



Auditor's Annual Report

Manchester City Council – year ended 31 March 2025

February 2026

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Introduction

Purpose of the Auditor's Annual Report

Our responsibilities as auditor for Manchester City Council (the Council) are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). For 2024/25 onwards, the Code required us to issue our draft Auditor's Annual Report (AAR) to the Audit Committee by 30 November each year, this includes where we have not yet issued our auditor's report on the financial statements. We reported the draft AAR to the Committee to its 25 November 2025 meeting.

We are then required to reflect the work completed since the draft AAR. Our AAR summarises the work we have undertaken for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders. The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 27 February 2026. Our opinion on the financial statements was disclaimed due to the fact we disclaimed the prior year financial statements and the time constraints imposed on us by the 2026 backstop deadline.



Value for Money arrangements

We have completed our planned procedures and have not identified any significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council's arrangements.



Reporting to the group auditor

In line with instructions issued by the NAO, we have undertaken work on the Council's Whole of Government Accounts (WGA) return. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

Audit of the financial statements

Our audit of the financial statements

Our audit has been conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2025 and of its financial performance for the year then ended.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We have not identified any significant inconsistencies between the content of the narrative report and our knowledge of the Council.
Annual Governance Statement	We have not identified matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risk that we have identified and the work we have done to address this risk on page 13.

VFM arrangements – Overall summary

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	8	Yes – see risk on page 9	No	Yes – see other recommendation on page 12
 Governance	13	No	No	No
 Improving economy, efficiency and effectiveness	16	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Risks of significant weaknesses in arrangements in relation to Financial Sustainability

We have outlined below the risk of significant weakness in arrangements that we identified as part of our continuous planning procedures, and the work undertaken to respond to the risk.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>Financial Sustainability</p> <p>The Council's budget included a planned contribution to the General Fund Reserve of £3.5m which would have increased it from £19.8m as at March 2024 to £23.3m as at March 2025. This was in line with the City Treasurer's view of a minimum level for the General Fund Reserve to protect the Council from the financial risks inherent in the budget strategy.</p> <p>Throughout 2024/25 the Council reported financial pressures, a forecast overspend and the potential use of the general fund reserve to balance the budget. The Council's 2024/25 outturn was</p> <p>1 a revenue overspend of £14m and as reported during the year this overspend was met using the General Fund Reserve. As a result, as at March 2025 the reserve stood at £9.3m, below the City Treasurer's minimum level of £23m.</p> <p>We acknowledge that the Council's usable reserves at 31 March 2025 were £536.6m which is relatively high compared to other large authorities. However, in our view the reduction in the General Fund Reserve to below the City Treasurer's minimum level, is evidence of a risk of significant weakness in the Council's arrangements for securing financial sustainability and the risk that using reserves to bridge funding gaps is unsustainable.</p>	<p>Work undertaken</p> <p>We have addressed this by:</p> <ul style="list-style-type: none">• Drawing on the information we gather from our regular updates with the City Treasurer and the finance team; and• Considering and challenging the key assumptions in the Council's budget for 2025/26 and the Medium Term Financial Strategy which includes plans to replenish the General Fund Reserve by £20m. <p>In addition, we have reviewed the adequacy of the Council's in year financial monitoring reports to assess members oversight of in year overspend and use of reserves.</p> <p>Results of our work</p> <p>The Council increased the balance of the General Fund Reserve in April 2025 by £20m which brought the total reserve to £29.3m, this is above the City Treasurer's lower limit of £25m in 2025/26.</p> <p>We have reviewed the in year budget reports for 2024/25 and consider there was adequate reporting of the forecasted overspend and subsequent use of reserves to members.</p> <p>We consider the Council has appropriate arrangements in place to mitigate this risk of significant weakness.</p>

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Manchester's operating environment

During 2024/25 the Council continued to face significant challenges against a backdrop of an adverse national economy and a cost-of-living crisis. The Council continued to see a significant increase in demand for services, particularly in the health and social care sector. The financial impact of the coronavirus pandemic on the Council continues to feature with a continuation of one year Government Settlements and additional costs. The Council has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In response to these pressures, in our view it is essential the Council has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Council.

2024/25 financial performance

We have undertaken a high level analysis of the published financial statements, including the Movement in Reserves Statement and the Balance Sheet. The Council's balance sheet has seen some significant movements within the year. Overall, the Council's net assets have increased from £3,719m to £3,743m. There has been a significant increase in the value of Property, Plant and Equipment, from £2,901m to £3,089m, as a result of asset additions worth £230m and revaluation of the Council's assets in year. There has been a significant increase in the level of borrowing, by £292m, from £1,340m as at 31 March 2024 to £1,632m as at 31 March 2025. The Council's usable reserves have decreased from £640m as at 31 March 2024 to £537m as at 31 March 2025.

During the 2024/25 year reserves held for capital purposes decreased by £52.7m in line with the delivery of the planned capital programme and reflects capital receipts received to be utilised in future years in line with the approved capital strategy.

The 2024/25 revenue outturn position was an overspend against budget of £14m, this was

funded through the use of the General Fund reserve. As at 31 March 2025, the General Fund Reserve was £9.3m compared to £19.9m the year before. The City Treasurer considers annually as part of the budget setting process the level of the General Fund reserve to be held to protect the Council from the financial risks inherent within the proposed budget strategy. For 2024/25 this was £23.3m. Whilst we have noted the General Fund Reserve fell below the City Treasurer's minimum level in 2024/25, the Council has sufficient resources available to replenish the reserve. As at 31 March 2025 the Council held £536.6m of usable reserves. Of these, £255m are earmarked for specific purposes, leaving £281.6 as genuinely usable. Of this £281.6m, £85.5m is specifically set aside to support the delivery of the medium term financial plan. These reserves provide the Council with some mitigation against future financial challenges. The Council will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned, as the use of reserves to fund budget gaps is unsustainable. Our discussions with Council officers has highlighted there are plans to reduce reliance on reserves going forwards.

The 2024/25 outturn position for the Dedicated Schools Grant showed an overspend of £22.3m, this increased the cumulative deficit from £7.8m to £30.1m. The overspend in year was caused by a £26.4m overspend in the High Needs Block, which supports the education of children with Special Educational Needs and Disabilities.

The Council's financial planning and monitoring arrangements, including budget setting

In March 2024, the Council set a balanced budget for the 2024/25 financial year with a total net budget for Council services of £810.5m. This required an increase in Council Tax of 2.99% and a 2% increase in the Adult Care precept. Throughout the year the Council regularly updated its budget forecast, with a final net budget of £825m after additional government grants. The budget for 2024/25 also included £21.4m of savings proposals.

We have reviewed the supporting evidence relating to the preparation of the 2024/25 budget and these demonstrate the arrangements are consistent with the previous year, were detailed and robust, and were properly applied.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council's financial planning and budgeting arrangements are well established and include a wide range of activities and consultations. The budget setting process includes engagement with senior Council officers and incorporates discussion about the delivery of statutory services/priorities, the Council's Corporate Plan, and the impact on resources of emerging challenges and risks. Where additional resources are required these are scrutinised and challenged before they are included in the budget estimates.

Engagement with directorates and members are key parts of the budgeting arrangements, and from our review of the output and discussions with officers, these are detailed and extensive.

The Council reported its revenue outturn position for 2024/25 as an overall overspend of £14m. The main drivers of the overspend are from the Children's Services and Adults Social Care directorates. Children's Services overspend was £9.7m in year with pressures on external residential placement costs and home to school transport demand. Adults Social Care overspend was £9.5m, driven by long term care placements, homecare hours, disability services and older person care. These pressures have been partly offset by an underspend of £2.7m in the Corporate Core which is due to a combination of staffing underspends and higher than forecasted income in various services.

The Council was able to deliver £11.7m of the savings required per the budget of £21.4m. The unachieved savings were considerably higher in 2024/25 with the £9.7m non-delivery being driven by increased costs and demand pressures. As part of the budget setting process for 2025/26 officers identified alternative savings where original plans could not be met. However, this has contributed to large overspend seen in 2024/25.

The Council provided regular reports of its financial position to Executive through the year. We have reviewed a sample of the reports presented for 2024/25. These reports were detailed and comprehensive and incorporate monitoring of the revenue budget, the capital programme and a wide range of other financial measures. The Council follows an established timetable for reporting to Executive which includes reporting to directorate

management teams and the strategic management team.

The Council has a significant capital programme and continues to play a lead role in developing the City. In 2024/25 the revised capital budget was £560m. Actual spending against the budget was £324.1m with the difference rephased into future years. The slippage on the capital programme is primarily caused by longer than anticipated project timeframes. During 2024/25 the Council had over 300 live capital projects progressing. The Council delivered several new schemes including; the refurbishment of the Manchester Aquatics Centre, Hough End Leisure Centre extension, 3G football pitches and parking, Citywide Park Tennis Programme and Broadway Leisure Centre upgrade. Other major projects have continued during 2024/25 including the Town Hall Project, highways investments, private and public social housing programmes and ensuring sufficient school places through the Schools Basic Need Programme.

The capital budget monitoring and reporting mirrors the revenue budget monitoring. We reviewed a sample of these reports and this confirmed they provide timely detailed monitoring reports to key decision makers in the governance structure.

The Council's arrangements for identifying, managing and monitoring funding gaps and savings

The financial planning for 2024/25 recognised the importance of setting a balanced one year budget, alongside demonstrating the long term financial resilience of the Council.

The Council's budget setting process, which begins in the summer, is a detailed and comprehensive process. There is detailed consultation and discussion with officers and members on the assumptions and principles on which the budget is to be based. As part of the budget setting process, the Council explicitly identifies its savings requirements for the following years through detailed consideration of the budgetary pressures, funding estimates, and impact of national and local initiatives and policies.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

We reviewed a range of the budget preparation documents and meetings held as part of the budget setting process. Our review confirmed the documents were comprehensive and detailed and the discussions were timely and delivered the intended outcomes to assist with the budget preparation.

The Medium Term Financial Strategy (MTFS) is a three year plan which sets out the resources available to deliver the Council’s overall commitment to provide services that meet the needs of the local community and represent good value for money. A key element of the MTFS is to highlight budget issues that will need to be addressed by the Council in each of the years it covers. The MTFS report to Council in March 2024 set out the detailed savings plans and proposals for each directorate, along with the proposed impact on the Council’s reserves

The Council’s approach to 2025/26 financial planning

The Council’s arrangement for the 2025/26 budget setting process has largely followed the arrangements in place for 2024/25.

The budget for 2025/26 was approved at the February 2025 full Council meeting. The Council set a balanced budget with total net expenditure for Council services of £894m, requiring an increase in Council Tax of 4.99% (including a 2% Adult Care Precept) and savings of £28.8m. The Medium Term Financial Strategy sets out savings gaps of £19.1m and £46.5m for 2026/27 and 2027/28 respectively.

We have reviewed the 2025/26 budget papers and confirmed the assumptions used appear to be comprehensive, realistic and properly applied.

We have reviewed the period 4 financial report of 2025/26 which was presented to Executive on 10 September 2025 and forecasts a £9.1m overspend, this is largely driven by significant pressures in Children’s Services. The report sets out that £5.9m of the savings target had been delivered with £17.6m also on track to be achieved, £2.8m are

deemed to be high risk and unlikely to be delivered in year. There is forecasted to be in year slippage in the 2025/26 capital programme of £64m.

The forecasted revenue overspend in year 2025/26 does raise concerns as the impact of overspends is likely to be met through the use of the general fund reserve. We do note that the Council have a track record of being prudent in their finance update reports and the final outturn being improved.

The Council’s Dedicated Schools Grant (DSG) cumulative deficit is forecast increase to be £60m at the end of 2025/26 and reach £121m at the end of 2027/28, when the statutory override is due to end. The statutory override currently in place sets out the requirement for in year deficits to be charged to a separate reserve account, eliminating any impact on the Council’s general fund. The Council has a recovery plan in place which aims to address the DSG pressures with reports being regularly presented to the Schools Forum. The Council has forecasted usable reserves at March 2028 of £165m which could fund the deficit if required. However, doing so would significantly impact the financial sustainability of the Council. We have therefore raised a recommendation to draw attention to the importance of executing the recovery plan.

Other recommendation

1	The Council’s 2024/25 DSG deficit is £30.1m and is forecast to grow to £121m by 2027/28.	The Council should continue to implement initiatives to reduce the DSG deficit which include: <ul style="list-style-type: none">• improving prevention and early intervention• transforming provision and reduce costs whilst maintaining standards; and• identifying income to offset high needs spend.
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Based on the above considerations we are satisfied the Council has adequate arrangements in place in relation to financial sustainability.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on Governance

The Council's risk management and monitoring arrangements

The Council has an established risk management framework in place and embedded in the governance structure of the organisation. 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.

The Council has a risk management strategy that sets out its risk appetite and context to its risk management. The risk management arrangements incorporate service and directorate risk registers informed by detailed assessments of the key risks impacting on each area. These registers inform the Council's corporate risk register which sets out the key strategic and corporate risks. The risk registers apply a risk score alongside the Council's target score for each risk. The register includes the controls in place to mitigate the risks along with other sources of assurance, and enables the Council to manage the risks actively and take action where necessary. We have reviewed the risk management strategy along with examples of risk registers. Our review confirms the strategy is clear, and the registers appear comprehensive, containing sufficient and appropriate detail for Council officers and members to discharge their responsibilities.

The Council reports its risk registers through its governance framework, culminating in reports to the Audit Committee. Our attendance at the Audit Committee meetings has confirmed the Committee understands its role in the risk management framework. It provides challenge to management on the risk registers and corresponding risks and mitigating actions.

In early 2024 the Strategic Management Team approved a revised risk management strategy which has strengthened the review process, involving the use of risk appetite statements and introducing new formats of reporting for 2024/25. Following the new format of reporting from April 2024 risk updates are reported to the Senior Management Team and the Audit Committee throughout the year.

The Council has a team of internal auditors, led by the Head of Audit & Risk Management, who provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. In 2024/25, the Audit Plan was presented to the Audit Committee in April 2024.

The Internal Audit plan is based on an assessment of risks the Council faces and is planned to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work to respond to emerging risks and issues. We have reviewed the Internal Audit plan for 2024/25 and confirmed it is consistent with the risk-based approach. The Council has comprehensive anti-fraud and corruption policies which are updated as required.

Internal Audit progress reports are presented to Audit Committee meetings routinely, including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we have observed how this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Audit & Risk Management provides an opinion based on the work completed during the year. For 2024/25 the Head of Audit & Risk Management concluded a reasonable level of assurance could be given that the Council's overall framework of governance, risk management and control remains appropriate and had been complied with. This is an equivalent opinion to that issued in previous years and reflects that overall governance, financial management arrangements and core systems and processes within the Council remained largely effective. The Council continues to respond to a wide range of risks and issues with areas for further improvement identified through audit and other assurance work, but these are counterbalanced by a number of key strengths.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Throughout the year we have attended all Audit Committee meetings. These meetings have received regular updates on both internal audit progress and risk management. Audit Committee members engage with the reports and challenge the papers and reports which they receive from management, internal audit and external audit.

Council arrangements for budget monitoring and budgetary control

The Council has established budget monitoring arrangements in place. The Finance service is configured to align to the Council's management portfolio structure. Members of the Finance Team are assigned to specific service areas and work closely with cost centre managers to review, discuss and agree the financial pressures/ issues impacting on specific service areas. At the end of each month, a Portfolio dashboard is prepared which contains all relevant financial information. Forecasts are produced for cost centres, service areas and the whole Portfolio. These are discussed and agreed with relevant Directors and managers.

There is a detailed budget monitoring timetable to which the Finance service works to ensure reports are timely. Overall financial monitoring reports are prepared encompassing the whole Council position for both Capital and Revenue. The format of the reports ensures relevant information is available. We have reviewed a range of the reports and conclude they are appropriately detailed and comprehensive to provide members with the current financial position and the future challenges and risks ahead.

Council decision making arrangements and control framework

The Council's decision making arrangements are established in the Council Constitution. Decisions are either made by members (Council, Executive, or other decision making

committees) or delegated to Executive portfolio leads, or officers. The Constitution sets out clearly the approach to decision making. The Council also has a range of overview and scrutiny committees and sub-groups that challenge and scrutinise Council decisions.

Reports provided to support decision making include an assessment of the revenue and capital financial impacts and other key impact areas such as risk management, legality and equal opportunities.

The Council operates an Audit Committee which has the appropriate status in the organisation to challenge management and obtain assurance on the operation of the internal control framework. The Committee has an agreed workplan and, where necessary, asks management to report on specific internal control issues. This includes asking management to attend meetings to answer questions. The Audit Committee met regularly throughout the year and routinely considered key reports on internal controls.

Based on the above considerations we are satisfied the Council has adequate arrangements in place in relation to governance.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

The Council’s arrangements for assessing performance and evaluating service delivery

The Council prepares performance monitoring and financial monitoring reports which are regularly reported through the year. The monitoring of the achievement of the Corporate Plan priorities is supported by accessible detailed dashboards. These are presented alongside narrative reporting of the actual performance, progress to achieving targets, current and known future challenges and an assessment of how the Council is performing. The financial monitoring position is reported separately to performance monitoring but both provide a detailed and insightful summary of the Council performance and provide up to date evidence to inform decision making. The monitoring is also used to identify service delivery challenges, for example where increased costs are incurred to address service backlogs or underlying underperformance. Where such issues are highlighted through financial monitoring, the resources required as an investment to address this are identified.

The Council produces a range of value for money analysis, including annual benchmarking of outcomes and unit costs against similar councils. The Council uses benchmarking tools to inform its understanding of its performance. As well as using some off the shelf benchmarking tools, the Council also has a corporate Performance, Research & Intelligence service. This service provides a valuable source of advice on performance monitoring methodologies for projects and directorates, as well as interpreting data and performance monitoring information.

The Council’s arrangements for effective partnership working

The Council’s key partnerships include a wide range of organisations, as expected for a large and complex council. These include service delivery partnerships, statutory partnerships, and commercial partnerships.

The Council monitors its delivery through key partnerships including an ongoing assessment of risk as set out in its Register of Significant Partnerships which is reported

to the Audit Committee annually. This summarises the significant partnerships the Council has alongside a rating of assurance the Council considers the partnership arrangements provide. This is informed by discussions and assessments involving the partnership link officer, moderated by Council officers from a range of service areas. The register presented to Audit Committee in June 2025 included 44 significant partnerships, only three of which was reported as having limited assurance of controls over the partnership, and 41 were rated as having the highest level of assurance. This position is largely consistent with the previous year and provides good information to the Council on the level of risk in its partnership working.

The Audit Committee has continued to receive regular reports from Internal Audit on its concerns over governance arrangements at the tenant management organisation, AVRO Hollows, but no resolution was secured during 2024/25. The Council are committed to working closely with the TMO to improve arrangements. The Audit Committee have highlighted this as a key risk for tenants and for the Council, particularly given lessons learned from the Grenfell Inquiry and changes in social housing standards and regulation.

The “Our Manchester Forum”, which is chaired by the Council’s leader, supports development of effective relationships across leaders of the city’s key private, public, voluntary and community sector organisations and our residents. The Forum oversees the Council’s other city-wide governance boards and has strategic oversight and coordination of the work delivered by the city’s main partnership boards.

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 between the Council and the NHS. 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.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

The Council, along with other Greater Manchester Council's and the ICS, have ambitions for the city to significantly improve health outcomes, tackle health inequalities and develop a financially and clinically sustainable system. The Manchester Partnership Board is an established public committee, which is subcommittee of the NHS GM Integrated Care Board (ICB), and brings together the senior leaders of the City Council, NHS (primary, secondary and community and mental health services) and the voluntary, community and social enterprises (VCSE) from across the city. Its role is to focus on shared priorities to improve the health and well-being of the people of Manchester.

Following a delivery model assessment, in November 2024 the Council made a 'Decision in Principle' to return Adult Mental Health statutory functions and duties from Greater Manchester Mental Health Foundation Trust (GMMHT) to the Adult Social Care Directorate working within the Manchester Local Care Organisation. A new mental health social care delivery model would be implemented via a 24-month programme of transformational work to repatriate the functions. Work is ongoing to draft a report outlining the proposals for a new delivery model for this service.

The Council's arrangements for procurement and commissioning services

The Council's Constitution contains a chapter on the Contract Procurement Rules. This sets out the detailed process the Council must follow when procuring goods or services.

We have reviewed the procedure rules and this confirms they are comprehensive and cover the procedures, the quotation and tender process, using frameworks, post tender evaluation and contract monitoring procedures.

To support procurement, the Council has centralised procurement team. This team provides a key source of procurement expertise. The team are required to be involved in

procurement contracts above £30,000 and lead the procurement process in many cases. The Council controls in place to manage procurement effectively include completion of a pre-tender form to evidence the approval for the procurement and that financial and legal requirements have been followed. The support provided by the procurement team includes training to officers involved in the procurement process, enabling a clear common understanding of the approach and compliance requirements. The Council appoints contract managers who have responsibility for managing the contract. Directorates record their contracts in registers to track all the contracts within their portfolio.

The Council have taken comprehensive steps to comply with the new Procurement Act 2023, which came into force in February 2025. Actions taken have included:

- Process and policy updates
- Training and awareness
- Systems and documentation
- Social value and policy alignment
- Ongoing monitoring.

Based on the above considerations we are satisfied the Council has adequate arrangements in place in relation to improving economy, efficiency and effectiveness.

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

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

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. Whilst we have received some correspondence from members of the public we did not receive any objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We completed the statement at the conclusion of the audit of the financial statements. We have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us and we have therefore been unable to issue our Audit Certificate for 2024/25.

Audit fees and other services

Fees for our work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in July 2025. Our expected fees, which we will discuss with the City Treasurer, are as follows. We will discuss and agree the additional fees in March 2026 and report to the Audit Committee.

Area of work	2024/25 fees	2023/24 fees
PSAA scale fee	£577,731	£280,000
Additional fees:		-
1. VFM Risk	£8,500	-
2. IFRS 16 Implementation	£7,500-£15,000	-
3. Internal Experts – Asset Valuations	TBC	-
4. LGPS Pension Asset Ceiling	TBC	-
5. Prior Period Adjustments	TBC	-
6. ISA 600 (Revised)	TBC	-
Total fees	TBC	£280,000

Fees for other work

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

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