

**MANCHESTER CITY COUNCIL
REPORT FOR RESOLUTION**

COMMITTEE: Standards Committee
DATE: 28 June 2010
SUBJECT: Code of Corporate Governance and Annual Governance Statement
REPORT OF: City Solicitor

PURPOSE OF REPORT:

To inform the Standards Committee of the inclusion of the Council's Code of Corporate Governance at Part 6 of the Council's Constitution for 2010 (the Corporate Code), and to advise the Standards Committee of a number of minor amendments made to the Corporate Code to reflect the change to the Council's form of executive arrangements that came into effect on 9 May 2010, and to update references in the Corporate Code to those Council policies, documents and procedures that demonstrate how the key principles set out in the Corporate Code are put into practice.

RECOMMENDATIONS:

The Standards Committee is asked to note:

1. the inclusion of the Council's Code of Corporate Governance at Part 6, Section G of the Council's Constitution for 2010; and
2. the amendments made to the Council's Code of Corporate Governance (as included at Part 6, Section G of the Council's Constitution 2010 and approved by Council at its Annual Meeting on 19 May 2010) which are described at point 3.2 below.

FINANCIAL CONSEQUENCES FOR REVENUE BUDGET:

None.

FINANCIAL CONSEQUENCES FOR CAPITAL BUDGET:

None.

WARDS AFFECTED:

All.

IMPLICATIONS FOR:

Antipoverty No	Equal Opportunities No	Environment No	Employment No
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BACKGROUND DOCUMENTS:

The Code of Corporate Governance (Part 6, Section G of the Council's Constitution for 2010)

1. Background

- 1.1 The Council is required to adopt a Code of Corporate Governance (the Corporate Code). The Corporate Code is a public statement setting out how the Council will meet its commitment to have in place a culture, values, systems and processes to ensure it operates effectively and achieves its objectives. The Council measures its performance against the Corporate Code in the Annual Governance Statement (AGS) published with the Council's annual accounts.
- 1.2 On 23 June 2008, the Standards Committee considered a report of the City Solicitor containing a draft Corporate Code and draft 2008 AGS. The Council adopted its first Corporate Code on 9 July 2008. In 2009 a small officer working group was established to oversee the preparation of the 2009 AGS led by the Head of Financial Management and the Interim Head of Finance (Corporate and Strategic). As part of its 2009 work programme, this group reviewed the Corporate Code and made a number of amendments to it. In summary, the amendments made by the 2009 working group to the Corporate Code were as follows:
- (i) the Corporate Code was more clearly structured to make it easier to read and to reference; and
 - (ii) the Corporate Code introduced clearer links between the six key principles of corporate governance that form the basis of the Corporate Code, and those Council's policies, documents and procedures which demonstrate how the key principles are put into practice.

2. Annual Governance Statement 2009/10

- 2.1 The 2009/10 annual governance statement (AGS) was circulated to members of the Standards Committee on 10 June 2010 for comment in relation to the ethical governance framework. The AGS was produced following completion of the annual review of the Council's governance arrangements against the Corporate Code (as amended in 2009).
- 2.2 Completion of the annual review was undertaken by a Working Group led by the Interim Head of Finance (Governance and Corporate Support) and included senior officers from Children's Services, Financial Management, Corporate Performance, Legal Services and Internal Audit and Risk Management.
- 2.3 The AGS includes assessment of:
- (i) the robustness of the Council's risk management, performance management, financial management, legal and regulatory, ICT and human resources processes and evidence to support that these are in place;
 - (ii) the governance arrangements in place for the management of partnerships;
 - (iii) the work and effectiveness of the internal audit function; and
 - (iv) assurances from those managing the business (i.e. Heads of Service) that the processes in their area of business are robust and complied with. This is undertaken by a Heads of Service Governance Assurance questionnaire.
- 2.4 The format of the AGS follows the best practice approach outlined by CIPFA, which requires the AGS to include:
- an introduction setting out an explanation of Corporate Governance and the purpose of the AGS;
 - a description of the key elements of the systems and processes which comprise the Council's governance arrangements;
 - a description of the review work within the Council to provide assurance on the governance framework;
 - a summary of the significant governance areas where the Council will focus its efforts over the coming year; and
 - an appendix which references the significant governance areas identified in last year's AGS with commentary on action taken in this year's AGS.

The AGS will be contained within the Council's Annual Statement of Accounts, as required by the Accounts and Audit Regulations 2003.

3. Inclusion of the Council's Code of Corporate Governance at Part 6, Section G of the Council's Constitution for 2010 and minor amendments to the Code of Corporate Governance

- 3.1 As part of the annual revision of the Council's Constitution, the AGS Working Group requested that the Council's Code of Corporate Governance should be included in Part 6 of the Council's Constitution for 2010, alongside the Council's other Codes and Protocols. The AGS Working Group considered that the inclusion of the Corporate Code in the Council's Constitution for 2010 would make it more easily accessible to Councillors, Council employees and members of the public. The Corporate Code (with the minor amendments referred to at point 3.2 below) was therefore included at Part 6, Section G of the Council's Constitution for 2010 and was adopted by Council at its Annual Meeting on 19 May 2010.
- 3.2 The Corporate Code that is included at Part 6, Section G of the Council's Constitution for 2010 (the 2010 Corporate Code) is a slightly revised version of the Corporate Code (as amended in 2009) against which the Annual Governance Statement for 2009/2010 was prepared.
- 3.2.1. The principal change that has been made to the 2010 Corporate Code is that Section 2 (Having clear responsibilities and arrangements for accountability), has been amended to reflect the change to the Council's form of executive arrangements to the "new-style" Leader and Cabinet form of Executive that came into effect on the 9 May 2010.
- 3.2.2 Minor amendments have also been made to the 2010 Corporate Code in order to update references to those Council's policies, documents and procedures that demonstrate how the key principles of the Corporate Code are put into practice.
- 3.3 Standards Committee is asked to note the changes to the 2010 Corporate Code that are referred to at point 3.2 above.