

Annual Governance Statement 2022/23

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.
- 1.3 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.
- 1.4 Key challenges for the Council and the city as it continues its longer-term recovery from the COVID-19 pandemic include tackling health inequalities and supporting residents who are impacted by the cost-of-living crisis. Effective leadership and governance of the response to these challenges is critical. Making Manchester Fairer is the city's new action plan to tackle the preventable gap between people with the worst health and people with the best health over the next five years (2022-27), and with a view to the long-term.
- 1.5 The introduction of the Integrated Care System (ICS) arrangements at Greater Manchester level continues to drive the next phase of health and social care integration. The operating model for Manchester's health and social care integration is 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.
- 1.6 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 (the 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 2008, which was last updated in November 2022. The Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, honest, and accountable manner. Some of these standards are required by law, while others are a matter for the Council to choose.
- 2.3 The approach to the production of the Annual Governance Statement (AGS) is reviewed annually to ensure that it remains consistent with the principles of the most recent 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](#), updated versions of which are reviewed by Audit Committee. 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. There is a particular focus in this statement on 'first tier' strategies which deliver on the five key themes of the Our Manchester Strategy (Thriving & Sustainable, Highly Skilled, Progressive & Equitable, Liveable & Zero Carbon, Connected City). 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

- Our Manchester Strategy 2016 - 2025 reset was underpinned by a comprehensive engagement exercise in 2020. Approximately 3,800 people were directly engaged with and their views captured, informing [Our Manchester Strategy – Forward to 2025](#)
- 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 ensures that community engagement is an integral part of how we work with residents and communities. Engagement activity has been key in the development of recent plans and strategies including [Public Engagement for Manchester Active Travel Strategy](#), [Zero Carbon Focused Communications and Engagement update](#) and the [Children and Young People Participation and Engagement Plan](#).
- Community consultation and involvement is delivered in accordance with the [Campaigning and Engagement Framework \(CEF\)](#).

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](#). 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 align with the Our Manchester Strategy and 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.

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. Quarterly reports are provided on the progress that has been made in delivering the Plan. [Climate Change Action Plan 2020-25 \(item 37\)](#) [Climate Change Action Plan - Progress Report](#)
- Making Manchester Fairer is the city's new action plan to tackle health inequalities – the preventable gaps between people with the worst health and people with the best health – over the next five years (2022-27), and with a view to the long-term. The plan is based on what Manchester's residents and staff from a range of organisations and agencies have told the Council in recent years, as well as the evidence of what works from research and experts on health inequalities. [Making Manchester Fairer Plan](#)
- Our Anti-Poverty Strategy draws upon evidence from residents, organisations, and national research to produce evidenced based recommendations to tackle poverty, its causes, and consequences. [Making Manchester Fairer: Anti-Poverty Strategy 2023-2027](#)
- A new Economic Strategy for the city is being developed during 2023 which will set out Manchester's approach to growth including focussing on

developing a strong, competitive, inclusive, and resilient economy which will maximise benefits of the city's residents and businesses. This reflects the fact that the economic context for Manchester and the UK has changed considerably since the Our Manchester Industrial Strategy was developed in 2019, and Powering Recovery: Manchester's Recovery and Investment Plan was published in late 2020. [Economic Strategy Update](#)

- The new Housing Strategy explains how the Council will ensure provision of homes that residents want and need, while also considering the role of housing in the context of the Our Manchester Strategy, its contribution to the economic recovery of the city, and zero-carbon objectives. [Manchester Housing Strategy \(2022-2032\)](#)
- 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 to create a more inclusive and low-carbon economy in Manchester, where more of our residents are connected to the city's success. A public consultation on the new strategy ran until 9 May 2022. [Work and Skills Strategy 2022-27](#)
- The Council's approach to Social Value reflects 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 on Digital, Data and Insights which includes projects on data management to address data quality challenges. This will ensure all data initiatives follow a well-defined approach to enable uniformity and consistency across systems and solutions and improving insights for decision makers. A key part of this is [The Resident and Business Digital Experience Programme \(RBDxP\)](#)

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 2023/24](#)

- 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. Service Plans have been further strengthened for the 2023/24 financial year with the inclusion of sections on Finance, Workforce Planning and Performance.

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 report sets out the Framework for the Our Manchester Strategy and Corporate Plan priorities which provide the strategic context for the 2023/24 Budget. [Medium Term Financial Strategy](#)

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) 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. 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 several 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 – Item 7](#)
- 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 managers have access to. Progress and support is monitored through the About You process.
- 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, through delivery of [The Health and Wellbeing Strategy](#). 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.

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, for example for 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, Corporate Plan priority delivery highlights, 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 that 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 UK GDPR (United Kingdom 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 Deputy Chief Executive and 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](#)
- 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](#)
- 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 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 2023/24 to 2025/26](#) [Treasury Management Strategy Statement 2023/24](#)

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 2022](#)
- An integrated monitoring and Corporate Plan report is provided to Strategic Management Team (SMT) every other month. This brings together analysis of performance, finance, Corporate Plan delivery highlights 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, Voluntary Community and Social Enterprise (VCSE) organisations, and partners to identify the different experiences of diverse communities in Manchester (due to be taken to Communities and Equalities Scrutiny Committee in July 2023).

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 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 2023/24 (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 52 different service areas, and the response rate was 97%.
 - 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 2022/23 if substantial further challenges remain, and ongoing monitoring is required.
- **Head of Audit and Risk Management Annual Opinion 2022/23** - In terms of the year to March 2023, the Head of Audit and Risk Management will provide assurance on the Council's governance, risk, and control framework. The level of assurance to be provided, and full opinion detail will be set out in the Annual Audit Opinion 2022/23 report being taken to June 2023 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 2023/24 budget position including the current and anticipated financial impacts of continuing high levels of inflation.
- **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 2022/23

This section provides a concise high-level summary of strategic actions taken to address the Council's governance challenges for the 2022/23 financial year, and the arrangements for oversight of delivery. The seven challenges were set out in the Action Plan at the end of last year's AGS (2021/22). 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 - Embedding and delivery of the Organisation Development (OD) Plan 2021-23 to further improve Council wide governance arrangements.

Governance of actions taken and planned

- Activity continues to be delivered as part of the Organisation Development Plan with includes how we manage change, decision making and our approach to risk. This is underpinned by a renewed focus on ensuring we have good quality support in place, with fit-for-purpose processes and policies for staff and managers across the Council. The OD Plan supports the embedding of the Our Manchester behaviours and involves a continuous programme of activity.
- A [HROD Update report](#) to Resources and Governance Scrutiny Committee in July 2022 provided an overview on HROD activity within the Council, including updates on Our Ways of Working, Service Design and the Performance Management framework and approach.
- HRODT (Human Resources, Organisational Development and Transformation) have implemented an employee led user-centred design approach called Service Design which builds on the insights and experience of staff. The approach reflects the voice of the workforce and sets out activity across six key priorities:
 - Building a sense of purpose and belonging
 - Decision making and risk
 - Improving our approach to performance and development
 - A new approach to change
 - Diverse and inclusive (in conjunction with the Workforce Equality Strategy)
 - Partnerships and relationships

Next steps include a review of the OD Plan with refreshed priorities for 2023-25.

Is this governance challenge carrying forward to 2023/24?

Yes

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

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.

Governance of actions taken and planned

- The Future Shape of the Council programme continues to reshape how Manchester delivers services both internally and externally. It is an organisational wide initiative bringing together several programmes designed to strengthen our ability to deliver the Our Manchester Strategy.
- To integrate and align service changes and internal transformations within the functions of HROD, the remit of the HROD Director was extended to include Transformation in November 2022. The Future Shape programme team moved to be within the remit of the Director of HRODT.
- The Deputy Chief Executive and City Treasurer is the Executive sponsor for the programme. The Director of HRODT is the SRO and the programme updates are accountable to SMT. The strategic board for Future Shape schedule to meet quarterly with the four main workstream leads meeting every six weeks.
- The Resident and Business Digital Experience Programme (RBDxP) sits under the Future Shape: Digital by Default, Customer Access and Front Door workstreams. Three core user groups have been devised, made up of service users, residents and businesses, to help design digital services, support implementation and ensure that solutions meet user requirements and accessibility needs.

Is this governance challenge carrying forward to 2023/24?

Yes

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

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).

Governance of actions taken and planned

Equality, Diversity, and Inclusion:

- The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the SMT lead for equalities) 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 development.

- Equality, Diversity, and Inclusion work continues to have high visibility across the Council. Reflecting the corporate priority of their work, the Equality, Diversity, and Inclusion (EDI) team has moved to be within the remit of the new Joint Director of Equality, Inclusion and Engagement for the Council and the NHS. The work programme of the EDI team is being aligned with wider work addressing health inequalities highlighted by the Marmot report, and engagement work. The postholder reports into the Director of Population Health.
- The Communities and Equalities Scrutiny committee have considered reports over the past year on: [Safety of Women and Girls](#), the [Armed Forces Covenant Annual report](#), and the [Public Sector Equality Duty \(PSED\) Annual Report 2022](#).
- The [Workforce Equality Strategy Implementation Update](#) was taken to Resources and Governance Scrutiny committee in November 2022. Staff Equality Networks continue to operate, and a new network has been established for Neurodiversity. A training programme called “Let’s Talk About Race” is now embedded as part of the mandatory training package for all staff.
- The Council has procured a new recruitment system, implemented in January 2023, capturing for the first time the protected characteristics data of applicants, which will facilitate the analysis of shortlisted and appointable candidates, and help identify where recruitment procedures may need further development and improvement.

Coordination of work to mitigate health inequalities:

- An [Update on Making Manchester Fairer Task Group](#) was reported to Health Scrutiny Committee in October 2022. The Task Group and Network have oversight of the collective development and delivery of the Making Manchester Fairer Action Plan, and include representatives of the Council, Manchester Local Care Organisation (MLCO), Housing Providers, Police, VCSE, and Health.
- An [Anti-Poverty strategy update](#) was taken to Economy Scrutiny Committee in November 2022 which included the outcome of an Equality Impact Assessment on the strategy, confirming that all communities of identity were more likely to live in or experience poverty. Poverty is a known factor linked to inequality in health outcomes and increased use of health services.

Further work planned for 2023/24 includes a report on Communities of Identity to be taken to Communities and Equalities Scrutiny in July 2023.

Is this governance challenge carrying forward to 2023/24?

Yes

Officer Leads: Director of HRODT, Director of Inclusive Economy, Director of Public Health, Head of Reform and Inclusion, Chief Executive, City Solicitor, Strategic Director – Development

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.

Governance of actions taken and planned

- Response to national and international demands entail financial expenditure for the Council and as a result receive scrutiny and governance through the established budget monitoring processes. Responses which incur significant expenditure (that of over £500k) are required by the Council's Constitution to be published on the [Register of Key Decisions](#), to keep Members informed of decisions being made and where appropriate, included in the work programme of the Committee.
- The [Our Manchester Progress Update](#) to Council Executive, provided an overview on the support to Ukrainian evacuees.
- Council Executive meeting in February 2023 reviewed the [Revenue Budget Monitoring Report](#) which included the Energy Rebate Scheme arrangements, the responsibility for which were delegated to the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources. The design of any discretionary elements of the scheme were subject to agreement by the Council's Anti-Poverty Group – chaired by the Deputy Leader and reported back to the Executive.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Chief Executive, Deputy Chief Executive and City Treasurer, Strategic Director - Neighbourhoods

How this is 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.

Governance of actions taken and planned

Executive, in October 2022, considered the report on [The Establishment of the GM Integrated Care Partnership Board](#), (GM ICP) and approved the proposal of establishing it as a joint committee, with the proposed terms of reference. The Council's representative on the GM ICP will be the Leader of the Council with the Executive Member for Healthy Manchester and Adult Social Care acting as deputy.

The Integrated Care Board (ICB) for Greater Manchester (NHS GM) was established with effect from 1 July 2022 replacing ten CCGs in Greater Manchester. The existing Section 75 partnership agreement between the Council and the CCG was transferred to NHS GM on that date.

Council Executive February 2023 considered a report of the Chief Executive on [Health and Care Integration: Establishment of Manchester Partnership Board \(MPB\) as the Locality Board of Manchester](#) bringing together responsibility for the pooled budget with the exercise of NHS GM functions delegated to place level.

Health and Wellbeing Boards will continue to play a key role within integrated care systems. MPB's decisions will be informed by the Joint Strategic Needs Assessment and Health and Care Strategy that were produced by the Health and Wellbeing Board, and decisions will be reported to the Health and Wellbeing Board in Manchester.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 6

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Assistant Chief Executive, Deputy Director of Adult Social Services

How this is 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.

Governance of actions taken and planned

Fair Cost of Care and Care Cap:

A report on [Charging Reforms and the Fair Cost of Care](#) was taken to Health Scrutiny in November 2022, confirming that a Fair Cost of Care programme has been undertaken in accordance with government requirements and the returns submitted accordingly including:

- Cost of care report for Residential and nursing care for people aged 65+, and Home care for people aged 18+
- Provisional Market Sustainability Plan
- Spend report – containing a breakdown of how funding has been allocated to support 65+ care homes and 18+ domiciliary care markets, and specifies how

much funding has been used for implementation activities and funding fees increase

CQC Reforms:

The Health and Care Act 2022 gave the CQC new regulatory powers to undertake independent assessment of local authorities' delivery of regulated care functions and an [Adult Social Care Assurance Report – Care Quality Commission](#) was provided to Health Scrutiny Committee in January 2023.

Is this governance challenge carrying forward to 2023/24?

Yes, and amalgamated with Action 5

Officer Leads: Director of Adult Social Services, Deputy Chief Executive & City Treasurer, Deputy Director of Adult Social Services

How this is 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.

Governance of actions taken and planned

The initial [Peer Review Report and Action Plan](#) was taken to Resources and Governance Scrutiny in March 2022 with the delivery of actions being overseen through SMT and by Executive Members.

A follow-up visit for the Peer Review team to check in on progress was held in September 2022.

[A report on the Medium-Term Financial Strategy](#) was taken to Council Executive in February 2023.

Is this governance challenge carrying forward to 2023/24?

No

Officer Leads: Deputy Chief Executive & City Treasurer, Assistant Chief Executive

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

7. Action Plan: Governance Challenges for 2023/24 Onwards

The review of governance arrangements has identified five main areas where the Council will need to focus its efforts during 2023/24, 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 2024.

Action 1 – Continuing to embed and deliver 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 HRODT
- How this is monitored: Resources and Governance Scrutiny Committee

Action 2 – Effective updating, communication, and accessibility of key policies, including assurance over policy being put into practice. Effectively support the continued development of manager capabilities, to ensure policies are consistently implemented and adhered to.

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

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 the 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 HRODT, Director of ICT
- How this is monitored: The Executive, Scrutiny Committees

Action 4 – Ensure effective governance of the next phase of health and social care integration and reform. 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;
- Deliver work to develop the Manchester Operating Model embedding effective delivery of the Integrated Care System (ICS)
- Partnership arrangements to deliver the Making Manchester Fairer Strategy.
- Ensuring alignment with GM of systems and working culture.

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

Action 5 - Governance of the coordination of delivery of our commitments on equality, diversity, and inclusion in relation to work with communities, our partners, and 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
- Responsible officers (Directors or Heads of Service): Director of HRODT, Joint Director of Equality, Inclusion and Engagement
- How this is monitored: Resources and Governance Scrutiny Committee, Communities and Equalities Scrutiny Committee

Action 6 - Effective governance of the Housing Services Improvement Plan to ensure the Council delivers improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing. This requires corporate support from different services and directorates to support the insourced Housing Operations service within the Neighbourhoods Directorate.

- Responsible officers (SMT): Strategic Director - Neighbourhoods
- Responsible officers (Directors or Heads of Service): Director of Housing Operations
- How this is monitored: Resources and Governance Scrutiny Committee

Action 7 – Embedding of new capital governance arrangements to maximise the benefit that can be gained from more limited capital resources. This includes building into the process a stronger approach to planning for place, and a greater focus on neighbourhoods and communities.

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

Conclusion

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

Signed Councillor Bev Craig (Leader of the Council):

Signed Joanne Roney (Chief Executive):