

**Audit, Risk and Governance Committee**  
Meeting to be held on Monday, 25 April 2022

Electoral Division affected:  
(All Divisions);

**The Council's Annual Governance Statement 2021/22 and Code of Corporate Governance 2022/23**

(Appendices 'A' - 'B' refer)

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**Executive Summary**

The county council is required to produce and approve an Annual Governance Statement which is included in its annual statement of accounts. For the financial year 2021/22 the Annual Governance Statement will again cover the governance arrangements put in place to respond to the coronavirus pandemic.

A draft Annual Governance Statement is presented for the Committee's consideration at Appendix 'A'. However, the Annual Governance Statement will also include the Pension Fund Governance Statement once this is approved by the Pension Fund Committee.

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 (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE). 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 of Corporate Governance is presented at Appendix 'B'.

**Recommendation**

The Committee is asked to:

- i) Consider and approve the draft Annual Governance Statement for 2021/22 for inclusion in the council's statement of accounts;
- ii) Note that the Pension Fund Governance Statement, as approved by the Pension Fund Committee, will form part of the council's Annual Governance Statement;

- iii) Note that the Annual Governance Statement will be signed by the Chief Executive and Director of Resources (S151) and the Leader of the Council; and
- iv) Consider the updated Code of Corporate Governance and any amendments it wishes to recommend 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.

## **Covid-19**

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 continued to bring unprecedented challenges for local government and the county council has sought to minimise disruption to the services we deliver.

The county council also needs to ensure that the Annual Governance Statement is current at the time of its publication, so it is essential therefore that the Annual Governance Statement reflects the impact of the Covid-19 pandemic on governance. Therefore, a second conclusion on the adequacy of governance arrangements during this period will be included, to make clear the impact.

## **Pension Fund**

The Chartered Institute for Public Finance and Accountancy (CIPFA) 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 and, once approved, it will form part of the council's Annual Governance Statement that is published in the statement of accounts.

## **Annual Governance Statement**

The Committee is asked to consider and approve the draft Annual Governance Statement presented at Appendix 'A', to be included in the council's annual statement of accounts for 2021/22. The Committee is also asked to note the arrangements in relation to the Pension Fund Governance Statement, as set out above.

The final Annual Governance Statement will be signed by the Chief Executive and Director of Resources (S151) and the Leader of the Council and published on the council's website.

## **Code of Corporate Governance**

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 best practice guidance from the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) 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:

- Corporate priorities 2021-25 and communication strategy
- A New Deal for a Greater Lancashire
- Staff Survey
- Local Government Association (LGA) Peer Review action 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

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 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
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		