

Audit, Risk and Governance Committee

Meeting to be held on Monday, 26th April 2021

Electoral Division affected: All

The Council's Annual Governance Statement 2020/21 and Code of Corporate Governance 2021/22

(Appendices A and B refer)

Contacts for further information:

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Executive Summary

The county council is required to produce and approve an Annual Governance Statement which will be included in its Annual Statement of Accounts for 2020/21. This year the Annual Governance Statement not only covers the governance arrangements as a result of responding to the coronavirus pandemic, but it will also include the Pension Fund Governance Statement as approved by the Pension Fund Committee.

A draft Annual Governance Statement is presented for the committee's consideration at Appendix A.

In addition, Full Council in July 2016 approved a new Code of Corporate Governance for the county council that reflected new guidance from the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority of Chief Executives. Full Council also agreed that the Code would be reviewed on an annual basis.

Therefore, the committee is asked to consider the updated Code of Corporate Governance and whether it wishes to recommend any changes to Full Council.

The updated Code is presented for the committee's consideration at Appendix B.

Recommendation

The committee is asked to:

- i) Consider and approve the draft Annual Governance Statement for 2020/21 for inclusion in the draft Statement of Accounts for 2020/21;
- ii) Note that the Pension Fund Governance Statement, as approved by the Pension Fund Committee, will form part of the Annual Governance Statement and will be published in the draft Statement of Accounts for 2020/21;

- iii) Note that the Annual Governance Statement will be signed by the Chief Executive & Director of Resources (Section 151 Officer) and Leader of the Council and published on the county council's website following the final approval of the Statement of Accounts; and
- iv) Consider the updated Code of Corporate Governance and any amendments it wishes to make for recommendation to Full Council for approval.

Background and Advice

Lancashire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

This year, the COVID-19 crisis has brought unprecedented challenges for local government and the county council has sought to minimise disruption to the services we deliver.

We also need to ensure that the Annual Governance Statement is current at the time of its publication, so it is essential that the Annual Governance Statement reflects the impact of the COVID-19 pandemic on governance. Therefore, we will include a second conclusion on the adequacy of governance arrangements during this period to make clear the impact.

The impact on governance falls broadly into the following broad categories:

- Impact on business as usual in the delivery of services;
- New areas of activity as part of the national response to coronavirus and any governance issues arising;
- The funding and logistical consequences of delivering the local government response; and
- Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic.

The Chartered Institute of Public Finance and Accountancy guidance relating to Local Government Pension Scheme Fund Accounts 2020/21 states that in England, where the pension fund accounts form part of the administering authority's statement of

accounts, the Annual Governance Statement should also cover the pension fund. Therefore, this year the Pension Fund Governance Statement will be included, rather than published as a separate document. The Pension Fund Committee will consider the Pension Fund Governance Statement at its meeting in June 2021. Once approved, it will form part of the Annual Governance Statement that is published in the draft statement of accounts.

The committee is asked to consider and approve the draft Annual Governance Statement presented at Appendix A to be included within the council's Annual Statement of Accounts for 2020/21. It is also asked to note the arrangements in relation to the Pension Fund Governance Statement.

The final Annual Governance Statement will be signed by the Chief Executive & Director of Resources (Section 151 Officer) and Leader of the Council and published on the council's website following the final approval of the Statement of Accounts.

In July 2016 the Full Council approved a new Code of Corporate Governance for the county council and agreed that the Code would be reviewed by the county council every year. The Code is based on new Chartered Institute of Public Finance and Accountancy and the Society of Local Authority of Chief Executives best practice guidance and should articulate and be consistent with the expected standards, principles and values by which Lancashire County Council Officers and Members will operate. There should be clear links between the seven new principles within the Code, and the governance framework of strategies, policies and procedures which underpin it. The Code is also in a format that includes sources of evidence providing clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.

Therefore, the Code now presented for approval at Appendix B has been updated and includes new sources of evidence such as the Outbreak Management Plan and the Financial Management Code.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. An authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to publish an Annual Governance Statement means the county council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business.

Legal Implications

The county council must adopt a Code of Corporate Governance which has been produced to the standards prescribed in the best practice guidance in order to prepare the Annual Governance Statement. The best practice guidance is recognised as the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority of Chief Executives (CIPFA/SOLACE) Framework: Delivering Good Governance in Local Government (2016).

Financial Implications

Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. However, there are costs associated with embedding and continuing good governance practices, and as the council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Service/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A