

Lancashire County Council

Annual Governance Statement – Financial Year 2012/2013

1. The council's responsibilities

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 and 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 council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *'Delivering Good Governance in Local Government'*.

The code of corporate governance is available on the council's website and hard copies can be obtained by contacting Roy Jones on 01772 533619. This statement explains how the council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 4(30), which requires all relevant bodies to prepare an annual governance statement.

The council's code of corporate governance has been approved by the Audit and Governance Committee.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the

impact should they be realised, and to manage them efficiently, effectively and economically.

This statement confirms that the governance framework has been in place at the council for the year ended 31 March 2013.

3. The council's governance framework

The following are highlights of the key elements of the systems and processes that comprise the county council's governance arrangements:

Communicating and reviewing the Authority's vision

The council has a Corporate Strategy which sets out its vision for Lancashire for the period 2013-17. The strategy is refreshed annually to reflect changes in both local and national priorities.

To measure the effectiveness and delivery of the council's ambitions, the council's Cabinet Committee on Performance Improvement regularly reviews performance of services against both local and national indicators and in relation to progress against the objectives set out in the Corporate Strategy, including progress towards the achievement of the council's corporate performance priority areas.

Decision making

The council operates a leader and cabinet model of executive government with a Cabinet of eight members including the Leader and Deputy Leader of the Council. The responsibilities of the individual Cabinet members are outlined in the council's constitution.

The terms of reference of some of the committees of the council were revised in 2012/13 to reflect changed governance arrangements around standards and the code of conduct for members arising out of the Localism Act 2011.

The scheme of delegation to officers enables decisions to be taken at the most appropriate and effective level. A review of the Scheme of Delegation to Chief Officers is underway. A review will be simultaneously undertaken of the council's Financial Regulations and Cabinet Member delegations.

The council operates a decision making protocol, which is regularly reviewed to ensure legal and financial probity and compliance of decisions of the Council, the Executive and Committees. The protocol is supplemented by a new software system being developed to enhance consistency and good governance in decision making. Decision making rules are clearly outlined within the council's constitution.

Arrangements for Scrutiny

The council's current scrutiny arrangements have been in place since May 2010, and comprise three scrutiny committees - the Scrutiny Committee, Education Scrutiny Committee and Health Scrutiny Committee, to provide the effective scrutiny for the authority of the council, executive and its partners.

The functions of the Scrutiny Committee include scrutiny of the council's crime and disorder partnership and responsibility for the scrutiny of flood risk management.

The Health Scrutiny Committee has the statutory role of scrutinising proposed substantial variations in service delivery in the health service and scrutinising the work of the NHS more generally, which was reaffirmed by the council in March 2013.

A standing joint health committee has been established with Blackburn with Darwen and Blackpool councils to consider substantial variations in services affecting all three areas. A joint committee has also been agreed in principle with Cumbria County Council to consider changes at a hospital trust which operates across the boundary of the two authorities.

Public Health

From April 2013 the council became responsible for Public Health and a Cabinet Member for Health and Wellbeing has responsibility for this function.

The council has established a Lancashire Health and Wellbeing Board which is leading on the strategic co-ordination of commissioning across the NHS, social care and public health, to secure better outcomes for the population, better quality of care for patients and care, and develop a Health and Wellbeing Strategy for Lancashire. A local Healthwatch has been established which will give citizens and communities a stronger voice to influence and challenge how health and social care services are provided within the locality.

Codes of Conduct and ethics

In May 2012, the council agreed a revised code of conduct for members in line with new arrangements required under the Localism Act 2011, including the establishment of a new Conduct Committee to consider complaints made against members of the council.

Appointed "Independent Persons", provide a clear guide to members and set out the arrangements for handling complaints. Training has been provided to all councillors on the new requirements.

The council has fully reviewed its system for recording officer gifts, hospitality and interests. Revised policies have been introduced and publicised to staff and an online form has been developed to make it easier for officers to record

any interests or gifts and hospitality, and for that data to be collated and made available to senior managers.

The council has a protocol on County Councillor/ Officer Relations. A series of corporate political awareness training sessions for staff at all management levels of the council, involving leading councillors, has been underway in 2012/13 and will continue across council directorates in 2013/14.

Audit

The council has an Audit and Governance Committee which operates in accordance with professional guidance. It provides independent oversight of the adequacy of the council's governance, risk management and internal control frameworks, and oversees the financial reporting process. It receives appropriate training for the work that it does.

The council has a well regarded Internal Audit Service that provides an independent and objective opinion to the council on the overall adequacy and effectiveness of its control environment (comprising governance, risk management and internal control). It works with officers to develop the control environment, and supports management's compliance with established policies, control procedures, laws and regulations. It also provides a counter fraud and investigatory service and produces an annual report on counter fraud activity and special investigations for the Audit and Governance Committee.

Whistleblowing and complaints

The council has an effective whistleblowing procedure in place, which has been publicised to staff. Reports on the level of use and outcomes are presented to the Audit and Governance Committee.

There is a two-stage corporate complaints procedure in addition to statutory complaints procedures in relation to children's and adult social care.

Risk Management

In January 2012 the Management Team and Audit Committee agreed revised arrangements for risk management within the council. The council manages its risks well in practice, and action taken by management team amounts to an effective ongoing process of risk identification, assessment and management. There is good general awareness of risk and the need to demonstrate risk management by managers across the council.

Member and Officer Training and Development

There is a cross-party member development working group in place with the remit of planning and co-ordinating member development activities to meet

individual and group needs. Officer training is overseen through a performance and development review process.

Information Governance

Work has begun to strengthen the control framework for Information Governance including the development of the council's policy framework and policies and the appointment of a senior information risk officer. The cross-service Corporate Information Governance Group has also been reconvened.

Communication with the Community

The council effectively engages with the community in a number of ways:

- High profile communication campaigns to encourage communities to take up services or help change behaviours
- Use of traditional and new media channels to keep residents informed of activities
- Encouraging members to use social media to engage with their communities
- Webcasting of council and committee meetings
- Member representation on neighbourhood management boards across Lancashire

4. Review of effectiveness

The council conducts an annual review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of the council's Management Team who have responsibility for the development and maintenance of the governance environment, the chief internal auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectors. The council is also required to review the effectiveness of its internal audit and this is undertaken by the county treasurer.

Statements of assurance have been completed and signed by members of the Management Team as to the effectiveness of the governance arrangements for which they are responsible, including the system of internal control. These statements of assurance cover all the principles set out in the council's Code of Corporate Governance. They reveal no significant areas of weakness in the council's corporate governance arrangements; all arrangements have been categorised as either good or adequate.

In her annual report, the chief internal auditor reports that whilst work has begun to strengthen the control framework for information governance, little action has been taken for some time to ensure that there is: general awareness amongst the council's staff of the need for information security;

how to guard this effectively; how to recognise that security has been breached; and what action to take if it has.

5. Programme of improvement on information governance issues

The council recognises the need to continue to improve its information governance arrangements and will put in place measures to ensure that staff are fully aware of the need for information security, how to guard information appropriately, and to report effectively any security breaches. It has recently reconvened its Corporate Information Governance Group and is reviewing the framework of control and guidance that will better secure the information it holds.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed:

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Leader of Lancashire County Council

Chief Executive of Lancashire County Council

Date

Date