

## MANCHESTER CITY COUNCIL 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 adopted a code of corporate governance in June 2008, 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.

### The Purpose of the Governance Framework

4. 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.
5. 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.

6. Manchester City Council has been working to its Code of Corporate Governance for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Statement of Accounts.

### **The Governance Framework**

7. 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 enable us to pursue this vision in the most effective way.
8. 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; and
  - Ensure the integrity and reliability of information, accounts and data including internal and external reporting and accountability processes.
9. The governance arrangements have been reviewed against the following key parts of the Manchester Code of Corporate Governance:
- Focus on the Council's purpose and community needs

- Having clear responsibilities and arrangements for accountability
- Informed, transparent decision making which is subject to effective Scrutiny and risk management
- Good conduct and behaviour of Members and officers
- Development of the capacity and capability of Members and Officers to be effective
- Engagement with local people and other stakeholders to ensure robust public accountability

#### Focussing on the Council's Purpose and Community Needs

10. The Council's vision for Manchester is set out in the Community Strategy, while the Corporate Plan and Business Plans set out the strategic outcomes and priorities which will contribute to the delivery of the vision. The 2009/10 Business Planning process was based on revised guidance which has delivered further improvements in how Business plans link with corporate priorities.
11. Commencing with a joint Strategic Management Team (SMT) and Executive Members Group Strategic Planning Session in April 2009 the Council is reviewing its Performance Management Framework for 2009/10, as recognition that effective business planning is critical in the effective management of performance and the achievement of objectives. It is expected that this review will deliver the following outcomes:
  - An update of the Council's Corporate Plan, to be published by July 2009;
  - Improvements to the Business Planning process including the introduction of self assessment and greater integration of Business plans with financial planning processes and the development of the Medium Term Financial Plan; and
  - Improved performance reporting, including greater integration with existing arrangements for reporting on finance and risk
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;
  - The Annual Report outlining what the Council has achieved in the previous year. This was published for the first time in 2008. The 2008/09 Annual Report will be published by October 2009;
  - The Annual State of the City and State of the Wards Reports. In 2009 the State of the City report will also be expanded to include communities of interest and vulnerable groups; and
  - The People Strategy. This outlines how the Council workforce can be supported, developed and deployed to the best effect. The People Strategy will be refreshed during 2009.

Whilst the Council has been engaged in a number of strands of joint people strategy work with partners during 2008/09, such as workforce planning with thematic partnerships, the development of an over-arching People Strategy for the Manchester Partnership is a priority for 2009/10.

13. The Annual Audit letter has highlighted that the Council should “maintain the early momentum given to addressing the weaknesses in internal audit, and continue the positive action being taken to develop an integrated governance framework”.
14. All External Audit reports have an agreed action plan and are considered by Audit Committee.

*Making the Best Use of Resources*

15. The Audit Commission’s Comprehensive Performance Assessment (CPA) for 2007/08 rated Manchester as a 3 star authority which is “improving well” with the Council “making good progress against its priorities and improving the quality of life for local people”. This compares with the assessment in 2006/07 which rated the Council as “improving adequately”. In respect of its use of resources, an integral part of the CPA, the Council was awarded a score of 3 in its annual assessment, which is an improvement from the score of 2 awarded in 2006/07. The CPA is discussed in more detail below.
16. The new statutory Local Area Agreement (LAA) was signed in July 2008 and refreshed in March 2009. It has been agreed 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.
17. The Council and its partners have now developed an innovative new approach to joint commissioning – the “Manchester Model”. A strategic commissioning group reporting to the Public Service Board has been established to take forward the work of implementing this model, in particular ensuring that it is applied consistently through the thematic partnerships via a commissioning framework. This will be undertaken in line with business planning cycles in order to influence resource allocation.
18. In respect of procurement the Council is now recognised as demonstrating national best practice and is providing strategic leadership at a regional level on the hubs for both procurement and construction.
19. The Council’s Partnership Governance Framework, is designed to define and standardise the approach to managing its partnerships, in order to help strengthen accountability, manage risk rationalise working arrangements and achieve value for money. Work to improve governance in partnerships has been taken forward in the past year including the re-registration of significant

partnerships and self assessment of their governance arrangements. To support partnerships in this process they were given feedback on their submissions from the previous year and a “Good Governance Guide for Partnerships” was published in October 2009. This will be updated following this year’s re-registration and self assessment process.

20. Significant partnerships were also included within the Business planning of relevant services during 2008/09. In order to now take the Partnership Governance Framework forward, further work will be undertaken during 2009/10 to further improve arrangements for services to provide ongoing assurance that appropriate partnership governance is in place and operating effectively, for example through greater incorporation of significant partnerships within service financial, performance and risk monitoring and reporting arrangements.
21. The Manchester Improvement Project (MIP) continues to focus on driving through efficiencies alongside developing more effective service delivery which places the customer at the heart. A Business plan has been presented by MIP to SMT in January 2009 which underpins its activity, key to the success of which is the requirement to develop a whole organisational approach to deliver the various strategies which have been planned but not delivered over the last couple of years. These include co-ordinated customer services, people, information and IT strategies, which are regarded as key enablers for the Council to fulfil its ambitions. MIP’s role is to facilitate the delivery of these in a prompt and co-ordinated way, with a view to launching the strategies in 2009.
22. In order to supplement MIP’s ongoing activities the Council has recently commissioned a diagnostic exercise, the Analyse and Improve Manchester project with a view to identifying further opportunities to deliver efficiencies, focussing in particular on areas of duplication across Council wide systems and processes rather than those undertaken within individual services. .
23. The evaluation of value for money (VfM) is now embedded within the Business planning process with additional support provided by MIP on high cost services and areas within the Council. In addition, during 2008, a number of VfM reviews were undertaken during the year within individual thematic areas of the Manchester Partnership, from which elements of best practice are being extended across all of the thematic partnerships. It is however recognised that further work is required to draw together all of the strands of VfM work undertaken across the Council in order to inform an improved strategic approach, which will be overseen by a corporate lead for VfM at SMT level to ensure the effective and efficient coordination of the Council’s approach.
24. The improved management of financial resources and VfM have been at the heart of a number of improvements in the Council’s financial processes and procedures put in place during 2008/09, these include:
  - Ongoing work to develop and embed revenue and capital budget monitoring arrangements;

- A Revenue Gateway process to improve the management of external funding;
  - The development and rollout of additional financial training for all Council cost centre managers; and
  - A finance Shared Service Centre has been established and a “No Purchase Order, No Pay” policy instituted, both of which are supporting the delivery of improved VfM across the Council.
25. Following an Internal Audit review undertaken in the year, the Council’s stewardship of heritage assets (art works and rare books) has been identified as an area for development. An overall strategy for the management of heritage assets and the establishment of specific asset management plans within libraries and galleries will be put in place during 2009/10 to minimise the risk of loss, damage and potential for theft.
26. In relation to Manchester’s Green City objective the Council has further developed its strategy for establishing a low carbon economy and sustainable economic growth, which is one of the key priorities in the LAA. Work has been undertaken to rationalise activity and commitments to date with a view to focusing on 8 key priorities for action in 2009/10, including city-wide awareness raising and engagement, a carbon reduction strategy for the Council and a sustainable procurement strategy.
27. This work will be taken forward in the coming year by the Head of Environmental Strategy, a new post, as well as an Environmental Strategy programme board. The next step in this process is to undertake further work to embed the identification and monitoring of the environmental impact of Council policies, plans and strategies. In order to do this environmental impact assessments will be introduced to the Performance Management Framework during 2009/10.

#### Having Clear Responsibilities and Arrangements for Accountability

28. The Council has clearly outlined who is responsible for the discharge of responsibilities within the constitution and has:
- Appointed a Leader of the Council;
  - Appointed an Executive whose Members each have an individual portfolio;
  - 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; and
  - A published Constitution which includes schemes of delegation of both Executive and Non-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. The constitution, in particular the scheme of delegation, has been through a thorough review in 2008/09.

29. The Strategic Management Team is responsible for overseeing the work to improve governance arrangements across the Council.
30. In September 2008 a Sub Group of SMT was established, chaired by the Deputy Chief Executive (Performance), which assumed the role previously undertaken by the Governance Working Group for overseeing work to improve governance arrangements within the City Council and with partners, with a particular focus on the delivery of the Programme of Improvement for Significant Governance Issues as identified in last year's Annual Governance Statement (see Appendix 1). The governance related areas overseen by the Governance Working Group and latterly the Sub Group of SMT, which were completed in the year included:
- The publication of the Council's Handbook for Leaders;
  - The adoption of Manchester City Council's Code of Corporate Governance;
  - The delivery of the Council's partnership governance framework and the Good Governance Guide for Partnerships;
  - The development of a new approach to reviewing the quality of Business plans to be introduced in 2009/10 through a service-level self assessment; and
  - The continued development of the Council's risk management framework and associated training.
31. In order to strengthen governance arrangements across the Council and support Members and officers in their roles, the Handbook for Leaders was produced in 2008/09. It contains user friendly summaries of the key documents and links to the full Constitution. In order to provide assurance that managers and employees have read and understood these documents a programme will be developed in 2009/10, building on previous communications, to cascade to all the Council's employees key, relevant areas of the constitution, codes and protocols.
32. The School Governance Improvement Project was implemented during 2008 and has put into place a new service delivery framework which supports and challenges governing bodies. Additional resources have been identified to ensure that quality support is available to governing bodies on an ongoing basis. The new Governor Support service has strong links to core school improvement processes, which include use of an independent "School Improvement Partner" for each school, who provides an external check on key aspects of school governance and performance in a similar way to OFSTED inspections.
33. The continued development of strong governance and leadership models for schools and enabling effective partnerships with key strategic organisations is an important theme of the Council's work for 2009/10. The key areas of focus are:

- The continued growth of governing bodies' capacity to drive sustainable school improvement;
  - Supporting a diverse, changing educational governance portfolio, including initiatives which lever school to school working such as National Challenge Trusts, Academies Federations and Partnerships;
  - Ensuring compliance and control to meet key statutory obligations such as the Financial Management Standard in Schools (FMSiS) framework, which is being operated by the City Council;
  - Ensuring universal and consistent compliance with financial regulations, in particular in relation to procurement activity undertaken by schools; and
  - The improvement and formalisation of the Council's policies and procedures in relation to children missing from education.
34. In addition, Manchester is leading the Greater Manchester Challenge funded governance workstream on behalf of all ten local authorities. Planned products to be developed and implemented during 2009/10 are:
- The provision of up to date and accessible support to all governors through an evidence-based online school governance good practice toolkit;
  - A cutting edge Governance Audit Process operating in accordance with statutory requirements and best practice, related to outcomes, efficiency and overall effectiveness,
  - A Greater Manchester wide training and accreditation programme for governors
35. The Council is co-sponsoring seven Academies in the city which are due to open in 2010. The Academy Trusts have now been formed and a member of SMT has been appointed as a Director of each Trust and a Governor of the Academy. The Council's representative in this role will be able to access the full range of governor training and support mechanisms.
36. In terms of monitoring these arrangements the Council's representative will report back to the SMT Academies Sub Group whilst ongoing scrutiny of the programme wide impact of the Academies will be undertaken by the Children and Young People Overview and Scrutiny Committee. The Academy Trusts will be registered as significant partnerships on the Council's partnership register.
37. A programme-wide group has also been established to support a collaborative approach to common issues and themes across the Academies. This group will report back to the Council through the SMT Academies Sub Group to ensure that the development of the programme is consistent with its original objectives.
38. During 2008/09, a substantial reorganisation of the Youth Service within Manchester has been approved. This will involve the relocation of the service within neighbourhood management arrangements through Children's Services District Working. This model

provides a greater focus on the delivery of youth work, influencing and developing an overall offer for young people and being more responsive to local need and should, as a consequence, improve outcomes for young people.

39. In order to support the development of youth work across the six district teams a central youth work support team will be established to ensure that the core youth work teams retain a youth work focus on key areas of delivery and that this is done to a clear set of city-wide standards, procedures, systems and protocols.
40. The option of delivering Manchester's Early Years and Sure Start Services via District Working arrangements will also be assessed during 2009/10.
41. Within the Council's Adult Social Care service an Internal Audit review of the system for safeguarding adults undertaken in 2008 has resulted in a number of recommendations to further develop the governance of the Safeguarding Board, training of staff and compliance with policies and procedures, which are currently being implemented.

#### Good Conduct and Behaviour

42. 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 continued with the Standards Board to develop a set of core partnership values with the Public Service Board, which is due to report in June 2009.

#### *Member Conduct*

43. The Constitution contains the Code of Conduct for Members. The Code sets out the standards of conduct expected of Members including standards of individual behaviour; registration of financial and other interests; and the rules governing disclosure of interests and participation in the decision making process where a member has a prejudicial interest.
44. A briefing on the Code is provided to all Members. The Members Update, a biannual briefing on ethical governance issues, was launched in September 2008. The Standards Committee's annual report to full Council details the work of the Standards Committee over the past year.
45. The Standards Committee is in place in accordance with the requirements of the Local Government Act 2000. It is responsible for promoting and maintaining high standards of conduct by Members of the Council. It has twelve members, three of whom are

independent co-opted members. The Committee is chaired by an independent member.

46. In May 2008, the Standards Committee became responsible for operating a locally based system for initial assessment of complaints that a Member may have breached the Code of Conduct for Members. The Standards Committee has established Sub Committees, each chaired by an independent member to undertake the assessment of allegations that a member has breached the Code; to consider any request made by a complainant for a review of a decision to take no action in respect of an allegation; and to discharge the function of holding hearings in connection with investigations.
47. In 2008/09, out of 96 Members and 12 co-opted Members, none was found by the Standards Board for England to have breached the Code of Conduct for Members. In the same period, three complaints were considered by the Standards (Assessment) Sub Committee. The Council has reported to Standards Board on a quarterly basis all activity regarding the local filter.

#### *Officer Conduct*

48. A new draft Code of Conduct for Employees, approved by the Personnel Committee in November 2008, was developed following consultation with Trade Unions for inclusion in the revised Constitution as well as The Handbook for Leaders. The Code provides scope for the inclusion of any amendments necessitated by the anticipated publication of a statutory code by Central Government. A Joint Consultative Committee will be convened to formally ratify the Code for incorporation into the employees' contracts of employment.
49. The Council's Anti-Fraud and Whistleblowing policy was reviewed and re-launched during 2008/09 as part of the Council's Handbook for Leaders. Internal Audit continues to act as the custodians of the Council's Whistleblowing policy. There remains, however, further work to ensure that this policy is universally understood and complied with by Council staff and as such will be included within the cascade of key areas of the constitution, codes and protocols planned for 2009/10.
50. The requirements for registration of offers of gifts and hospitality and the declaration of interests in contracts are set out in the Council's constitution. Council internal communication methods have been used to raise awareness of these requirements. In August 2008, the City Solicitor circulated to members of SMT a reminder of the obligations set out in the constitution. Awareness was also raised in September 2008, with the launch of the Handbook for Leaders. The requirements are set out in the guide to the employee code of conduct which was issued to members of the Council's wider leadership team and cascaded to officers through the Council's Team Brief. A copy of the handbook is also available on the Council's intranet. The City Solicitor is conducting a

review of compliance and of methods used to disseminate information across departments and will again raise awareness of the requirements during 2009/10 with SMT and the Wider Leadership Team.

### Informed, Transparent Decision Making

51. 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; and
- Key decisions delegated to officers are recorded and, subject to limited exemptions, publicly available.

52. 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 reviewed the effectiveness of the Audit Committee in 2008 and a number of recommendations for improvement are being implemented; and
- 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*

53. 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 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. Complaints data is published for all departments on the Council's website.

54. 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.
55. 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.

#### *Risk Management*

56. The Council is continuing to develop a well embedded framework for risk management. Specific developments in 2008/09 included:
  - A refresh of the Corporate Risk Register to take account of risks identified in the business planning process. This is now reviewed on a quarterly basis by the SMT Use of Resources and Governance Sub Group;
  - The development of a corporate approach to risk classification;
  - The integration of methodologies across all risk management disciplines and a programme for training all managers was launched in March 2009;
  - Further formal integration of risk considerations within Business plans;
  - Inclusion of a dedicated section on risk management within the Handbook for Leaders; and
  - The Launch of Risk Management Standards to the Council's Wider Leadership Team in December 2008.
57. In 2009 a formal risk escalation framework will be implemented, the final recommendation to be addressed following the External Audit review of risk management in June 2008. The proposed framework formalises the relationship for reporting risks in all of the areas where risk management is deployed.
58. The Council has recently appointed a permanent Head of Internal Audit and Risk Management in 2009, who will have a critical role in the ongoing process of embedding risk management within the operations and management of the Council and its partnerships. In addition, the Council is integrating the functions of internal audit, risk management and insurance. The driver for this integration is to: embed the relationship between the risk and assurance frameworks; further develop a strategic overview for risk and control at

the corporate level; and maximise efficiencies of scale through the integration of management arrangements.

59. Members are engaged in risk management through the Audit Committee and risk in relation to strategic decision making is addressed by the inclusion of risk management commentary in committee reports. A training session on risk management has been scheduled for the Audit Committee during 2009, which will also be made available to other Members.
60. Risk assessment in relation to the Manchester Partnership has been further developed during 2008/09 with the development of a partnership risk management strategy. The Public Service Board is responsible for maintaining a risk register.
61. Corporate and service business continuity plans are generally well developed. The Corporate Business Continuity Plan was activated in February 2009 following the detection of the Conficker virus in the Council's ICT network which resulted in significant disruption to the effective delivery of services across the whole authority. A report has been presented to the Audit Committee on the lessons learned from this episode which includes a number of recommendations for improvement. These are currently being implemented. In addition, the need to review arrangements for testing service level plans has once again been highlighted in 2008/09; therefore during 2009/10 the Council's business continuity plans will be robustly tested.
62. The Corporate Health and Safety policy has been revised for 2009 and approved by the Personnel Committee. Service specific health and safety policies will be produced and policy information disseminated in the most appropriate format for each service by July 2009. The production of a Corporate Building Safety policy, which combines existing asbestos, Legionella and fire safety policies is being produced in 2009.
63. In October 2008, the Council suffered the theft of a laptop computer containing payroll data relating to some school based staff. The incident was reported to the Information Commissioner and made public. Both physical access to the areas within which the theft occurred and revised procedures for the management and control of portable devices have been strengthened.
64. Recently, the Local Government Association (LGA) and the Society of Information Technology & Management (SOCITM) issued Data Handling Guidelines. In light of this national guidance, the Council is committed to undertaking a wider review to ensure its policies, processes and procedures are consistent with best practice information standards.

#### Developing Skills and Capacity

65. The Council retained its Corporate IIP status in December 2008. The assessment noted that “there was clear evidence of continuous improvement evident within the Council in relation to the way in which people were managed and developed”. The assessment identified a number of areas for further development and action plans are currently being put in place to address these.
66. During 2008/09 progress has been made in the delivery of the first year action plan for the Council’s People Strategy, key achievements include:
- The rollout of the Council’s Senior Career Development Programme to the top 300 managers and a career development event for a wider number of managers “the M-Factor” also took place;
  - The piloting of an advanced management appraisal process, incorporating 360 degree feedback;
  - The development of a programme to deliver a constructive organisational culture as well as improved leadership capability. The first elements of this programme will be delivered during 2009/10;
  - Further development of the Skills Escalator programme which is taking forward the Council’s commitments to the Skills Pledge, made in December 2007 and a key element of the People Strategy. There are already 185 Council employees who have started on the programme with this number expected to increase significantly over the coming months; and
  - Workforce Development Plans are in place as part of the business planning process. The quality of the plans is varied and emphasis will be placed on improving consistency and ensuring clear links with the Business Plans for the next round of business planning.
67. In 2009/10 further progress will be made in all of the above areas and the People Strategy will be refreshed.
68. 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.
69. The Council has in place a corporate equalities plan, which includes the three statutory equality schemes on race, gender and disability. In order to ensure delivery and provide assurance to the Council in respect of its legal duties, an action plan with key milestones has been established to revise all three of the statutory equality schemes by August 2009. These will then be cascaded to all of the Council’s managers and employees.
70. To effectively inform the renewal process we are currently working with our partners to expand the established suite of “State of the City” reports to focus specifically on our communities of interest and vulnerable groups. This will be published for the first time in

June 2009.

71. In terms of future development the Council has made a commitment to adopt the new Equalities Framework for Local Government.
72. The Council has a well developed intranet and an award winning website, both of which are currently in the process of being refreshed. 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.
73. Members receive general induction training together with periodic refresher training and ethical governance training. Induction training is also provided for newly appointed Executive Members. A review of member training is currently being undertaken with the objective of creating member development plans to ensure that they receive specific training linked to the effective delivery of their role.

#### Engaging with Local People and Stakeholders

74. The Council has a long history of community engagement and recognises it as being central to the Community Strategy. This is because community engagement is about ensuring that residents can participate in a range of different ways to drive improvements to local services.
75. There are currently many different types of community engagement processes and structures in the Council enabling residents to put across their views and ways in which they can involve themselves in shaping services. These include formal city-wide surveys and panels such as the bi-annual Place Survey and the Citizens Panel; the Ward Co-ordination process which engages with all local residents at a ward level and draws up an annual consultation plan; opportunities for residents to take part in specific thematic consultation such as the Local Development Framework, Strategic Regeneration Framework and the Council's annual budget; and consultation on specific service issues, such as the city-wide consultation on waste recycling undertaken in 2008. Residents also have the opportunity to take issues directly affecting them to their Ward Councillors.
76. Mancunian Agreements, which were intended to drive change at a neighbourhood level with the involvement of public services, local business, voluntary, faith and community agencies, have been developed in some areas. The lessons learned from the development of these agreements has resulted in the evolution of the Council's approach to delivering the principles of Mancunian Agreements and is now being taken forward through the development of the concept of Pride in our Communities.

77. In addition, a panel of Executive Members and Officers has now been established to review approaches to neighbourhood working amongst all of the Council's functions and partnerships, with a view to developing recommendations for quickening the pace of achieving a neighbourhood focus across all public services in Manchester. This panel will produce a report and accompanying action plan by summer 2009.
78. The Manchester Partnership uses a range of different activities to engage with residents across the City. These activities vary according to the context within which they are being carried out and their purpose e.g. informing, consulting or involving. A review of the Manchester Partnership's Community Engagement Strategy was undertaken in 2008, which highlighted that whilst a range of good community engagement practices exist, there is a need to develop a uniform and accountable approach which can be used to demonstrate their value and meaning to residents. In response to this review it has been agreed that each of the Council's services will commit to a Manchester Community Engagement agreement, to be developed and implemented during 2009, which will:
- Provide details of the type of types of community engagement activities that are carried out;
  - Provide clarity on what can and can't be influenced or changed as a result of community engagement; and
  - Ensure communication to participants of the decision making process and the results in relation to relevant activities.
79. In recognition of the importance of effective communication with local people and stakeholders the Council appointed a Head of Communications in February 2009 who will play a key role in community engagement going forwards.
80. Last year also saw the implementation of the recommendations which came about as a result of the Ward Co-ordination review. Specifically this included:
- Improved three year ward plans, utilising the Council's State of the Wards report which shows how outcomes for individual wards compare to other wards in the City as well as city and national averages. The ward plans now link more closely to the Community Strategy and the LAA's and Strategic Regeneration Frameworks' delivery plans;
  - The introduction of a new standardised structure for Ward Service Co-ordination Group meetings whereby officers responsible for issues that most often arise at ward level will be present; and
  - The introduction of an improved staffing structure, for example in parts of the City where there are significant levels of regeneration activity the Ward Co-ordinator role is filled by regeneration staff.
81. In 2008 the Council also put in place the Neighbourhood funding Strategy ("NFS"), the objective of which is twofold:

- To support the ward representative role of Members to influence budgets through Ward Co-ordination; and
  - To enable neighbourhood priorities to be reflected in mainstream budgets and business plans.
82. A full evaluation of the process is currently being undertaken, which will provide recommendations on the implementation of the scheme in future years. In particular, consideration will be given to how more support can be provided through Ward Co-ordination to further strengthen the rolling three year ward plans as the basis of priorities for the future NFS.
83. In addition to the NFS, cash grants have proved a successful way of engaging with residents and giving them an opportunity to come together, draw up proposals for improvements and see these come to fruition. During 2008, the Fallowfield and Whalley Range wards used part of their grant allocation to fund local schemes proposed by residents. Both wards have subsequently seen a significant rise in the number of schemes being put forward for consideration. Whilst in their infancy, these “U Decide” events are a precursor to “participatory budgeting” which the Council is considering as part of its response to the Sustainable Communities Act. Further development and coverage of these arrangements will be taken forward this year.
84. There is a city wide consultation process currently underway regarding the community governance arrangements at a local level, following a petition from residents in part of the City’s Northenden ward in favour of establishing a Parish Council. The process commenced in January 2009 and upon its completion, the Council’s Constitutional and Nomination Committee will make recommendations to full Council in relation to both new and existing parish arrangements and any alternative new community governance arrangements within the City for full Council to consider.
85. In the coming year we will be undertaking a review of our Executive Arrangements, in accordance with the Local Government and Public Involvement in Health Act 2007. This will include public consultation on the future model of Executive Arrangements for the Council.

### **Review of Effectiveness**

86. 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.

87. 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”.
88. The Council has appointed three Committees with responsibility for overseeing and scrutinising its governance and internal control arrangements.

*Audit Committee*

89. This Committee has responsibility for:
- Approving the Councils 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)
90. The Audit Committee was reviewed during the year by External Audit and the Council is in the process of implementing the recommendations for improvement. These include:

- The appointment of two independent co-opted members in December 2008;
- The strengthening and formalisation of the Committee's work plan, which now incorporates the delivery of training against members' needs;
- The introduction of pre-meetings attended by all committee members;
- More regular meetings of the Audit Committee throughout the year; and
- Greater clarity over the roles and responsibilities of members, in particular in relation to the role of the Chair of the Committee.

#### *Resources and Governance Scrutiny Committee*

91. 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.
92. Governance is an integral part of the Committee's work programme and has featured heavily on the Committee agenda throughout 2008/09. Key pieces of work have included consideration of efforts to improve partnership working, focusing on communication and commissioning, the development and implementation of the Neighborhood Funding Strategy and improved support to achieve high standards of school governance.
93. The Committee has continued to monitor performance towards targets in the Local Area Agreement and has set up a Sub Committee to support the development of stronger governance arrangements in the Council and across its partners.

#### *Standards Committee*

94. 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*

95. Officer responsibility for governance 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 SMT Use of Resources and Governance Sub Group. The objectives of this group 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 been informed by the Programme of Improvement for Significant Governance Issues set out in last year's Annual Governance Statement;
- The identification and implementation of improvements in the way the Council manages its partnership arrangements; and
- Review and update of the Council's Constitution including codes and protocols, Financial Regulations and format.

### Sources of Assurance

96. 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 [June 2008].
- External Audit "*Annual Audit and Inspection letter*" – March 2009 and associated External Audit reports
- Head of Service self assessments against thirteen key criteria evaluation. The results have been incorporated into a Governance Issues Log
- Self Assessment against the Governance Code

### Audit and Inspection Opinions

#### *Comprehensive Performance Assessment (CPA)*

97. The Audit Commission's CPA Assessment for 2007/08 assessed Manchester as a 3 star authority which is improving well. The annual assessment of the use of resources is an integral part of the CPA. Overall the Council received a score of 3 as set out below:

	2006/07	2007/08
Financial Reporting	1	2
Financial Management	2	3
Financial Standing	3	3
Internal Control	2	2

Value for Money	2	3
<b>Overall</b>	<b>2</b>	<b>3</b>

98. It was noted in the assessment that the increase in the score reflected improvements in financial reporting, financial management, particularly the business planning process and development of asset management, and improvements in the achievement of value for money. In addition it was noted that the Council had also undertaken a significant amount of work developing the assurance framework during the year, including improvements to governance and partnership arrangements.
99. The assessment highlighted a requirement for further development across the key areas of internal audit; risk management and audit committee. Action to address all of the issues identified in these areas has been implemented during the year.
100. Preparations for the new CAA Area Assessment for 2008/09 are being overseen by the Manchester Public Service Board. All partners are contributing to a self assessment against the key lines of enquiry which will provide evidence both for the assessment itself as well as informing the development of an action plan for the improvement of partnership working in Manchester.
101. Preparations for the CAA Organisational Assessment (which includes Use of Resources) are being overseen by the SMT Sub Group and are well advanced.

*External Audit and Inspection Work*

102. The Annual report to those charged with governance concludes that “the financial statements were presented fairly” and that “in all significant respects, Manchester City Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008”.
103. OFSTED’s Annual Performance Assessment (APA) for Children and Young People for 2008 was “Adequate” (Grade 2), the same as for 2007. It was noted that despite no change in outcome grades this year tangible improvements are beginning to emerge. The assessment recognised that the relatively new districts, established to sharpen the effectiveness of Children’s Services are delivering improvements through joint commissioning, more robust planning and clearer priorities which link across the range of services. Despite this, the capacity for improvement in Children’s Services was rated as “Adequate”. An improvement plan is being implemented which addresses the areas for development highlighted within the report. The report noted that “the Council has acted well on the recommendations of the most recent Joint Area Review and the 2007 Annual Performance Assessment”.

104. The Commission for Social Care Inspection (CSCI) rated Adult Social Care in 2008 as a two star service. It rated all service areas as “Good” or “Excellent”, with “Promising” capacity to improve. The assessment noted that “performance against social care performance indicators has improved and is generally very good”. In addition, the authority is recognised as taking a leading role in the personalisation agenda and offering greater choice and control for its customers. The assessment highlighted a number of areas for improvement and action is currently being taken to address these.
105. Northwards Housing (Northwards), the Council’s Arms Length Management Organisation, which manages 12,458 homes in the North part of Manchester was assessed as “an excellent three-star service with excellent prospects for improvement” by the Audit Commission in February 2009. This marks an improved performance for the service compared with the inspection in January 2007, when it was scored as a “good two-star service with excellent prospects for improvement”. In particular the latest report identified that Northwards has “an improving track record across most service areas, strong and effective leadership and a strong customer focus”. Northwards has already produced a formal action plan with clear timescales for delivery to address the recommendations of the inspection report.
106. Grant Thornton undertook a number of reviews during 2008/09, the coverage of which were as follows:
- The operation of the Audit Committee (September 2008)
  - The Manchester Improvement Programme (January 2009)
107. All of these reports have been reported through Audit Committee along with agreed action plans.

#### *Internal Audit Work*

108. 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 2008/09 was taken to [May] Audit Committee.
109. 2008/09 has been a period of transition for Internal Audit. There has been a change in year end, from 31 July to 31 March, in order that the audit plan is delivered to coincide with the Council’s financial year end and there has been a revision to how audit work is planned, delivered and reported. Staffing levels were lower than planned and lower than is considered necessary to deliver a best in

class Internal Audit service. The recruitment of additional staff is underway but the assurance provided by the service over the period reflects the fact that the service has operated with fewer staff than planned for the year. A permanent Head of Audit and Risk Management has recently been appointed.

110. The opinion of the interim Head of Internal Audit is that “based on the programme of audit work and subject to a number of significant control issues that have arisen during the year, substantial assurance that the Council’s systems of governance, risk management and internal control are generally sound and operate reasonably consistently across departments.” These significant control issues have been included within the Annual Governance Statement and the Programme of Improvement.
111. The report also concludes 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.”
112. A revised approach to the monitoring of implementation of audit recommendations was introduced in 2008/09. This clarified the responsibility of managers and of Internal Audit as well as the timescales for reporting. This process and the positive engagement on this matter by the SMT and the Audit Committee have helped reinforce the importance of recommendation implementation. Overall Internal Audit considers that appropriate actions are being taken to address recommendations in most business areas.
113. [Overview of the 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)]

## Management Review

114. 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

115. In addition reviews of the effectiveness of the processes in the following service areas have been carried out by the relevant managers:

- Finance
- ICT
- Internal Audit
- Health & Safety
- Legal & Regulatory Services
- Partnerships
- Personnel
- Risk Management

116. The results of the assessments have been collated and underpin the action plan.

### **Member Review**

117. An assessment of the member assurance processes that are in place, which involved the Leader of the Council and the Chair of the Audit Committee, has also been carried out. Again the results of this have informed this statement.

### **Partnership Arrangements**

118. The Partnership Governance Framework implemented last year has resulted in improvements to partnerships governance during the last twelve months. This has included the publication of a “Guide to Good Governance” for partnerships which sets out the registration process and outlines good practice in governance arrangements, for partnerships to use.

119. Other specific improvements to governance arrangements during the last year as well as actions to be taken forward into the coming year are:

- A review of the governance arrangements of both the Children’s Board and the Safeguarding Children Board in advance of guidance to be published in May 2009 by the Government following Lord Laming’s Review of Child Protection Services in England (March 2009) which was prompted by the death of Baby P in August 2007 in the London Borough of Haringey. A new independent Chair of the Safeguarding Children’s Board has already been appointed, one of the report’s recommendations, and the implementation of other changes will be undertaken once the guidance from the Government is published.
- Over and above these improvements, work has been undertaken to rationalise and improve the effectiveness of the governance and partnership arrangements that feed into the Children’s Board. This has set a good template for other thematic partnerships to follow and has resulted in its replacement of the Performance Improvement Board.

- A non-executive Resources and Performance Sub Group of the Manchester Board with an overall objective of providing a focus for ensuring the effective alignment of the human and financial resources of the Manchester Partnership with performance. This group will support the continued development of good governance arrangements across the Partnership. This will involve ensuring greater consistency of approach, clearer links between partnership activity and LAA deliverables and improved performance management and reporting across all of the Thematic Partnerships.

120. One of the Council's Significant Partnerships, the Manchester Airport Group (MAG), has recently considered its strategic options and is presently pursuing growth through acquisition. It is likely that the scale of any expansion to its operations would represent a significant financial undertaking for MAG, in which the Council has an interest as a major shareholder. The Council has robust governance arrangements in place to manage this.

### **The Town Hall Re-furbishment project**

121. The Council has developed proposals for a re-furbishment programme of the Town Hall Complex. This is a major project for the Council which will deliver significant benefits including improvements to the physical working environment and customer access. It will involve the relocation of around 1,500 employees for between three and four years whilst the works are undertaken.
122. A business continuity plan will be drawn up to ensure that services are run adequately during the refurbishment programme. This planning will incorporate input on ICT issues and will seek to improve the co-location of staff in order to minimise service disruption and assist with culture change.
123. The programme will be reviewed and monitored monthly by a Programme board, chaired by the Chief Executive, with detailed delivery overseen by a Project board, with a membership of key representatives from the various workstreams and across the organisation. Member oversight and scrutiny of the project will be undertaken by a Non-constitutional Members Review Panel and the Resources and Governance Overview and Scrutiny Committee.

### **ICT Virus**

124. In February 2009, the Conficker virus was detected in the Council's ICT network and impacted significantly on effective service delivery across the entire Council and resulted in the activation of the Corporate Business Continuity Plan.

125. This failure highlighted concerns around the robustness of the ICT infrastructure and its security. Key actions which are already being undertaken to address these include:

- The secondment of a senior manager from the Manchester Improvement Programme to oversee the ongoing development of the ICT service;
- The continued investment in thin-client PC hardware, which offers the best protection against IT viruses and data loss;
- The centralisation of the management of the ICT estate;
- Investment in an anti-virus monitoring system to ensure all PC's have the latest anti-virus software installed; and
- A review of the Council's ICT security policy and the rollout of an ICT security awareness training programme.

### **Programme of Improvement for Significant Governance Issues**

126. The Council is committed to a culture of continuous improvement and is aspiring to achieve the maximum score of 4 in the annual assessment of Use of Resources. 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.

127. 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:

- In order to provide the Council with assurance that managers and employees have read and understood the constitution and relevant codes and protocols a programme will be developed in 2009/10, building on previous communications, to cascade to all the Council's employees key, relevant aspects of these documents.
- The continued development of strong governance and leadership models for schools and enabling effective partnerships with key strategic organisations is an important theme of the Council's work for 2009/10. The key areas of focus are:
  - The continued growth of governing bodies' capacity to drive sustainable school improvement;
  - Supporting a diverse, changing educational governance portfolio, including initiatives which lever school to school working such as National Challenge Trusts, Academies Federations and Partnerships;
  - Ensuring compliance and control to meet key statutory obligations such as the Financial Management Standard in Schools (FMSiS) framework, which is being operated by the City Council;

- Ensuring universal and consistent compliance with financial regulations, in particular in relation to procurement activity undertaken by schools;
  - The improvement and formalisation of the Council's policies and procedures in relation to children missing from education;
  - The leadership of the Manchester Challenge funded governance workstream; and
  - The continued development of Academy governance arrangements.
- The implementation within Adult Social Care of Internal Audit recommendations to further develop the governance of the Safeguarding Board, training of staff and compliance with policies and procedures, which are currently being implemented.
  - Further work to embed effective risk management across the operations and management of the Council as well as its partnerships. This work will be a key objective of the permanent Head of Internal Audit and Risk Management who has recently been appointed.
  - Following the detection of the Conficker virus in the Council's ICT network and subsequent widespread disruption to service delivery, a number of areas for improvement have been identified. These include:
    - The implementation of improved ICT estate and data security arrangements; and
    - The implementation of lessons learned from the resultant activation of the corporate Business Continuity Plan. In addition, service level business continuity plans will be adequately tested during 2009/10.
  - The completion of a Council-wide review of data handling procedures informed by the best practice guidelines recently issued by LGA and SOCITM, to ensure its policies, processes and procedures are consistent with best practice information standards.
  - The three statutory equality schemes on race, gender and disability, which are included within the Council's corporate equalities plan will be revised by August 2009 and cascaded to management and employees. The Council will also adopt the Equalities Framework for Local Government.
  - In order to take the Partnership Governance Framework forward further work will be undertaken during 2009/10 to further improve arrangements for services to provide assurance, on an ongoing basis, that appropriate partnership governance is in place and operating effectively for example through the incorporation of significant partnerships within service financial, performance and risk monitoring and reporting arrangements.
  - The continued development of good governance arrangements across the Manchester Partnership, which will include:

- The further development of a set of core partnership values by the Public Service Board. This will be informed by the ongoing work with the Standards Board which is due to report in June 2009;
  - The implementation across other thematic partnerships of the lessons learned for the work undertaken in the year to rationalise and improve the effectiveness of the governance and partnership arrangements that feed into the Children's Board; and
  - The provision of support in the continued development of good governance arrangements across the partnership by the Non-Executive Resources and Performance Sub Group of the Manchester Board, established during 2008.
- The implementation of the Manchester Model of commissioning during 2009, to be overseen by the strategic commissioning group which reports to the Public Service Board. The approach taken will ensure that it is applied consistently through the thematic partnerships via a commissioning framework and it will be undertaken in line with business planning cycles in order to influence resource allocation.
  - The continuation of work to improve the governance arrangements of the Safeguarding Children's Board and the Children's Board, in particular the adoption of Government recommendations following Lord Laming's Review of Child Protection Services, which will be issued in May 2009.
  - The development of arrangements for a central youth work support team to ensure that the core youth work teams, which are being re-organised within the Council's District Working model, retain a youth work focus on key areas of delivery and that this is done to a clear set of city-wide standards, procedures, systems and protocols.

128. The Sub Group of SMT will have responsibility for developing these governance improvements 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.

129. 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

## **Annex 1 – Action taken in relation to the Programme of Improvement for Significant Governance Issues identified in the 2008 Annual Governance Statement**

The table below incorporates the Programme of Improvement for Significant Governance Issues identified in the 2008 Annual Governance Statement and provides a reference to the relevant paragraph within the 2009 Annual Governance Statement where the action taken to address the particular issue during 2008/09 has been described. Where an action is outstanding or further action has subsequently been identified, this is incorporated within this year’s Annual Governance Statement.

<b>Significant Governance Issue</b>	<b>Ref to 2009 AGS</b>
<p>Work to develop governance arrangements including:</p> <ul style="list-style-type: none"> <li>• An agreed approach to developing organisational culture</li> <li>• Working with the Standards Board to produce draft standards of governance for work with partners and stakeholders</li> <li>• further development of arrangements to oversee improvements in governance at a senior level to build on work to develop the governance Code</li> <li>• 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</li> <li>• Further development of the governance of Partnerships</li> </ul>	<p>66 42 30, 95 31 19-20, 118 -120</p>
<p>Improvements in systems for performance management both within the Council and in relation to partnerships and including development of the role of SMT</p>	<p>11</p>
<p>Improvements in financial management arrangement to deliver a better understanding of value for money in services, improved</p>	<p>24</p>

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.	56
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.	66
Developing arrangements for commissioning and procurement to ensure the Council optimises the way services and the Local Area Agreement are delivered	16-18
The enhancement of support for governance arrangements in schools having regard to the development of District Working and the role of Academies.	32
Communication of partnerships, both between partners at all levels and from partnerships to Members and communities.	118-120
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.	108-112