

Audit, Risk and Governance Committee

Meeting to be held on Monday, 27 July 2020

Electoral Division affected: (All Divisions);
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The Council's Annual Governance Statement 2019/20 & Code of Corporate Governance

Appendices A and B refer

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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 2019/20. A draft Annual Governance Statement is presented for the committee's consideration at Appendix A.

In addition Full Council agreed that the Code of Corporate Governance for the county council would be reviewed on an annual basis. Therefore, the committee is asked to consider the 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 2019/20 for inclusion in the Statement of Accounts.
2. Note that the Annual Governance Statement will be signed by the Chief Executive and Director of Resources (the section 151 officer) and Leader of the council and published on the council's website, following approval at this committee.
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.

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.

The Annual Governance Statement must be current at the time of its publication, so it is essential that it reflects the impact of the pandemic on governance during March 2020. Therefore a second conclusion regarding the adequacy of governance arrangements during this period will be included.

The impact on governance falls broadly into the following 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.
- Assessment of the longer term disruption and consequences arising from the coronavirus pandemic.

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 2019/20.

The Annual Governance Statement will be signed by the Chief Executive and Director of Resources (the section 151 officer) and Leader of the council and published on the council's website following approval at this committee.

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 every year. The Code is based on Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority of 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 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 to include new sources of evidence such as the Property Asset Management Strategy and Digital First Strategy.

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 robust arrangements for internal control. This includes establishing effective arrangements for the control and management of risk. Failure to publish an Annual Governance Statement means the county council would undermine 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 (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government (2016).

Financial Implications

Good governance leads to effectiveness in the areas of management, performance, stewardship of public money and public engagement, which all ultimately promote 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
None		
Reason for inclusion in Part II, if appropriate		
N/A		