

Code of Corporate Governance

What is Corporate Governance?

Corporate governance is about the systems, processes and values by which Councils operate and by which they engage with, and are held accountable to, their communities and stakeholders.

Lancashire County Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance which follows the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled “Delivering Good Governance in Local Government”

The guidance defines the six core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risks
- Developing the capacity and capability of members and officers to be effective

- Engaging with local people and other stakeholders to ensure robust public accountability.

What are the benefits of having a Code of Corporate Governance?

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. It enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and the management of risk.

Lancashire County Council has a robust governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of with the core principles of the CIPFA/SOLACE framework into all aspects of the Council’s conduct and operation.

The Monitoring Officer is responsible for ensuring the Code is reviewed annually, and the outcome of the review, along with adoption of any revision to the Code is reported to the Audit and Governance Committee for approval.

The production of the Annual Governance Statement, in compliance with the Accounts and Audit Regulations 2011, is presented to the Audit and Governance Committee annually in conjunction with the Statement of Accounts.

Action Plan

Attached at Annex 1 are the governance framework processes that have been identified for action.

Suggested revised format for the Local Code of Corporate Governance (Principle 1)

Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
1.1 Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcome for citizens and users	Develop and promote the authority's purpose and long term vision	<ul style="list-style-type: none"> • Corporate Strategy • Lancashire Health & Wellbeing strategy • Community Safety Agreement 2014-16 • Director of Public Health Annual report • Children & Young People's Plan 2014-17 • Lancashire Strategic Economic Plan & Lancashire Growth Plan • Medium Term Financial Strategy • Money Matters Budget Reports
	Review on a regular basis the authority's priorities and its implications for the authority's governance arrangements	<ul style="list-style-type: none"> • Quarterly Quality of Service reporting • Annual Governance Statement • Annual budget and service offers/plans
	Communicate the authority's activities and achievements, its financial position and performance	<ul style="list-style-type: none"> • Statement of Accounts • Annual Governance Statement

		<ul style="list-style-type: none"> • Quarterly performance reporting to Cabinet Committee on Performance Improvement • Quarterly Quality of Service Reports • Council Tax Leaflet • County Council public website
1.2 Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	<ul style="list-style-type: none"> • Service/Commissioning Plans • Community engagement and research work • Joint Strategic Needs Assessment • Strategic assessment of Crime & Anti-social Behaviour • Review of complaints
	Put in place effective arrangements to identify and deal with failure in service delivery	<ul style="list-style-type: none"> • Business Continuity Plans • Project management arrangements • Quality of Service Reports & Recovery Plans • Risk management plans • Contracts; specifications etc.

		<ul style="list-style-type: none"> • Review of complaints
1.3 Ensuring that the authority makes best use of resources, that tax payers and service users receive excellent value for money	Work towards improving value for money through exploring innovative ways of working including the potential for joint working and shared services	<ul style="list-style-type: none"> • Public Service Integration Plans • Commissioning Plans • Procurement Strategy • Service offers/plans
	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use	<ul style="list-style-type: none"> • Project Management arrangements • Quarterly performance reporting • Calendar of committee meetings
	Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Quarterly performance reporting • Annual Statement of Accounts • External inspection of accounts • Internal audit reporting • Reports to Audit and Governance Committee, Cabinet and Overview & Scrutiny

Suggested revised format for the Local Code of Corporate Governance (Principle 2)

Principle 2: Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<p>2.1 Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard</p>	<p>Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make the Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management.</p> <p>Ensure that the authority's governance arrangements allow the Director of Financial Resources direct access to the CEO and to other leadership team members.</p> <p>Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Make a senior officer (the Director of Finance Resources as Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records, and for maintaining an effective system of internal financial control</p> <p>Make a senior officer (the Director of Governance, Finance and Public Services as Monitoring Officer) responsible to the authority for ensuring agreed procedures are followed and that all applicable statutes and regulations are complied with</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Standing Orders • Code of Conduct for Members • Code of Conduct for Officers • Financial Regulations • Financial arrangements • Financial roles and responsibilities • Decisions of the Council • Protocol on County Councillor/Officer Relations

<p>2.2 Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function</p>	<p>Set out a clear statement of the respective roles and responsibilities of the Cabinet and the Cabinet members individually and the authority's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.</p> <p>Ensure that the Director of Financial Resources reports to the Management Team</p> <p>Develop protocols to ensure effective communication between members and officers in their respective roles.</p> <p>Set out terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective independent remuneration panel (for members).</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Members area on Intranet • Section 151 responsibilities • Protocol on County Councillor/Officer relations • Members allowances and expenses • Annual Pay Policy • Code of Conduct (staff & Member)
<p>2.3 Ensuring the relationship between the authority, its partners and the public are clear so that each knows what to expect of the other</p>	<p>Ensure that effective mechanisms exist to monitor service delivery.</p> <p>Ensure that the organisations vision, strategic plans, priorities and targets are developed through robust processes, and in consultation with the local community and other stakeholders, and that they are clearly articulated and disseminated.</p> <p>Establish a medium term business planning process to deliver strategic objectives including:</p> <ul style="list-style-type: none"> • A medium term financial strategy to ensure sustainable finances. 	<ul style="list-style-type: none"> • Monitoring of Quarterly Quality of Service reports • Current Consultations • Budget Consultation • Agreed Joint Strategies and Plans • Forums and Youth Council • Shared Services Agreements • Review of Partnerships

	<ul style="list-style-type: none"> • A robust annual budget that ensures financial balance. • A monitoring process that enables scrutiny of delivery and supports appropriate mitigation for estimates that may vary in year. <p>Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.</p> <p>When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the authority.</p> <p>When working in partnership ensure that there is clarity about the legal status of the partnership.</p> <p>Ensure that, when working in partnership, all parties understand and make clear the extent of the authority to bind their organisation to partner decisions.</p>	
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Suggested revised format for the Local Code of Corporate Governance (Principle 3)

Principle 3: Good governance means promoting values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
3.1 Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	<p>Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community</p>	<ul style="list-style-type: none"> • Constitution • Code of Conduct (Staff & Member) • Performance Development Appraisal

	<p>are defined and communicated through codes of conduct and protocols.</p> <p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p>	<ul style="list-style-type: none"> • Financial Regulations • Standing Orders • Register of Gifts and Hospitality • Declaration of Interests register • Procurement Rules • Equal Opportunities • Equality & Cohesion • Professional Qualifications and memberships • Protocol on County Councillor/Officer Relations
<p>3.2 Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.</p> <p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.</p> <p>Develop and maintain an effective mechanism for dealing with standards issues.</p> <p>Use the organisation’s shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.</p>	<ul style="list-style-type: none"> • County Council's Values • Constitution • Code of Conduct • Conduct Committee • Performance Development Appraisal • Learning & Development • Memorandums of Understanding • Decision Making Practices • Data Transparency Arrangements

	<p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>	<ul style="list-style-type: none"> • Review of partnerships
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Suggested revised format for the Local Code of Corporate Governance (Principle 4)

Principle 4: Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
<p>4.1 Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	<p>Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.</p> <p>Ensure an effective internal audit function is resourced and maintained.</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p> <p>Develop and maintain an effective audit committee (the Audit and Governance Committee) which is independent of the executive and scrutiny functions.</p> <p>Ensure that the authority's governance arrangements allow the Director of Financial Resources direct access to the Audit and</p>	<ul style="list-style-type: none"> • Overview and scrutiny Committees • Internal Audit • Codes of Conduct • Decision Making procedures • Audit and Governance Committee • External Audit • Complaints Frameworks • Local Government Ombudsman Reports

	<p>Governance Committee and External Audit.</p> <p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</p>	
<p>4.2 Having good quality information, advice and support to ensure services are delivered effectively and are what the community wants/needs</p>	<p>Ensure those making decisions, whether for the authority or partnership, are provided with information which is fit for purpose – clear, timely, relevant, accurate and complete, and gives clear explanations of issues and implications on both a financial and non-financial basis.</p> <p>Ensure information provided on the financial performance of the organisation to budget managers and senior officers is well presented, timely, complete and accurate.</p> <p>Ensure that timely professional advice on matters that have legal or financial implications is available and recorded in advance of decision making and used appropriately.</p> <p>Ensure the authority’s governance arrangements allow the Director of Financial resources to bring influence to bear on all material decisions.</p> <p>Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.</p>	<ul style="list-style-type: none"> • Members Induction and Training • Forward Plan • Lancashire Profile • Joint Strategic Needs Assessment • Decision Making Report Templates • Financial Regulations • Money Matters Budget reports
<p>4.3 Ensuring that an effective risk management system is in place</p>	<p>Ensure that risk management is embedded into the culture of the authority; with members and managers at all levels recognising that risk management is part of their job.</p> <p>Ensure the authority’s arrangements for financial and internal control and for managing risk are addressed in annual governance reports.</p>	<ul style="list-style-type: none"> • Management Team • Quality of Service Reports • Service Plans • Business Continuity Planning • Annual Governance

	<p>Ensure that effective arrangements for whistle-blowing are in place to which officers, staff and all those in contracting with or appointed by the authority have access.</p>	<p>Statement</p> <ul style="list-style-type: none"> • Audit and Governance Committee • Anti-fraud Policy & Strategy • Information Governance Strategy and Policy • Whistleblowing Policy & Procedure
<p>4.4 Using their legal powers to the full benefit of the citizens and communities in their area</p>	<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law.</p> <p>Observe all specific legislative requirements placed upon them, as well as the requirement of general law, and in particular to integrate the key principles of good administrative law - rationality, legality and natural justice – into their procedures and decision making processes.</p>	<ul style="list-style-type: none"> • Constitution • Report Templates

Suggested revised format for the Local Code of Corporate Governance (Principle 5)

Principle 5: Good governance means developing the capacity and capability of members and officers to be effective:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
5.1 Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	<p>Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p> <p>Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.</p>	<ul style="list-style-type: none"> • Staff Induction • Member Induction & Member Development Programme • Committee Specific Training • Learning and Development programmes – both mandatory and voluntary • CPD Training • Specific Service Area training e.g. Public Health
5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.</p> <p>Ensure that councillors' roles and responsibilities for monitoring performance are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.</p> <p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise</p>	<ul style="list-style-type: none"> • Performance Development Appraisal • Member and Staff Training and Induction • CPD training • Performance Management Framework

	when outside expert advice is needed.	
5.3 Encouraging new talent for membership of the authority so that best use can be made in individuals' skills and resources in balancing continuity and renewal	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.</p> <p>Ensure that career structures are in place for members and officers to encourage participation and development.</p>	<ul style="list-style-type: none"> • Encourage engagement through a variety of methods e.g. consultations; Petitions; Forums etc.

Suggested revised format for the Local Code of Corporate Governance (Principle 6)

Principle 6: Good governance means engaging with local people and other stakeholders to ensure robust public accountability:		
Supporting Principles	To meet the requirements of this Principle, Lancashire County Council will;	This will be evidenced by:
6.1 Exercising leadership through a robust scrutiny function which effectively engages local people & all local institutional stakeholders including partnerships, and develops constructive and accountability relationships	<p>Make clear to all staff and the community to whom they are accountable and for what.</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Produce an annual report on the activity of the scrutiny function and promote a regular dialogue between executive and scrutiny functions.</p>	<ul style="list-style-type: none"> • Constitution • Corporate Strategy • Overview & Scrutiny Committees • O&S Reports
6.2 Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning	<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.</p>	<ul style="list-style-type: none"> • Consultations • Budget consultation • Petitions • Community Engagement including

	<p>Hold meetings in public unless there are good reasons for confidentiality.</p> <p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p> <p>On an annual basis, publish information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p> <p>Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnership, subject only to those specific circumstances where it is proper and appropriate to do so.</p>	<p>Living in Lancashire Panel & Toolkit</p> <ul style="list-style-type: none"> • Constitution • Standing orders • Statement of Accounts • Pay Policy Statement • Website • Facebook • Twitter • You Tube • Service User Forums • Statement of Accounts • Publication of information as set out in Transparency Code • Freedom of Information • Complaints Frameworks
<p>6.3 Making the best use of human resources by taking an active and planned approach to meet responsibility to staff</p>	<p>Ensure that staff are fully informed and have an opportunity to feedback with comments and suggestions.</p>	<ul style="list-style-type: none"> • Team Talk • Regular Staff Meetings • Staff Conferences • Intranet – Staff Notices • Email • Management Team Feedback • Joint Staff Consultative Committee • Staff Groups/Forums

Code of Corporate Governance Action Plan

(To be completed following meeting of Audit and Governance Committee 13 April and submitted to June Committee for consideration.)

Key Action	Responsible Officer
1.	
2.	
3.	
4.	
5.	
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7.	