

**Audit, Risk and Governance Committee**  
Meeting to be held on Monday, 20 May 2019

Electoral Division affected:  
(All Divisions);

**The Council's Annual Governance Statement 2018/19 & Code of Corporate Governance**

(Appendices A & B refer)

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**Executive Summary**

The County Council is required to produce and approve an Annual Governance Statement (AGS) which will be included in its Annual Statement of Accounts for 2018/19.

A draft AGS 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 Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE) guidance. 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 make any changes to recommend to Full Council.

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

**Recommendation**

The Committee is asked to:

1. Consider and approve the draft Annual Governance Statement for 2018/19 for inclusion in the draft Statement of Accounts.
2. Note that the Annual Governance Statement will be signed by the Chief Executive and Director of Resources (S151) and Leader of the Council and published on the Council's website following the final approval of the Statement of Accounts.
3. 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.

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 2018/19.

The final AGS will be signed by the Chief Executive and Director of Resources (S151) 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 (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) 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 corporate strategy and Getting to Good Plan.

## **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 AGS 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 AGS. The best practice guidance is recognised as the 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