

## **MANCHESTER CITY COUNCIL**

### **REPORT FOR RESOLUTION**

**COMMITTEE:** Resources and Governance Overview and Scrutiny Committee

**DATE:** 6 March 2008

**SUBJECT:** Governance

**REPORT OF:** The Chief Executive

#### **PURPOSE OF REPORT**

This paper provides an overview of work currently taking place to improve organisational and partnership governance in the Council.

#### **RECOMMENDATION**

It is recommended that the Committee note the progress outlined in this report, and consider how this might be reflected in the future work programme of the Committee.

#### **FINANCIAL CONSEQUENCES FOR THE REVENUE AND CAPITAL BUDGETS**

None

#### **CONTACT OFFICERS**

Geoff Little, Assistant Chief Executive Performance <a href="mailto:g.little@manchester.gov.uk">g.little@manchester.gov.uk</a>	0161 234 3317
Forid Meah, Head of Corporate Performance Group <a href="mailto:f.meah@manchester.gov.uk">f.meah@manchester.gov.uk</a>	0161 234 3016
Carol Culley, Head of Finance (Corporate and Strategic) <a href="mailto:c.culley@manchester.gov.uk">c.culley@manchester.gov.uk</a>	0161 234 1646
Michelle Chard, Head of Democratic Services <a href="mailto:m.chard@manchester.gov.uk">m.chard@manchester.gov.uk</a>	0161 234 4098
Jon Redfern, Head of Corporate Personnel <a href="mailto:j.redfern@manchester.gov.uk">j.redfern@manchester.gov.uk</a>	0161 234 1800
Kathryn Fife, (Acting) Head of Internal Audit <a href="mailto:k.fyfe@manchester.gov.uk">k.fyfe@manchester.gov.uk</a>	0161 234 1428

#### **BACKGROUND DOCUMENTS**

None

#### **WARDS AFFECTED**

All

**IMPLICATIONS FOR:**

Anti-Poverty    Equal Opportunities    Environment    Employment

No

No

No

No

## 1. Background

- 1.1 Good governance is critical to the effective management and performance of complex organisations and ensures probity and transparency in all areas of organisational life. For Councils, good governance is essential to maintaining appropriate democratic overview and scrutiny. Good governance arrangements enable and support both Councillors and officers discharge their functions.
- 1.2 Governance is as much about values as it is about structures and process. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour. It is about ensuring accountability is real and visible. Elected members are accountable to the public for the performance of the Council. The Council's governance processes need to ensure that Members are able to discharge their role to the public, supported by officers.
- 1.3 In recognition of the importance of governance, the Chief Executive, supported by the City Treasurer and the City Solicitor, has established an officer technical working group to review and continuously improve the existing governance processes of the Council. Chaired by the Assistant Chief Executive (Performance), the working group is taking forward the following areas of work:-
- Raising the profile of ethical standards in governance across the Council
  - Publishing a Partnership Governance Framework to ensure that appropriate governance arrangements are in place for work with non contractual partnerships. Members will also be aware of parallel work to improve democratic engagement in partnerships as part of the development of the Local Area Agreement.
  - Reviewing the Council's constitution, particularly, with regard to the Scheme of Delegation and guidance on decision making.
  - Updating the Council's financial regulations including guidance on procurement.
  - Revising the employee code of conduct
  - Revising the Whistle Blowing Policy and process.
  - Improving the Council's complaints process as part of wider work to improve customer and citizen engagement.
  - Meeting statutory requirements with regard to the publication of an Annual Governance Statement.
  - Developing communications and training material for officers and Members to assist the implementation of the above work and raise the profile of the ethical governance agenda.

- 1.4 The above work focuses on updating the technical guidance and processes required to ensure that the Council's existing Governance policies are coherently and consistently implemented. It supports wider work on the implementation of the Council's People Strategy which sets out the values, skills and competencies needed for the Council to be a world class institution.

## **2. Ethical Standards**

- 2.1 The Governance Working Group is confident that the Council has in place robust ethical governance arrangements. Further work is underway to raise the profile of ethical governance and standards of conduct across the authority. Much of the Council's work is in partnership. We are therefore working jointly with the Standards Board for England to develop a project to explore what appropriate behavior in partnership working should look like.

- 2.2 Our aim with the Standards Board is to arrive at a definition of standards that is both robust and flexible enough to be applied to a wide variety of partnership arrangements. The intention is to explore this with organisations that work with Manchester City Council, but the Standards Board then hopes that this work will form the basis of national guidance on shared standards in partnership working.

- 2.3 Work is currently taking place, supported by the Centre for Local Governance at the University of Manchester, to develop a short written statement setting out partnership values; how they would apply; how they would improve governance and partnerships; and how they would contribute to joint working and enhance delivery to the public. The statement will be based on the following principles:-

- governance is about cultures and values as much as systems and processes. It is about people, at all levels, exercising high standards of conduct in the way in which they work.
- the Nolan principles of public life – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- the need to focus on the elements that promote and demonstrate the values of good governance to upholding high standards of conduct and behaviour and taking informed and transparent decisions subject to effective scrutiny and managing risk.

- 2.4 A draft of the statement will presented for comment to this Committee as part of its role in overseeing the implementation of the Local Area Agreement.

## **3. Partnership Governance**

- 3.1 The Council is developing a technical framework against which to assess the Council's governance of its "significant" partnerships. This includes updating the Council's register of significant partnerships and the information held about them through a self assessment process. This will ensure that

appropriate controls are in place to manage the risks to the Council of partnership working and that appropriate linkages and oversight is maintained through the Council's democratic structures and processes.

- 3.2 Our learning from how we as a Council engage and govern our relationships with the partnerships that we are involved in will be used to improve partnership working across the city. The improvement plan will ensure that Elected Members are able to make full use of the powers now available to them in the Local Government and Public Involvement in Health Act. It will also ensure that appropriate democratic involvement and oversight is a key feature in partnership working across the city. This work will be undertaken as part of the implementation of the LAA.

#### **4. Annual Governance Statement**

- 4.1 The Council aspires to the highest possible ranking in the new Comprehensive Area Assessment (CAA) which will replace in Comprehensive Performance Assessment (CPA) in 2009. A key component of this will be external assessment of our Annual Governance Statement (AGS) and Governance Framework. The AGS is a new statutory requirement and has to be in place by June 2008, replacing the previous Statement of Internal Control. The AGS will be reported to the Council's Audit Committee and is a critical tool for all Elected Members in discharging their accountabilities to the public.

- 4.2 A Governance Code is currently being developed based on the CIPFA/Solace Governance Framework. Robust assurance processes are also being embedded to review :-

- the robustness of our risk management, performance management, financial management, legal and regulatory, IT and human resources processes
- the governance arrangements in place for the management of partnerships (referred to above)
- the work of and effectiveness of the internal audit function
- assurances from those managing the business (i.e. our Heads of Service) that the processes in their area of business are robust and complied with.

- 4.3 An important element of the above is to identify areas where controls are weak or there are potential risks in order that we can address these and improve our performance. The development of the AGS will include Heads of Service. This is timely in that it will help to test and, where necessary, strengthen our management arrangements for implementing business plans, reviewed by Overview and Scrutiny Committees in January. Involving Heads of Service in providing assurance for these will help us take business planning to the next stage of development.

## **5. Conclusion**

- 5.1 Good governance as an essential part of our overall approach to service improvement as well as the proper conduct of business. The challenges for Manchester set out in the Community Strategy are so significant that we need to be ambitious, creative and innovative in the way in which we improve. We need values, standards of governance and control mechanisms that are flexible and yet robust enough to provide safeguards to our complexity and creativity. Reviewing and improving governance arrangements is an activity which should be undertaken to prevent failures in governance, rather than a consequence of it.