

Audit, Risk and Governance Committee
Meeting to be held on Monday, 22 April 2024

Electoral Division affected:
(All Divisions);

The Council's Annual Governance Statement 2023/24 and Code of Corporate Governance 2024/25
(Appendices 'A' and 'B' refer)

Contact for further information:
Paul Bond, Head of Governance, Tel: 01772 534676, paul.bond@lancashire.gov.uk

Brief Summary

The county council is required to produce and approve an Annual Governance Statement which will be included in its Annual Statement of Accounts. 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 (CIPFA) and the Society of Local Authority 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 make any changes to recommend to Full Council. The updated Code is presented for the committee's consideration at Appendix 'B'.

Recommendation

The Audit, Risk and Governance Committee is asked to:

- i) Consider and approve the draft Annual Governance Statement for 2023/24 for inclusion in council's Statement of Accounts, published on the council's website;
- ii) Agree that any subsequential amendments to the Annual Governance Statement for 2023/24 are made by the Director of Law and Governance, in consultation with the Chair of the Audit, Risk and Governance Committee;
- iii) Note that the final Annual Governance Statement for 2023/24 will be signed by the Chief Executive 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

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.

The Accounts and Audit (England) Regulations 2015 require the council to prepare and publish an Annual Governance Statement. This is a public document that explains how the county council makes decisions, manages its resources in line with the county council's priorities, and achieves the required outcomes for service users and communities. In the Annual Governance Statement, the county council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance;
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- Describes how the council has monitored and evaluated the effectiveness of its governance arrangements in the year;
- Provides details of how the council has responded to any issue(s) identified in last year's governance statement; and
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them

Annual Governance Statement

The committee is asked to consider and approve the draft Annual Governance Statement presented at Appendix 'A', to be included within the council's draft Annual Statement of Accounts for 2023/24.

It is also asked to note that at this stage the opinion of the Head of Internal Audit is provisional and will be reported to this committee in July 2024. Therefore, it is proposed that any subsequential amendments arising from that report are undertaken by the Director of Law and Governance, in consultation with the Chair of the committee.

The final Annual Governance Statement will be signed by the Chief Executive and Leader of the Council and published on the council's website within the Statement of Accounts.



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 every year.

The Code is based on best practice guidance from the Chartered Institute of 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 the new Constitution, Scheme of Delegation to Officers, and new officer strategic board arrangements.

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 may be considered as the council being negligent in its responsibilities for ensuring accountability.

Local Government (Access to Information) Act 1985

List of Background Papers

| Paper | Date | Contact/Tel |
|-------|------|-------------|
|-------|------|-------------|

N/A

Reason for inclusion in Part II, if appropriate

N/A

