting arrangements outlined in the report underpinned the process of record reconciliation, resulting in confidence that there were no gaps in the data and that the risks of omissions or errors had been addressed. In addition, further steps were being introduced around GMMHT staffing,

which included additional training input with regard to case-management recording as well as the development of the Council's own systems processes which were outlined in the report.

The Committee welcomed the work that had taken place around transitions in care services and stressed the importance of consistent oversight. With specific reference to the impact of the pandemic, a member commented that further efforts may be necessary to address the needs of those young people who had either reached or passed their 18th birthday during that time. In response, the Service Manager - Transitions confirmed that this had been identified as a priority for the service and a proposal was in place to deliver focussed activity to address those gaps, using the input of the newly expanded team as sufficient capacity would exist in the initial stages. Efforts would be made to work with affected families to rebuild a relationship of trust in service provision, including (as an example) the offer of input about their experiences as part of the ongoing journey of service improvement.

Noting that improvements had been reported in respect of timeliness of the first assessments, more detailed performance information was requested. The Service Manager - Transitions confirmed that referrals were prioritised on a needs-led basis and that whilst numbers had initially been low at the time of the introduction of monitored performance indicators, they had since doubled indicating a positive and healthy trajectory. Targets would be determined with the input of the Transitions Board, mindful that pathway planning often required a multi-agency focus where some challenges existed (e.g. the age at which a young person became eligible for a particular health services). With regard to the timeliness of follow up assessments, inter-agency service inputs were highlighted as crucial to the process leading up to those assessments. Further work was therefore planned to enable capacity to meet demand as part of planned practice-led improvement activity. Discussions moved to how future demands on services were determined. The Committee was informed that the Transitions team worked closely with colleagues in the Performance, Research and Intelligence Directorate to gather rich, high quality data on young people with an EHCP to establish whether input from adult social care or health services needed to be arranged to ensure care delivery at the best possible time, adding that feedback indicated that a lack of information, advice and guidance was the biggest source of anxiety for service users as they prepare for adulthood. In response to a question around capacity to deliver a whole system approach, the Deputy Director of Adult Services described the two predominant referral routes into adult social care services, namely transitions from children's social services and adults in later life experiencing levels of frailty. Therefore the service had adopted a range of collaborative interventions to develop an effective demand management strategy, supported by cross – directorate information sharing (which included population modelling) to better understand where and how demand will change in the future.

There was a discussion about the role of parents and carers, the Manchester Parents and Carers Forum and the Parent Carer Board which was co-chaired by the Transitions Service. The Committee was informed that whilst this was not specifically referenced in the report, input from the Forum sat at the very heart of service improvement in recognition of their crucial role.

On the subject of mental health casework, assurance was also sought in respect of

lessons learnt about the reconciliation of care systems as the move towards integrated care delivery continued. The Deputy Director of Adult Services referred to a range of developments that were underway to underpin future data sharing and systems integration in a safe and secure manner. In response to a question about safeguards and the mitigation of potential risks in relying on the manual transfer of casework records, the Deputy Director of Adult Services made reference to end to end safeguarding measures, which involved multiagency and clinical staff at referral meetings, which had been given external assurance following the recent audit. Information about that process would be circulated to the committee for information, in due course. The Deputy Director also agreed to share with the Committee, further statistical performance information on the delivery of staff training for social care and health colleagues, including scope, implementation and it's evaluation.

There was a discussion about the delivery of Care Act responsibilities. The Deputy Director of Adult Services explained that those responsibilities had been delegated to GMMH so that multidisciplinary and clinical support to people with a mental health issue was available as part of a coordinated approach to care delivery. She asked the Committee to note that whilst this model provided the best service for the service user, it provided a degree of complexity in terms of the Council's own infrastructure.

The Deputy Leader with responsibility for Adult Services thanked the Committee for its input and spoke about the Service's ongoing transformation, adding that whilst that transformation had not yet concluded, she was reassured by the positive steps that had taken place, acknowledging the strong commitment that existed across the partnerships to deliver the highest quality care.

Decision

To note the assurance updates provided.

AC/22/13 Work Programme and Recommendations Monitor

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

Decision

To agree the Committee's Work programme for the forthcoming municipal year.

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**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 June 2022

Subject: Draft Annual Governance Statement 2021/22

Report of: Deputy Chief Executive and City Treasurer

Summary

This report introduces the draft 2021/22 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 2021/22 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 2021/22 AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2022/23.

2. Format and sections of the document, including improvements made

- 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, accessibility of the document, 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 In 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 were implemented in the AGS 2020/21, 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 has reduced duplication and brought efficiencies in resource expended.
- 2.3 To further develop the document for 2021/22, accessibility improvements have been made to the layout. 'SCULPT' principles have been used, which are a simple way to make documents and content more inclusive and accessible for all. This could include, for example, people using assistive technology or viewing documents on a mobile phone. Using SCULPT principles means that we consider: Structure – the use of headings and styles, Colour and Contrast, Use of images, Links (hyperlinks), Plain English, and Tables - which are either designed so as to be accessible, or not used at all. Following this review, images and tables have been removed from the document. Tables have been replaced by headings with text underneath, and images replaced by a narrative description.
- 2.4 In 2016, the Council fully reviewed and updated its Code of Corporate Governance (the Code) to reflect the seven 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. A further full review of both the document itself, and our approach to the production of the Code is currently being carried out.

2.5 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.

2.6 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 2021/22; This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2021/22 financial year, as identified in the Action Plan in the previous AGS (2020/21).

7 – Action Plan: Governance Challenges for 2022/23 Onwards; this section sets out the key areas which the Council will focus on in 2022/23, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2021/22

3.1 To identify significant governance issues to be addressed during 2022/23 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 2021/22
- Where appropriate carrying forward elements of action points from 2021/22 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 2022/23.

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. CIPFA has highlighted the Council's Code as an example of good practice.

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. As noted earlier in the report, we have also made accessibility improvements to the layout using SCULPT guidelines.

5. Next Steps and AGS Timeline

5.1 The next key reporting dates for the 2021/22 AGS are;

- 16 June 2022 – Draft AGS to Standards Committee
- 24 June 2022 – Draft AGS included with the Council's draft Accounts 2021/22
- 26 July 2022 – Draft Accounts 2021/22 to Audit Committee

5.2 Audit Committee is requested to note and comment on the contents of the draft version of the Council's 2021/22 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 26 July 2022.



Annual Governance Statement 2021/22

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. Governance 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.
- 1.2 A summary of significant governance challenges which the Council faces is 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. The Council's Corporate Plan sets out its priority actions for delivering the strategy for the city.
- 1.3 The national and international public health emergency caused by the COVID-19 pandemic have led to substantial impacts for the city and the Council. 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, in line with the Government's Living with Covid plan.
- 1.4 The introduction of the new Integrated Care System (ICS) arrangements at Greater Manchester level will drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration will be key to enabling further progress towards achievement of the priorities for the city. These ambitions are for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system.
- 1.5 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 - Forward to 2025, 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 five Our Manchester behaviours;
- We are proud and passionate about Manchester
 - We take time to listen and understand
 - We own it and are not afraid to try new things
 - We work together and trust each other

- We show that we value our differences and treat people fairly
- 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 not provide 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 describes 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 information 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.

There are seven core principles of good governance in the public sector, which are set out below (principles 'A' through to 'G'). Each core governance principle has a set of sub-principles beneath it with a description of how we meet those principles. Where applicable, hyperlinks are also provided where you can access more information about key examples of governance in action.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

A1 - Behaving with Integrity

- The Council's 'Our Manchester' approach included four behaviours that demonstrate the attitude and ways of working to achieve the Our Manchester Strategy, with a new fifth behaviour introduced in 2022:
 1. We are proud and passionate about Manchester
 2. We take time to listen and understand
 3. We own it and are not afraid to try new things
 4. We work together and trust each other
 5. We show that we value our differences and treat people fairly

These behaviours represent how we should do things, how we should treat others, what we should say, and how we should say it.

- We're prioritising workforce equality and diversity by creating a more inclusive Council, through delivering the Workforce Equalities Strategy 2022. [Equalities Strategy Implementation Update](#)

A2 - Demonstrating Strong Commitment to Ethical Values

- 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 Annual Report](#)

A3 - Respecting the Rule of Law

- 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 way, correct procedures are followed, and that all applicable laws and regulations are complied with. The City Solicitor is also responsible for reporting any actual or potential breaches of the law or maladministration to the Full Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively. [Our Constitution](#) - article 12.3(b)
- The Chief Finance Officer (Deputy Chief Executive and City Treasurer) has statutory reporting duties in respect of unlawful and financially imprudent decision making. [Our Constitution](#) - article 12.4(a)
- The Council ensures that it complies with CIPFA's Statement on the Role of the Chief Finance Officer in Local Government (2016)

Principle B - Ensuring openness and comprehensive stakeholder engagement

B1 - Ensuring Openness

- 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. Design of the site has considered and incorporated understanding of the needs of people with accessibility requirements. [Manchester City Council website](#)

- 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. [Council Meeting Agendas and Reports](#) [Webcasts of Council Meetings](#)

B2 - Engaging Comprehensively with Institutional Stakeholders

- The Our Manchester Forum supports development of effective relationships across leaders of the city's key private, public, voluntary and community sector organisations and our residents. The Forum benefits the city by driving forward the priorities set out in the Our Manchester Strategy to put Manchester in the top-flight of world class cities by 2025. [Our Manchester Forum Information - The Manchester Partnership](#)
- 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. [Register of Significant Partnerships](#)

B3 - Engaging with Individual Citizens and Service Users Effectively

- 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. [Our Manchester Strategy – Forward to 2025 \(Item 32\)](#)
- 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. [E-bulletins and Social Media](#)
- 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 Campaigning Engagement Framework \(Item 4\)](#)

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits

C1 - Defining Outcomes

- 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. Our Manchester Strategy – Forward to 2025. 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 be:
 - Thriving and Sustainable – vibrant with a cutting-edge economy involving and fairly rewarding all our people.
 - Highly Skilled – work-ready, well-educated young people and all residents supported to take up opportunities.
 - Progressive and Equitable – so all can thrive, with better joined-up support, care and health services.
 - Liveable and Zero-Carbon – safe, enjoyable neighbourhoods with affordable housing, zero-carbon by 2038 using green growth and design, energy, and more climate-resilience.
 - Connected – more walking, cycling and green transport, and accessible digital technology used by and working for everyone.

- Our Corporate Plan sets out the Council’s contribution to the Our Manchester vision. These priorities have been refreshed for 2022 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;
 - Zero carbon Manchester
 - Growth that benefits everyone
 - Young People
 - Healthy, Cared for people
 - Housing
 - Neighbourhoods
 - Connections
 - Equality
 - Well-managed Council

- We will help to deliver these priorities through new ways of working and by demonstrating the Our Manchester Behaviours. Medium Term Financial Strategy 2022/23 and 2024/25 (includes Corporate Plan priorities)

C2 - Sustainable Economic, Social and Environmental Benefits

- The Council declared a Climate Emergency in July 2019 and developed a Climate Change Action Plan which was approved by Executive in March 2020. Regular quarterly reports are provided on the progress that has been made in delivering the Plan despite the challenges posed by the COVID-19 pandemic. Climate Change Action Plan 2020-25 (item 37) Climate Change Action Plan - Progress Report
- 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. Powering Recovery: Manchester's Recovery and Investment Plan
- Our Work and Skills Strategy sets out how we will use learning and employment to meet the Our Manchester Strategy vision of being a more highly skilled city, and how we will help create a more inclusive and low-carbon economy in Manchester where more of our residents are connected to our city's success. A public consultation on the new strategy ran until 9 May 2022. Draft Work and Skills Strategy 2022-27
- 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. Developing a More Inclusive Economy – Our Manchester 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. Refresh of the Social Value Policy (item 17)

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

D1 - Determining Interventions

- 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
- The Future Shape of the Council programme has a workstream focussed Digital, Data and Insights which includes projects on data management to address a challenge with regard to data quality. This will ensure all data initiatives follow a well-defined approach to enable uniformity and consistency across enterprise systems and solutions, and improving insights for decision makers. Future Shape of the Council

D2 - Planning Interventions

- 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. The Council's Budget 2022/23 – item 26
- The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans also include a service improvement plan and active contributions to the corporate priorities of Zero-Carbon, Equalities, and a Place-Based approach.

D3 - Optimising Achievement of Intended Outcomes

- 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 2022-2025. Medium Term Financial Strategy 2022-23 and 2024-25

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it

E1 - Developing the Organisation's Capacity

- The Council's Organisation Development Plan (2021-23) (OD Plan) replaces the Our People Strategy which was solely focused on Human Resources and Organisational Development (HROD). The OD plan is the way in which we embed Our Manchester. It builds on existing work to transform the culture of the organisation to deliver against the Our Manchester Strategy. It builds on the voice of the workforce so that their insights and experience are truly reflected in what is described as our 'priority' areas. In the delivery of this plan we are structurally hardwiring the Our Manchester behaviours into everything we do. The six priority areas in the OD Plan are; Purpose, Change, Decision and Risk, Diversity and Inclusion, Performance and Development, and Partnerships.
- The Future Shape of the Council programme is reshaping how Manchester delivers services both internally and externally, by using new technologies, ways of working and new delivery models. It is an organisational wide initiative bringing together a number of programmes designed to strengthen our ability to deliver the Our Manchester Strategy. Future Shape of the Council

E2 - Developing the Capability of the Organisation's Leadership and Other Individuals

- Immediately following local elections, new Council Members receive an induction into the work of the Council and their role as local members. The format and content are reviewed annually with members. The induction training is also open for existing members to attend. Member Development and Training
- As part of the former 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. A new corporate induction process is in development. Progress and support is monitored through the About You process. 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 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'. A refresh of this strategy is planned during 2022/23. Being Our Best Selves strategy

Principle F - Managing risks and performance through robust internal control and strong public financial management

F1 – Managing Risk

- 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
- Staff are appropriately trained to ensure that they manage risk effectively using appropriate methodologies and aligned approaches e.g., Manchester Local Care Organisation. Safeguarding risks are managed in line with professional standards.

F2 – Managing Performance

- The Council puts in place Key Performance Indicators (KPIs) to monitor service delivery whether services are internal or through external providers. An Integrated Monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, workforce intelligence and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.

F3 – Effective Overview and Scrutiny

- 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 information](#)

F4 – Robust Internal Control

- 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 out in detail in both the latest Annual Corporate Risk Management report, and its Internal Audit Plan. [Internal Audit Plan 2022/23 - Item 6](#)
- 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. [Annual Corporate Risk Management Strategy and Risk Register 2022/23](#)
- 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. [Committee details - Audit Committee](#)

F5 – Managing Data

- 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. [Data Protection](#)
- 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-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 and is included in the Council's new starters induction pack.
- 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. [Freedom of Information](#) [Environmental Information Regulations](#)

F6 – Strong Public Financial Management

- 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. [Our Constitution \(Part 5\)](#)
- The Financial Management Code (FM Code) sets out the standards of financial management expected for local authorities and is designed to support good practice and to assist local authorities in demonstrating their financial sustainability. The FM Code was launched in 2019, with the first full year of compliance being 2021/22. Information about the financial resilience assessment which the Council has carried out is set out in Section 5 of this AGS document – 'Annual review of effectiveness of the governance framework'. [Medium Term Financial Strategy 2022-23 and 2024-25.](#)

- 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. Medium Term Financial Strategy 2022-23 and 2024-25.
- The performance and outcomes delivered through the companies, Joint Ventures and charities which the Council is a party to is monitored through the Commercial Board (chaired by the Deputy Chief Executive and City Treasurer) and recently established Shareholder Panel (chaired by the Deputy City Treasurer). In addition, the Council's loan and equity investments are also tracked through these routes to ensure that expected returns and repayments are in line with contractual agreements and forecasts. Furthermore, the Register of Significant Partnerships provides additional assurance through the detailed review of a number of entities which is reported to Audit Committee on a bi-annual basis.
- CIPFA's Prudential Code of Practice and Treasury Management Code of Practice sets out the risk framework through which the Council manages its balance sheet and makes capital investment decisions. Alongside the Department for Levelling Up, Housing and Communities (DLUHC) guidance on minimum revenue provision, and the guidance on borrowing from the Public Works Loan Board (PWLB) which seeks to limit borrowing solely for yield, the Council has a strong regulatory framework that it adheres to. The Capital Strategy and capital approval process detail the approach to decision making on capital investments, and the Treasury Management Strategy details the approach for debt management and cash investing, both of which contribute to strong, ongoing financial management of the Council's balance sheet. Capital Strategy and Budget 2020/21 to 2024/25 Treasury Management Strategy Statement 2022/23

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

G1 – Implementing Good Practice in Transparency

- The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data. Local Government Transparency Code
- 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. Manchester City Council website

G2 – Implementing Good Practices in Reporting

- The Council produces a detailed, annual State of the City publication, which charts the city’s progress towards its vision and priorities in the Our Manchester Strategy. State of the City Report 2021
- An integrated monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, workforce intelligence and risk - to support effective resource allocation, and to shine a light on any challenges so that they can be addressed.
- A Communities of Identity report will be produced working with communities, VCSE organisations and partners to identify the different experiences of diverse communities in Manchester.

G3 - Assurance and Effective Accountability

- The Council welcomes peer challenge, internal and external review and audit, and inspections from regulatory bodies and gives thorough consideration to arising recommendations. The outcome letter of the recent (21 March - 1 April 2022) Inspection of Local Authority Children’s Services for Manchester was published on the Ofsted website in May 2022. This grades the overall effectiveness of children’s services as ‘Good’. The report notes that services for children in Manchester have significantly improved since the last inspection in 2017, and that many areas of service provide consistent practice for most children and their families. This includes when children first need support, come into care, and leave care. Inspection of Manchester local authority 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. Audit Committee meetings
- 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.

- The Council requested a Corporate Peer Review from the Local Government Association (LGA) which took place from 30 November to 3 December 2021. The overall feedback from the peer reviewers was very positive for both the Council and the city. [Manchester City Council Peer Review and Action Plan](#) [LGA Corporate Peer Review](#)

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:
 - 1) **The Executive** - Proposes the budget and policy framework to Council and makes decisions on resources and priorities relating to the budget and policy framework
 - 2) **Audit Committee** - Approves the Council's Annual Accounts, oversees External Audit activity and oversees the effectiveness of the Council's Governance, risk management and internal control arrangements
 - 3) **Resources and Governance Scrutiny Committee** - Considers the implications of financial decisions and changes to corporate, partnership and city region governance arrangements
 - 4) **Standards Committee** - Promotes high standards of ethical conduct, advising on the revision of the Codes of Corporate Governance and Conduct for Members
 - **Consideration of evidence sources to identify the Council's key governance challenges looking ahead to 2022/23 (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. The questionnaire was sent to 57 different service areas, and the response rate was 100%.
 - 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 2021/22 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2021/22** - In terms of the year to March 2022, the Head of Audit and Risk Management can provide 'reasonable' assurance that the Council's governance, risk and control framework was generally sound and operated reasonably consistently in the year. The full opinion detail is set out in the Annual Audit Opinion 2021/22 report to Audit Committee.
- **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.
- **CIPFA Financial Management Code 2019 (FM Code)** - The authority has carried out a credible and transparent financial resilience assessment. This includes consideration of the CIPFA Financial Resilience Index which shows the Council to be relatively well placed on earmarked reserves and in a reasonably comfortable mid position on the other indicators. The only ratio classed as high risk relates to the low council tax base which is well understood and has mitigations in place. The index is not intended to represent the entire story on the financial sustainability of a Local Authority but provides some indicators of potential risk. In addition, the Chief Finance Officer has examined the major assumptions used within the budget calculations and associated risks. The Medium-Term Financial Plan and Capital Strategy have been updated to reflect the 2022/23 budget position including the current and anticipated financial impacts of the COVID-19 pandemic. The 2022/23 budget was approved by Council on 4 March 22.
- **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.
- **Commercial Governance** – the Council has oversight and assurance for governance in relation to its companies, loans and equity investments via the Commercial Board and Shareholder Panel. Regular performance reporting is reviewed via these forums to ensure that the expected governance standards are met both in terms of the Seven Principles of Public Life and embedding the delivery of zero carbon and social value through organisational approaches.

6. Strategic oversight of actions to address the Council's governance challenges in 2021/22

This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2021/22 financial year, and the arrangements for oversight of delivery. The ten challenges were set out in the Action Plan at the end of last year's AGS (2020/21). Where relevant, separate detailed progress updates are provided to Project and Programme Boards, and where applicable reports and information are taken to Committees.

Action 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

Governance of actions taken and planned

Established processes have ensured good governance of the response to, and recovery from the COVID-19 pandemic. Plans which have ensured an effective response and recovery have included:

- 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

Areas of focus have included support to business, skills and the labour market, homelessness, and poverty.

Is this governance challenge carrying forward to 2022/23?

No. This has been replaced by Item 3 in the Action Plan 2022/23 (section 7), which includes responding to the health inequalities exacerbated by the COVID-19 pandemic.

Officer Leads: Chief Executive, Deputy Chief Executive & City Treasurer, Strategic Director of Neighbourhoods, Director of Population Health

How this is monitored: The Executive, Economy Scrutiny Committee, Resources and Governance Scrutiny Committee

Action 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.

Governance of actions taken and planned

Organisation Development

- Organisation Development (OD) Plan 2021-23 has replaced the Our People Strategy. The Our People Strategy was focused on how HROD operated, whereas the OD plan now sets out how the whole organisation operates with the support of the HROD service.
- The OD plan sets out the way we will continue to embed the five Our Manchester behaviours throughout the organisation, with an increased focus on our most complex challenges, processes and systems.
- The Local Government Association (LGA) Corporate Peer Challenge of the Council (December 2021) found that the Our Manchester Strategy and Our Behaviours were well embedded in how we work internally and with our partners.
- A fifth Our Manchester behaviour was developed, in consultation with our staff, focused on embedding our commitment to equality, diversity and inclusion developed in 2021/22. It is currently being embedded as part of our core values.
- Plans are in place to roll out the updated corporate induction programme in early 2022/23.

Employee Code of Conduct:

- Council wide communications have taken place to support the embedding of the Employee Code of Conduct.
- An accessible policy guidance pack has been shared with all staff through the Senior Leadership Group with ongoing support available from HROD.
- The level of resource available to support this corporate communications campaign within HROD has been impacted by the pandemic. There is a plan to further embed the Code across all levels of the Council in the coming year.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 1 in the Action Plan 2022/23 in section 7.

Officer Leads: Deputy Chief Executive & City Treasurer, City Solicitor, Director of HROD

How this is monitored: Resources and Governance Scrutiny Committee, SMT, Organisation Development team

Action 3 - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies 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.

Governance of actions taken and planned

- The Future Shape Programme team ensures the governance for the workstreams are in place. Following the Peer Review the governance arrangements have been streamlined and adopt a more agile methodology. The work programme was also revised to include:
 - A more Purposeful and Effective Core
 - Digital, Data and Insights
 - Digital by Default, customer access and front door
 - How we will work
- In parallel with Future Shape, work was undertaken through the reviews of Public Interest and Best Value reports (and aligned to the Future Shape programme where appropriate) to assess and strengthen the Manchester approach to governance. Outcomes delivered include:
 - Directorship training
 - Decision Making checklist
 - Late Publication of Reports - action plan to improve
 - Shareholder Panel
 - Procurement benchmarking
- Work continues to ensure there are clearer lines of accountability, and clearer remits of the various groups supporting governance of the Council as a whole (including the Future Shape Programme), to streamline them and improve co-ordination, preventing duplication that could result in over-governance.
- Capability and capacity of the workforce to align effectively to key priorities and organisational requirements will be supported by the Future Shape programme and OD plan

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 2 in the Action Plan 2022/23 in section 7.

Officer Leads: Deputy Chief Executive & City Treasurer, City Solicitor, Future Shape Programme Team

How this is monitored: The Executive, Scrutiny Committees

Action 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.

Governance of actions taken and planned

- 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 development and delivery of the Manchester Climate Change Action Plan (CCAP) 2020-25, which was approved by the Executive in March 2020.
- Workstreams deliver the actions outlined under the five priority areas within the CCAP. Workstreams are overseen by operational officers and a senior manager as workstream lead for each priority. The five workstreams are-
 - 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
- The Council's Climate Change Action Plan is currently going through a refresh, which will be taken to Executive in Autumn 2022. The Council's emissions and delivery of the Climate Change Action Plan is tracked through quarterly and annual reports, these are presented to Scrutiny and published on the Council website. Our Climate Change Action Plan 2020-25 sits alongside the citywide framework produced by Manchester Climate Change Partnership.
- Analysis by Climate Emergency UK compared climate action plans from 409 UK local authorities. The Council was placed first amongst single tier authorities and third overall and our CCAP 2020-25 was rated one of the strongest in the country.

Is this governance challenge carrying forward to 2022/23?

No. Delivery and monitoring will continue via the established governance processes.

Officer Leads: Deputy Chief Executive and City Treasurer, Assistant Chief Executive, Zero Carbon Coordination Group

How this is monitored: Neighbourhoods and Environment Scrutiny Committee, The Executive

Action 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.

Governance of actions taken and planned

- Integrated Care Systems (ICS) are being established nationally following recent Government reforms to the NHS. This includes an ICS at the level of Greater Manchester, from July 2022. Manchester's locality board is the Manchester Partnership Board. Arrangements are being made for a safe transition and development of a new locality operating model. The Council Chief Executive has been appointed as the Place-Based Lead for Manchester and support arrangements to the Chief Executive are being put in place. Key functions formally delivered by the Manchester CCG (MHCC) will also be deployed.
- In 2021/22 a new section 75 agreement was finalised between Manchester University NHS Foundation Trust and the Council which sets out the governance arrangements for the MLCO and the deployment of adult social care services into the MLCO.
- Governance arrangements within the MLCO have been strengthened as a result, as have partnership arrangements in Manchester supporting the MLCO including the Manchester Accountability Board (which is now operating as the Manchester Provider Collaborative in shadow form ahead of the move to the GM ICS arrangements) and the Manchester Partnership Board. The Manchester Accountability Board is co-chaired by the Council's Deputy Leader and Executive Member for Health and Care and is attended by the Council's Chief Executive, Deputy Chief Executive and City Treasurer and the Executive Director of Adult Social Services.
- The development and delivery of adult social care through the MLCO is overseen through these arrangements including the delivery of the Better Outcomes, Better Lives Programme.
- The strength of the integration arrangements in Manchester and through the MLCO were highlighted in the LGA Corporate Peer Challenge review of the Council, in December 2021.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 5 in Action Plan 2022/23, Section 7

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Health and Wellbeing Board, Manchester Accountability Board (Manchester Provider Collaborative in shadow form), Manchester Partnership Board

How this is monitored: Health Scrutiny Committee, The Executive

Action 6 - Ensure effective governance of the delivery of 'Better Outcomes, Better Lives' which is MLCO's transformation programme for Adult Social Care.

Governance of actions taken and planned

- Governance structures were established in January 2021 and have been adapted as necessary since then to best support the delivery of the programme.
- A recent internal audit of the governance of the programme found substantial assurance that the governance, monitoring and challenge arrangements effectively support delivery of the Better Outcomes Better Lives programme ('substantial' is the highest level of assurance that can be provided in an audit).
- Work is underway to implement three recommendations made by Internal Audit:
 - To formally map out the interdependencies between workstreams to ensure clarity and allow a review of current arrangements in place to manage these interdependencies.
 - To ensure that reporting mechanisms are developed to report progress in delivering high level programme priorities and milestones and to provide assurance on whether the overall programme remains on track to be completed in 2024 as planned.
 - To review the membership of the programme board and workstream steering groups with a view to ensuring all members are active decision makers or contributors. The review of the membership of programme board has been completed and the programme and the new membership will be in place for the June 2022 Board meeting.

Is this governance challenge carrying forward to 2022/23?

No. There is assurance that effective governance of the programme is in place.

Officer Leads: Executive Director of Adult Social Services, Better Outcomes, Better Lives Programme Board

How this is monitored: Health Scrutiny Committee

Action 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).

Governance of actions taken and planned

- There is strategic direction for ICT and a roadmap for digital innovation, as defined in the Council's ICT & Digital Strategy with a supporting Future Operating Model (FOM) with input from external expertise.
- This will ensure that ICT continues to support the Council in the right way, as business need and technology evolves over time.
- Initiatives include telephony, procuring the Resident and Business Digital Platform (RBDXP) which will replace SAP and Customer Relationship Management (CRM)), replacing legacy applications with new, modern systems, (successful migration to Microsoft 365, upgrading the Wide Area Network, and upgrading end user devices).

Is this governance challenge carrying forward to 2022/23?

No. There will remain ICT related risks, that are managed through the Corporate and Directorate risk registers.

Officer Leads: Deputy Chief Executive & City Treasurer, Director of ICT, ICT Board

How this is monitored: Resources and Governance Scrutiny Committee

Action 8 - Strengthening the consistency of and accountability involved in the Council's approach to commissioning, procurement and contract management. This includes improving supply chain resilience, building in carbon reduction requirements and reducing reliance on waivers.

Governance of actions taken and planned

- Governance of contracting, and procurement is now primarily overseen by the Commercial Board, with the Social Value Governance Board and Zero Carbon Workstream three, providing focused oversight on social value and zero carbon respectively. Integrated Commissioning and Procurement now provide a Procurement and Contracts update as a standing item on every Commercial Board, which will also include details of relevant audits (e.g in respect of waivers) and actions being taken. There are various continuing initiatives being progressed on the ground to strengthen contract management, social value and zero carbon, which the aforementioned groups oversee.
- In December a final report was issued for the review of Waivers and Contract Extensions. The key findings of this audit were reported to Audit Committee in November 2021.
- A number of these areas were also reviewed as part of the work of the Best Value Task & Finish (BVT&F) Group, with regular reports being presented to Commercial Board on procurement activity, policy and any potential improvements to strengthen internal processes.

- The BVT&F Group has now concluded its work and activities are being mainstreamed or linked into other work programmes such as Future Shape of the Council.

Is this governance challenge carrying forward to 2022/23?

No.

Officer Leads: Deputy Chief Executive & City Treasurer, Head of Strategic Commissioning, Social Value Governance Board, Commercial Board, Future Shape of the Council programme

How this is monitored: Resources and Governance Scrutiny Committee

Action 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.

Governance of actions taken and planned

- A Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) has been established, which is chaired by the City Solicitor (SMT lead for equalities). This group provides corporate leadership, assurance and direction on equalities, diversity and inclusion. They work with staff network chairs in respect of issues raised, and provide regular reporting regarding workforce and the development
- An updated Workforce Equality Strategy with six strands of work has been produced. Activity from the strands of work includes making sure our recruitment, including policy and processes, is inclusive and designed to attract a talented and diverse workforce, and adding an equality, diversity and inclusion objective to every senior manager's annual appraisal.
- Reports on Race (October 2021) and Disability (December 2021) have been taken to the Communities and Equalities Scrutiny Committee.

Further work planned for 2022/23 includes:

- To ensure all services of the Council are complying with the Public Sector Equality Duty
- Development of a robust Quality Assurance function and accountability framework for Equality Impact Assessments
- A Communities of Identity report will be produced working with communities, VCSE organisations and partners to identify the different experiences of diverse communities in Manchester.
- Further reports, on the topics of sex and gender.

Is this governance challenge carrying forward to 2022/23?

Yes. See Item 3 in Action Plan 2022/23, Section 7.

Officer Leads and Groups: Chief Executive, City Solicitor, Director of HROD, Corporate Equality Diversity and Inclusion Leadership Group (CEDILG)

How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 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.

Governance of actions taken and planned

- The programme of transition of Northwards Housing ALMO back in house and the establishment of new governance arrangements is substantially complete, including conclusion of the 100-day integration plan, and embedding former Northwards colleagues within the Council as part of the Housing Operations Service.
- A Board, 'Northwards Housing Service Advisory Committee', has been established, which is responsible for overseeing the delivery of housing services to the Council's housing stock. This is chaired by the Executive Member for Neighbourhoods.
- Full information on the transition and governance arrangements is set out in the reports 'Housing Revenue Account Business Plan' and 'Council Housing Stock – Governance Arrangements' taken to November and December 2021 Resources and Governance Scrutiny Committee meetings.

Is this governance challenge carrying forward to 2022/23?

No.

Officer Leads: Strategic Director - Development, Director of Housing and Residential Growth

How this is monitored: The Executive, Economy Scrutiny Committee, Resources and Governance Scrutiny Committee, Northwards Housing Service Advisory Committee

7. Action Plan: Governance Challenges for 2022/23 Onwards

The review of governance arrangements has identified seven main areas where the Council will need to focus its efforts during 2022/23, to address changing circumstances and challenges identified. These are set out in the section below. Completion or substantial progress against these objectives is due by the end of the financial year, in March 2023.

Action 1 - Embedding and delivery of the Organisation Development (OD) Plan 2021-23 to further improve Council wide governance arrangements.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, City Solicitor
- Responsible officers (Directors or Heads of Service): Director of HROD
- How this is monitored: Resources and Governance Scrutiny Committee

Action 2 - Future Shape of the Council – Ensure effective governance of the coordination of, and interdependencies 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.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer,
- Responsible officers (Directors or Heads of Service): Director of HROD, Head of Reform and Inclusion
- How this is monitored: The Executive, Scrutiny Committees

Action 3 - 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. Also in scope is co-ordination of work to mitigate the negative impacts of health inequalities exacerbated by the COVID-19 pandemic, highlighted by the Marmot report (Building Back Fairer, 2020).

- Responsible officers (SMT): Chief Executive, City Solicitor, Strategic Director – Development
- Responsible officers (Directors or Heads of Service): Director of HROD, Director of Inclusive Economy, Director of Public Health, Head of Reform and Inclusion
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 4 - Governance of the response to national and international demands, including emergency responses. This includes responding effectively to Government-led programmes of support, for example the energy rebate, and support schemes for Afghan and Ukrainian migrants.

- Responsible officers (SMT): Chief Executive, Strategic Director - Neighbourhoods
- How is this monitored: Scrutiny Committees

Action 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, and work to develop the Manchester Operating Model supporting the introduction of the Integrated Care System (ICS) at Greater Manchester (GM) Level from July 2022.

- Responsible officers (SMT): Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive
- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How is this monitored: Health Scrutiny Committee

Action 6 - Effective governance with MLCO in preparation for the significant reforms facing Adult Social Care (ASC). This includes the work to move to a Fair Cost of Care, the implementation of the Care Cap, and the planned changes to the Care Quality Commission (CQC) inspection regime.

- Responsible officers (SMT): Director of Adult Social Services, Deputy Chief Executive & City Treasurer
- Responsible officers (Directors or Heads of Service): Deputy Director of Adult Social Services
- How is this monitored: Health Scrutiny Committee

Action 7 - Responding to the recommendations from the LGA Peer Review, including developing the next 3-5 year Medium Term Financial Plan and Capital Strategy. This will involve early planning to address challenges including financial risks (for example inflation and ASC reforms), uncertainty about our future resources with the one-year Finance Settlement, potential delays to the proposed funding reforms, and restraints on the capital programme including increased borrowing costs.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, Assistant Chief Executive
- How is this monitored: Resources and Governance Scrutiny Committee, Executive

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.

**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 June 2022

Subject: Register of Significant Partnerships 2021

Report of: Deputy Chief Executive and City Treasurer

Summary

This report provides an overview of the Register of Significant Partnerships 2021, 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.
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Background documents (available for public inspection):

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

- Report to Audit Committee 23 November 2021: Register of Significant Partnerships 2019.
- Report to Audit Committee 15 June 2021: Register of Significant Partnerships 2019.
- 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 a range of entities through the review of the Register of Significant Partnerships (RSP). The Council has maintained a register since 2008 as part of its approach to good governance.
- 1.2 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; 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 appropriate to their scale, legal status and delivery objectives.
- 1.3 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 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.
- 1.5 The RSP forms part of the Council's 'Partnership Governance Framework' which was introduced in 2013 and is included in the Annual Governance Statement. 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. Furthermore, the approach to tracking external partnership activity in this way has been highlighted as an example of good practice in the recently published CIPFA Local Authority Owned Companies guide.
- 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 With the exclusion of Private Finance Initiatives (PFIs) it should 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 monitoring and review 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.

2.2 The process starts with the completion of a self-assessment form being completed by an appointed partnership link officer. The form asks a number of questions about the partnership, including: 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 assurance rating based on the robustness of the arrangements that the partnership has in place.

2.3 The four levels of ratings used during the self-assessment are:

- **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 partnerships and the Council's objectives will not be met unless action is taken. Critical priority or a number of significant priority actions required.

2.4 Following the self-assessment, the proposed ratings are moderated by an officer working group made up of a range of service areas from across the Council: Audit, Commercial Governance, Finance and Legal. The officer working group's role is to check and challenge the content of the submission and agree the proposed ratings to be included within the RSP. This process provides an opportunity for any improvements to be suggested based on the information that has been provided. These improvement ideas are then fed back to the relevant link officer for consideration and implementation.

- 2.5 Following the completion of the 2021 review process, of the 48 partnerships on the Register, the ratings are as follows:
- 37 (77.1%) are rated as having a 'Substantial' assurance rating
 - 4 (8.3%) rated as 'Reasonable'
 - 1 (2.1%) rated as 'Limited'
 - 0 rated as weak,
 - 5 (10.5%) proposed to be removed from the register.

3. Entries added to the Register in 2021

- 3.1 For this update, there were no new entries proposed to be added onto the register.
- 3.2 It is to be noted that gap analysis against the recently established Company Database, managed by the Commercial Governance service area, to verify all partnerships currently on the register will be completed and a transparent process for adding any new entries that fall within the criteria outlined above developed and implemented.

4. Entries proposed to be removed from the Register

- 4.1 Following the annual review of the RSP, there are five entries proposed for removal. The rationale for this is that the entities are no longer active, are in the process of being closed or no longer have a significant working relationship with the City Council.

4.2 National Car Parks Manchester Limited (entry 5)

- 4.2.1 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 end in June 2019. A decision was made on 1st April 2019 that saw the arrangement extended for an 18-month period, and the arrangement finally ended on 31st December 2020.
- 4.2.2 NCP indicated that the company was insolvent and Quantuma Advisory Limited were appointed as the liquidators for the company and a report to all creditors was issued.
- 4.2.3 As the liquidation process of the company has commenced all information including the settlement of the creditors' claims sits entirely with the liquidators. A formal request has been sent to the liquidators to try to ascertain a timeline for completion. Once the liquidation process has been completed the company will cease to exist.
- 4.2.4 As a consequence of the entity being in liquidation and the City Council no longer holding any control or influence over the company it is recommended that it be removed from the Register.

4.3 Spinningfields (entry 6)

- 4.3.1 Manchester City Council and Allied London entered into a Development Agreement (DA) in May 2002, covering the redevelopment of the area known as Spinningfields, between Deansgate and the River Irwell. The DA set out the parties' obligations relating to the development activity that would see the delivery of the regeneration of this area.
- 4.3.2 The primary purpose of the DA was to facilitate the delivery of a new major mixed-use neighbourhood within the City Centre, including delivery of new court buildings, city centre residential development and significant commercial space in addition to an entirely new office market for the city.
- 4.3.3 There was new public realm, squares and routes through this part of the city, including a new bridge connecting the site with Salford and the adjacent Salford Central Rail Station. This is governed under the Public Realm lease and managed in line with the Public Use and Access Deeds.
- 4.3.4 The development activity across the Spinningfields Estate has now concluded. The delivery of No.1 Spinningfields and the XYZ Building were the final two major office buildings within the DA scope.

4.4 First Street (entry 14)

- 4.4.1 The First Street Development Agreement between the Council and Ask Developments for the First Street area dates back to December 2009 with the aim to deliver the comprehensive regeneration of the area in phases.
- 4.4.2 The first phases have completed with land drawdown, land payments and development delivery completed in accordance with the provisions of the Development Agreement. The Council maintained an influence through the retention of the freehold but Ask led on the delivery and marketing of the development.
- 4.4.3 All obligations under the Development Agreement have been fulfilled with all the plots drawn down and payments made to the Council.
- 4.4.4 The outcome of the development is a number of landmark buildings and the creation of a destination that has a variety of uses including HOME, several food and beverage establishments, and a new grade A office accommodation in an area on the periphery of the city centre.

4.5 Northwards Housing (entry 29)

- 4.5.1 The Council established the Arm's Length Management Organisation (ALMO) Northwards Housing Limited (NHL) in 2005 with the primary objective of securing government funding to deliver the Decent Homes standard. Northwards Housing managed and maintained c13,500 Council properties across estates in North Manchester.
- 4.5.2 A decision was taken by the Council to insource the ALMO in January 2021. The decision was made following lengthy consultations with residents,

stakeholders, and staff. A test of opinion was carried out and residents who voted chose for the ALMO to be insourced to the council. An insourcing project was developed in February 2021 and led by the ALMO project board and supported joint workstreams jointly led by colleagues from MCC and Northwards. Similar governance arrangements were set up by Northwards. The transfer was completed on time and the City Council took back direct control of the management of the housing stock and all employees on 5th July 2021.

4.5.3 There is still a Board in place to manage Northwards Housing Ltd the legal entity and this is made up of three Council nominated representatives. The Board approved the annual financial accounts for 2020/21 and these were submitted to Companies House at the start of April 2022.

4.5.4 It is now planned to commence work on the application to strike off the company. Audit Committee should be assured that striking off the company will have no effect on the service, tenants or stakeholders, as the delivery of the housing services is now fully embedded within the Neighbourhoods Directorate of the City Council and as such falls within the governance arrangements of the Council.

4.6 Manchester Health and Care Commissioning (entry 39)

4.6.1 Manchester Health and Care Commissioning (MHCC) was established as a partnership between the City Council and NHS Manchester Clinical Commissioning Group (MCCG) in 2017 in relation to the commissioning of health, public health and social care services and activity.

4.6.2 The Government announced NHS reforms that are to 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.

4.6.3 On 28 April 2022 the Health and Care Bill received Royal Assent. MCCG will cease to exist and on 1st July 2022 the NHS Integrated Care Boards (ICB) will be created as the statutory bodies for commissioning NHS health services. Manchester will become part of the Greater Manchester Integrated Care System, and the Section 75 agreement in place will novate to the ICB. In preparation of its cessation MCCGs focus of its governance arrangements will be to ensure a safe and legal closedown of the organisation and transition into the new arrangements. However, the governance structure remains robust and the achievement and continuation of MHCC's objectives remains a key focus as part of the transition. MHCC are preparing detailed legacy documents for transfer to the ICB with the aim of ensuring the continuation of its work into the new system.

4.6.6. Given the imminent changes it is recommended that this partnership be removed from the register.

5. Partnerships where assurance rating has improved

5.1 On completion of the latest review, there are four entries on the register whose level of assurance rating has improved since the 2020 assessment update, all of which are proposed to move from 'Reasonable' to 'Substantial'.

5.2 Manchester International Festival (entry 25)

5.2.1 Manchester International Festival (MIF) is a biennial festival, with the City Council having a grant agreement in place with the festival with the aim to build on MIF's position as the leading festival of original work created by a wide range of international artists.

5.2.2 To secure Manchester's reputation as a leading cultural city and showcase its ability to deliver large scale events whilst ensuring the event is sustainable both financially and environmentally, MIF will operate the city's new arts venue The Factory.

5.2.3 MIF has started the process to move from the delivery of a biennial festival to managing an arts venue day to day maintaining a constant level of innovative work and an ambitious engagement programme which focuses on skills and talent development. From Spring 2023 the funding agreement will focus on the running of the Factory venue.

5.2.4 As part of the process to ensure MIF are ready to open the Factory and ensure that income and expenditure are effectively managed an external advisor was appointed to assist with the development of a robust Business Plan.

5.2.5 The Business Plan has been developed and has been shared with the Arts Council England for approval. The Business Plan will enable both the City Council and Arts Council England to monitor performance when the Factory opens.

5.3 AVRO Hollows (entry 33)

5.3.1 The AVRO Hollows Tenant Management Organisation (TMO) was set up in 2008 and manage 312 properties in Newton Heath under the right to manage regulations. This includes four tower blocks and 28 low-rise flats. AVRO Hollows manage allocations and lettings along with incidents of lower-level antisocial behaviour. They also procure their own repairs and maintenance contractor to manage repairs and relets work. The TMO employs a full time Housing Manager and administrative support along with caretakers and a handyman. The current Housing Manager has taken up the position in the last 12 months.

5.3.2 A management agreement is in place, which sets out the standard terms and conditions and defines the relationship between the TMO and the Council. The TMO is monitored by Housing and Residential Growth.

5.3.3 The Council's Internal Audit function undertook a review of operational arrangements in place at the TMO, including repairs, anti-social behaviour,

fire risk assessments and disrepair claims. All recommendations will be monitored and progressed and a follow up is included on the annual internal audit plan for 2022/23. Despite the audit plan being in place, it is felt, from the information provided at the point of assessment, that governance assurance and controls have improved, therefore moving the entity onto the substantial category.

5.4 SHOUT (entry 34)

- 5.4.1 Shout Tenant Management Organisation (TMO) manage 103 low-rise properties in Harpurhey on behalf of the City Council through the Right to manage regulations. Shout employs a part-time officer who manages allocations and lettings along with lower-level antisocial behaviour. The Council's Housing Delivery service (previously Northwards Housing) review all serious antisocial behaviour cases and consider whether any further action, including legal action, is required and procure this on behalf of the TMO. The Housing Delivery Service also manage the repairs and maintenance service, re-let works, rent collection, and arears recovery, all "major" works including servicing.
- 5.4.2 Due to the small number of properties managed by the TMO, it has historically been difficult to recruit and retain Board members and this was further impacted due to COVID. To address this challenge the TMO is using multiple recruitment methods and undertaking a review of their board arrangements to improve retention of Board Members and further strengthen their governance.
- 5.4.3 There is a clear risk management process embedded within the TMO. Any risks are recorded on a risk log which is reviewed at Board meetings. Actions to mitigate risk are put in place, providing risk assurance. There is a clear process if the TMO requires additional support and strong links with Council officers to provide advice, thus strengthening their governance.
- 5.4.4 The TMO produces an annual budget which is devolved into a number of categories. To achieve financial assurance the TMO undertakes monthly monitoring reports. Any major variances to budget are reported on and appropriate action is taken to address the variance.

5.6 Brunswick PFI (entry 48)

- 5.6.1 This partnership is a contractual agreement between Manchester City Council and S4B, which is a consortium made up of four organisations: Equitix, VistryPartnerships, 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 but Covid did have some impact on the newbuild homes construction programme. These contractual changes have been agreed with

the consortium through a number of Contractual Change Notice's and the situation remains under constant review.

- 5.6.2 The decision making, and scrutiny process is set out in the PFI contract and Council officers ensure the partner is complying. It is felt the governance arrangements of the PFI are robust and allow for early warning signs around any potential risks with the project.
- 5.6.3 The City Council's Internal Audit function have previously considered the contract management and performance monitoring aspects of all the PFI contracts currently in place and awarded a Substantial Assurance Rating, which aligns with their governance practices.

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 multiagency 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 In 2021 MSP commissioned an independent effectiveness review of the partnership. A report on the findings and recommendations were presented to Accountability and Leadership in January 2022. All the recommendations from the review were accepted in full and a development plan is currently being created. Key areas for development that will be timetabled into the plan include improving decision making and scrutiny in 2022/23, developing a scheme of delegation, revise and refine risk identification, plan a schedule of scrutiny for 2022/23 and develop an engagement strategy in consultation with stakeholders/customers.

6.3 Greater Manchester Mental Health NHS Foundation Trust (GMMH) (entry 26)

6.3.1 The partnership is based on a legal contract with GMMH for the delivery of the Council's statutory duties under a Section 75 partnership agreement. The purpose is to deliver Social Worker Assessment and care management, approved mental health provision, community inclusion services and resettlement functions within an integrated health and social care organisation. The Section 75 Agreement forms part of a wider single integrated health and social care (NHS standard) contract held by GMMH and commissioned by the Council and Clinical Commissioning Group (CCG).

6.3.2 The NHS long term plan confirmed that all parts of England would be served by an integrated care system from April 2021, this has been delayed in Greater Manchester till July 2022. The adult's directorate is currently working with colleagues from legal services to develop and implement new contracting options given that the CCG will cease to exist in its current form and will be absorbed within a new GM Integrated Care System.

6.3.3 Over the last year, work has been undertaken with the Council's Performance, Research and Intelligence colleagues and the equivalent Business Intelligence Team within GMMH to improve data capture and collection around performance reporting and statutory data returns. The IT system used by GMMH is primarily a clinical management system and development changes are subject to a scheduled programme of releases which are prioritised within a broader GMMH corporate agenda. Further improvements required to data fields within GMMH's IT system need to be progressed.

6.3.4 Discussions on risk around service delivery take place within the GMMH partnership monthly meetings and risk around the delivery of the partnership is captured within the ASC Directorate risk register. There is currently no risk register distinct to the partnership in place however risks are captured in organisational registers, but it is planned to investigate this and develop a dedicated risk register if appropriate.

6.3.5 The Partnership does not have a distinct Audit Assurance function, but MCC's internal audit have a robust role in the oversight of the partnership and make recommendations for improvement. As part of the new contracting

arrangements, it is planned to explore the options available to strengthen the audit of the partnership going forward

6.4 Manchester Local Care Organisation (MLCO) (entry 40)

- 6.4.1 The Our Healthier Manchester Locality Plan sets the ambitions for the city to significantly improve health outcomes and tackle health inequalities.
- 6.4.2 The partnerships aim and objectives are set out in the newly agreed section 75 agreement which has been created to govern the partnership arrangements and decision making between MCC and Manchester Foundation Trust (MFT). The agreement will enable MLCO to deliver an enhanced range of functions and include the transfer of commissioning functions for social care.
- 6.4.3 There is a MLCO Accountability Board in place and this was established with the purpose to provide a clear, single, simplified set of governance arrangements, to support a single health and social care delivery approach for MLCO. MCC is represented by the Executive Member for Health and Well Being the Chief Executive and the Deputy Chief Executive and City Treasurer. Board members are expected to report back into their organisations; escalating issues and cascading information as required.
- 6.4.4 It is felt that the governance arrangements for the partnership are complex and it is proposed that the arrangements are reviewed in 2022/23.
- 6.4.5 The MCLCO has an agreed risk management framework in place and operated a risk register that is reviewed on a quarterly basis. It is felt that risk arrangements are robust however they do cross organisational boundaries and multiple frameworks.

6.5 One Education (entry 43)

- 6.5.1 One Education provides a range of educational and Business Support services to Manchester schools and following a competitive tendering process, One Education was awarded the contract for the provision of Educational Psychologist services to Manchester City Council schools.
- 6.5.2 The One Education Board is made up of two Executive Directors and two Non-Executive Directors appointed by the City Council. Budget monitoring is reported at every Board Meeting and action taken to mitigate any underperformance on income generation.
- 6.5.3 It has been identified that both Risk Management and Performance Management could be improved and would benefit from an increase in visibility at Board level.
- 6.5.4 It has been recognised and discussed that there is a need to expand the capacity and expertise on the Board. The current articles of Association do

not clearly set out the functions and accountabilities.

- 6.5.5 A review of One Education has recently been commissioned and is currently being carried out by SOLACE. The findings from the review are expected in June 2022.

Limited Rated Partnerships

6.6 Manchester Working Ltd (entry 4)

- 6.6.1 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. These arrangements have subsequently ceased as the contracts have been let to other companies.
- 6.6.2 MWL currently has one contract to deliver, and this is due to be completed by June 2022. No new work will be commenced as MWL are no longer bidding for new contracts.
- 6.6.3 There are two Council representatives on the MWL Board and Board meetings take place at regular intervals and appropriate financial and performances reports are presented.
- 6.6.4 Given that MWL are no longer bidding for new contracts, discussions have commenced around the future and the potential winding up of the company but timescales to complete this work have still to be agreed.

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

- 7.1 There are no partnerships where ratings have reduced from significant following the latest refresh of the Register.

8. Next Steps

- 8.1 The production of this year's Register of Significant Partnerships is the first time the Commercial Governance Team have been responsible for the completion of the report. Through the process, there have been some areas which have been highlighted to further strengthen the process to ensure continual improvement and a lessons learnt process will be undertaken.
- Link Officers: A comprehensive review of link officers is required to ensure that the appropriate Officer has the knowledge and ability to complete the self-assessment form effectively.
 - Self-Assessment Pro-Forma: Changes were made to the self-assessment forms, and these can now be completed on-line. However, further refinement of the forms will take place following feedback received through this process.
 - A gap analysis will be completed to verify that the current partnerships on the register are still relevant. A robust procedure will be implemented for adding

new entries on to the register. New entries will be proposed at the six-monthly update and reported on from the following annual cycle.

- Partnership Governance Framework: It is planned to review this document to ensure it is still relevant.

2021 Register of Significant Partnerships

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.

					Ratings	
No	Partnership Name	Short Description of Partnership	SMT Lead	Class	2020 Level of Assurance Rating	2021 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	Substantial	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	Substantial	Substantial
3	Manchester Airport Holdings Ltd	Copmany with shareholding held by the Council, Investors and the other Greater Manchester local authorities.	Rebecca Heron	Public Private	Substantial	Substantial
4	Manchester Working Ltd	Repairs and maintenance Joint Venture with Mears. Reports to Manchester Working Board.	Carol Culley	Public Private	Limited	Limited
5	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	Reasonable	To be removed from Register
6	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.	Rebecca Heron	Public Private	Substantial	To be removed from Register
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.	Rebecca Heron	Public Private	Substantial	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.	Rebecca Heron	Public Private	Substantial	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.	Rebecca Heron	Public Private	Substantial	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.	Rebecca Heron	Public Public	Substantial	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.	Rebecca Heron	Public Private	Substantial	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.	Rebecca Heron	Public Private	Substantial	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.	Rebecca Heron	Public Private	Substantial	Substantial
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.	Rebecca Heron	Public Private	Substantial	To be removed from Register

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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.	Rebecca Heron	Public Private	Substantial	Substantial
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STATUTORY PARTNERSHIPS

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	Reasonable	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	Substantial	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	Substantial	Substantial

NON-STATUTORY PARTNERSHIPS

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	Substantial	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	Substantial	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.	Rebecca Heron	Public Public	Substantial	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	Substantial	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	Substantial	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	Substantial	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.	Fiona Worrall	Public Private	Reasonable	Substantial
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	Reasonable	Reasonable

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.	Rebecca Heron	Public Private	high	Substantial
28	Northwards Housing	ALMO managing and maintaining housing stock totalling c13,000 properties on behalf of the Council. Partners: Northwards Housing.	Rebecca Heron	Public Private	Reasonable	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.	Carol Culley	Public Private	Substantial	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.	Fiona Worrall	Public Public	Substantial	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	Substantial	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.	Angela Harrington	LSP	Substantial	Substantial
33	AVRO Hollows	Tenant Management Organisation (established under the Government's Right to Manage legislation) contracted to manage c300+ Council owned homes in Newton Heath.	Rebecca Heron	Public Private	medium	Substantial
34	SHOUT	Tenant Management Organisation contracted to manage c100 Council owned homes in Harpurhey.	Rebecca Heron	Public Private	medium	Substantial
35	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	Substantial	Substantial
36	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	Substantial	Substantial
37	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	Substantial	Substantial

38	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	Substantial	Substantial
39	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	Reasonable	To be removed from Register
40	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	Reasonable	Reasonable
41	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	Substantial	Substantial
42	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	Substantial	Substantial

SCHOOL LEADERSHIP

43	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	Reasonable	Reasonable
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PRIVATE FINANCE INITIATIVES (PFI)

44	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.	Rebecca Heron	Public Private	Substantial	Substantial
45	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.	Rebecca Heron	Public Private	Substantial	Substantial
46	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	Substantial	Substantial
47	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	Substantial	Substantial
48	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.	Rebecca Heron	Public Private	Reasonable	Substantial

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**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 June 2022

Subject: Internal Audit Service Review Update

Report of: Head of Audit and Risk Management

Summary

It is the role of the Audit Committee to “oversee and provide assurance to the Council on the provision of an effective internal audit service and the main issues arising from Internal Audit work”.

This report provides a short overview of progress of a service review across the Audit and Risk Management Division and implications for the internal audit service.

Recommendations

The Committee is recommended to note the service review update and receive further progress reports.

Wards Affected: ALL

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

None

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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None

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	An effective internal audit service is an integral part of the Council's governance arrangements. It helps to maintain and develop good governance and risk management and provides independent assurance over the effectiveness of the Council's systems of control. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the OurManchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue = None

Financial Consequences – Capital = None

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Background documents (available for public inspection):

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

- Internal Audit reports to Audit Committee
- Public Sector Internal Audit Standards - PSIAS
- Role of the Head of Internal Audit (CIPFA)
- The Effective Internal Auditor (CIPFA)
- Internal Audit: Untapped Potential (CIPFA and IIA)

1.0 Introduction

- 1.1. It is the role of the Audit Committee to “oversee and provide assurance to the Council on the provision of an effective internal audit service and the main issues arising from Internal Audit work”.
- 1.2. In discharging this role the Audit Committee have requested an update on a review of the Internal Audit Service to obtain assurance over progress.

2.0 Background

- 2.1 The Audit Risk Management Service comprises the Internal Audit team as well as the Risk and Resilience; Insurance and Claims; and Health and Safety teams. In response to savings requirements and in developing service structures to meet current and future needs a review of capacity, roles and responsibilities is underway.
- 3.2 For Internal Audit the review is designed to ensure there is alignment to key risk areas and that there is sufficient capacity and capability within the service to sustain an excellent audit function in alignment with the Internal Audit Strategy reported to Audit Committee in April 2021.
- 3.3 The approach to the service review has been informed by sources including the Public Sector Internal Audit Standards and a range of good practice documents issued by the Chartered Institute of Internal Audit Auditors and the Chartered Institute of Public Finance and Accountancy. The Service is well respected and has delivered excellent work across a wide range of functions and responsibilities, including delivery of a critical role in the Covid19 response and recovery arrangements of the Council over the last two years. Whilst the Service remains effective, as part of the Quality Assurance Improvement Action Plan and service strategy there are planned areas of focus for further development that include:
 - investment in detailed assurance mapping and reporting;
 - deeper integration of other sources of assurance in audit planning and assurance reporting;
 - data driven audit and use of data analytics / whole population testing
 - agile and lean approaches to audit planning and delivery; and
 - enhanced collaborative working, especially with colleagues across Bolton Council but also within the health and care system and across other partnerships in Manchester.
- 3.3 These areas are acknowledged as opportunities for development not just for the service in Manchester but for the wider public sector internal audit profession and are reflected in CIPFA’s most recent relevant publication ‘Internal Audit: Untapped Potential’. This report also highlights the national challenges faced in recruiting internal audit professionals, so the service review and positive strategy for internal audit in Manchester is designed to ensure that we retain, develop and attract the best possible people to the Service.
- 3.4 The review has taken longer than planned as a result of the ongoing impacts of covid19 response and recovery, capacity and aspects of change in areas other than internal audit that required additional analysis and engagement

outside of the service. The review was also paused to ensure the effective integration and alignment of the audit, insurance and health and safety functions of Operational Housing as part of the second phase of the Northwards Housing transfer.

- 3.4 Whilst work on the proposed internal audit structure was substantially completed by December 2021 it was decided that this should not progress further until the whole service review was complete, to ensure that there was effective alignment of structures and services across the four teams. This will help ensure for example that the benefits of links between risk management and internal audit are maximised.
- 3.5 In the interim the Service created opportunities for three successful secondments into the team and the Deputy Head of Service has been actively leading the direct delivery of audit work across the Neighbourhoods and Growth and Development directorates. Whilst these have been short-term measures and will be addressed through substantive posts in the proposed structure it has provided additional capacity to support delivery of the 2020/21 and 2021/22 audit plans.
- 3.6 Communications with the team are ongoing through updates provided on progress and engagement in wider service development activity, discussions at 121s and through team meetings. Colleagues have remained positive, professional and focused on critical service delivery. The outcomes of their great work continue to be recognised through feedback and reflected in a range of nominations for individuals and teams across the Service received for the annual Awards for Excellence.

3.0 Update

- 3.1 At the time of this report all of the organisational change information required to progress the review has been submitted to the HR&OD Service for review. This includes the business case for change, budgets, updated role profiles and job evaluation documents. The HR&OD Service are reviewing these and once this is complete the review will move to the formal stage of Trades Union and staff consultation.
- 3.2 It is obviously important and in accordance with Council policies and process for organisational change that affected staff and their representatives are briefed and are advised of the approach, proposed changes and timescales in advance of any public reporting so that they have opportunity to provide comment and input in the process.
- 3.5 Following consultation the formal process of matching, assessment and recruitment to any vacant posts will proceed.
- 3.6 Audit Committee will be provided with further updates as this process progresses.

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**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 June 2022

Subject: Risk Management Strategy and Corporate Risk Register

Report of: Head of Audit and Risk Management

Summary

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

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

- A short update on organisational risk management arrangements; and
- a copy of the latest refresh of the Corporate Risk Register.

Recommendations

The Committee is recommended to:-

- (1) Consider the assurance provided by the risk management report.
 - (2) Approve the Council’s Risk Management Strategy.
-

Wards Affected:

ALL

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

None

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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None

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Risk management is an integral part of the Council's governance arrangements. It helps to inform good decision making and improves the likelihood of the Council achieving its objectives and managing untoward events. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue: None

Financial Consequences – Capital: None

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Background documents (available for public inspection):

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

- Risk Management Strategy and Corporate Risk Register - Audit Committee June 2021

1.0 Introduction

- 1.1. It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance risk management and arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.
- 1.2. To support this responsibility, Audit Committee receive an annual progress report in relation risk management activity and key risks being monitored by the Strategic Management Team (SMT).
- 1.3. For the purposes of Audit Committee assurance this paper provides the following:
 - An update on the development of risk management arrangements since the last update in June 2021.
 - Risks as articulated on the latest refresh of the Corporate Risk Register.
 - The Council’s Risk Management Strategy.

2.0 Background

- 2.1 The Council’s risk management arrangements have been robust in the year and provided a sound basis for active decision making. The core risk management process continued to be operated with formal directorate and corporate risk register refreshes having taken place in year.
- 2.2 The latest risk update was discussed at SMT in March 2022 and confirmed ongoing focus on a range of key risks with the highest risk areas being agreed as: medium term financial resources; economy of the City; achieving net zero carbon; health and social care reform; cyber security; and the capability/capacity of the workforce to deliver on the wide range of response, recovery, change and service delivery priorities.
- 2.3 Since that meeting further discussions have taken place in respect of housing provision in the City and this risk has been increased to high given the significant impact that housing has in supporting the achievement of the priorities for Our Manchester.
- 2.4 The review also highlighted current concerns over the impact of inflation and energy price rises on budgets and the costs of contracts and this is an area where the Corporate Procurement and Commissioning Team are continuing to provide support. This was captured in March as a low risk but has since been escalated to high given inflationary pressures on service providers and known impacts on some contract prices which present budget pressures.
- 2.5 Regular risk workshops have been held throughout the year with Directorate Leadership Teams (DLTs). Directorate risk registers are now more accessible through the use of Microsoft 365, enabling real time updates and assessment by multiple officers and risk owners. A current area of focus includes support to work being led by the Directorate of Adults to further enhance the recording and reporting of risks to DLT and through the Manchester Local Care











Organisation. This is intended to further harmonise and integrate the approach to risk management across health and care services and ensure that there is a shared approach being applied across community NHS and Council services.





- 2.6 Risks are also captured within partnerships and key services. In the last six months the corporate risk and resilience team have provided support for risk workshops with the Board members of Manchester Active and the Civic Quarter Heat Network. This involved refreshing the existing risk registers, assessing new risks and redesigning the format of their risk registers. The team has also been involved in reviewing the risks of Operational Housing and advising on the integration of these risks and adoption of the Council's risk management methodology. Support to projects has included ICT, business grants and to grant funded projects where funders seek evidence of risk review as a condition of funding.
- 2.7 This support will continue over the remainder of the year with advice and support to ensure that services continue to remain confident in their management of risk. This was an area of strength noted in the 2022 Heads of Service Annual Governance Questionnaire. This feeds into the Annual Governance Statement and there was positive feedback from this process that services were confident in "Managing risks and performance through robust internal control and strong public financial management".

3.0 Corporate Risk Register (CRR)

- 3.1. The CRR is not intended to cover all risks but to focus on those that are cross cutting and of strategic impact. Risks such as recycling and waste (Neighbourhoods), delivery of the Better Outcomes Better Lives Programme (Adults), presentations (Homelessness), school place planning (Children's and Education) and benefits caseload (Core) are managed at directorate or service level.
- 3.2. At the last report to Audit Committee in June 2021, the CRR included 6 high, 13 medium risks and 2 low risks. The latest refresh of the register conducted in March 2022 resulted in 5 high, 8 medium and 4 low risks. These include two new risks that were introduced; Cyber Security as a standalone risk (high) and costs of Capital and Revenue Contracts (low). As noted above the risk in respect of housing capacity whilst reported at the time as medium is proposed to be increased to high at the next review in July. These risks have been discussed as part of the Council's Governance Working Group as a source of intelligence used in the development of the Annual Governance Statement.
- 3.3 Corporate risk activity is monitored through the integrated performance dashboard on a quarterly basis and over the year we have seen a steady reduction in the Council's overall risk exposure, as mitigation takes effect. This is somewhat offset by the emergence of new risks in the period 'post' pandemic, in the main caused by global and UK economic pressures, the cost-of-living crisis, inflation and price rises and the effects of the war in Ukraine.

- 3.4 The risk relating to an increase in Covid infection rates and/or a new variant of concern having a similar impact as the Omicron variant, have reduced in terms of likelihood and reflect the current UK Health Security Agency classification and posture. This risk remains on the register and will be monitored but it is recognised that it is the aftermath of the height of the pandemic and the longer-term impacts on the economy, wellbeing, health inequalities and the impacts on Manchester communities that now represent the key risks.
- 3.5 A summary of the risks and key changes agreed at SMT in March 2022 are as follows:

Risk Title	March 2022 Impact x Likelihood	Movement	Previous December 2021
1. Medium term financial resources	4x4=16 High		20
2. Economy of the City	4x4=16 High		16
3. Climate change action	4x4=16 High		16
4. Health and social care reform	4x4=16 High		16
5. Cyber security	4x4=16 High	N/A	New
6. Costs of capital and revenue contracts	4x4=6 High	N/A	New
7. Capability/capacity of workforce	4x3=12 Medium		16
8. Targets for affordable housing not met	4x3=12 Medium		12
9. ICT systems not implemented or maintained	4x3=12 Medium		12
10. Impact on the capital programme	4x2=8 Medium		8
11. Failure of key suppliers and supply chain disruption	3x3=9 Medium		12
12. Embedding case management systems (LL, Controcc and EYES)	3x3=9 Medium		12
13. Safeguarding children and vulnerable adults.	4x2=8 Medium		8

Risk Title	March 2022 Impact x Likelihood	Movement	Previous December 2021
14. Tackling Inequality	4x2=8 Medium		8
15. Wellbeing, welfare, morale of staff	3x2=6 Low		12
16. Serious avoidable data loss	2x3=6 Low		6
17. Increases in Covid19 infection rates	2x3=6 Low		16

4.0 Next Steps in Risk Management Development

- 4.1 As part of a continuous improvement process, the Risk Management Strategy will be reviewed to ensure it is fit for purpose and remains reflective of the Council's desired approach, and risk appetite and tolerance, and approval sought via SMT, prior to review at a future Audit Committee meeting. The Corporate Business Continuity Plan and service level planning will also be refreshed and incorporate an increased focus on cyber risk management and response planning.
- 4.2 The process of review will also consider the risk management approach, methodology and design of risk registers. This will be to determine if these can be more user friendly, automated and effective at identifying risks that should be escalated / de-escalated between directorate and corporate level registers. As part of this there will be additional focus on developing the approach to assessing risk appetite and risk tolerance.
- 4.3 Risk management training and guidance on the intranet and available through the e-learning system will be reviewed and assurances gathered as to the impact these are having on the understanding of principles and procedures. The aim being to sustain risk literacy and risk management as a core management competency.

Appendices

Appendix 1 – Corporate Risk Register

Appendix 2 – Glossary of Terms and Assessment Criteria

Appendix 3 – Risk Management Strategy 2020 - 2023

Appendix 1 – Corporate Risk Register

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
1	SR1	Our Finances and Resources	7	Medium Term Financial Resources are insufficient to support achievement of priorities for the Council and the City. Considerable uncertainty over the financial position with a one-year Finance Settlement and inflation predicted to reach 8%. Wider financial / fiscal risks linked to EU Exit and macro-economic factors.	Resources are insufficient and this results in non-achievement of Corporate Plan priorities and the Our Manchester strategy, with consequent negative impacts on Manchester residents. Risk significant budget cuts will be required for 2023/25 which will be difficult and damaging to achieve unless work starts to prepare for this now.	DCE&CT	Budget reports 2022/23 approved and budget set based on settlement. Maintenance of reserves and the availability to support the budget. Engagement and lobbying of national decision makers including direct to Government and via Core Cities and the LGA. Work starting to prepare for 2023/24 budget strategy ready to engage members early in the municipal year. <u>Reporting</u> to SMT; Executive and Resources and Governance Scrutiny Committee.	5x4=20 High	4x4=16 High	4x4=16 High	Ongoing intelligence and lobbying alongside robust future financial planning and budget proposals and savings / income generation options based on prudent assumptions – linked to Future Shape programmes across all aspects of the Council (DCE&CT)
2	SR2	Manchester People	All	As a result of Covid19 and wider macro-economic factors the Economy of the City continues to present a challenge and impacts on the health, wellbeing and economic independence of residents. Further compounded by increased inflation (especially energy prices), national insurance and interest rates in Q1 2022.	As well as the negative impact on the lives of Manchester residents and the vibrancy and success of the City, this will directly impact the Council's financial position regarding loss of business rate and commercial income and lead to increased costs for supporting vulnerable residents. Will impact on the ability to deliver the Our Manchester priorities for the City SUCH AS?	CEX	Signposting business support via City Centre Regen and Work and Skills teams as well as via GMCA, Local Economic Partnership, Chamber of Commerce, Business Growth Hub and other networks. Council leadership with partners to support activity in dealing with the labour market issues, as a result of Covid. Skills & Labour Market workstream focused on implementation of the recommendations. Homelessness strategy and risks / response around Council provision tracked via Homeless Service risk register. Anti poverty strategy and work to support vulnerable residents. <u>Reporting</u> to SMT; Executive; Resources and Governance; and Economy Scrutiny Committee.	4x4=16 High	4x4=16 High	4x3=12 Medium	Review of risk with Finance, City Policy and Directorate of Strategic Development for next review of CRR (June 2022)

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
3	SR3	Manchester Places	8	<p>Climate Change: The Council does not produce, or deliver on, a sufficiently ambitious plan to become a zero carbon Council by 2038 or earlier if possible.</p> <p>The Council does not undertake its leadership role effectively for Manchester to become a zero-carbon city by this date, and stay within the science-based budget for the City.</p> <p>The Council does not plan or implement measures effectively to adapt to the impacts of climate change on Manchester in the longer term (e.g. increased risks of extreme weather, flooding and heat)</p> <p>Changes to the Clean Air Zone following the pause may have an adverse impact on the Manchester Economy.</p>	<p>Significant political and reputational damage to the Council for not acting on the climate emergency that has been declared, in terms of our leadership role across the City and our direct emissions in the Council</p> <p>Changes to the CAZ may have an adverse impact on Manchester businesses and residents.</p> <p>Significant longer-term risks to health, society, economic and financial position of the City and the Council if mitigation and adaptation measures are not effective.</p> <p>Costs of required change are significant as is the need for Government funding and leadership and clear strategy and leadership at GM level.</p>	CEX	<p>Climate Change Action Plan 2020-25</p> <p>Governance through Zero Carbon Coordination Group and the CAZ group.</p> <p>Regular reporting to the Executive.</p> <p>Scrutiny Committee established with focus on carbon reduction</p> <p>Very high level of ambition on this agenda will require fundamental changes to how we operate and significant investment across all aspects of the Council, and for many partners in the City. This is impacted by City Wide and Council financial resources and this is reflected in the risk score.</p> <p><u>Reporting</u> to SMT, Executive, Scrutiny Committees and Members sub-group</p>	4x4=16 High	4x4=16 High	4x4=16 High	Plan sets out the key actions and deadlines that need to be delivered including a significant focus on energy use targets and associated actions (CEX)

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
4	SR4	Our Partnerships	2	Failure to achieve the desired and intended outcomes of health and social care reform increases further pressure on Council and health budgets; and impacts on the ability to achieve improved health outcomes for Manchester residents. Risk rating reflects the delivery of integration as part of the 'Supercharging of the LCO' alongside the breadth of activity to be delivered in adult social care as part of the new arrangements including delivery of Better Outcomes Better Lives, stabilisation of the care market, new care models, embedding of casework management system and delivery of priorities. Also reflects the volume of work required to ensure that the Manchester system are adequately prepared for the move to the ICS arrangements in July.	Poor outcomes and increased financial pressures result in further diversion of Council resources to reactive care services without addressing root causes and whole system issues. Lack of clear and effective governance increases duplication of effort, impacts on key officers and individuals working across the system and clear accountabilities and responsibilities across partners.	CEX	H&SC workstream established as part of Future Council to track supercharging of the LCO activity. Council and NHS leadership GM ICS and Manchester Place based partnerships well advanced and reported through to SMT and Executive and Scrutiny Committees. Pre-existing health and care partnerships in the City are well established as basis for further reform. Better Outcomes Better Lives programme in place to embedded service change and improvement across Adults Services. Risk managed at SMT level <u>Reporting</u> to SMT, Executive, Health and Wellbeing Board and Health Scrutiny Committee. Joint reporting within MLCO governance arrangements.	4x4=16 High	4x4=16 High	4x3=12 Medium	Ongoing engagement at GM and City Wide levels in establishment of Integrated Care partnerships and supporting governance and infrastructure arrangements (DASS)

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
5	SR21	Our Performance	All	<p>Cyber Security - a successful cyber-attack on the Councils infrastructure would have significant impact on the availability of all ICT systems over a sustained long-term period.</p> <p>This could impact some or all internally operated services and those consumed by our customers and residents.</p>	<p>Ransomware remains one of the costliest types of cyber-attacks to recover from. The financial cost to recover physical hardware such as servers, laptops and databases would be significant. The cost of data that is lost to encryption is incalculable.</p> <p>Total catastrophic losses of some or all systems resulting in the introduction of manual systems, with no access to historical data and corruption of council backups.</p> <p>Inability to access systems or core data required to deliver critical and essential services to residents, including the most vulnerable.</p>	DCE&CT	<p>Identity management controls including Multi Factor Authentication for cloud accounts, introduction of Intrusion Detection (IDS) on perimeter firewalls, managed host-based protection, and secure build configuration on all end user devices.</p> <p>Monthly vulnerability assessments and ongoing security patch management to all managed devices.</p> <p>Completion of data centre project, implementation of replacement endpoint malware/Anti-Virus solution, stronger password requirements, M365 implemented and end user device programme underway in ICT to refresh desktop estate.</p> <p>Cyber risk management remains a key element in ICT resilience, and this requires both technical and behavioural capability and assurance. This must be reflected in the risk rating.</p> <p>Communications and mandatory training for all staff.</p> <p><u>Reporting to</u> ICT Board, Corporate Information Assurance and Risk Group (CIARG) and SMT.</p>	New	4x4=16 High	5x3=15 High	<p>Strategic Ransomware detection and alerting solution proposed to be sourced to help prevent any large-scale outage and consequential impact to service availability (Dir of ICT July 2022).</p> <p>Corporate and departmental incident / business continuity planning to consider the wider impact of Cyber and how services could continue to be provided without access to ICT systems for a sustained period (Dir of ICT and Head of Audit and Risk June 2022)</p> <p>Continued assurance over completion of cyber security training by staff (ongoing).</p>

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
6	SR22	Our Finances and Resources	7	<u>Costs of capital and revenue contracts increasing significantly beyond budget and increases pressure on agreed budgets.</u>	Budgets are insufficient to meet contract costs requiring the diversion of financial resources from other priorities or a reduction in the scope / specification of contracted goods / services. This has an onward impact on the ability to delivery agreed priorities and services.	DCE&CT	<p>Review of contracts by Procurement and Commissioning Team with high focus on gold contracts. Finance and Procurement engagement with key services in reviewing and developing plans to mitigate contract pressures.</p> <p>Reporting to Capital Strategy Board, Commercial Board, SMT, Executive and Scrutiny</p> <p>NB. Risk updated June 2022 in advance of formal review to reflect increased pressure on contract prices on renewal identified by services in conjunction with the Procurement and Commissioning Team and wider inflationary pressures. Assessed as high at this stage but to be subject to further review in July 2022 to assess if risk level remains high given impact of planned mitigations including ongoing and assessment of impacts on other of contracts.</p>	New	4x4=16 High	3x4=12 Medium	<p>Ongoing review of contracts by Corporate Procurement and Commissioning Team with Finance and Services to monitor and escalate risks to Commercial Board and Capital Strategy Group as required (Deputy City Treasurer).</p> <p>Full review of risk July 2022</p>

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
7	SR6	Our People	7	<p>Capability and capacity of the workforce is not sufficient or aligned effectively to key priorities and organisational requirements and priorities linked to Covid 19 recovery as well as transformation, change and core business as usual activities. This includes:</p> <ul style="list-style-type: none"> • capacity in core managerial and technical disciplines; • capacity to deliver emerging priority areas across a wide range of services; • capacity to respond to increased levels of complex demand (homelessness, social care support, mental health support etc) • leadership capacity and capability to drive change and transformation; and • workforce motivation and engagement. <p>Capacity is further impacted by emergent issues and priorities arising from Government requirements and the specific needs of communities across the City.</p>	<p>Motivation and engagement of the workforce is reduced (or not developed fully) impacting on the ability to respond to transformation, change and deliver organisational priorities. Appetite for change following Covid is diminished and takes longer to return - impacting organisational ability to adapt and embrace transformation. Skills and capacity do not match stated priorities resulting in underachievement of planned outcomes. Emergent priorities mean that areas of required focus in transformation and delivery of core services cannot be sustained. Stress and welfare impacts on the workforce.</p> <p>Risk reduced from last review reflects step down from covid response but noting that further variants could require city-wide response to be stood up again.</p>	CEX	<p>Corporate plan supported by Our People Strategy and staff engagement including Listening in Action, Our Manchester Experience and regular communications. Peer Review and Action Plan in place includes changes proposed to strengthen capacity and focus in key risk areas. Leadership and wider skills development programmes in place. Directorate business plans, workforce development and Bheard improvement plans being refreshed for April 2022. Prioritisation via SMT, Directorate Management Teams and cross cutting working groups. Future Shape programme in place with external support, governance and reporting to SMT, Executive and relevant Committees and partners; to oversee planning, resourcing, and delivery of key priorities.</p> <p><u>Reporting</u> to SMT, Executive and Scrutiny Committees</p>	4x4=16 High	4x3=12 Medium	4x3=12 Medium	Delivery of Peer Review Action Plan and Future Shape (SMT).
8	SR9	Manchester Places	3	<p>Insufficient mix of available housing means that targets for affordable housing are not met and strategic priorities to ensure the needs of current and future residents of the City are not achieved.</p>	<p>Strain on homelessness as expansion of development continues (Piccadilly etc) and residents are gradually priced out of the market / displaced? Political impact.</p>		<p>Development of schemes including Northern Gateway, Ancoats etc part of the city-wide masterplan.</p> <p><u>Reporting</u> to Housing Board, Executive and Scrutiny Committees.</p>	4x3=12 Medium	4x3=12 Medium	4x3=12 Medium	

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
9	SR11	Our Performance	7	Current or proposed ICT systems essential to business operations and legal compliance are not implemented or maintained (due to being out of support or lack inherent resilience) due to limitations in availability of financial and ICT resources.	Failure to realise efficiency benefits using technology impacts on ability to achieve savings targets and refocus effort on core priorities. Technology does not meet business needs around transformation, resilience, or legal / regulatory compliance – impacting on the ability to deliver priorities.	DCE&CT.	Prioritisation process via Directorate ICT Boards, ICT Board and Capital Strategy Board; with oversight from SMT. ICT Infrastructure Investment priorities set out in ICT Strategy and portfolio plan/ Pipeline Senior sponsorship of critical or flagship projects with robust governance; with engagement of key stakeholders including finance, communications, and risk. Positive actions taken to mitigate risk around MS365, data centres and telephony and in end user devices / desktop refresh. Risk remains at medium to reflect scale of current programme and commitments on programmes and projects. <u>Reporting</u> to DMTs, SMT, Executive and Resources and Governance Scrutiny Committee.	4x3=12 Medium	4x3=12 Medium	4x3=12 Medium	Delivery of agreed programme of investment with reporting to SMT, Executive and Scrutiny (DCE&CT with Director of ICT).
10	SR14	Our Finances and Resources	4 5 6	Pressure on financial resources including PWLB constraints and external grant funding results in pressure to reduce the Capital Programme and consequent impacts on development and delivery of major projects.	Partial or non-delivery of existing capital programme commitments with consequent impact on priorities linked to these investments. Impact on the capacity to invest in the future because of reduced financial capacity.	DCE&CT	Review of capital programme as part of budget setting and reporting to Executive and Scrutiny Committees. Active engagement with funders and development partners on schemes to leverage financial contributions Prioritisation in key capital spend areas completed. <u>Reporting</u> to Capital Strategy Board, SMT, Executive and Scrutiny Committees	4x2=8 Medium	4x2=8 Medium	3x2=6 Low	Capital update reports to Executive and R&G Scrutiny (DCE&CT): Ongoing

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
11	SR12	Our Partnerships	7	Key suppliers of goods and services fail to develop or deliver required services and market capacity, due to lack of financial resilience or other factors, impacting the onward ability of the Council to secure required services to Manchester residents. A key risk given inflationary pressures, negotiation of UK trade deals and lack of competition in some markets.	Contractor failure (contract or provider) results in the Council having to re-procure services at short notice or deliver services in-house with significant cost and capacity implications that result in budget overspends and required cuts to other services.	DCE& CT	Professional Procurement and Commissioning Teams in place to support services in effective management of procurement lifecycle; including supplier due diligence. Includes Contract and Commissioning Group involving all directorates. Contract management register and risk assessment in place. Bankruptcy / Liquidation Policy to enable consistent response to supplier failure. Enhanced due diligence arrangements developed and Due Diligence working group in place. Risk reduced but maintained at medium due to wider risks of supplier resilience outside of control of the Council. <u>Reporting to:</u> Commercial Board, SMT and Resources and Governance Scrutiny Committee	3x4=12 Medium	3x3=9 Medium	3x3=9 Medium	Programme of commissioner and contract manager training and engagement (DCT): Ongoing
12	SR16	Our Performance	1 2 7	Embedding of new case management system (Liquid Logic, Controcc and EYES) does not have the anticipated impact and fails to deliver the necessary improvements in practice, recording, reporting, management oversight and performance in children and adults services.	Impact on delivery of priorities and quality of services to residents; and delivery of statutory duties. Impact on quality, completeness, integrity of data to support effective decision making.	DCS DAS CT	Focus on system stabilisation and embedding systems and change within services – this is now being embedded as part of business as usual in Children’s Services where the risk has reduced significantly with sustained focus by leadership and management teams and staff embracing adoption of new arrangements. System compliance as well as finance and reporting elements remain a key risk area and ongoing focus, particularly in Adults Services and in Education and this is reflected in the risk score remaining at medium. Work required to build confidence in the use of the system and links to the financial payments process is ongoing with management actions	3x4=12 Medium	3x3=9 Medium	2x3=6 Low	Governance through Directorate management arrangements with senior oversight (Deputy DASS and Deputy DCS). Work ongoing to assure completion of agreed actions to stabilise payments elements of system and new ways of working with Brokerage Team in Adults – DDASS and Finance.

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
							and support arrangements in place to address issues arising through implementation. <u>Reporting to</u> ICT Board, SMT and Scrutiny Committees				
13	SR17	Manchester People	1 2	Inability to maintain and demonstrate organisation-wide arrangements to <u>safeguard children and vulnerable adults</u> .	Harm to those most in need with associated impact on families as well as financial and reputational damage to the Council	CEX DCS DASS	Manchester Safeguarding Boards (Adults and Childrens) Statutory roles and assurances through DASS and DCS <u>Reporting to</u> SMT, Scrutiny Committees as well as MHCC and MLCO Boards.	4x2=8 Medium	4x2=8 Medium	4x2=8 Medium	Ongoing (DASS and DCS) Assurances and Action Plan that arise from Children's Ofsted Inspection (DCS timescales tbc).
14	SR21	Our People	7	Against a backdrop of societal impetus for equality and removal of barriers facing BAME communities, the <u>organisational response to the Race Review</u> does not deliver at the pace and scale required to address barriers to workplace equality.	Loss of credibility of leadership and of the Council with BAME workforce and BAME communities across the City. Increased risk of actual or perceived inequality; and of the Council failing to reflect the communities it serves. Failure to capitalise on the diversity of a workforce drawn from a wide range of communities – in terms of ethnicity but also in terms of other protected characteristics.	CEX and CS	Visible leadership of CEX and Deputy Leader Race Review Programme led by led by Director of HR&OD with support and organisational wide engagement of stakeholders in design and delivery of change activities. Active engagement of staff groups and Trades Unions in review process. Oversight of delivery of action plan by City Solicitor, Director of HR&OD and the staff Chair of the Equalities Group. Mandatory leadership training and 'Lets Talk About Race' programmes underway. Launch of 5 th Behaviour puts diversity and inclusion at the heart of all we do. Autumn 2021 Staff Survey – 69% of respondents stated that leadership have made improvements to equality and diversity re race (and similar % on other protected characteristics). <u>Reporting to:</u> Corporate Equality Group, SMT, Deputy Leader and	4x2=8 Medium	4x2=8 Medium	4x1=4 Low	Ongoing delivery of race review action plans: Director of HR&OD with support / oversight of DCE&CT and CS.

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
							Executive, Resources and Governance Scrutiny Committee				
15	SR5	Our People	7	<p>The wellbeing, welfare and morale of staff is impacted by a range of factors linked to:</p> <ul style="list-style-type: none"> • legacy and ongoing (albeit reduced) impact of Covid19 • workplace demands on capacity given the ongoing need • concerns linked to the economy and the impact on the Council's budget and future employment • impact of conflict in Ukraine. 	<p>Staff wellbeing results in increased cases of depression, stress or absence and an impact both on remaining colleagues and the ability to deliver priorities.</p> <p>The ability to retain and attract staff for required roles is impacted as the Council is not perceived as an employer of choice.</p>	DCE & CT	<p>Team meetings, 121s and management engagement with staff – includes encouragement of staff to take annual leave.</p> <p>Ongoing regular communications to all staff with links to latest guidance and support, as well as celebration of positive achievements across the Council including AFE.</p> <p>Access to Employee Assistance Programme support.</p> <p>Embedding consistency of approach in working from site / office and ways of working to support team and individual wellbeing – includes new office spaces and new technology to equip teams with tools to work effectively.</p> <p>Risk reduced to low based on current covid position but noting other societal factors linked to inflation, costs of living, interest rates and conflict in Europe.</p> <p>Reporting to SMT, Executive and Scrutiny Committees</p>	4x3=12 Medium	3x2=6 Low	3x2=6 Low	<p>Continued engagement of staff across services in design of operating models for services on site (DCE&CT).</p> <p>Ongoing encouragement of support for positive mental health and the use of annual leave (DCE&CT / Director of HR)</p>

#	ID	Theme	Corp Plan Link	Risk Description	Risk Consequences	Risk Owner	Existing Key Controls, Sources of Assurance and Key Comments	Impact x Likelihood			Areas for Key Actions and Deadlines
								Previous Nov 2021	March 2022	Target Oct 2022	
16	SR13	Legal and Regulatory	7	Information governance arrangements, including behaviours of the workforce, partners and suppliers, are insufficient to prevent serious avoidable data losses , breaches or authorised access to systems or data.	Loss of stakeholder and public confidence. Potential for ICO fines and ability to share data with partners. Impact on individuals with additional costs of remedial actions and potential legal action.	DCE&CT CS	Risk score reviewed and reduced in light of separate cyber security risk. Information Assurance and Risk Group (CIARG) and network of Senior Information risk Officers at Corporate, Departmental and Service Level supported by core IG and ICT security personnel, including Data Protection Officer Established breach reporting processes for ICT security and information incidents. Reporting to: CIARG, ICT and SMT	3x4=12 Medium	3x2=6 Low	3x2=6 Low	Programme of IG awareness with report to CIARG on staff take-up compliance: ongoing (CS).
17	SR19	Manchester People	7	Effects of increases in covid19 infection rates (Coronavirus) impacts ability to deliver priorities and safe services to Manchester residents; whilst also ensuring the safety and wellbeing of staff.	Loss of staffing (due to virus, self-isolation or wider impacts such as reduced transport or school closures) impacts ability to deliver services to residents across the City. Impact on goods and services supply chain if borders, travel and imports impacted Lack of assurance and appropriate risk control measures results in potentially avoidable illness. Contingency planning is unable to cope with unanticipated demands.	CEX, DPH and DN	Risk remains on register at low given increased absence in quarter one 2022 which is impacting ability in some areas to sustain a consistent return to site and resilience of services. <u>Reporting</u> to SMT, Executive and Scrutiny	3x3=9 Medium	2x3=6 Low	2x2=4 Low	For review at next update of CRR to assess if this risk should be removed.

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Appendix 2 - Glossary of Terms and Assessment Criteria

A. Themes

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

B. Corporate Plan Links

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

C. Risk Owners

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

D. The Risk Continuum: Risk Scoring Guidelines

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

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

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Appendix 3

Manchester City Council Risk Management Strategy- 2020-2023

This strategy sets out the context in which Manchester City Council further develops its risk management programme and identifies the high level strategic objectives. Whilst it covers a three-year period, the strategy will be reviewed annually and updated if required.

Strategic Context

Our Vision is for Manchester to be in the top flight of world-class cities by 2025, when the city will:

- Have a competitive, dynamic and sustainable economy that draws on our distinctive strengths in science, advanced manufacturing, culture, and creative and digital business –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.

The Council's strategy charts a course to achieve this Vision. It builds on the city's existing long-term strategic direction and sets out our priorities for the decade ahead. It will be delivered by building on Manchester's history of collaboration: between civic leaders, businesses, the wider public and voluntary sectors, and residents themselves. The remainder of this strategy sets out in more depth what we will need to do as a city to deliver our vision. The high-level aims we have over the next ten years are that we will:

- Have a strong sense of citizenship and pride in the city
- Create new jobs accessible to Manchester residents, reducing the number of people who are out of work
- Ensure everybody is paid at least a real living wage
- Reduce the gap between our residents' wages and the average wage earned in the city
- Improve school results so that they are significantly better than the UK average
- Increase the proportion of graduates and number of apprentices in the city.
- Collectively improve our health and wellbeing and be more active as adults and children
- Be a cleaner, litter-free city
- Build well-designed, energy-efficient, sustainable, and affordable homes to rent and buy
- Maintain the balance between incomes and housing costs
- Be a city recognised for its high quality of life, with improved green spaces and access to world-class sports, leisure, and cultural facilities
- Have an integrated, smart, and affordable transport system

- Be on a path to being a zero-carbon city by 2050
- Be a beacon for sustainable design
- Increase productivity for the benefit of the city and the UK as a whole.

Manchester seeks to be creative in partnership working to gain maximum impact from the collective resources available. This includes a strategic focus on collaboration with key public sector partners, delivered in part through the working of the Combined Authority (GMCA) and in partnership with health service organisations. Manchester demonstrates both its vision and commitment in the way it plans, commissions, and delivers; the operating models within most services have changed radically over the last six years. However, with innovation and transformation, comes risk. Many of the ways in which we seek to work and the partnership models we are embracing are new and untested. Delivery of outcomes will always have to be based on an understanding of the risks entailed and a measured and proportionate approach to either embracing or mitigating risk. Our risk management approach ensures we support creativity and ambition by adopting a dynamic approach to assessing and managing risk.

Organisational Strategy

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

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

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

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

Risk appetite statement.

Overall, Manchester City Council is a risk tolerant organisation, accepting that measured and proportionate risk taking is essential to delivering change, growth, and reform. The Council, however, requires all officers considering changes to services and their operating models to act only after systematic consideration of the risk profile. The risk profile should be fundamental to decision making and the effective management of innovation and transformation.

The Council accepts that it is appropriate for managers to balance the scale of the risk and the opportunity for growth or reform. Growth may be assessed in terms of

financial efficiency, service development or innovation in the enhancement of services to customers and stakeholders. The Council accepts exposure to risk where the service can demonstrate that the opportunity and reward is commensurate to the level of risk.

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

The Council will take no risks that challenge ethical, legal, and statutory responsibilities and will be cautious in pursuing aims and ambitions that may have a detrimental impact on the reputation of the Council or the city.

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

Approach to Training and Coaching

Management competence has been identified as key to the successful delivery of the Council’s risk management approach. Risk Management is included in the Council’s Handbook; a guide for Officers and elected Members, and guidance features on the Intranet.

The Council recognises the powerful contribution risk workshops make in developing risk competence. In addition to mainstream operational management, the Council’s approach to project and programme delivery is supported by initiation risk workshops, with risk scrutiny and assurance built into ongoing governance. The Risk and Resilience Team is committed to supporting high priority projects and programmes in identifying their risk profile and designing their risk governance framework. Lead Officers (risk co-ordinators) are designated by each Directorate to promote strong working practices, supported by the Risk and Resilience Team.

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

Overall success in progressing risk management within the realigned corporate model will be assessed through consideration of the following:

- Service alignment complete and able to deliver against new priorities across Manchester City Council.
- Resources are focused against areas of greatest corporate need and published priorities are delivered within the annual work programme.

- Support provided to enhance knowledge and skills in directorates through training, coaching and consultancy.
- Enhanced working at a regional and sub regional level and direct input into and influence over development of City region risk and assurance frameworks.
- Risk Management priorities are embedded within both performance reporting and within the corporate assurance framework.

Monitoring and Review

This three-year strategy will be reviewed and updated on an annual basis. Where changes are proposed the strategy will be approved by SMT prior to being presented to Audit Committee. The strategy review process will be complimented by the production of an annual risk management performance report. Quarterly management updates are provided via the Integrated Monitoring and Corporate Plan Reports to SMT.

**Manchester City Council
Report for Decision**

Report to: Audit Committee – 14 June 2022

Subject: Internal Audit External Quality Assessment

Report of: Head of Audit and Risk Management

Summary

In line with the requirements of the Public Sector Internal Audit Standard a Quality Assurance and Improvement Programme (QAIP) for internal Audit is in place and is reported to Audit Committee annually. The programme requires both internal and external assessments of internal audit effectiveness to be undertaken to demonstrate compliance with the standard. External assessments are required to be undertaken on a five-year cycle. Our next external assessment is due for completion during 2022.

It is for individual local authorities to determine the approach to be taken for the External Quality Assessment and having considered a number of options it is proposed that this be undertaken on a Core Cities peer review basis.

Recommendations

Audit Committee is recommended to approve that the next External Quality Assessment be undertaken on a peer review basis as part of the Core Cities group.

Wards Affected: ALL

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

None

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
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None

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council is required to maintain and effective Internal Audit Service in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2015. The Internal Audit Service is an integral part of the Council's governance arrangements and provides assurance over the systems of governance, risk management and internal control. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the OurManchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue: None

Financial Consequences – Capital: None

Contact Officers:

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Background documents (available for public inspection):

The documents listed overleaf 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.

- Public Sector Internal Audit Standards
- Review of Effectiveness of Internal Audit - Audit Committee September 2021

1.0 Introduction

- 1.1 This report sets out the background and approach proposed for the External Quality Assessment of the Council's Internal Audit Service in 2022.

2.0 Background

- 2.1 Under the Accounts and Audit Regulations the Council must maintain an effective system of internal audit to evaluate its governance, risk management, and control arrangements. The requirements of an effective system of Internal Audit are laid out within the Public Sector Internal Audit Standards. The Standards set out the fundamental requirements for the professional practice of internal auditing within the public sector. The standards replaced the Chartered Institute of Public Finance and Accountancy' (CIPFA) Code of Practice for Internal Audit in Local Government.
- 2.2 In line with the requirements of the Public Sector Internal Audit Standard a Quality Assurance and Improvement Programme (QAIP) has been developed and is reported to Audit Committee annually. The programme requires both internal and external assessments of internal audit effectiveness to be undertaken to demonstrate compliance with the standard. External assessments are required to be undertaken on a five year cycle. The next external assessment is due for completion during 2022.
- 2.3 Following consideration of other options and discussion with Core City colleagues it is proposed that our next Public Sector Internal Audit Standards review be undertaken on a Core Cities peer review basis. This was the approach taken for the last review when Manchester was reviewed by Liverpool City Council and when Manchester reviewed the Internal Audit arrangements at Glasgow City Council.

3.0 Assessment of Options

- 3.1 Members of the Core Cities Chief Audit Executives group have elected to adopt an internal self-assessment approach validated by an external peer reviewer.
- 3.2 This follows consideration of the benefits of commissioned reviews that can be provided by professional bodies and in particular the Chartered Institute of Public Finance (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). From research led by Birmingham City Council it was confirmed that the costs of external assessments would be approximately £15k-£30k depending on scope. It is also possible to procure reviews from professional services firms and it is agreed that costs of such would be comparable to the fees charged by CIPFA and the CIIA.
- 3.3 Alternatively Manchester could opt into a North West peer review process. It was determined that given the scale of the Core Cities compared to some of the North West councils that Manchester and Liverpool would prefer to opt into

the Core Cities group.

- 3.4 To ensure independence the peer review approach does not permit reciprocal reviews. In 2022 it is planned that Leeds City Council will review Manchester and the review team from Manchester will undertake the assessment for Birmingham City Council.
- 3.5 There are wider benefits of collaborative working from the planned approach. Review teams from comparator organisations are well versed in sector risks and issues; in the opportunities and challenges for local authority Internal Audit teams; and the application of professional knowledge and understanding of local authority services. The approach allows for sharing of good practice both as a service being reviewed and also for those undertaking the reviews.
- 3.6 Each authority determines appropriate members of their teams to conduct the external assessment, taking into account qualifications and relevant experience. The reviews and quality of reports are overseen by the relevant Chief Audit Executive.

4.0 Scope and Approach

- 4.1 It is proposed that the review be undertaken from September 2022. It will involve the following key elements by the review team:
- Review of a PSIAS self-assessment provided by the Head of Audit and Risk Management.
 - Review of supporting evidence
 - Interviews with key stakeholders
 - Interviews with members of the internal audit team
 - Observation of an Audit Committee meeting
- 4.2 The review will result in a written report to be provided to the Head of Audit and Risk Management and to the Deputy Chief Executive and City Treasurer as the review 'sponsor'. This will include an assessment of compliance with the Standards and recommendations in any areas for development. The report and resulting action plan will be presented to the Audit Committee.
- 4.3 The precise details of dates, documents required and interviewees are to be agreed with the review team. It is expected that interviewees would include the Chair of the Audit Committee, Statutory Council Officers, a selection of Strategic Management Team officers, key clients and officers from the Internal Audit Service. These will be determined by the review team.
- 4.4 A template scope to be adopted for the review is attached as appendix 1.

Appendix 1

Core Cities Chief Internal Auditor Group External Assessment – Peer Review

Terms of Reference Background Information

External Assessments:

The Public Sector Internal Audit Standard (PSIAS) introduced a requirement for an external assessment to be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation as part of an ongoing quality assurance and improvement programme.

There are two possible approaches to external assessments outlined in the standard: a full external assessment; or an internal self-assessment which is validated by an external reviewer.

External reviewers should:

- possess a recognised professional qualification;
- have appropriate experience of internal audit within the public sector / local government;
- have detailed knowledge of leading practices in internal audit; and
- have current, in-depth knowledge of the Definition, the Code of Ethics and the International Standards.

The Head of Internal Audit should discuss the proposed form of the external assessment with their line manager (where relevant) or Section 151 Officer (or equivalent) or Chief Executive prior to making recommendations to the Audit Committee regarding the nature of the assessment. The scope of the external assessment should have an appropriate sponsor, such as the Chair of the Audit Committee or Section 151 Officer.

The Head of Internal Audit should report the results of their quality assurance improvement programme (ongoing activity, internal and external assessments) to stakeholders. Such stakeholders should monitor the implementation of actions arising from internal and external assessments.

Purpose of the Review

The purpose of the external assessment is to help improve delivery of the audit service and establish whether governance requirements relating to the provision of service are embedded. The assessment should be a supportive process that identifies opportunities for development and enhances the value of the audit service to the authority.

Proposed Approach

Each authority will determine an appropriate member of their team to conduct the external assessment, taking into account qualifications and relevant experience. Upon conclusion of the external assessment, the reviewer will offer a 'true and fair' judgement and it is proposed that each authority will be appraised as **Conforms**, **Partially Conforms** or **Does Not Conform** to the PSIAS.

Independence and Objectivity

Prior to the assessments taking place all parties will agree the programme of peer reviews and an appropriate timetable, including the number of days required to undertake the reviews. It is important to ensure the independence of the auditor undertaking the peer assessment. Any known or perceived conflicts of interest should be disclosed. It should be acknowledged at the outset that all Core City Internal Audit services have some knowledge of each other.

The Assessment Process and Indicative Timescales

Completion of the Checklist:

Each Head of Internal Audit must complete the Checklist for Conformance with the PSIAS which is attached to the Local Government Application Note in advance of the external assessment. It is essential that the basis of the assessment is documented.

Pre Assessment Phase (2 days):

- Confirm the terms of reference for the review, timescales and dates for the review – this should include any specific issues that the authority may want to be considered as part of their quality assessment.
- Obtain:
 - relevant background information to gain an understanding of the service. This should include the Internal Audit Charter / Strategy or Terms of Reference (independence, scope authority, purpose and the relationship with the Audit Committee and senior executives);
 - details of responsibilities, resources, structure and activities;
 - details of any external client organisations e.g. Joint Authorities and consider whether such organisations may have different outcomes in terms of compliance with the PSIAS and whether separate assessments may be required;
 - the completed self-assessment and supporting evidence; and
 - evidence of how quality is maintained, and performance measured and reported.
- Issue a questionnaire to key stakeholders at the Council to obtain feedback on the internal audit procedures and process.
- Evaluate all documentation supporting the self-assessment prior to the on-site visit.

Assessment Phase (on-site visit) (1 day):

- Raise and resolve any queries arising from the review of the self-assessment.
- Examine a sample of audit engagements to verify compliance to the PSIAS and procedures.
- Interview key staff and stakeholders to confirm audit procedures and process.
- Undertake an exit meeting with the Head of Internal Audit.

Post Assessment Phase (1 day):

The review should conclude with a detailed report providing an evaluation of the team's conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The report should highlight areas of partial conformance / non-conformance and include suggested actions for improvement, as appropriate.

Reporting Phase (1 day):

- Discussion of the draft report with the Head of Internal Audit.
- Issue of draft final report and agreed actions to the Head of Internal Audit to confirm accuracy.
- Issue final report to the Head of Internal Audit and Sponsor.
- Head of Internal Audit / Sponsor to report outcomes to their Audit Committee, together with an action plan and proposed implementation date(s).

It is envisaged that the assessment process should approximately 5 days in total.

Proposed schedule

- Manchester review Birmingham
- Bristol review Liverpool
- Birmingham review Sheffield
- Glasgow review Leeds
- Leeds review Manchester
- Sheffield review Nottingham
- Nottingham review Bristol
- Birmingham review Glasgow

**Manchester City Council
Report for Information**

Report to: Audit Committee – 14 June 2022
Subject: Work Programme and Recommendations Monitor
Report of: Governance and Scrutiny Support Unit

Summary

This report provides the following information:

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

Recommendation

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

Wards Affected: All

Contact Officers:

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Background document (available for public inspection):

None

1. Monitoring Previous Audit Committee Recommendations

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

Date	Item	Recommendation	Response	Contact Officer
12 April 2022	AC/22/11 (Annual Assurance Opinion 2020/21)	To agree that the next scheduled update on former Northwards properties shall include information on the agreed action plan for the management of void and empty properties, including the management of lost rental income.	Added to the update due July 2022 (Internal Audit Assurance Q1)	Head of Audit and Risk Management

**Audit Committee
Work Programme – June 2022**

Meeting Date: 14 June 2022,10am (Agenda published: 6 June 2022)

Item	Purpose	Lead Executive Member	Strategic Director/ Lead Officer
External Audit Completion	Report from the External Auditor on the overall findings and recommendations resulting from the audit of the 2020/21 accounts Audit Committee is asked to consider and comment on the overall findings	Councillor Craig	Head of Audit and Risk Management/Deputy Head of Audit and Risk Management
Final Statement of Accounts	To seek Audit Committee approval for the final Annual Accounts following external auditor review. Item to include confirmation of completion of: Letters / enquires for the Deputy Chief Executive and City Treasurer and Audit Committee Chair; and Letter of Representation	Councillor Craig	Deputy Chief Executive and City Treasurer/Deputy City Treasurer
Draft Annual Governance Statement	To receive the draft Annual Governance Statement prior to its submission to Full Council for ratification.	Councillor Craig	
Register of Significant Partnerships	To receive the update on partnerships where a 'Reasonable' or 'Limited' rating was recorded. To note that the timing of this report was revised to align with the Annual Governance Statement.	Councillor Craig	Head of Programme Management Office – Commercial Governance and Directorate Support

Internal Audit Service Review Update	Update on progress in the restructure of internal audit and resourcing position. Audit Committee is asked to consider and comment on the update.	Councillor Craig	Head of Audit and Risk Management/Deputy Head of Audit and Risk Management
Risk and Resilience Strategy Management Update	To provide the Risk Management Strategy and corporate risk register update. Audit Committee is asked to consider and comment on the update.	Councillor Craig	Head of Audit and Risk Management/Deputy Head of Audit and Risk Management
Risk Review Item: Peer Review	To receive a report on the external assessment of the Service through a Core Cities Peer Review. To include information on timing and scope of the Assessment.	Councillor Craig	Head of Audit and Risk Management/Deputy Head of Audit and Risk Management
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor	-	Governance and Scrutiny Support Unit

Meeting Date: 26 July 2022,10am (Agenda published: 18 July 2022)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Draft Statement of Accounts 2020/21	To receive the draft statement of accounts for the 2020/21 municipal year.	Councillor Craig	The Deputy Chief Executive and City Treasurer
Financial Outturn report 2020/21	To receive a report which sets out the final outturn position for the Council's revenue budget in 2020/21	Councillor Craig	The Deputy Chief Executive and City Treasurer

Treasury Management Outturn report 2020/21	To report the Treasury Management activities of the Council for the 2020/21 municipal year.	Councillor Craig	The Deputy Chief Executive and City Treasurer
Internal Audit Assurance (Q1)	To receive a report which summarises summary audit work undertaken and opinions issued quarter 1 of the municipal year. <i>To include information on the update on former Northwards properties on the agreed action plan for the management of void and empty properties, including the management of lost rental income. (AC/22/11)</i>	Councillor Craig	The Head of Audit and Risk Management
Outstanding Audit Recommendations (Q1)	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 1, in accordance with Public Sector Internal Audit Standards	Councillor Craig	The Head of Audit and Risk Management
External Audit Update	To receive an update of external audit activity.	Councillor Craig	Mazars (External Auditors)
Risk Review: Prudential Code	To consider and comment on the update report on the review of the Code. To include an update on the approach to the selection of external service providers for Treasury Management as noted in minute AC/21/28	Councillor Craig	Deputy Chief Executive and City Treasurer/Deputy City Treasurer
Risk Review: Schools Assurance	To receive a report that outlines the Local Authority's education and finance colleagues' relationship with the maintained schools sector, in terms of management of compliance, oversight and internal control in the maintained schools sector.	Councillor Craig	The Head of Audit and Risk Management

Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit
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Meeting Date: 27 September 2022,10am (Agenda published: 19 September 2022)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Review of Internal Audit and Quality Assurance Improvement programme (QAIP)	TBC	Councillor Craig	The Head of Audit and Risk Management
Annual Review of Audit Committee's Terms of Reference	To review the Audit Committee's Terms of Reference	Councillor Craig	The Head of Audit and Risk Management
External Audit Update	To receive a update of external audit activity.	Councillor Craig	Mazars (External Auditors)
Risk Review: TBC			
Annual Counter Fraud (Part B)	To receive a report which provides a summary of the anti-fraud arrangements and investigation work undertaken during 2021/22, with a particular focus on the work delivered by Internal Audit.	Councillor Craig	The Head of Audit and Risk Management
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 18 October 2022,10am (Agenda published: 10 October 2022)

Item	Purpose	Executive	Strategic Director/ Lead Officer
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		Member	
Internal Audit Assurance (Q2)	To receive a report which summarises summary audit work undertaken and opinions issued Quarter 2 of the municipal year		
Outstanding Audit Recommendations (Q2)	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 32, in accordance with Public Sector Internal Audit Standards		
External Audit Update	To receive a progress report on external audit activity.		
Letters from those charged with Governance	TBC		
Risk Review: TBC			
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 29 November 2022,10am (Agenda published: 21 November 2022)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
External Audit Completion	To receive the report of the External Auditors (Mazars)		Mazars (External Auditors)
Final Statement of Accounts	To receive the final Statement of Accounts	Councillor Craig	The Deputy Chief Executive and City Treasurer
Treasury Management Interim Update	To report the Treasury Management activities of the Council during the first six months of 2022-23.	Councillor Craig	The Deputy Chief Executive and City Treasurer
Risk Review: TBC			
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 13 December 2022

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
This meeting date is reserved for the Committee's annual training event			

Meeting Date: 17 January 2023,10am (Agenda published: 9 January 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Internal Audit Assurance (Q3)	To receive a report which summarises summary audit work undertaken and opinions issued quarter 3 of the municipal year.		
Outstanding Audit Recommendations (Q3)	To receive a summary of the current implementation position and arrangements for monitoring and reporting internal and external audit recommendations for Quarter 3, in accordance with Public Sector Internal Audit Standards.		
Audit Strategy Memorandum / External Audit Plan	To receive the Audit Strategy memorandum / external audit plan.		
Register of Significant Partnerships (6 monthly review)	To receive the 6 monthly review on partnerships where a 'Reasonable' or 'Limited' rating was recorded.		
Risk Review: TBC			
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit

Meeting Date: 14 March 2023,10am (Agenda published: 6 March 2023)

Item	Purpose	Executive Member	Strategic Director/ Lead Officer
Accounting concepts and policies critical	To receive a report that discusses the accounting concepts and policies, critical accounting judgements	Councillor Craig	The Deputy Chief Executive and City Treasurer

accounting judgements and key sources of estimation uncertainty	and key sources of estimation uncertainty that will be used in preparing the 2022/23 annual accounts		
Annual Internal Audit Plan	To provide the Internal Audit Strategy and annual internal audit work plan for Audit Committee consideration in line with Public Sector Internal Audit Standards.		The Head of Audit and Risk Management
External Audit Update	To receive a report on the progress of the council's external audit.		Mazars (External Auditors)
Risk Review: TBC			TBC
Work Programme and Recommendations Monitor	To receive the Committee's Work Programme and Recommendations Monitor		Governance and Scrutiny Support Unit