

REPORT FOR INFORMATION / RESOLUTION

<u>COMMITTEE</u>	Audit Committee
<u>DATE</u>	29 May 2008
<u>SUBJECT</u>	Code of Corporate Governance and the Annual Governance Statement
<u>REPORT OF</u>	The Chief Executive, The City Solicitor and the City Treasurer

PURPOSE OF THE REPORT

To present a Draft Code of Corporate Governance and to report on the first annual review of governance arrangements within the Council.

RECOMMENDATIONS

To note and comment on the draft Code of Corporate Governance.

To note the findings of the review of governance arrangements and internal control and the actions proposed to further develop or strengthen elements of the control environment during 2008/09 which are encapsulated within a first draft of the Annual Governance Statement.

To note the requirement for Audit Committee to approve the final Annual Governance Statement at the meeting to be held on 27 June.

To request members to identify any matters arising from the review which require further, more detailed consideration by the Audit Committee, including in particular those matters which will be subject to disclosure within the Annual Governance Statement.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS

None directly from this report

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BACKGROUND DOCUMENTS

To be completed

WARD AFFECTED

N/A

IMPLICATIONS FOR KEY COUNCIL POLICIES

<u>Anti-Poverty</u>	<u>Equal Opportunities</u>	<u>Environment</u>	<u>Employment</u>
None	None	None	None

Introduction

1. The new CIPFA/SOLACE governance framework 'Delivering Good Governance in Local Government' brings together an underlying set of legislative requirements, governance principles and management processes. Crucially, it states that good governance relates to the whole organisation.
2. The Governance Framework requires that the council adopts a Code of Corporate Governance and it provides a recommended framework for that Code.
3. This report present the Draft Code of Corporate Governance for consideration by Audit Committee as part of the process of developing the Code for adoption at full Council in July. It also outlines the process of and outcome from the annual review of governance arrangement encapsulated within a first draft Annual Governance Statement
4. There was previously a requirement to publish an annual statement on the effectiveness of their internal control framework with the authority's financial statements. Revised guidance now replaces this with a requirement for an Annual Governance Statement (the part of the new CIPFA/SOLACE governance framework that subsumes the Statement of Internal Control or SIC).
5. The Annual Governance Statement extends the coverage of the SIC to reflect how the Council conducts its business internally and in its dealings with others. It takes a more holistic approach, providing a statement on the authority's key governance arrangements, within which assurance on internal control is a key element. There is also a greater emphasis on assurance and evidence relating to joint working arrangements and partnerships and an assessment of risk management arrangements should feature strongly in the process.

The Draft Code of Corporate Governance

6. Local Authorities are now required to adopt a governance code which sets out the culture, values, systems and processes they have in place which help ensure they operate effectively and achieve their objectives.
7. The Code is a public statement that sets out the way in which the Council will meet this commitment. It comprises the following six Principles:
 - Focussing on the Council's purpose and community needs
 - Having clear responsibilities and arrangements for accountability
 - Good conduct and behaviour
 - Taking informed and transparent decisions which are subject to effective scrutiny and risk management.
 - Developing the capacity and capability of members and officers to be effective.
 - Engaging with local people and other stakeholders to ensure robust public accountability
8. The drafting of the Governance Code has been coordinated via the Governance Working Group. Although the CIPFA/SOLACE framework has been followed it has

been tailored to reflect Manchester's values and the arrangements the Council has in place to meet the six principles outlined above. The Draft Code, which has been considered by SMT is attached at Appendix 1 and Members are invited to comment on the Code. The draft Code will also be considered by the Executive and by Standards Committee before being formally presented to Council for adoption.

Preparation of the Annual Governance Statement

9. The Accounts and Audit Regulations require that the Council reviews, at least annually, its governance arrangements and, following this, agrees an Annual Governance Statement (AGS) for publication within its Accounts.
10. The completion of the annual review of governance arrangements has been undertaken by the Governance Working Group chaired by the Assistant Chief Executive (Performance) but also incorporating wider assurance from an array of sources including assurance returns from all Heads of Service.
11. Because the intention was to agree a Governance Code, the annual review has assessed the Council against this draft document, even though it will not formally be agreed until after the AGS is compiled.
12. This is because the Draft Code represents the compilation of all of the existing governance arrangements within the Council which have operated during 2007/8. Outlining the Council's arrangements within the new framework, however, enables a more holistic and systematic assessment to be undertaken.
13. In undertaking the Annual Review the following sources of assurance were considered:
 - Self Assessment against the Governance Code completed by the Governance Working Group (chaired by Assistant Chief Executive Performance and including Acting Head of Internal Audit, Head of Corporate Performance, Head of Democratic Services, Personnel Manager (Employee Relations) and the Head of Finance (Corporate and Strategic)
 - Head of Service self assessments against thirteen key criteria evaluation. The results have been incorporated into the Governance Issues Log
 - Partnership Registration and self assessment returns
 - Assessment of the Council's risk management processes including the Corporate Risk Register, Risk Registers within Business Plans (considered by Strategic Management Team on 11 March) and the Corporate Finance Risk Log
 - Internal Audit Annual Report reported to Audit Committee on 14 March 2008.
 - External Audit "*Annual Audit and Inspection letter*" – March 2008 and associated External Audit reports
14. The outcome of the review was considered by the Strategic Management Team (SMT) at its meeting of 6 May and 20 May and SMT agreed those specific matters which need to be outlined in the Statement. The essence of the review is encapsulated within the Draft AGS as are those matters which warrant specific mention in terms of ongoing development.

15. The Statement includes the following:
 - An introduction setting out an explanation of Corporate Governance and the purpose of the Corporate Governance Statement
 - A description of the review work within the authority to provide assurance on the internal control environment.
 - A summary of external audit and inspection opinions
 - A summary of the areas where the Council will focus its efforts over the coming year.
16. An initial draft of The Manchester City Council Annual Governance Statement is presented at Appendix 2 of this report and, once finalised and approved, will be contained within the Annual Statement of Accounts as required by the Accounts and Audit Regulations 2003. The statement will need to be signed by the Chief Executive and the Leader prior to the Audit Committee Meeting of 27 June. Members will note that some elements of the Statement are as yet incomplete because we are awaiting further information.
17. Also attached for information at the end of the Annual Governance Statement is the summary assessment of performance against the draft Manchester Governance Code. This has informed the completion of the AGS.
18. Members are invited to comment on the content of the Statement and, in particular, the matters raised as part of the annual review process.

MANCHESTER CITY COUNCIL

CODE OF CORPORATE GOVERNANCE

May 2008 Version 6

CODE OF CORPORATE GOVERNANCE

Introduction

Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a council relates to the communities that it serves. Good corporate governance requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity. The Code will support the Council in its place shaping role and in driving the citizen and community agendas.

This Code is a public statement that sets out the way in which the Council will meet this commitment. The Code is based upon the following six Principles:

- Focussing on the Council's purpose and community needs;
- Having clear responsibilities and arrangements for accountability;
- Good conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability

Each of these principles is an important part of Manchester City Council's corporate governance arrangements. This document describes how the Council will meet and demonstrate its commitment to good corporate governance.

Also described in this document is how and by whom the Council's corporate governance arrangements will be monitored and reviewed.

Our vision is that Manchester will be a world class city with a larger population that is wealthier, living longer, healthier, happier lives in communities that are diverse and cohesive. We strongly believe that good governance will enable us to pursue this vision in the most effective way.

Signed

Signed

Sir Richard Leese
Leader Manchester City Council

Sir Howard Bernstein
Chief Executive Manchester City Council

THE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES

1. Focussing on the Council's Purpose and Community Needs

The Council via its Members and Officers will develop and promote its purpose and vision through effective engagement with the residents of Manchester and in partnership with key stakeholders to create and implement a vision for Manchester which will achieve better outcomes for Manchester people. It will communicate this vision through the publication of the Community Strategy overseen by the City Council and its partners through the Manchester Partnership.

The delivery of the Community Strategy will be supported by the Local Area Agreement (LAA - our three year Agreement with partners and Government) by the Council's Corporate Plan together with detailed Business Plans for each of the services provided by or on behalf of the Council and by clear plans from each of the five thematic partnership outlined through the LAA. These documents outline the key strategic outcomes and key improvement priorities over a three year period, to be delivered either by the Council on its own, or in partnership with others.

We will promote and regularly review the Community Strategy to ensure it remains relevant and focussed on how our vision can be achieved.

The Code will focus on the Council's relationship with partnerships and governing bodies of schools as well as our direct role.

The Council will explain and report regularly on activities, performance and the Council's financial position. Timely, objective and understandable information about the Council's activities, achievements, performance and financial position will be provided. The Council will do this by annually publishing:

- A Corporate Plan and associated Business Plans outlining key objectives for the next three years;
- A Local Area Agreement setting out our priorities and targets for the next three years of the community Strategy agreed with our partners and Government;
- An Annual Report outlining what the Council has achieved in the previous year;
- A Medium Term Financial Strategy outlining how finances will be used over the coming three years;
- A People Strategy detailing how the Council workforce can be supported, developed and deployed to best effect; and
- Annual "State of the City" and "State of The Wards" reports outlining key aspects of performance which are underpinned by independently verified performance information.

The Council will aim to ensure that it makes best use of resources and that tax payers and service users receive excellent value for money. The Council will do this by:

- Commissioning services to meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice;
- Ensuring that services are prioritised so that resources are directed to those activities that will have the greatest impact on the outcomes set out in the Community Strategy;

- Developing effective relationships and partnerships with other public sector agencies and the private and voluntary sectors;
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions;
- Comparing outcomes for Manchester with outcomes elsewhere and assessing outcomes against our aspirations for Manchester set out in the community Strategy;
- Comparing information about our functions and performance with those provided by similar organisations and assessing why levels of economy, efficiency and effectiveness are different elsewhere; and
- Consider the environmental impact of our policies, plans and decisions.

Underpinning all business of the Council is that it must be conducted in accordance with the Principles of Public Life. The Nolan Committee Report published in May 1995 set out seven principles of conduct which should underpin public life, selflessness, integrity, objectivity, accountability, openness, honesty and leadership

2. Having clear responsibilities and arrangement for accountability

The Council will ensure that the necessary roles and responsibilities of those with responsibility for the governance of the Council are identified and allocated so that it is clear who is accountable for decisions that are made. The Council will do this by:

- Appointing a Leader of the Council;
- Appointing an Executive with Members with defined portfolios ;
- Agreeing a Scheme of Council responsibilities delegated to Strategic Directors and other appropriate Officers;
- Appointing Statutory Officers that have the skills, resources and support necessary to perform effectively in their roles and ensuring that these roles are properly understood throughout the authority;
- Annually appointing Committees to discharge the Council's regulatory responsibilities;
- Annually appointing Committees to discharge the Council's overview and scrutiny responsibilities and maintaining systems to support members in discharging an effective scrutiny function;
- Supporting Members as Ward Representatives through, amongst other things, a formal process of Ward Coordination which focuses service improvement at a neighbourhood level;
- Ensuring that appropriate officers are responsible for:
 - all aspects of operational management including monthly risk based monitoring of service delivery and performance improvement objectives;
 - ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control; and

- ensuring that agreed procedures are followed and that all applicable statutes, regulations, procedure rules and other relevant statements of good practice are complied with;
- Publishing and reviewing, annually, a Constitution which includes:
 - schemes of delegation of both Council and Executive functions;
 - a Members Allowances Scheme, developed taking into account the recommendations of an Independent Remuneration Panel
 - protocols governing Member / officer relations and the roles of Members and officers in decision making; and
 - procedures and protocols regarding the role of scrutiny;
- Reviewing Executive arrangements in accordance with legislative requirements including engaging Manchester people in consultation;
- Establishing and maintaining specific arrangements for schools having regard to the statutory requirements for delegating governance arrangements to Governing Bodies and ensuring systems are in place for sharing the Council's values and guaranteeing high standards of governance and probity; and
- Maintaining a Partnership Governance Framework which outlines the Council's partnership arrangements including roles and responsibilities of partners and their decision making procedures.

3. Good conduct and behaviour

The Council will foster a culture of behaviour based on shared values, ethical principles and good conduct. Our Values are:

Pride in Our City

We take pride in our City and the contribution we make to its success. We are committed to continuously improving the quality of life in Manchester.

Community Focused

We recognise that a successful city relies on the success of its neighbourhoods and communities. We want to meet the aspirations of all Manchester citizens by empowering communities and embracing their diverse identities.

People Focused

People are at the centre of what we do. We will achieve an excellent standard of customer service by acting with speed, efficiency and respect.

Responsive and Accountable

We value the contribution of residents, employees and partners. We will communicate clearly and openly about our decisions and actions and the reasons for them.

Valuing Our Employees

We value our employees and we will support and encourage their development in working hard to deliver better services.

The Council will put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

The Council will do this by:

- Establishing and keeping under review:
 - the Council's values;
 - a Member Code of Conduct;
 - an Officer Code of Conduct;
 - a protocol governing Member/Officer relations;
 - systems for reporting and dealing with any incidents of wrongdoing including fraud and corruption;
- Maintaining a Standards Committee with responsibility for promoting and maintaining high standards of conduct; assisting members observe the member code of conduct; overseeing the Council's whistle blowing policy and monitoring the member/officer protocol;–
- Maintaining a Personnel Committee to determine the officer code of conduct;
- Working with the Standards Board to develop with our partners a set of shared values and behaviours that will underpin our partnership work; and
- Developing and implementing a governance framework for significant partnerships which enables partnerships to improve standards of governance.

4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management

The Council is committed to ensuring that its decision-making processes enable those making decisions to be provided with information that is relevant, timely and gives clear explanations of technical issues and their implications and that appropriate legal, financial and other professional advice is considered as part of the decision-making process.

The Council will be transparent about how decisions are taken and recorded. The Council will do this by:

- ensuring that, subject to limited exemptions, decisions of full Council, the Executive and committees are made in public; are recorded and that information relating to those decisions is made available to the public;
- ensuring that, subject to limited exemptions, key decisions taken by Council officers under the scheme of delegation are recorded and that information relating to those decisions is made available to the public; and
- having rules and procedures which govern how decisions are made including how appropriate financial, legal and professional advice is provided.

The Council has in place arrangements to ensure that decision makers can be held to account, including:

- establishing and maintaining an effective scrutiny function which is able to constructively challenge decision-makers, including those who work in partnership with the Council;
- establishing and maintaining an effective Audit Committee, to oversee the Council's corporate governance arrangements and ensure that they are operating effectively;
- engaging the Community in decision making through the work of local Councillors and ward co-ordination;
- establishing and maintaining an accessible system for dealing with customer complaints;
- establishing, reviewing and publicising a whistleblowing policy; and
- a system for dealing with local investigation and local determination of allegations of breach of the Code of Conduct for Members.

The Council will operate a risk management framework that aids the achievement of its strategic and business outcomes and priorities, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations. The Council will ensure that the risk management framework:

- enables officers to formally identify, evaluate and manage risks;
- maps risks to financial and other key internal controls;
- involves elected Members in the risk management process;
- is applied to the Council's key business processes, including strategic planning, financial planning, policy-making and review, performance management and project management;
- is applied to the Council's significant partnerships and governance arrangements with schools;
- includes business continuity management.

The Council will review and, if necessary, update its risk management framework at least annually. It will also ensure that there is appropriate training and awareness-raising activity to ensure that risk management is embedded into the culture of the authority, with elected Members and managers at all levels recognising that risk management is part of their jobs.

5. Developing the capacity and capability of councillors and officers to be effective

Effective local government relies on public confidence in Councillors and in officers. Good governance strengthens credibility and confidence in our public services. We need people with the right skills to direct and control the Council effectively. Governance is strengthened by the participation of people with many different types of knowledge and experience.

Good governance requires good Councillors. This includes drawing on the largest possible pool of potential Councillors and attracting and developing people with the necessary skills. Encouraging a wide range of people to stand for election will provide a greater range of experience and knowledge. It will also help to increase the diversity of Councillors in terms of age, ethnic background, social class, life experiences, gender and disability.

The Council will support all Members and officers to develop the skills, knowledge and experience they need to perform effectively in their roles. The Council will do this by:

- providing induction programmes tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis;
- assessing the skills required by Members and officers and making a commitment to develop those skills to enable roles to be carried out effectively; and
- developing skills on a continuing basis to improve performance.

The Council will support these activities by:

- implementing a Member Development Strategy;
- achieving and maintaining the Investor in People Standard;
- develop workforce plans which assess how the workforce needs to develop and change over time to meet the needs of the Council in delivering services;
- developing leadership programmes for Councillors;
- developing leadership programmes to distribute the effective management of the Council across all services and at all levels and when working in partnership
- cascading regular information to Members and staff;
- developing a set of core competencies for managers, which include skills and knowledge relating to ethical governance; and
- ensuring that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council

6. Engaging with local people and other stakeholders to ensure robust public accountability

The Council will engage with local people and other stakeholders to inform, monitor and evaluate its service delivery and that of other public, private and third sector partners in the city. The Council will discharge this “place shaping” role by:

- Communicating with residents of Manchester on issues of interest to them and maintaining effective channels for dialogue and debate;
- Establishing and maintaining effective relationships with public, private and third sector organisations which contribute to the well being of Manchester residents;
- Undertaking appropriate formal and informal consultation with residents and relevant partners on relevant issues;
- Providing and supporting ways for citizens to present community concerns to the Council and its partners, both directly and via their elected representatives through Ward Co-ordination and the Councillor Call for Action;
- Ensuring that the Community Engagement Strategy reflects the need for the Council to engage with all sections of the city’s diverse communities and that this is supported by a community engagement toolkit which provides managers and staff with comprehensive practical guidance and contacts;
- Ensuring that the City Council and Manchester Partnership are accountable to local people, through their elected representatives, for the delivery of the Community Strategy through the Overview and Scrutiny process; and
- Build public awareness to promote electoral registration and participation and confidence in the integrity of the electoral process.

Monitoring and Review

The Council has three Committees that are jointly responsible for monitoring and reviewing the Council's Corporate Governance arrangements.

In summary, the Audit Committee is responsible for:

- Approving the Council's Accounts;
- Reviewing and considering the work of Internal and External Audit; and
- Reviewing the Council's arrangements for risk management.

The Resources and Governance Overview and Scrutiny Committee is responsible for exercising overview and scrutiny functions in relation to resources and governance including:

- Corporate Finance;
- Human Resources;
- Governance;
- Manchester Improvement Programme;
- Corporate Audit and Inspection Reports;
- Revenue and Benefit;
- IT; and
- Capital Programme.

The Standards Committee is responsible for:-

- promoting and maintaining high standards of conduct by members and assisting them in observing the Code of Conduct for Members ("the Code");
- advising the Council on the adoption or revision of the Code and monitoring its operation;
- advising and training members on matters relating to the Code;
- granting dispensations to members from requirements relating to interests set out in the Code;
- initial assessment of written allegations of breaches of the Code and reviewing decisions that no action should be taken;
- dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter which is referred to it for determination by the Monitoring Officer, Ethical Standards Officer or the Standards Board for England;
- dealing with reports of the Monitoring Officer regarding breaches of the protocols/guidance to members accompanying the Code which do not in themselves constitute a breach of the Code;.
- overseeing the Council's whistle blowing policy; and
- considering and determining applications for exemptions from political restriction and giving directions to the Council requiring it to include a post on its list of politically restricted posts.

The Council will ensure that these arrangements are kept under continual review by updating , as appropriate, these bodies on:

- The work of Internal and External Audit;
- The opinion of other review agencies and inspectorates;
- Opinions from the Council's Statutory Officers;
- Monitoring Reports regarding the Code of Conduct for Members and returns to the Standards Board for England;
- General matters relating to the implementation of this Code; and
- Reports prepared by managers with responsibility for aspects of this Code.

All members of the Council are provided with an overall view of the work of these committees through, for example, annual reports of the Standards Committee and the Overview and Scrutiny Committees.

The Annual Governance Statement

Each year the Council will publish an Annual Governance Statement. This will provide an overall assessment of the Council's corporate governance arrangements and an appraisal of the key controls in place to manage the Council's principal governance risks. The Statement will also provide details of where improvements need to be made.

The Annual Governance Statement will be published as part of the Council's Annual Statement of Accounts and will be audited by our external auditors.

MANCHESTER CITY COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

1. Manchester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Manchester City 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, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility Manchester City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
3. Manchester City Council is in the process of adopting a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement will explain how Manchester City Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of a statement on internal control.
4. Prior to the formal adoption of the Manchester Code of Governance the City Council are working to the CIPFA/SOLACE Framework through existing governance arrangements which will be brought together into a single document by the adoption of the Code.

The Purpose of the Governance Framework

5. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Manchester City Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

7. Manchester City Council has been working to the CIPFA/Solace governance framework for the year ended 31 March 2008 and up to the date of approval of the Annual Report and Statement of Accounts.

The Governance Framework

8. Governance comprises the systems and processes, and cultures and values by which local government bodies are directed and controlled through which they account to, engage with and, where appropriate lead their communities. The Nolan Committee Report published in May 1995 set out seven principles of conduct which should underpin public life, selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Good corporate governance incorporates these principles and requires local authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity. The Council will foster a culture of behaviour based on shared values, ethical principles and good conduct. Our vision is that Manchester will be a world class city with a larger population that is wealthier, living longer, healthier, happier lives in communities that are diverse and cohesive. We strongly believe that good governance will be enable us to pursue this vision in the most effective way.
9. An important element of governance is the Council's internal control environment which comprises the authority's policies, procedures and operations that are in place to:
 - Establish and monitor the achievement of the Council's objectives
 - Identify, assess and manage risks to achieving the Council's objectives
 - Facilitate policy and decision making
 - Ensure value for money
 - Ensure compliance with established policies (including ethical expectations), procedures, laws and regulations
 - Safeguarding the Council's assets and interests from losses such as arising from fraud, irregularity or corruption
 - Ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes.
10. The governance arrangements have been reviewed against the following key parts of the draft Manchester Code of Governance:
 - Focus on the council's purpose and community needs
 - Having clear responsibilities and arrangements for accountability
 - Informed, transparent decision making takes place
 - Good conduct and behaviour of Councillors and officers
 - That the skills and capacity of councillors and officers are developed
 - Stakeholders are engaged

Focussing on the Council's Purpose and Community Needs

11. The Council's vision for Manchester is set out in the Community Strategy, which was updated and re-launched in 2006. The Corporate Plan and Business Plans set out the strategic outcomes and priorities which will contribute to the delivery of the vision. The 2007/08 Business Plans were based on revised guidance which has

delivered improvements in how they link with corporate priorities along side risk management and value for money.

12. The council has a responsibility to explain and report regularly on its performance and financial position. It does this through the publication of:
 - The Corporate Plan and associated Business Plans outlining the key objectives for the next three years
 - For 2007/08 the Council will publish an Annual Report outlining what the Council has achieved in the previous year
 - The Annual State of the City Report. The 2007 Report was received by the Manchester Partnership and the Executive. It led to the identification of additional work programmes to raise resident wages and improve levels of well-being.
 - The People Strategy has now been completed and outlines how the Council workforce can be supported, developed and deployed to the best effect

Making the Best Use of Resources

13. The new statutory Local Area Agreement (LAA) is being finalised. It will be agreed and adopted with government and adopted by partners from the public and third sector. Key to delivering the priorities and maximising the use of resources is effective commissioning arrangements. Arrangements within Children's and Adults Services are well developed and district based arrangements are being implemented to ensure resources are used most effectively to meet local need. There is further good practice in areas such as the Crime and Disorder Partnership. The new LAA includes an improvement programme for the Partnerships. This includes obtaining improved value for money through building on best practice in commissioning, to underpin the delivery of the LAA.
14. The Council's Partnership Governance Framework , implemented in 2007/08 is designed to define and standardise the approach to partnership working and help strengthen accountability, manage risk, rationalise working arrangements and achieving value for money.
15. The Manchester Improvement Project continues to focus on driving out efficiencies alongside developing more effective service delivery which places the customer at the heart. Following the appointment of a new Director the programme is currently being reviewed to ensure it continues to remain aligned to the Council's goals. The Procurement Service Improvement Project has led to the implementation of a best practice model of procurement across the Council and the delivery of significant efficiencies.
16. The evaluation of value for money has been included in the last two rounds of business planning. Workshops were held with service managers last year and the work is being developed through a series of VFM pilot studies which will be rolled out across the Council during 2008/09.
17. The Annual Audit letter has highlighted that 'the council has taken a positive approach to audit and inspection work'. All External Audit reports have an agreed action plan and are considered by Audit Committee. Arrangements for monitoring

implementation of audit recommendations are currently under review by the Audit Committee.

18. The Council has pledged to invest £1 million in initiatives to reduce the impact of climate change and is developing its strategy to reduce the negative impact of climate change in the City. Sustainable economic growth is one of the key priorities in the LAA with challenging targets to create a green city.

Having Clear Responsibilities and Arrangements for Accountability

19. The Council has clearly outlined who is responsible for the discharge of responsibilities within the constitution and has:
 - Appointed a Leader of the Council
 - Appointing an Executive with Members with defined portfolios ;
 - Statutory officers in place with the skills and resources to fulfil those roles
 - Appointed (on an annual basis) Committees to discharge the Council's Regulatory responsibilities
 - Supported Members as Ward Representatives through, amongst other things, a formal process of ward coordination which focuses service delivery issues at a local level. The Council has completed a review of Ward Coordination and how it can maximise the benefit of providing bottom up information from residents and ward councillors.
 - A published Constitution which includes schemes of delegation of both Council and Executive functions, a Members Allowances Scheme and protocols governing Member /officer relations and the roles of Members and officers in decision making. The constitution is reviewed annually to ensure it remains fit for purpose, reflects changes in legislation and the council structure. Both the constitution and scheme of delegation have been through a thorough review in 2007/08.
 - Published procedures and protocols regarding the role of scrutiny
20. SMT are responsible for overseeing the work to improve governance arrangements across the Council.
21. During 2007/08 the Governance Working Group, chaired by the Assistant Chief Executive for Performance, has completed a significant work programme. This includes:
 - A thorough review and update of the Constitution, Scheme of Delegation including redrafting the Financial Regulations
 - A review and update of the Officer Code of Conduct
 - A review and update of the Anti-Fraud and Whistleblowing Policy
 - Drafting of a pocket guide to decision making
22. In order to strengthen governance arrangements across the Council and support members and officers in their roles, Personal Governance Guides for Members and for Managers will be produced in early 2008/09. These will contain user friendly summaries of the key documents and links to the full Constitution. Training sessions will be carried out in July 2008.

23. During 2007/08 the Council also implemented a Partnership Governance Framework. As a result a register of significant partnerships is now in place. All significant partnerships have completed a partnership registration form and have completed a self assessment (including a risk assessment) of their arrangements. An improvement programme prioritising high risk partnerships will be undertaken during 2008/09.
24. For 2008/09 a sub-group of SMT has been established, chaired by the Assistant Chief Executive for Performance, which will directly lead and manage the work to improve governance arrangements within the City Council and with partners.
25. The governance of schools is in part assessed through the financial Management in Schools (FMSiS) framework which is being operated by the City Council.
26. The School Governance Improvement Project was initiated in January 2008. It will put in place a new service delivery framework that will support and challenge existing governing bodies. It will enhance the support given to schools and in particular school governors.
27. Changes in relation to District working and the implementation of the Academies programme will require ongoing consideration of school governance arrangements.

Good Conduct and Behaviour

28. The Council's five core values were subject to wide consultation when being established and they are widely publicised through both the intranet and internet sites and in key council documents such as the Corporate Plan. Work has also been started with the Standards Board to develop a set of core partnership values with the Public Services Board.

Member Conduct

29. The Constitution sets behavioural standards for Members in the Members Local Code of Conduct. This contains extensive requirements including registering and disclosing personal, financial and other interests, anti-discrimination, personal advantage, disclosure of information and acceptance and registration of hospitality and gifts.
30. Ethics training is provided to all members on an annual basis. There is also a quarterly update on ethics issues in the members bulletin.
31. The Standards Committee is in place in accordance with the requirements of the Local Government Act 2000. The Council has reviewed the arrangements for the Standards Committee having regard to the guidance provided by the Standards Board for England. Council considered and agreed revised arrangements for the Committee at its meeting on 26 March including enhancing the number of independent members and providing for an independent member to chair its meetings. The Committee has been actively preparing for their role in local investigations and determination and has worked with the Standards Board to jointly pilot mock scenarios and the committee has tested some real life cases.

32. In 2007/08, out of 96 councillors and 10 co-opted members, none were found by the Standards Board for England to have breached the Code of Conduct for Members. In the same period no complaints were referred by the Standards Board for England to the Council for local investigation.
33. Throughout the year the Standards Committee has implemented a revised Code of Conduct for Members and provided extensive briefings for members on the revisions. The Standards Committee participated in the Standards Board for England's pilots in preparation for the move to local assessment of member complaints and is implementing the required processes and procedures to operate the local filter.

Officer Conduct

34. The Standards Committee advises on the adoption of the Officer Code of Conduct and monitors its application. Internal Audit continues to act as the custodians of the Council's Whistleblowing policy.
35. The Employee Code of Conduct has been reviewed and updated during 2007/08. Once approved it will be disseminated as part of the arrangements for the Personal Governance Guide.
36. It has been recognised that the current protocol governing member /officer relations needs to be developed to better reflect the role of ward councillors. This review is included in the GWG work programme for 2008/09.
37. Council internal communication methods have been used to raise awareness of the need to register offers of gifts and hospitality.

Informed, Transparent Decision Making

38. Manchester has adopted the principles of open government. The Council's governance arrangements have ensure that:
 - Key and major decisions taken by the Executive, subject to limited exemptions, are made in public and that information relating to those decisions is made available to the public.
 - Decision of Regulatory Committees, subject to limited exemptions, are made in public and that information relating to those decisions is made available to the public.
 - Rules and procedures which govern how decisions are made including how appropriate financial, legal and professional advice is provided are regularly reviewed and publicly available
 - The Forward Plan and Executive and Committee agendas are published in advance and available to the public. Agendas, reports and minutes are made available on the Council's website.
 - Key decisions delegated to officers are recorded and, subject to limited exemptions, publicly available
39. The Council has put in place a range of arrangements to ensure that decision makers can be held to account.

- Each Overview and Scrutiny Committee has published an annual report for full council which is accessible to the public.
- External Audit have recently reviewed the effectiveness of the Audit committee and the council will consider any subsequent recommendations for improvement. **Update once report has been received.**
- The 'Engaging with Local People and Stakeholders' section below sets out the arrangements in place to engage stakeholders in the decisions of the Council.

Customer Complaints

40. A three stage process for dealing with public complaints is now fully embedded within all departments and details of our complaints procedures, along with on line complaints forms for each department are published on our website. A manager within Corporate Performance Group is now dedicated to the management and development of complaints processes corporately. Departmental Complaints Co-ordinators have been appointed for each service who are responsible for quarterly monitoring of all complaints received and reporting back on how complaints have influenced service improvement. From the end of the first quarter of 2008, data will be published for all departments on the Council's website.
41. Arrangements for managing complaints referred to the Local Government Ombudsman (LGO) are reviewed annually following receipt of the Ombudsman's Annual Report for Manchester, and this report also contributes to our continual assessment of areas for development in the handling of complaints both corporately and departmentally.
42. The Local Government and Public Involvement in Health Act 2007 introduced some changes to the Local Government Ombudsman's jurisdiction and operation. The main impact for the Council will be that complaints can now be made other than in writing, and a new Advice Team has been set up to refer new complaints, which is likely to increase the number of complaints being referred to us. The Ombudsman is also now able to investigate third party injustice and "persons affected" by injustice and recommend action in a "no injustice" report. He can now also treat actions taken by partners on behalf of the Council as exercising the local authority's function, so our partnership governance statement is of particular significance in reviewing complaint handling relationships with partnerships. Changes from the Act relating to the Standards Committee create the potential for complaints to be made to the LGO about process, administration and decision making of the Standards Committee, so our approach to such complaints, along with implications of all the new powers of the LGO, will need to be developed and reviewed in 2008/9.
43. A further way that the Council can be held to account is through the use of Freedom of Information (FOI) requests. The Council is committed to ensuring that the arrangements in place operate as effectively and transparently as possible.
44. The Council's Anti-Fraud and Whistleblowing policy has been reviewed and is to be re-launched as part of the work of the GWG, in 2008/09.

Risk Management

45. The Council is developing a well embedded framework for risk management. The Framework was reviewed in September 2007. The Corporate Risk Register is reviewed on a quarterly basis. It was updated in February 2007 to take into account risks identified in the business planning process. There is a linked Financial Risk Register which is reviewed by Corporate Support Team and the Executive Member for Finance and Human Resources and is reported to Executive on a quarterly basis.
46. The identification and management of risk, including mapping these to controls is improving through the business planning process. Arrangements to be introduced in 2008/09 to monitor the delivery of business plans will bring additional focus to these areas and improve consistency.
47. Members are engaged in risk management through the Audit Committee and consideration is being given to how Executive Members can be better informed.
48. Risk in relation to strategic decision making is under review with the potential to consider including risk management commentary in committee reports.
49. Risk assessment in relation to the Manchester Partnership is being developed. Further consideration to risk within partnerships will be undertaken when the evaluation of the information to populate the Partnership Governance Framework is complete. The PSB now own and maintain a Risk Register.
50. Arrangements for business continuity management are generally well developed but the need to review arrangements for testing have been highlighted.
51. Training and guidance on risk management has been provided as appropriate. A facilitated training session has been carried out for Audit Committee and further member training is being developed with Zurich Municipal. A Service Improvement Project Review of Risk Management is considering the resources required to take this work forward.

Developing Skills and Capacity

52. The Council was awarded Corporate IIP status in 2005. Preparation is underway for the next assessment by undertaking a series of internal 'health checks'. The Council will be formally reassessed in December 2008.
 - The People Strategy was implemented in 2007/08. This is designed to gear the internal culture of the organisation to the achievement of the aims in the Community Strategy. It focuses on:
 - Developing leadership capacity
 - Effective people management
 - Developing workforce capacity
 - Being an employer of choice
 - Planning the future workforce
 - Tackling worklessness
53. The Council has worked with T3 to develop leadership capacity within middle and senior managers. During 2008/09 we need to deliver the first year action plan for

the People Strategy, with the implementation of a People Strategy for the Manchester Partnership to be in place by October 2008.

54. Workforce Development Plans are in place as part of the Business Planning process. The quality of the plans has varied and emphasis will be placed on improving consistency and ensuring clear links with the Business Plans for the next round of business planning.
55. Officers receive dedicated induction training on appointment to the Council. A defined career structure is then in place. Development and progression is facilitated through the appraisal system. The Performance Appraisal system for the Council has recently been improved and has been relaunched in late 2007/08 early 2008/09. Specific equalities policies and procedures are in place.
56. The Council has a well developed intranet and an award winning website. Information to staff is disseminated through the Cascade Publication and specific issues are raised through 'team briefings' supplied to all managers to enable them to cascade information to staff through team meetings.
57. Members receive general induction training together with periodic refresher training and annual ethical governance training. Induction training is also provided for newly appointed Executive Members. A member training package is being developed which will help better identify and tailor training more specifically to individual member needs. Specific training is provided linked to their role, for example members of the Audit Committee would receive detailed training on risk management. Additional training is also provided such as a financial briefing in January 2008.

Engaging with Local People and Stakeholders

58. The Council is committed to engaging with local people and other stakeholders to inform, monitor and evaluate its service delivery and that of other public, private and third sector partners in the city.
59. The Manchester Partnership was restructured in early 2007 to make it more efficient and effective. The proposed Local Area Agreement contains an improvement programme for the Partnership, including governance arrangements and improving value for money through commissioning. The Partnership co-ordinates and improves community engagement across the City.
60. Ward Co-ordination has strengthened local councilors role as Community Leaders and has given them an opportunity to influence the delivery of area-focused services in their wards. The ward planning process has enabled departments to focus resources where they are needed through the three-year ward plans and annual action plans and link to Local Plans flowing from the Strategic Regeneration Frameworks. The State of the Ward report and other quantitative information provides an evidence base to assist service delivers and policy makers, with councilors, to determine the priorities for each ward. This quantitative data is supported by qualitative information through the engagement of local residents to determine their priorities and aspirations.

61. Ward Co-ordination has a direct link to the District Public Service Boards (DPSB) with a mechanism for Ward Coordinators being able to refer cross cutting issues pertinent to a number of wards or intractable problems to the DPSB, which will consider the issue and refer back to the Ward Co-ordination Service Group.
62. There are named officers from the PCT for each ward and the Community Safety Coordinator attend the Ward Co-ordination Service Group to act as the link to the Crime and Disorder Partnership.
63. A review of ward coordination considered the resources and support needed by local councilors to improve service delivery in their ward. The review was formally accepted by the Council's Executive Committee in December 2007.
64. The Community Engagement Strategy aims to ensure Manchester's citizens participate and engage. A community engagement toolkit has been produced with partners such as Community Network for Manchester. It also delivered community engagement targets and indicators, profiled engagement across the city, looked at what has and has not been successful and where there are gaps that need to be filled. The Strategy is being reviewed and this will be concluded by May 2008.
65. A range of communication tools and forums are used to engage stakeholders including the Manchester Conference, Stakeholder Panels, Manchester People magazine, Ward newsletters and departmental publications. Links with neighbourhood partnerships are now in place, co-ordinated through ward co-ordination with wider engagement with residents. The Mancunian Agreements being developed are to drive change at a neighbourhood level with the involvement of public services, local business, voluntary, faith and community agencies.
66. The annual Best Value General Residents Survey asks residents and businesses for views on council services which informs city-wide priorities and the budget.

Review of Effectiveness

67. Manchester City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
68. Audit Committee have "responsibility to consider and approve the findings of the Council's annual review of the effectiveness of its system of internal control under the Accounts and Audit Regulations, including the effectiveness of the system of internal audit" and to "obtain assurance over the Council's corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements. This is set out in the Terms of Reference agreed 14 March 2008.
69. The Council has appointed three Committees with responsibility for overseeing and scrutinising its governance and internal control arrangements.

Audit Committee

This Committee has responsibility for:

- Approving the Council's Accounts
- Considering the Annual Audit and Inspection Letter and monitoring the Council's response to issues of concern
- Considering and approving the finding of the Annual Review of Effectiveness of the System of Internal Control, including the effectiveness of its systems of internal audit
- Making arrangements for the proper administration of the Council's financial affairs
- Obtaining assurance over the Council's corporate governance and risks management arrangements, the control environment and associated anti-fraud and corruption arrangements
- Reviewing and approving (but not directing) the terms of reference for Internal Audit, and Internal Audit Strategy and internal audit resourcing
- Reviewing and approving (but not directing) the internal audit annual audit programme
- Monitoring the implementation of the outcomes of the internal audit programme
- Seeking assurance on the adequacy of the management response to internal audit advice
- Receiving the Annual Report of the Head of Internal Audit
- Engaging with the external auditor and external inspection agencies to ensure there are effective relationships between internal and external audit
- Making recommendations to the Chief Finance Officer and Monitoring Officer in respect of the Council's Constitution (Financial Procedures)

70. The Audit Committee has recently been reviewed by External Audit and the Council will consider any subsequent recommendations for improvement. **Update following receipt of audit report.**

Resources and Governance Scrutiny Committee

71. This Committee meets to hold decision makers to account and to develop policy within its area of concern. This area includes corporate finance, human resources, governance, the Manchester Improvement Programme, audit and inspection, revenue and benefits, Information Technology and the capital programme. It also has a role in providing overview and scrutiny of the Manchester Partnership and partnership working as a whole.
72. Governance is an integral part of the Committee's work and has featured heavily on Committee agendas throughout 2007/8. Key pieces of work have included consideration of the review of the ward co-ordination, the restructure of the Manchester Partnership and proposals to develop school governance. The Committee has also indicated its clear commitment to continuing this work throughout 2008/9 and has established a Sub-Group of its members to review the outcomes of the Corporate Governance Working Group and the development of governance within the Manchester Partnership.

Standards Committee

73. This Committee has responsibility for the Council's ethical framework, in particular ensuring the good conduct of Members and officers and reviewing relevant codes and protocols.

Officer Responsibilities

74. Officer responsibility lies with the Chief Executive and Strategic Management Team. The responsibility for evaluating the effectiveness and fitness for purpose of the Council's corporate governance arrangements and to lead the development and implementation of changes necessary to bring about improvement has been led by the Governance Working Group (GWG). The objectives of GWG have been to:
- deliver a fit for purpose governance framework for Manchester City Council which seeks to achieve continuous improvement through its work. Priorities have included the implementation of a Council Code of Corporate Governance, including evaluation of the Council's corporate governance arrangements against the CIPFA/SOLACE Framework;
 - the identification and implementation of improvements in the way the Council manages its partnership arrangements
 - review and update of the Council's Constitution including codes and protocols, Financial Regulations and format;
 - the development of the Council's awareness and understanding of ethical governance issues, with the Council, the PSB, and other Council partnerships together with the Standards Board for England working to establish protocols in relation to ethical conduct;
75. For 2008/09 arrangements for managing governance and improvement work will be strengthened with the establishment of a Programme Board reporting direct to SMT.

Sources of Assurance

76. In the preparation of the Annual Governance Statement assurance has been drawn from the following sources across the Council:
- Internal Audit Annual Report reported to Audit Committee on 14 March 2008.
 - External Audit "*Annual Audit and Inspection letter*" – March 2008 and associated External Audit reports
 - Head of Service self assessments against thirteen key criteria evaluation. The results have been incorporated into the Governance Issues Log
 - Assessment of the Council's risk management processes including the Corporate Risk Register, Risk Registers within Business Plans (considered by Strategic Management Team on 11 March) and the Corporate Finance Risk Log
 - Self Assessment against the Governance Code completed by the Governance Working Group (chaired by Assistant Chief Executive Performance and including Acting Head of Internal Audit, Head of Corporate Performance, Head of Democratic Services, Personnel Manager (Employee Relations) and the Head of Finance (Corporate and Strategic)

Audit and Inspection Opinions

Comprehensive Performance Assessment (CPA)

77. The Audit Commission's CPA Assessment for 2006 assessed Manchester as a 3 star authority demonstrating adequate improvement. The annual assessment of the use of resources is an integral part of the CPA. Overall the Council received a score of 2 as set out below:

	2005/06	2006/07
Financial Reporting	2	1
Financial Management	2	2
Financial Standing	3	3
Internal Control	2	2
Value for Money	2	2

78. Although still assessed as performing adequately it was noted that many areas performance had considerably improved and it was now important to demonstrate that these processes are embedded. Examples include the implementation of the business planning process, improvements in asset management, areas of good practice in reporting financial and non-financial information and the development of risk management. Specific areas for improvement, alongside the need to embed current developments, were also identified including the need to strengthen partnership governance arrangements.
79. The assessment also highlighted the issues the Council had with the closure of accounts in 2006/07. It identified that the Council needed to review the level of resources available to achieve the annual closedown plan in order to minimise the number and value of errors within its financial statements, ensure that the accounts are fully SORP compliant and with sufficient working papers to achieve at least a level 2 assessment. Action has been taken to address these areas and improve performance for 2007/08.
80. An action plan has been prepared and is being implemented to address these issues for 2008/09 and to prepare the Council for the move to the Comprehensive Area Assessment.

External Audit and Inspection Work

81. The Annual Audit Letter prepared by the Audit Commission highlighted ..complete once final copy received
82. Add paragraph on CSCI and OfSTED work.
83. Grant Thornton undertook a number of audits during 2007/08. These were as follows:
- Review of partnership governance arrangements
 - Review of the operation of the Audit Committee
 - Review of Internal Audit
 - Review of Risk management
 - Review of external funding arrangements
84. All of these reports will go through Audit Committee along with agreed action plans.

Internal Audit Work

85. Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on control environment. As part of this role the head of Internal Audit produces an Annual Report giving an opinion on the adequacy and effectiveness of the Council's internal control environment which highlights any weaknesses. The report should also provide assurance that internal audit operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK. The report for 2007/08 was taken to March Audit Committee.
86. The Audit Plan for 2007/08 was compiled using Manchester City Council's risk based approach. During the year Internal Audit had reduced staffing resources available and has also been involved in an increase in demand led work including investigations and advice and support to the business, which means that not all of the planned audit work was undertaken.
87. The report has concluded that "In a Council of Manchester's size and complexity, with its significant change agenda, there is a heightened risk of breakdown of control particularly where roles and systems are changing. Where audit work has highlighted areas for improvement recommendations have been made to address the risk and management action plans agreed." Overall Internal Audit considers that many managers are responding positively to recommendations.
88. The opinion of the Head of Internal Audit is that "based on the programme of audit work undertaken during the year assurance can be given that the Council's systems of internal control are generally sound and operate reasonably consistently across departments to ensure effective, economic and efficient management."
89. A review of the effectiveness of the system of internal audit (as required by the April 2006 amendment regulations to the Accounts and Audit Regulations (England) 2003) has been undertaken which was largely based upon a review undertaken by the Council's External Auditors. This concluded that

Management Review

90. In addition to the assurance provided by internal audit, all heads of service have been required to complete a self assessment on the adequacy of the arrangements in place within their service area for the following areas:
- Constitution
 - Business Planning
 - Risk Management
 - Financial Management
 - Performance Management
 - Project Management
 - Information Management
 - Health & Safety
 - Human Resources
 - Training
 - Business Continuity
 - Internal Audit
 - Anti-Fraud & Whistleblowing
91. In addition corporate self assessments to review the effectiveness of the processes in the following areas have been carried out by the relevant managers.
- Finance
 - ICT
 - Internal Audit
 - Health & Safety
 - Legal & Regulatory Services
 - Partnerships
 - Personnel
 - Risk Management
 -

92. The results of the assessments have been collated into the Corporate Governance Assessment Matrix which supports this statement.

Member Review

93. A self assessment has also been carried out of the member assurance processes that are in place. Again the results of this have been collated into the Corporate Governance Assessment Matrix which supports this statement.

Partnership Arrangements

94. During 2007/08 a Partnership Governance Framework has been implemented. A register of significant partnerships is now in place. All partnerships have had to submit a registration document and a self assessment including an analysis of risk. The results from this process have informed the AGS process. They will also inform a programme of improvement for significant partnerships in 2008/09.

Programme of Improvement for Significant Governance Issues

95. Manchester is committed to a culture of continuous improvement and to achieving a 4 in our Use of Resources assessment. Getting to Level 4 will improve our styles of management and leadership and the systems and processes within which staff operate. This will have a real impact on the culture of the organisation and our ability to achieve the outcomes set out in the Community Strategy.
96. The Corporate Governance Statement has identified areas where further improvements need to be made and where the Council will need to focus its efforts during 2008/09. these Are as follows:-
- Work to develop ethical governance arrangements including
 - An agreed approach to developing organisational culture
 - Working with the Standards Board to produce draft standards of governance for work with partners and stakeholders
 - further development of arrangements to oversee improvements in governance at a senior level to build on work to develop the governance Code
 - raising awareness across the council through implementation of the “pocket guide to governance”. This will involve a programme of staff engagement and communication based on the plain English Guide outlining the decision making processes, the employee and Member codes of Conduct, financial regulations , the anti fraud and whistleblowing policies and a guide to working with Members including valuing the Ward representatives
 - Further development of the governance of Partnerships
 - Improvements in systems for performance management both within the Council and in relation to partnerships and including development of the role of SMT
 - Improvements in financial management arrangement to deliver a better understanding of value for money in services, improved management of external funding, and to improve financial literacy at all managerial levels

- Further development of risk management arrangements to ensure it is embedded at all appropriate levels and circumstances.
- Delivery the People Strategy including the further development of workforce planning to deliver an effective workforce together with a shift in culture to become an organisation more clearly focussed on the delivery of improvements.
- Developing arrangements for commissioning and procurement to ensure the council optimises the way services and the Local Area Agreement are delivered.
- The enhancement of support for governance arrangements in schools having regard to the development of District Working and the role of Academies.
- Communication of partnerships, both between partners at all levels and from partnerships to Councillors and communities.
- Strengthening of the internal audit function both in terms of resourcing and in relation to strategic management and planning. A review has been commissioned by the Chief Executive and City Treasurer, in conjunction with Grant Thornton to address the skills required going forward and to ensure the link with service improvement.

97. A sub group of SMT has been created which will have responsibility for developing these governance improvement and will monitor progress against these areas as part of its overall improvement programme. The group will report direct to the Chief Executive and SMT.

98. We propose over the coming year to take these steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council

Signed:

Chief Executive

Corporate Governance Assessment
Summary Matrix of Performance against Draft Manchester Governance Code

Sources of Evidence

- Self Assessment against the Governance Code completed by the Governance Working Group (chaired by Assistant Chief Executive Performance and including Acting Head of Internal Audit, Head of Corporate Performance, Head of Democratic and Statutory Services, Personnel Manager (Employee Relations) and the Head of Finance (Corporate and Strategic)
- Head of Service self assessments against thirteen key criteria evaluation.
- Significant Partnership Framework self assessments
- Assessment of the Council’s risk management processes including the Corporate Risk Register, Risk Registers within Business Plans (considered by Strategic Management Team on 11 March) and the Corporate Finance Risk Log
- Internal Audit Annual Report reported to Audit Committee on 14 March 2008.
- External Audit “*Annual Audit and Inspection letter*” – March 2008 and associated External Audit reports
- External Audit Review of Internal audit

Code Area	Commentary	Actions
1. Focussing on the Council’s Purpose and Community Needs		
Effectiveness of clearly communicating the authority’s vision, purpose and intended outcomes for citizens and service users	Effective arrangements are in place to support communication of vision and purpose - Vision set out in the Community Strategy, which was updated and re-launched in 2006. Links directly with Corporate Plan and Business Plans. Range of communication tools and forums used including the Manchester Conference, thematic partnerships engaging with a wide range of stakeholders, Manchester People newspaper, Ward newsletters and departmental publications. Links with neighbourhood partnerships now in place, co-ordinated through ward co-ordination with wider engagement with residents. Note also the Mancunian Agreements being developed to drive change at a neighbourhood level with	Implement recommendations of the Community Engagement Strategy review Implement External Communication Review Action Plan

Code Area	Commentary	Actions
	<p>involvement of residents, public services, local business, voluntary, faith and community agencies.</p> <p>In the Annual Audit letter submitted by External Audit it comments that <i>“the Council has a clear vision for the city which is well understood by stakeholder”</i></p>	
The Effectiveness of the Manchester Partnership	<p>The Manchester Partnership has been restructured to improve governance and decision making processes to make it more efficient and effective. The Public Services board are working with the Standards Board to establish clear partnership governance arrangements including core values.</p> <p>Local Area Agreements contains an improvement programme for the Partnership including the governance of the partnership, improved partnership communications and improved value for money through commissioning.</p>	<p>Implement partnership improvement actions contained in the Local Area Agreement</p> <p>Implement new core values for partnership working</p> <p>Establish a new Resources and Performance Sub Group of the Manchester Board to focus on performance management of the LAA and joint work on Use of Resources assessments.</p>
The Effectiveness and Relevance of the Corporate Plan	The Corporate Plan is updated and reviewed on an annual basis. The 2007/8 Corporate Plan has proved to be an effective mechanism for cascading Corporate Objectives into Business Plans.	Update Corporate Plan for the 2008/9 planning cycle.
The Effectiveness and Relevance Business Plans	2007/8 Business Plans were based on revised guidance, which has delivered improvement in the way in which they link to corporate priorities and improved commentary on risk, value for money,	Complete the development and implement arrangements for monitoring progress against current business

Code Area	Commentary	Actions
	<p>performance and workforce planning. However, further improvement is required to deliver the level of consistency and integration required.</p> <p>In addition further consideration needs to be given to how external funding sources are bid for and managed.</p>	<p>plans</p> <p>Develop guidance and support to improve the consistency and integration of the 2009/12 Business Plans</p> <p>Develop robust arrangements for the management of external funding.</p>
The quality of the Annual Report and how it is received	The Council has not previously produced an annual report. The first one is currently in production.	Determine arrangements for assessing the quality of the Annual report and how well it is received by the public and stakeholders
The effectiveness of the Medium Term Financial Plan	The approach to the MTFP was refined following the receipt of feedback from External Audit who has assessed it against best practice. It is recognised that further improvements can be made in the way the MTFP is integrated with the Business planning process.	Develop how the MTFP is integrated with Business Planning and partnerships
Effectiveness of how the Council ensure its workforce are developed and deployed to the best effect.	The People Strategy was approved in 2007/08. Identifies three year strategic priorities and underpinned by action plan for 2008/09. Business Plans now include a workforce analysis which identifies business drivers for workforce change and a detailed workforce plan. The quality of the WFD plan varies across business plans and emphasis will be placed on improving consistency and ensuring clear links with the People Strategy for the next round of business plans.	<p>Deliver the first year Action Plan for the People Strategy.</p> <p>Support to ensure all Heads of Service have high quality WFD plans which clearly link and support the People Strategy. This will then be built into the next round of business planning.</p> <p>Development of a People</p>

Code Area	Commentary	Actions
		Strategy for Manchester Partnership
The quality of the State of the City report and how it is received	The 2007 State of the City Report was received by the Manchester Partnership and the Executive Committee of the Council. The report led to the identification of additional work programmes to raise resident wages and improve levels of happiness and well-being	Publish 2008 State of the City and State of the Wards Reports
<ul style="list-style-type: none"> ➤ Assessment of how we ensure Services meet the needs of the local community ➤ Assessment of the Processes to ensure that they operate effectively in practice. 	Business Planning processes designed to ensure focus is on meeting needs and achieving the vision for the city as consulted on in Community Strategy and also arrangements for identifying appropriate methods for monitoring performance. New monitoring process linking financial and performance monitoring being implemented for 2008/09. Risk registers in the plans include risks to failure in service delivery and mitigating actions. Public complaints procedures in place (see later in this document for details).	Undertake a strategic needs assessment with the PCT
Assessment of how we ensure Service prioritisation directs resources to activity that will have the greatest impact on Community Strategy outcomes	<p>Business Planning process designed to ensure resources directed at priorities in Community Strategy and link Corporate Plan objectives to main business objectives.</p> <p>All service areas set 10% efficiency target for 2008/09 to 2010/11 in addition to planned efficiencies from MIP priority projects providing headroom for investment in Council priority areas.</p> <p>These business Plans have been subject to review by the Corporate Support Team</p>	A gateway procedure is being introduced to assess whether or not proposals for that additional investment freed up by the business planning process are effectively directed at Community Strategy priorities
➤ Assessment of whether we have	Third Sector represented at all levels of the	Review of arrangements for

Code Area	Commentary	Actions
<p>developed effective relationships and partnerships with other public sector agencies and the private and voluntary sectors,</p> <p>➤ Review of arrangements for commissioning where it is efficient and effective to do so</p>	<p>Manchester Partnership</p> <p>Third sector represented in the Manchester Partnership</p> <p>The Council is working with the Standards Board to define appropriate behavioural standards in partnerships, focusing initially on organisations working with the council but potentially leading to national guidance on shared standards in partnership working. A short written statement on partnership values and how they apply is being developed.</p> <p>EKOS Review considered the role of thematic partnerships.</p> <p>The Councils' Partnership Governance Framework, implemented in 2007/08 is designed to define and standardise the approach to partnership working and help strengthen accountability, manage risk and rationalise working arrangements.</p> <p>New Statutory LAA in development and will be adopted by partners from the public and third sector.</p> <p>Commissioning workstream to underpin delivery of LAA. Commissioning approach to delivering LAA and common understanding of the term and approaches employed. Work started with March 2008 workshop.</p>	<p>support to third sector involvement in the Manchester Partnership</p> <p>Review and renewal of contract for support to community groups and small voluntary organisations</p> <p>Review of Area Based Grant (ABG) and Working Neighbourhoods fund (WNF) leading to improved programmes, performance and commissioning arrangements</p> <p>Implementation of commissioning workstream of the LAA</p> <p>Implementation of Standards Board work</p> <p>Complete evaluation of Partnership Governance Framework and start detailed review of partnership arrangements based on risk.</p>

Code Area	Commentary	Actions
	<p>EKOS review of commissioning in thematic partnerships identified areas of good practice and made recommendations for improvement to be picked up in the above.</p> <p>Children's Services are developing multi-agency district based approach. ASC developing new commissioning approach linked to personalisation agenda. Underpinned by implementation of procurement Service improvement project with implementation of best practice model for procurement across the council.</p>	
<ul style="list-style-type: none"> ➤ Assessment of whether we responding positively to external auditors and statutory inspectors ➤ Assessment that we have put in place arrangements for the implementation of agreed actions. 	<p>All External Audit Reports are considered by Audit Committee. All reports include agreed Action Plan. The Annual Audit and Inspection Letter comments that "<i>the Council has taken a positive approach to audit and inspection work</i>"</p> <p>Arrangements for monitoring implementation of audit recommendations is currently under consideration by the Audit Committee</p>	<p>Formalise Audit Committee role in monitoring implementation of audit recommendations.</p>
<ul style="list-style-type: none"> ➤ Assessment of arrangements for comparing information about our services with services provided by similar organisations ➤ Assessment of arrangements that we successfully determine why levels of economy, efficiency and effectiveness are different elsewhere. 	<p>Evaluation of VFM has been included in the last two rounds of business Planning but the results have been mixed. Workshops have been held with Service Managers and pilot VFM studies have been undertaken in three service areas with a view to rolling out a methodology across all services.</p> <p>A team is in place to take forward this work and a priorities programme of activity is being finalised</p>	<p>Complete the agreed programme of VFM activity during 2008/9.</p> <p>Develop skills including whole life costing and investment appraisal to improve VFM in financial decision making.</p>

Code Area	Commentary	Actions
	<p>for 2008/9</p> <p>The Manchester Improvement Programme (MIP) continue to focus on driving out efficiencies alongside developing more effective service delivery which places the customer at the heart of service delivery. Following the appointment of a new Director, the programme is currently being reviewed to ensure it continues to remain aligned to the Council's goals.</p>	
<p>Assessment of arrangements for considering the environmental impact of our policies, plans and decisions</p>	<p>The Council has pledged to invest £1m in initiatives to reduce the impact of climate change</p>	<p>The Council is currently developing a strategy to reduce the negative impact of climate change in the city.</p> <p>The work will provide a basis for a better understanding of how environmental issues impact on policies, plans and decisions.</p>
<p>2. Having clear responsibilities and arrangement for accountability</p>		
<p>Assessment of arrangements for appointing members to Executive and Committees and Leader of the Council</p>	<p>The Council established a Constitutional and Nominations Committee responsible for making recommendations to Council on the appointment, removal and substitution of members to serve on:</p> <ul style="list-style-type: none"> (i) committees and joint authorities; and (ii) insofar as they are not concerned with executive functions joint committees and other bodies. 	<p>The Council will be carrying out a review of Executive arrangements in accordance with legislative requirements including engaging Manchester people in consultation.</p>

Code Area	Commentary	Actions
	<p>The committee also makes recommendations to Council on the appointment of the Chairs of Overview and Scrutiny Committees, Ordinary Committees and Advisory Committees and to establish and control the political balance requirements.</p> <p>The Executive including the Leader is appointed by the Council.</p>	
<p>Assessment of arrangements for determining responsibilities and delegations</p>	<p>The Constitution documents leadership arrangements and Committee roles and responsibilities. Reviewed annually to ensure it remains fit for purpose, reflects changes in legislation and council structure. Supported by Scheme of Delegation setting out Officer responsibilities which has gone through thorough review in 2007/08.</p>	<p>Continuing the Council's ongoing review of the Scheme of Delegation.</p>
<p>Assessment of role of statutory officers and how they are supported</p>	<p>The Constitution details responsibilities, accountabilities and duties of the Chief Executive, Chief Finance Officer (responsibilities allocated to the City Treasurer), Chief Monitoring Officer (City Solicitor) and other Statutory posts. This has been updated to reflect legislative changes to statutory officer roles.</p> <p>Strategic Management Team acts as a collective support mechanism including setting aside time for considering effectiveness, in addition to other regular meetings between statutory officers.</p> <p>Specific exercises to develop the leadership capacity of members of SMT have been</p>	

Code Area	Commentary	Actions
	<p>undertaken</p> <p>The Business Planning process allows Statutory officers to outline issues of concern and identify development objectives within the services which support their role. Business Plans are considered by Lead Members and subject to Scrutiny</p>	
<p>Assessment of support for and effectiveness of Members as Ward Representatives including review of ward coordination</p>	<p>The council has completed a review of ward co-ordination and how it can maximise the benefit of providing bottom up information from residents and ward councillors</p> <p>A Working Group has been convened to develop the Councillor Call for Action in a way that compliments existing support available to ward Councillors in resolving ward issues, including ward co-ordination. This will include a clear path to referral to the relevant Overview and Scrutiny Committee to resolve more strategic issues that warrant in depth scrutiny and cannot be resolved locally.</p> <p>Councillor Call for Action will be rolled out following receipt of statutory guidance in Autumn 2008.</p>	<p>Implement the Ward Co-ordination Review Improvement Plan.</p> <p>Implement neighbourhood funding strategy.</p> <p>Implement Call for Action arrangements</p>
<p>Review of procedures for ensuring that senior officers are responsible for:</p> <ul style="list-style-type: none"> ➤ operational management including monthly risk based monitoring ➤ advice on financial matters, for 	<p>Heads of Service have completed a self assessment against 13 key operational and managerial assurance areas. Rankings are from 1 (fully confident arrangements in place to meet this requirement) to 3 (the requirement is not met).</p>	<p>These 13 key operational and managerial areas and, in particular those requiring further development, are encompassed within the work</p>

Code Area	Commentary	Actions
<p>keeping proper financial records and accounts, and for maintaining an effective system of internal financial control;</p> <p>➤ ensuring that agreed procedures are followed and that all applicable statutes, regulations, procedure rules and other relevant statements of good practice are complied with.</p>	<p>The review has highlighted that Heads of Service believe the following processes are consistently well embedded across the Council:</p> <ul style="list-style-type: none"> • Business Planning, financial monitoring against budgets and performance monitoring • Freedom of Information requests • Management of Internal Audit reports and recommendations • Awareness and use of the Manchester project management methodology <p>This is consistent with the areas where relatively recent training and support has been provided and reflects the work of the Corporate Support Team in implementing improved business planning and monitoring processes.</p> <p>However, whilst assurance processes are in place across the Council there is a need to raise awareness /compliance in the following areas</p> <ul style="list-style-type: none"> • A need to raise awareness of the Anti-Fraud and Whistleblowing Policy and ensure all managers know their responsibilities within it • Whilst compliance with the appraisal process is generally described as high there is a lack of an assurance process to ensure full compliance. Aligned with this there is a need to ensure the process is used to fully identify training needs. • Some managers were unable to provide assurance that data protection and information management requirements are fully complied 	<p>programmes of the new Programme Board, replacing GWG, CST.</p> <p>The Governance workstream will address the need to raise awareness of the Constitution, Anti-Fraud and Whistle Blowing Policy with the launch of the Personal Governance Guide and associated training in July.</p> <p>New procedures, guidance and support around embedding business planning and risk management will ensure regular reporting against risk management and performance standards and targets. This is currently being piloted with full implementation from June 2008</p> <p>The risk based internal audit plan for 2008/90 will include follow up systems review work on information management and data protection and health and safety, alongside work on business continuity arrangements.</p>

Code Area	Commentary	Actions
	<p>with across their services</p> <ul style="list-style-type: none"> • Some managers had concerns that equalities and diversity work is not fully embedded across their areas • Many service areas are in the process of developing more appropriate service standards and performance measures to work to and this is being further developed in line with the Business planning process. • Whilst most services now have risk registers and risk management processes in place many have identified a need to be more systematic in monitoring and updating the registers. • Whilst Business Continuity arrangements are very well embedded in many service areas there are still some gaps which need to be filled. The same can be said for arrangements for Health and Safety. <p>Again this reflects our understanding of the position and the planned work of the Governance Working Group, Corporate Support Team will address many of these areas.</p> <p>In relation to keeping records of account, the Audit Commission assessed the Councils financial reporting arrangements as inadequate for 2006/7 because of errors within the Accounts submitted to audit. These difficulties arose from implementing new systems coupled with staff shortages. An Action plan has been put in place in relation to closedown of the 2007/8 accounts</p>	<p>Complete Action Plan activities to successfully and accurately close the Council's 2007/8 accounts</p> <p>Implement Capital Programme Monitoring Action Plan</p>

Code Area	Commentary	Actions
	<p>Audit review has identified the need to consider capital budget monitoring and how this is effectively controlled including the role of the gateway approval process.</p>	
<p>Annual review of the Constitution.</p>	<p>A review of the Constitution has been undertaken and will be considered at the Council meeting on on 14 May 2008</p> <p>Head of Service feedback indicates more is needed to raise awareness of the constitution across the Council.</p> <p>Financial regulations have also been fully updated and they now incorporate the improved monitoring processes implemented.</p> <p>A Pocket Guide to Decision Making is being finalised</p>	<p>Launch the 'personal Governance Guide' with pocket guide and link to the Constitution supported by training sessions in July 2008.</p>
<p>Review of arrangements for schools having regard to the statutory requirements for delegating governance arrangements to Governing Bodies [comments from legal to be supplied].</p>	<p>The governance of schools is in part assessed through the financial Management in Schools (FMSiS) framework which is being operated by the City Council.</p> <p>The School Governance Improvement Project was initiated in January 2008. It will put in place a new service delivery framework that will support and challenge existing governing bodies. It will enhance the support given to schools and in particular school governors.</p>	<p>Complete Schools Governance Project</p>

Code Area	Commentary	Actions
	<p>Changes in relation to District working and the implementation of the Academies programme will require ongoing consideration of school governance arrangements</p>	
<p>Assessment of Partnership Governance Framework.</p>	<p>This is a newly developed framework and efforts are currently concentrated on capturing base information.</p> <p>A significant partnership register has been developed.</p> <p>11 of 61 returns are still outstanding (as at 13 May). An headline assessment of the returns has been undertaken of all returned Partnership Registration Forms and Partnership Self Assessment forms. This has outlined the following areas for further development.</p> <ul style="list-style-type: none"> evidencing improved value for money from partnership engagement improving financial and performance reporting demonstrating successful outcomes from partnership working improving partnership registration documentation improving internal capacity to comply with the requirements of the Partnership Governance <p>An improvement programme will be developed prioritising high risk partnerships and concentrating on areas of risk identified in individual partnerships.</p>	<p>Partnership Governance Framework will be reviewed and improved on an annual basis.</p> <p>Maintain Significant Partnerships Register</p> <p>Implement improvement programme covering identified improvement areas</p>

Code Area	Commentary	Actions
3) Good conduct and behaviour		
<p>Assessment of the Council's values;</p> <p>Assessment of the Member Code of Conduct;</p>	<p>The Council's five core values were subject to wide consultation when being established and they are widely publicised through both the intranet and internet sites and in key council documents such as the Corporate Plan.</p> <p>The Constitution sets behavioural standards for Members in the Members Local Code of Conduct. It contains extensive requirements including registering and disclosing personal, financial and other interests, anti-discrimination, personal advantage, disclosure of information and acceptance and registration of hospitality and gifts.</p>	<p>Continue to embed these values through the Council's management and staff development initiatives.</p>
<p>Assessment of the Officer Code of Conduct;</p>	<p>The employee Code of Conduct has been fully reviewed and updated during 2007/08 to ensure it is clear and fit for purpose. Once approved it will be disseminated.</p>	<p>The Code of Practice will be disseminated as part of the July training and communication exercise relating to the constitution</p>
<p>Assessment of the protocol governing Member/Officer relations</p>	<p>It has been recognised that the current protocol need to be developed to better reflect the role of Ward Councillors. This review is included in the GWG work programme.</p>	<p>Review Member/Officer protocol</p>
<p>Assessment of systems for reporting and dealing with any incidents of wrongdoing including fraud and corruption.</p>	<p>The Councils Anti Fraud and Corruption Policies and Whistleblowing arrangements are currently under review.</p>	<p>Implement and publicise revised policies and procedures</p>

Code Area	Commentary	Actions
	The Council operates has an Internal Audit Team who investigate financial irregularities	
Assessing the effectiveness of the Standards Committee	The Council has reviewed the arrangement for the Standards committee having regard to the guidance provided by the Standards Board for England. Council considered and agreed revised arrangement for the Standards Committee at its meeting on 26 March including enhancing the number of independent members and providing for an independent member to chair meeting of Standards Committee.	New powers to investigate allegations locally will require internal investigation. Procedures for this are being developed.
Assessment of the arrangements for developing and implementing a governance framework for significant partnerships which encourages partners to agree a set of shared values.	The Resources and Governance Overview and Scrutiny Committee has established a Sub-Group whose remit will include reviewing the work of the Governance Working Group including the draft governance framework for significant partner's. In addition there is the Council's joint project with the Standards Board to develop a written statement on partnership values which is to be adopted locally and potentially will lead to national guidance on shared standards in partnership working.	
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management		
Assessment of arrangements for public meeting and publicising decisions	Manchester has adopted the principles of open government. Forward Plan is published Council, Executive and Committee agendas are published in advance. Arrangements for public meeting are tried and tested and have generated no concerns during the year. Agendas, reports and Minutes are made available on the Council's website	

Code Area	Commentary	Actions
Assessment of rules and procedures which govern how decisions are made including how appropriate financial, legal and professional advice is provided.	Rules are deemed fit for purpose but there is a recognition that Committee reports could be improved by more timely focus on obtaining finance and legal advice. In addition consideration needs to be given to whether or not reporting would be effectively enhance by consideration of risk management issues	Review Committee report Proforma and associated reporting methodologies.
Arrangements for recording key decisions of officers	Where Officers with delegated powers take a key decision, a record of that decision must be made in accordance with the Access to Procedure Rules.	Ensure that where a key decision is taken by an officer that they prepare a record of the decision, a statement of the reasons for it and any alternative options considered and rejected and conflicts of interest declared.
Assessment of scrutiny function	<p>Each OSC produced an annual report for full council which is accessible by the public</p> <p>During 2005/6 the Scrutiny function was reviewed and revised to develop support for members undertaking scrutiny activity and to realign Committee remits with the City Council's priorities.</p> <p>The Overview and Scrutiny Co-ordinating Group has established a standing Sub-Group comprising of three scrutiny Chairs and the Deputy Leader, to oversee the continuous improvement of the scrutiny function in light of developments such as the Councillor Call for Action and scrutiny of the Local Area Agreement.</p>	
Assessment of effectiveness of the Audit Committee,;	External Audit have recently reviewed the operation of the audit Committee and the council	Implement recommendations agreed with External Audit

Code Area	Commentary	Actions
	will consider any subsequent recommendations for improvement.	
Assessment of arrangement for engaging the Community in decision making, including through the work of local Councillors and ward co-ordination .	<p>Manchester Community Engagement Strategy 2008 aims to ensure Manchester’s citizens participate and engage – tools include citizen panels, focus groups. Produced a community engagement toolkit with partners such as CN4M. The Strategy also delivered community engagement targets and indicators; profiled community engagement across the city, learning lessons on what works and what doesn’t and identified ways of plugging gaps etc. Other engagement tools include local tenant groups; Women’s Voices (for women to discuss the way the Council develops services for women), consulting with lesbians and gay men, Platform (sensory impairment panel).</p> <p>The Strategy is being reviewed and will be concluded by May 2008.</p> <p>The Manchester Partnership (delivery vehicle for the community strategy) co-ordinates and improves community engagement across the city.</p> <p>The annual Best Value General Residents Survey asks residents and business for views on council services which informs city-wide priorities and the budget.</p> <p>A review of ward co-ordination considered the resources and support needed by local Councillor to improve service delivery in their ward. The</p>	<p>Implement recommendations for the review including the development and implementation of a Community Engagement Policy and management guidelines.</p> <p>Implement Ward Coordination Review Improvement Plan</p>

Code Area	Commentary	Actions
	review was formally accepted by the Council's Executive Committee in December 2007.	
Assessment of customer complaints arrangements	<p>Public complaints procedures in place and on the website with online complaints forms for each department. Monthly monitoring of complaints statistics by Children's Services and Adult Social Care and other data also published. Departmental complaints co-ordinators have been appointed.</p> <p>Arrangements for managing complaints referred to the Local Government Ombudsman are reviewed annually following receipt of the Ombudsman's Annual Report for Manchester</p>	Review the Council's complaints procedures in line with the Ombudsman's Annual Report for Manchester
Assessment of a whistleblowing policy	<p>The Council's Anti-Fraud and Whistle-Blowing policy is available on the internet.</p> <p>The policy is being reviewed and will be re-launched to raise awareness in 2008/09.</p>	This will be delivered as part of the personal governance guide and associated training.
Assessment of system for dealing with complaints of misconduct against Councillors	The Council has in place a system for dealing with local investigation and local determination of allegations of misconduct of members of the Council. Responsibility for the initial assessment of such allegations passes from the Standards Board to the Council's Standards Committee from 8 May 2008.	Implement procedures to govern the new role of local filter of member misconduct allegations.
<p>Assessment of Risk Management framework</p> <ul style="list-style-type: none"> ➤ Identification evaluation and management of risks; ➤ Mapping of risks to financial and other key internal controls; ➤ Involvement of elected members in the risk management process; 	<p>The identification, and management of risk including mapping these to controls is improving through the business planning process.</p> <p>Arrangements to be introduced during 2008/9 to monitor the delivery of business plans will bring additional focus to these areas and improve consistency.</p>	Continue with programme to implement improved monitoring of business plans

Code Area	Commentary	Actions
<ul style="list-style-type: none"> ➤ Application to the Council's key business processes, including strategic planning, financial planning, policy-making and review, performance management and project management; ➤ Application to the Council's significant partnerships; and ➤ includes business continuity management. 	<p>Members are engaged in Risk Management through the Audit Committee but consideration needs to be given as to how Executive Members can be better informed without this impacting on the line between managerial and executive responsibilities.</p> <p>Risk in relation to strategic decision making is under review with the potential to consider including risk management commentary within committee reports</p> <p>Risk assessment in relation to the Manchester Partnership is being developed. Further consideration to risk within partnerships will be undertake when the results of the exercise to populate to Partnership Governance Framework is complete</p> <p>Arrangements for business Continuity Management are generally well developed but the need to review arrangements for testing have been highlighted</p>	<p>Review arrangements for keeping Executive members informed on risk management issues relevant to their portfolio responsibilities</p> <p>Review and recommend how risk management is assessed and reported in relation to strategic decision making</p> <p>Further develop arrangements for managing risks with partner organisations</p> <p>Continue the development of business continuity arrangements.</p>
Arrangements for risk management training and guidance for members and officers	Training and guidance has been provided as appropriate with the resources available. A service improvement Project Review of Risk Management has highlighted the need for additional resources to further develop training and guidance	Implement the outcome of the Risk management SIP and further develop training and guidance
Annual review of risk Management Framework	The Framework was reviewed in September 2007	Undertake a new review in September 2008
5. Developing the capacity and capability of councillors and officers to be effective		

Code Area	Commentary	Actions
<p>Assessment of induction programmes tailored to individual needs and opportunities for members and officers</p> <p>Assessing the skills required by members and officers and making a commitment to develop those skills to enable roles to be carried out effectively</p> <p>Developing skills on a continuing basis to improve performance.</p>	<p>Members receive general induction training together with periodic refresher training and annual ethical governance training. A member training package is being developed which will help better identify and tailor training more specifically to individual member needs. Specific training is provided linked to their role. For example, members of the Audit Committee would receive detailed training on risk management. Additional training is also provided, such as a financial briefing in January 2008 including specific training for Planning and Licensing Committees.</p> <p>Officers receive dedicated induction training on appointment to the Council. Under the IIP arrangements, each officer then has regular performance appraisals which incorporate assessments of ongoing development and leads to the provision of appropriate training where required</p>	
<p>Review of Member Development Strategy;</p>	<p>Member services provide a range of training to members starting with initial induction training and addressing specific training needs such as IT; leadership programme and monthly membership development sessions. The Council's intranet also provides resources for members.</p>	<p>Further development of the Council's intranet pages for members. Consider reviving the Member Training Sub-Group to further identify and address members' development needs and receive representations from members.</p>
<p>Achieving and maintaining the Investor in People Standard;</p>	<p>The Council was awarded Corporate IIP status in 2005. The Council is currently preparing for the next</p>	<p>Complete health checks and subsequent agreed programme of activity prior to</p>

Code Area	Commentary	Actions
	assessment by undertaking internal “health checks”. The Council will be formally reassessed in December 2008	reassessment in December
Assessment of effectiveness of workforce plans	Workforce development plans are in place as part of the Business Planning process. The quality of the WFD plan varies across business plans and emphasis will be placed on improving consistency and ensuring clear links with the People Strategy for the next round of business plans.	Support to ensure all Heads of Service have high quality WFD plans which clearly link and support the People Strategy.
Assessment of arrangements for cascading regular information to Members and staff;	The council has a well developed intranet and an award winning Web Site. Information to staff is disseminated through the Cascade publication and specific issues are raised through “Team Briefings” supplied to all Managers to enable them to cascade information to staff through team meetings required under the IIP regime.	
Assessment of arrangements for developing a set of core competencies for managers, which include skills and knowledge relating to ethical governance	<p>A defined career structure is in place for officers. Development and progression is facilitated through the appraisal system. Specific equalities policies and procedures in place.</p> <p>Specific training and support was put in place to support managers in their role as budget holders. This will need to be further developed.</p>	<p>A review of Management Standards will be undertaken as part of the Skills Management Strategy.</p> <p>Build on the launch of budget holder training with a further round of briefings which support and focus on the council's financial processes so managers know what financial information they need and how to use it.</p>
Assessment of arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council	The Council's website contains information on elections including how to stand as a candidate and the qualifications required.	

Code Area	Commentary	Actions
6. Engaging with local people and other stakeholders to ensure robust public accountability		
Assessment of arrangements for Communicating with residents of Manchester on issues of interest to them and maintaining effective channels for dialogue and debate.	A Member lead working party chaired by the Leader has recently reviewed arrangements for communication and an Action Plan will ensue	Implement communication Action Plan
Assessment of arrangements for engaging residents in the democratic process for electing councillors.	<p>The Electoral Services Unit conducts an annual canvass of all households in Manchester. 'A' forms including an information leaflet are sent to each household followed by a reminder to those who have not returned the first form then by a personal canvass of up to 3 visits per property to get completed forms, going beyond legislative requirements. The council's newspaper Manchester People, delivered to all Manchester households, is used to inform the public that the annual canvass is about to start.</p> <p>This mainstream activity is supplemented by activity targeted at particular groups where appropriate and where the budget allows. In previous years ESU successfully bid for DCA funding to work with hard to reach young people from ethnic minority groups, which involved outreach work with the universities; advertising through Odean cinemas magazine and having stands at schools and other events attended by young people and those from ethnic minority communities.</p>	

Code Area	Commentary	Actions
	<p>Early each year ESU uses the Manchester People newspaper to remind the public that the elections are coming in May, to encourage registration and voting. For Parliamentary elections, and other elections where the Electoral Commission are advertising nationally, Council publicity and press representatives attend project management meetings to devise and implement effective strategies to ensure all those entitled to vote can, and are encouraged, to do so.</p>	
<p>Arrangements for Establishing and maintaining effective relationships with public, private and third sector organisations which contribute to the well being of Manchester residents</p>	<p>All Overview and Scrutiny Committees engage with a range of public, private and third sector organisations to ascertain how their individual roles contribute to the Committee Strategy.</p>	<p>Review the process for communicating scrutiny recommendations to partners.</p>
<p>Arrangements for undertaking appropriate formal and informal consultation with residents and relevant partners on relevant issues</p>	<p>The Council is committed to engaging with local people and other stakeholders to inform, monitor and evaluate its service delivery and that of other public, private and third sector partners in the city. Consultation methods include via the Manchester Partnership, Ward Co-ordination, annual Best Value Survey of local residents and businesses. A range of tools and forums are used to engage stakeholders including the Manchester Conference, Stakeholder Panels, Manchester People magazine, Ward newsletters and departmental publications. The Mancunian Agreements being developed are to drive change at a neighbourhood level with the involvement of public services, local business, voluntary, faith and community agencies.</p>	
<p>Arrangements for providing and supporting ways for citizens to present community</p>	<p>Residents have the opportunity to suggest a topic for any of the six Overview and Scrutiny</p>	<p>Revisit Overview and Scrutiny Communications Plan.</p>

Code Area	Commentary	Actions
concerns to the Council	<p>Committees to consider through their work programme.</p> <p>The Councillor Call for Action will also enable local people to raise issues with Overview and Scrutiny Committees via their ward Councillors.</p>	Rollout Councillor Call for Action (awaiting guidance).
Review of community engagement policy	<p>The Community Engagement Strategy aims to ensure Manchester's citizens participate and engage. A community engagement toolkit has been produced with partners such as Community Network for Manchester. It also delivered community engagement targets and indicators, profiled engagement across the city, looked at what has and has not been successful and where there are gaps that need to be filled.</p>	The Strategy is being reviewed and this will be concluded by May 2008.
Monitoring and Review		
Effectiveness of the Audit Committee	<p>External Audit have recently reviewed the operation of the audit Committee and the council will consider any subsequent recommendations for improvement.</p>	Implement recommendations agreed with External Audit
Effectiveness of the Governance Overview and Scrutiny Committee	<p>A member working party has recently reviewed and restructured Overview and Scrutiny Committees. This restructure included the creation of a new Resources and Governance OSC. O&S Committees produce and publish an annual report reviewing the work done in the year and its effectiveness.</p>	
Effectiveness of the Standards Committee	<p>The role and membership of the Standards Committee has been reviewed in the light of guidance from the Standards board and in order to meet new requirements outlined in the local</p>	Review operation of Standards Committee as part of the annual review of the constitution

Code Area	Commentary	Actions
	Government and Public involvement in Health Act 2007	
Effectiveness of the process for producing the annual Governance Statement	This is the first year that a statement has been prepared. The process needs to be reviewed once the Statement has been signed off.	Review process for producing statement and identify any necessary improvements for accounting year 2008/9
Effectiveness of Internal Audit	Reported through the Annual Review to Audit Committee.	Fully implement the Internal Audit SIP and External Audit recommendations.