

**Manchester City Council
Report for Resolution**

Report to: Audit Committee – 10 December 2019
Subject: Draft Code of Corporate Governance
Report of: Deputy Chief Executive and City Treasurer

Summary

This report proposes a revised draft Code of Corporate Governance which is in accordance with published guidance. Compliance with this Code will be monitored on an annual basis through the Council's Annual Governance Statement.

Recommendations

Audit Committee is invited to comment on the Council's draft governance standards set out in the draft Code of Corporate Governance.

To recommend to Council that this revised Code be incorporated into the Council's Constitution.

Wards Affected: All

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1. Introduction and Context

- 1.1 The Accounts and Audit Regulations 2015 require local authorities to conduct at least annually a review of the effectiveness of their governance framework including their systems of internal control. This review must be documented in an Annual Governance Statement (AGS) and published as part of the Council's Annual Accounts. The Statement must be prepared in accordance with proper practices, including those set out in CIPFA and IFAC's¹ *"Delivering Good Governance in Local Government: Framework (2016)"*.
- 1.2 The Framework has applied to Annual Governance Statements prepared for the financial year 2016/17 onwards. The AGS involves an assessment of the extent to which the Council has adhered to the governance standards set out in its Code of Corporate Governance (the Code).
- 1.3 In 2016 the Council's Code was fully updated in accordance with the revised Framework. Alongside the CIPFA principles, the vision and values of the organisation – the Our Manchester principles - are at the heart of the Council's approach to governance. Our Manchester was therefore also integral to the way the standards in the Code were defined when it was reviewed.
- 1.4 It is necessary to keep the Code under review to ensure the contents remain accurate, up to date, and that they reflect all applicable relevant legislation. While substantial changes have not been necessary for this subsequent update of the document, some minor amendments are required. Changes include;
- The role title has been updated for the Deputy Chief Executive and City Treasurer, to reflect recent changes to the Council's senior management structure.
 - Wording has been amended to reflect changes to the remits of both the Audit and the Standards Committees regarding the Council's Whistleblowing procedures.
 - Hyperlinks have been updated in the electronic copy of the Code document, so that out of date web page links have been replaced where necessary.
 - Wording has been added to reference the Council's 'Our Corporate Plan' which was launched in November 2018, and which sets out the Council's priorities for the next three years.
 - The establishment of science-based carbon reduction targets for Manchester which require the city to become net zero carbon by 2038, and the motion asking the Council to formally declare a 'climate emergency' which was unanimously agreed in July 2019.
- 1.5 The Code sets out the governance standards for the Council but deliberately does not include details of how these standards will be achieved. This will be described in the next Annual Governance Statement which will set out

¹ CIPFA is the Chartered Institute of Public Finance and Accountancy. IFAC is the International Federation of Accountants.

evidence of compliance for each different aspect of the Code. Audit Committee is invited to review the draft Code and comment on the extent to which it feels the governance standards described are the right ones for the Council.

- 1.6 The Council's Constitution notes the role of Audit Committee in considering revisions to the Code. The Code itself details the responsibility for approving the Council's annual accounts and responding to the External Auditor's Annual Audit Letter. It also oversees the effectiveness of the Council's governance and risk management arrangements, the internal control environment, associated anti-fraud and anti-corruption arrangements and the Whistleblowing policy.
- 1.7 The Code was submitted to Standards Committee on 31 October 2019, where the Chair welcomed the Code, commenting that it *"was a very accessible and informative document"*. The decision was: *"To note the Council's draft governance standards as set out in the draft Code of Corporate Governance."* In response to a comment from the Chair regarding referencing within the Code all key identity groups with whom the Council engaged, additional wording has been drafted and added in respect of this in consultation with the Equalities Team. This is included under **Principle 'B': "Ensuring openness and comprehensive stakeholder engagement"**, in the sub-section *"Engaging with Individual Citizens and Service Users Effectively"*.

2. Next Steps

- 2.1 The Code forms part of the Council's Constitution, and will therefore be submitted to Council for proposed adoption and inclusion within a revised Constitution at its meeting on 29 January 2020.