

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 and Trade Unions, 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 Guide
 - 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 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.

- 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 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 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.

- Responsible officers (SMT): Deputy Chief Executive & City Treasurer, Assistant Chief Executive
- How this is 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.

Signed Councillor Bev Craig (Leader of the Council):

A handwritten signature in dark ink, appearing to read 'BA Craig', written over a light blue horizontal line.

Signed Joanne Roney (Chief Executive):

A handwritten signature in dark ink, appearing to read 'Joanne Roney', written over a light blue horizontal line.