

Code of Corporate Governance 2016/17

What is Corporate Governance?

Corporate governance is about the systems, processes and values by which Councils operate and by which they engage with, and are held accountable to, their communities and stakeholders.

Lancashire County Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled "Delivering Good Governance in Local Government (2016)"

The guidance defines the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and

strong public financial management.

- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

What are the benefits of having a Code of Corporate Governance?

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. It enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and the management of risk.

Lancashire County Council has a robust governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of with the core principles of the CIPFA/SOLACE framework into all aspects of the Council's conduct and operation.

The Monitoring Officer is responsible for ensuring the Code is reviewed annually, and the outcome of the review, along with adoption of any revision to the Code is reported annually to the Audit and Governance Committee for approval.

Lancashire County Council Code of Corporate Governance (Principle 1)

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law 	<ul style="list-style-type: none"> • Maintain shared values (Fair, Trustworthy, Ambitious, to have belief in people) both for the County Council and its officers. These are defined in the draft corporate strategy and reflect public expectations about the conduct and behaviour of individuals. • Use shared values as a guide for decision making and as a basis for developing positive and trusting relationships within the County Council. We demonstrate this by adherence to the constitution. • Have adopted formal codes of conduct defining standards of personal behaviour for Members and officers. • Maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the County Council's culture. • Have put in place arrangements to ensure that Members and staff of the County Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. We have put in place appropriate processes to ensure that these arrangements are workable including declaration of interests and anti-corruption policies. • Ensure that systems and processes for financial administration and control together with protection of the County Council's resources and assets, comply with ethical standards; and are subject to monitoring of their effectiveness. • Ensure that professional advice on matters that have 	<ul style="list-style-type: none"> • Draft Corporate Strategy • The Constitution which includes : <ul style="list-style-type: none"> ➤ Financial Procedure Rules ➤ Procurement Rules ➤ Anti-Fraud and Corruption Strategy ➤ Anti-Bribery Policy ➤ Rules relating to Members External Interests ➤ Rules relating to Gifts and Hospitality ➤ Codes of Conduct for Members and Employees ➤ Scheme of Delegation to officers • Information Security Policy • Information Governance Policy • Money Laundering Policy • Whistleblowing Policy • Annual Governance Statement • External inspections of

	<p>legal or financial implications is available and recorded well in advance of decision making if appropriate. Officers will actively recognise the limits of lawful activity placed on them but also strive to utilise their powers to the full benefit of their communities.</p> <ul style="list-style-type: none"> • Officers will observe all specific legislative requirements placed upon the Council as well as the requirements of general law, and in particular integrate the key principles of administrative law – rationality, legality and natural justice into the procedures and decision making. • Have put in place effective systems to protect the rights of staff. We ensure that policies for whistle-blowing which are accessible to staff and those contracting with the Council, and arrangements for the support of whistle-blowers, are in place. • Have established an information governance group (CIGG) with the remit of collecting assurance information across all council functions. • Publish an Annual Governance Statement, signed by the Leader of the Council and the Chief Executive to review the effectiveness of the Council's governance framework. 	accounts
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Lancashire County Council Code of Corporate Governance (Principle 2)

Principle 2: Ensuring openness and comprehensive stakeholder engagement:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging with individual citizens and service users effectively 	<ul style="list-style-type: none"> • Ensure that the Council’s vision, strategic plans, priorities and targets are developed in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated. • Maintain a culture of accountability so that Members and Officers understand to whom they are accountable and for what. • Strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands. • Publish reports giving information on the County Council’s strategies, plans and financial statements as well as information about outcomes, achievements. • Deliver effective scrutiny of the County Council’s business as appropriate and produce an annual report on the activities of scrutiny function. • Ensure that the Council as a whole is open and accessible to the community, service users and staff and we are committed to openness and transparency in all dealings. • Publish all executive and committee reports under “Part 1” – open for inspection the public - unless there is a legitimate need to preserve confidentiality on the basis of the statutory tests. 	<ul style="list-style-type: none"> • Research and Consultation Strategy • Research and Consultation Database • Constitution • Scheme of Delegation • Money Matters Budget reports • Lancashire Health & Wellbeing Strategy • Community Safety Agreement • Director of Public Health Annual Report • Children’s and Young Peoples Plan • Statement of Accounts • Scrutiny Reports • County Council Website • Public consultation in relation to proposed policy changes which may have a negative impact on the public, and comply with the public sector equality duty • Joint Strategic Needs Assessment • Strategic Assessment of Crime & Anti-Social behaviour

Lancashire County Council Code of Corporate Governance (Principle 3)

Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Defining outcomes • Defining sustainable economic, social and environmental outcomes benefits 	<ul style="list-style-type: none"> • Make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning. • Publish annual reports to communicate the Council's activities and achievements, its financial position and performance. • Ensure that those making decisions are provided with financial and non-financial information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications. • Identify and monitor service performance indicators which demonstrate how the quality of service for users is to be measured. • Maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved. • Ensure compliance with the CIPFA codes regarding a Prudential Framework for Capital Finance and Treasury Management. 	<ul style="list-style-type: none"> • Draft Corporate Strategy • Money Matters Budget Reports • Director of Public Health Annual Report • Reports to Audit & Governance Committee • Quality of Service Reports to CCPI • Money Matters reports • Service Standards • Commissioning Plans • Statement of Accounts • External Auditors letter & reports • External Inspections

Lancashire County Council Code of Corporate Governance (Principle 4)

Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Determining interventions. • Planning interventions • Optimising achievement of intended outcomes 	<ul style="list-style-type: none"> • Make a clear statement of the Council’s purpose and vision and use it as a basis for corporate and service planning. • Have risk management arrangements in place including mitigating actions to support the achievement of the Council’s intended outcomes. • Ensure that there are effective arrangements in place to monitor service delivery • Put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents. • Have prepared contingency arrangements including disaster recovery plans and business continuity plans to ensure resilience in delivering services, for example during adverse weather conditions. • Provide senior managers and Members with timely financial and performance information. • Ensure that budget calculations are robust • Align financial and performance data to provide an overall understanding of performance. 	<ul style="list-style-type: none"> • Draft Corporate Strategy • Our approach to Risk & Opportunity Management • Corporate Risk & Opportunity Register • Quality of Service Reports • Corporate Performance reports to CCPI • Performance Highlight Reports to Management Team and operational management teams • Business Continuity Plans • Emergency & Resilience Plans

Lancashire County Council Code of Corporate Governance (Principle 5)

Principle 5: Developing the County Council's capacity, including the capability of its leadership and the individuals within it.		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Developing the County Council's capacity • Developing the capability of the County Council's leadership and other individuals 	<ul style="list-style-type: none"> • Through the constitution set out a clear statement of the respective roles and responsibilities of the Council's Executive, the Full Council and individual Members. • Set out a clear statement of the respective roles and responsibilities of the Council's other committees and senior officers. • Have developed protocols to ensure effective communication between Council Members and officers in their respective roles. • Set out the terms and conditions for remuneration of officers and publish an Annual Pay policy statement in accordance with the requirements of the Localism Act 2011. • Review and approve the Members' Allowance Scheme on an annual basis on the recommendation of the Remuneration Panel • Reviewing and updating the scheme of delegation within the constitution on a regular basis • Ensure that effective management arrangements are in place. • Ensure the Chief Executive is responsible and accountable to the Council for all aspects of operational management. • Ensure the S151 Officer has direct access to the Chief Executive and other members of the leadership team. • Support the Section 151 Officer in ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. 	<ul style="list-style-type: none"> • Constitution • Annual Pay Policy Statement • Members' Allowance Scheme • Scheme of Delegation • Interim Structures agreed • Member Development Working Group • Leadership Development Programme • Personal Development Appraisals • Member Development Programme • Member Induction Working Group • Ofsted Post Inspection Improvement Plan

	<ul style="list-style-type: none">• Support the Monitoring Officer in ensuring that the constitution and the Code of Conduct for Elected Members are adhered to.• Assess the skills required by Members including the understanding of financial systems. We will agree a personal development plan to develop skills and address any training gaps, to enable roles to be carried out effectively.• Assess the skills required by officers through the appraisal process and address any training gaps, to enable roles to be carried out effectively.• Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.• Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.• Provide the Director of Financial Resources with the resources, expertise and systems necessary to perform the role effectively within the County Council.• Provide the Corporate Director Operations and Delivery with the resources, expertise and systems necessary to perform the role effectively within the Council.	
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Lancashire County Council Code of Corporate Governance (Principle 6)

Principle 6: Managing risks and performance through robust internal control and strong public financial management.		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Managing risk • Managing performance • Robust internal control. • Managing data. • Strong public financial management 	<ul style="list-style-type: none"> • Maintain an effective Audit & Governance Committee which is independent of the executive and scrutiny functions. • Enable the Director of Financial Resources to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained. • Ensure that risk management is embedded into the culture of the County Council, with Members and managers at all levels recognising that risk management is part of their job. • Ensure our arrangements for financial and internal control and management of risk are formally addressed within the annual governance statement. • Ensure effective internal control arrangements exist for sound financial management systems and processes. • Ensure that a Corporate Performance Summary is presented to the Cabinet Committee for Performance Improvement on a quarterly basis • Ensure that quarterly Quality of Service and highlight reports are produced and used to hold Cabinet Members and officers to account 	<ul style="list-style-type: none"> • Audit & Governance Committee • Money Matters Budget Reports • Approach to Risk Management and publication of a quarterly Corporate Risk & Opportunity Register • Annual Governance Report • Performance reports presented to CCPI • Internal Audit Reports • Quality of Service Reports

Lancashire County Council Code of Corporate Governance (Principle 7)

Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability 	<ul style="list-style-type: none"> • Comply with the local government transparency code and publish all required information in a timely manner. • Have established a medium term financial planning process in order to deliver a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate monitoring process; all of which are subject to regular review. • Put in place effective transparent and accessible arrangements for dealing with complaints. • Maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall. • Maintain an effective Audit Committee which is independent of the Executive and Scrutiny committees. • Ensure an effective internal audit function is resourced and maintained. • Maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based. • Publish all executive and committee reports under "Part 1" – open to inspection by the public - unless there is a legitimate need to preserve confidentiality on the basis of the statutory tests. • Put in place arrangements for whistle-blowing to which staff and all those contracting with the County Council have access. • Produce clear, timely, complete and accurate information for budget holders and senior officers relating to the 	<ul style="list-style-type: none"> • MTFS • Complaints Procedures • Scrutiny Committees • Audit & Governance Committee • Constitution • Modern.Gov • Whistle-blowing Policy • Monthly budget monitoring reports • Annual Pay Policy Statement

	<p>budgetary and financial performance of the Council.</p> <ul style="list-style-type: none">• Maintain effective arrangements for determining the remuneration of senior staff and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011.• Publish annually details of County Councillors' allowances and expenses	
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Code of Corporate Governance Action Plan 2016/17

Key Action	Responsible Officer
<p>1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law/Defining outcomes in terms of economic, social and environmental benefits/Determining the interventions necessary to optimise the achievement of intended outcomes:</p> <p>A draft Corporate Strategy, has been produced and has been subject to Consultation. Cabinet considered the Strategy document and the approach contained within it at its meeting of the 26 November 2015. The Strategy was submitted to full Council on the 17 December 2015. The Strategy was debated and amendments agreed. It was resolved that the Corporate Strategy, as now amended, be approved subject to the section 'Our approach to service delivery' being referred back to Cabinet for further consideration. That review process is ongoing.</p>	<p>Director of Corporate Commissioning</p>
<p>2. Defining outcomes in terms of economic, social and environmental benefits:</p> <p>Developing service/commissioning plans that reflect new service offers and priorities in the draft corporate strategy - This work is ongoing and has been informed by the work undertaken to deliver the base budget review and the draft Corporate Strategy. The Corporate Strategy and the principles contained within it have also guided the preparation of the Capital Programme.</p> <p>Service/commissioning plans will continue to be refined as documents that support the core Strategy of the Corporate Plan and as the approach to service delivery is finalised. These will include the Neighbourhoods Plan. In addition to this detailed service plans and commissioning plans, with clear delivery expectations, will be refined as part of the current review processes for young peoples and adults services.</p>	<p>Director of Corporate Commissioning</p>
<p>3. Defining outcomes in terms of economic, social and environmental benefits</p> <p>Service standards are being comprehensively reviewed, linked to the development of the Neighbourhoods plan, resource availability and ongoing service reviews. The target date for completion is December 2016 although the standards will be subject to regular review and performance monitoring.</p>	<p>Director of Corporate Commissioning</p>