

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

COMMITTEE: Standards Committee

DATE: 12 September 2006

SUBJECT: Review of Ethical Governance

REPORT OF: The City Solicitor

PURPOSE OF REPORT:

To inform members of the review of ethical governance which is taking place to ensure the Council is placed in a sound position for future comprehensive performance assessments and to ask members for their comments in relation to this work.

RECOMMENDATIONS:

To note and comment on the work currently underway on the review and development of ethical governance.

FINANCIAL CONSEQUENCES FOR REVENUE BUDGET:

None at present

FINANCIAL CONSEQUENCES FOR CAPITAL BUDGET:

None

WARDS AFFECTED:

All

IMPLICATIONS FOR:

Antipoverty	Equal Opportunities	Environment	Employment
No	No	No	No

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BACKGROUND DOCUMENTS:

- (1) IDeA: Ethical Governance Audit
- (2) Corporate Governance Inspection: Key Lines of Enquiry

1. Background

Since 2002 the Audit Commission have been responsible for carrying out a Comprehensive Performance Assessment of local Authorities. The Comprehensive Performance Assessment is comprised of:

- the Use of Resources Assessment,
- and the Corporate Assessment.

It has become apparent that there are a number of issues around Ethical Governance which could benefit from review over the next six to nine months to place the Council in a sound position for future CPA assessments.

For example a new mandatory 'Use of Resources' criteria relating to 'probity and propriety in the conduct of business' will require Councils to assess and (if necessary) improve their arrangements by 31/03/07

2. There are more detailed requirements about standards of conduct issues in the 'Corporate Governance Inspection Key Lines of Enquiry' which form part of the Council's Corporate Assessment. An extract of those key lines of enquiry is attached (4.3.1 – 4.3.5).

Whilst members will see that the Council already has in place many of the arrangements detailed in this document there are also some key areas which should be reviewed. In particular:

- The Council needs to be able to demonstrate a proactive strategic approach to promoting and maintaining ethical standards
- The Council should consider assigning lead responsibility to a Councillor for conduct and standards.
- Consideration should be given to whether training for councilors on ethical governance should be mandatory and take up monitored and followed up.
- The Council needs to review its arrangements to ensure that an understanding of ethical issues, standards and the role of the standards committee and monitoring officer are widespread in the Council.
- The Council needs to be able to demonstrate it has publicised its standards and stakeholders are aware of the codes of conduct.
- The Council needs to review its ethical frameworks for procurement, contracting and partnership development.

3. However as part of a wider governance review an officer Governance Working Party has been established, including representatives of the City

Solicitor, The Chief Executives Performance Division, Internal Audit and Corporate Personnel. A review of corporate governance obviously requires the involvement of a variety of different areas across the Council in addition to the Standards Committee. However an important part of the remit of this Working Party will be to look at ethical governance issues and to work in conjunction with the Monitoring Officer and the Standards Committee to develop these areas. The first meeting of the group is to take place in early September. Progress needs to be made quickly in particular to address any matters relating to the 2007 Use of Resources Assessment.

4. Although individual members are personally responsible for their conduct the Council and the in particular the Standards Committee has a clear corporate role to promote and maintain high standards of conduct. The Chief Executive is already taking a lead in this area and is working with the Standards Board for England to promote standards of conduct at the highest level both within the authority and with our partners.

5. From work the National Audit Commission has previously undertaken with other authorities it appears many of the area where improvements can be made can be addressed by the widespread training of officers and members, improved publicity and better communications within Authorities in order to raise the profile of Standards Committees, Monitoring Officers and ethical governance.

Some suggestions for development in Manchester City Council might include:

- Annual Standards Committee Reports to full council to raise the Committees profile amongst members and also to be provided to the public via libraries etc
- Development of an ' Ethical Governance ' internet / intranet resource giving more information on these areas.
- Raising the profile of ethical governance with officers across the Council, perhaps using the Cascade publication
- Raising awareness of Ethical Governance with the public using the press, Manchester people, leaflets and posters.

Following the meeting of the Working Group in September a suggested project plan of work addressing the issues identified in paragraph 2 above will be brought back to the Standards Committee. However members are asked if they have any suggestions at this early stage which could be developed in the interim.

6. In order to support local authorities in implementing the ethical framework, the Standards Board, the Audit Commission and IDeA have developed an ethical governance toolkit that is intended to assist local authorities in assessing how well they are meeting ethical issues and how they can further improve their arrangements and approach.

The toolkit consists of four key elements, each of which is administered by either the Audit Commission or IDeA. Listed below are the key tools and the issues they address:

- (i) **The Self Assessment Survey** assesses awareness of ethical issues;
- (ii) **The Full Audit** is an in depth assessment of a local authority's compliance with and understanding of the elements of ethical governance and how arrangements have been implemented into practice. For example, assessing the roles and responsibilities of standards committees, protocols, constitutions and compliance with the code of conduct;
- (iii) **Light touch health check** is a mechanism to identify and discuss ethical governance issues in each authority and a means of developing solutions. The health check can be used internally to review activity. A team of assessors will be appointed to examine existing assumptions and culture, to implement solutions, and to monitor and review progress; and
- (iv) **Developmental Workshops** to improve awareness and understanding of ethical issues facing local authorities.

Local authorities can choose to use any combination of the tools

It is suggested that the best use of resources might be to utilise one or more of these tools once steps have been taken to address the areas identified above. To use these tools now is likely to result in the highlighting of areas which have already been identified.

In the meantime an assessment of the merits of these various tools will be undertaken to determine the most effective and cost efficient option.