

**Manchester City Council
Report for Information**

Report to: Standards Committee – 11 April 2024

Subject: Draft Annual Governance Statement (AGS) 2023/24

Report of: City Treasurer

Summary

This report contains the draft 2023/24 Annual Governance Statement (AGS) which has been produced following completion of the annual review of the Council’s governance arrangements and systems of internal control. The processes followed to produce the AGS are outlined in the report.

Recommendations

Standards Committee is requested to note and comment on the contents of the draft version of the Council’s 2023/24 Annual Governance Statement (AGS).

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The Annual Governance Statement reflects the fact that the Council has declared a climate emergency by making carbon reduction a key priority in the Council’s governance arrangements which includes arrangements with partners.

Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council operates to a Code of Corporate Governance (the Code), updated versions of which are reviewed by Audit and Standards Committees. One of the Council’s governance commitments, as set out in the Code, is to ensure that outcomes are focused on achieving delivery of the overall vision for the city in the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city’s economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	

A liveable and low carbon city: a destination of choice to live, visit, work	Code.
A connected city: world class infrastructure and connectivity to drive growth	Examples of key governance arrangements which enable the Council to deliver Our Manchester Strategy outcomes are set out in the Governance Framework section of the AGS (section 4).

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above: Not applicable.

1.0 Introduction

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved, and published.
- 1.2 Standards Committee are asked to note the findings of the 2023/24 AGS, which is attached as an appendix to this report.

2.0 Format and sections of the document

- 2.1 The content and style of the AGS is reviewed each year to ensure that it remains compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, and that improvements are made where possible. There is a focus in the document on effective public communication, plain and clear language, accessibility of the document, and ensuring transparency and clarity over what the Council's governance challenges are, alongside what is being done to address them.
- 2.2 Hyperlinks throughout the AGS document refer the reader to more detailed relevant documents, plans, and reports. This approach avoids the reproduction of detailed updates in the AGS which are available elsewhere, for example in other existing Committee reports.
- 2.3 The Council's Code of Corporate Governance (the Code) reflects the seven principles detailed in CIPFA's "Delivering Good Governance in Local Government: Framework (2016)". 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 is therefore also integral to the way the standards in the Code are defined. A streamlined and updated version of the Code was taken to Audit and Standards Committees in November 2022.
- 2.4 A key element of compiling the AGS is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a clear way. This can be seen in Section 4, The Governance Framework.
- 2.5 The AGS includes the following sections:
 - 1 – Introduction** This section provides a clear, plain language explanation for the lay reader as to what the purpose of the document is.
 - 2 and 3 - The scope of responsibility and the purpose of the governance framework;** these sections outline the legal requirements for an AGS and its links to the Council's Code of Corporate Governance.
 - 4 – The Governance Framework;** this describes how the Council has complied with the principles in its Code of Corporate Governance and includes

links to online documents where the reader can access more detailed information.

5 – Annual review of effectiveness of the governance framework; this section explains the mechanisms by which the Council assesses its governance arrangements, and what conclusions have been drawn.

6 – Strategic oversight of actions to address the Council’s governance challenges in 2023/24; This section provides a concise high-level summary of strategic actions taken to address the Council’s governance challenges for the 2023/24 financial year, as identified in the Action Plan at the end (Section 7) of the previous AGS (2022/23).

7 – Action Plan: Governance Challenges for 2024/25 Onwards; this section sets out the key governance areas which the Council will focus on in 2024/25, to address challenges identified and changing circumstances.

3. Process followed to produce the AGS 2023/24

3.1 To identify significant governance challenges to be addressed during 2024/25 several evidence sources were considered including;

- Analysis of responses from Heads of Services to the online annual governance questionnaires which provide a self-assessment of compliance with the Code of Corporate Governance.
- Significant governance challenges in Partnerships as identified by the Council’s Register of Significant Partnerships assessment process.
- A meeting of key Senior Officers with responsibility for Governance, to identify and discuss emerging governance issues.
- Consideration of risks identified in the Corporate Risk Register.
- Emergent challenges identified by the work of Internal Audit during 2023/24.
- Where appropriate carrying forward elements of action points from 2023/24 if substantial further challenges and monitoring is required.
- Annual Report of the Standards Committee - The Council is committed to promoting the highest standards of conduct by Members and has adopted a Code of Conduct for all members as part of its Constitution. The Annual Report of the Standards Committee is one of the Council’s sources of governance assurance.

3.2 These processes, described in more detail in Section 5 of the AGS itself, led to the identified governance challenges described in Section 7. This sets out an Action Plan, which looks ahead to the main governance challenges where the Council will need to focus attention in 2024/25.

4. Communication of Governance Arrangements

4.1 The Council is committed to improving the transparency of its governance arrangements, and ensuring it publishes clear and concise explanations of these arrangements in a format easily accessible to the public.

4.2 **The Council's Code of Corporate Governance** – The Council's Code is written in plain and clear language and is easily accessible on the Council website. CIPFA has highlighted the Council's Code as an example of good practice.

4.3 **Accessibility of the AGS** – The AGS has been written in such a way as to make it as accessible as possible for the lay reader, for example by focusing on making the governance challenge updates as plain, clear, and concise as possible, and providing evidence and examples for each of the governance principles. As well as being included as part of the Council's Annual Accounts, it is also available separately on the Council's website. The layout of the document follows digital accessibility best practice guidelines.

5. **Next Steps and AGS Timeline**

5.1 The next key steps for approval of the 2023/24 AGS are:

- 23 April 2024 – Draft AGS to Audit Committee
- 17 May 2024 – Draft AGS included with the Council's draft Accounts 2023/24

5.2 Standards Committee is requested to note and comment on the contents of the draft version of the Council's 2023/24 Annual Governance Statement (AGS). Any amendments to the statement requested by Standards Committee will be included in a revised draft version which will be taken to Audit Committee on 23 April 2024.