

**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 23 April 2024

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

**Report of:** City Treasurer

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**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**

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

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**Wards Affected: All**

<b>Environmental Impact Assessment</b> -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.
<b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	The Annual Governance Statement summarises key aspects of the Council’s governance arrangements in relation to Equality, Diversity and Inclusion. These arrangements include ensuring that Equality Impact Assessments are undertaken for any significant changes to service, policy or function which could impact on different protected or disadvantaged groups.
<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy</b>

A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>The Council operates to a <a href="#">Code of Corporate Governance</a> (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.</p> <p>The Annual Governance Statement (AGS) explains how the Council has complied with the Code.</p> <p>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).</p>
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	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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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.

Annual Governance Statement 2022/23 (Audit Committee June 2023)

## 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 Audit Committee Members are asked to note the findings of the 2023/24 AGS, and the actions proposed to further develop or strengthen elements of the Council's governance arrangements during 2024/25.

## 2.0 Background

- 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 in 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.

### **3.0 Governance challenges for 2024/25**

3.1 To identify significant governance challenges to be addressed looking ahead to 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 The processes set out above and described in more detail in Section 5 of the AGS itself, led to the identified governance challenges described in Section 7 of the AGS. 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.

#### **4.0 Recommendations**

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

#### **5.0 Appendices**

Draft Annual Governance Statement (AGS) 2023/24