

**Audit and Governance Committee**  
Meeting to be held on 30<sup>th</sup> June 2016

Electoral Division affected: All
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**The Council's Code of Corporate Governance**  
(Appendices 'A' & 'B' refer)

Contact for further information:

Ian Young, Director of Governance, Finance and Public Services, 01772 533531  
[ian.young@lancashire.gov.uk](mailto:ian.young@lancashire.gov.uk)

Paul Bond, Head of Service Legal and Democratic Services (01772) 534676  
[paul.bond@lancashire.gov.uk](mailto:paul.bond@lancashire.gov.uk)

**Executive Summary**

The Full Council in July 2015 approved a new Code of Corporate Governance for the County Council and an Action Plan for 2015/16. This was based on the current guidance at that time. Full Council also agreed that the Code would be reviewed on an annual basis.

However, new guidance was published earlier this year and as a consequence the Code of Corporate Governance has been updated to reflect the changes. Therefore, the Committee is asked to consider the revised Code of Corporate Governance and whether it wishes to make any changes to recommend to Full Council. The Committee is also asked to consider the outcomes of the Action Plan agreed for 2015/16 that was based on the previous Code.

**Recommendation**

The Committee is asked to consider:

1. the revised Code of Corporate Governance and any amendments it wishes to make for recommendation to Full Council for approval.
2. the updates set out in the report on the implementation of the Action Plan for 2015/16.

**Background and Advice**

In July 2015 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 Full Council also approved an Action Plan to the Code for 2015/16. The Code has been widely communicated to members, officers and stakeholders.

The Code was based on CIPFA and the Society of Local Authority of Chief Executives (SOLACE) best practice guidance: Delivering Good Governance in Local Government Framework document, 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 principles within the Code, and the governance framework of strategies, policies and procedures which underpin it. The Code should be consistent with the core principles defined in the CIPFA/SOLACE Framework, each supported by sub-principles that should underpin the governance framework of a local authority. The Code was also in a format that included sources of evidence providing clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.

However, since agreeing the Code of Corporate Governance, the guidance referred to above has been updated and a new set of principles have been agreed by CIPFA/SOLACE (see appendix A).

Therefore, the Code now presented at Appendix 'B' has been updated to reflect the seven new core principles and includes sources of evidence as previously shown. The Committee is asked to consider any amendments or revisions it wishes to make to the Code before submission to Full Council for approval.

Last year, the Council also approved, on the Committee's recommendation, a five point action plan on the Code as set out as follows:

### **Code of Corporate Governance Action Plan**

<b>Key Action</b>	<b>Responsible Officer</b>
<p>1. Clearly setting out the purpose of the County Council, outcomes for the community and creating and implementing a vision for Lancashire through a new Corporate Strategy</p> <p>A draft Corporate Strategy, has been produced and has been subject to Consultation. Cabinet considered the Strategy document and the approach contained within it at its meeting of the 26 November 2015. The Strategy was submitted to full Council on the 17 December 2015. The Strategy was debated and amendments agreed. It was resolved that the Corporate Strategy, as now amended, be approved subject to the section 'Our approach to service delivery' being referred back to Cabinet for further consideration. That review process is ongoing.</p>	Director of Corporate Commissioning

<p>2. Develop service/commissioning plans that reflect new service offers and priorities in the corporate strategy.</p> <p>This work is ongoing and has been informed by the work undertaken to deliver the base budget review and the draft Corporate Strategy. The Corporate Strategy and the principles contained within it have also guided the preparation of the Capital Programme.</p> <p>Service/commissioning plans will continue to be refined as documents that support the core Strategy of the Corporate Plan and as the approach to service delivery is finalised. These will include the Neighbourhoods Plan. In addition to this detailed service plans and commissioning plans, with clear delivery expectations, will be refined as part of the current review processes for young peoples and adults services.</p>	<p>Director of Corporate Commissioning</p>
<p>3. Develop appropriate service standards</p> <p>Service standards are being comprehensively reviewed, linked to the development of the Neighbourhoods plan, resource availability and ongoing service reviews. The target date for completion is December 2016 although the standards will be subject to regular review and performance monitoring.</p>	<p>Director of Corporate Commissioning</p>
<p>4. Update partnership protocol The Partnership Protocol is designed to ensure that Officers and Members can utilise best practice guidance to assist them to participate in and facilitate partnership working where it supports delivery of the Council's Corporate Strategy.</p> <p>The Protocol includes a partnership evaluation template that is designed as a guide to the key issues to be taken into account when a new partnership is under consideration. It also includes a partnership review template that is designed to facilitate the review process, prompting the key areas which should be addressed to evaluate a partnership's on-going viability.</p> <p>The Partnership Protocol has been updated and will be posted on the intranet, C-first and the County Council's external website.</p>	<p>Director of Public Health &amp; Wellbeing</p>

<p>5. Develop consistent approach to risk management and produce a corporate risk register</p> <p>A Risk &amp; Opportunity Register has been developed by Management Team and relevant directors/heads of service, providing a brief, high level description of risks and opportunities along with the current controls and further proposed mitigating actions. The Register also includes "risk scores" for both before and after the application of mitigating actions based on a scoring matrix.</p> <p>A corporate approach to reporting on risk and opportunity has also been agreed. Risk and Opportunity reports will be provided to Management Team on a quarterly basis, following which the reports would then go to the Cabinet Committee for Performance Improvement and then to the Audit and Governance Committee. The first quarterly reports have been presented to both Committees and an indicative timetable for the next twelve months has been agreed.</p> <p>At their meeting on the 25<sup>th</sup> January 2016, members of the Audit and Governance Committee received training on risk management and a programme of training is being delivered for Risk Champions within service areas.</p> <p>A Risk Management intranet site has been developed and a handbook for staff and councillors has been produced setting out the adopted approach. Risks and opportunities will also be incorporated into Quality of Service and Highlight reports.</p>	<p>Management Team</p>
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Updates on the above agreed actions are also set out for the Committee's consideration. In a couple of areas progress has not been possible due to a number of factors so it is proposed that these actions are rolled over into the 16/17 action plan. The Committee is also asked to consider if it wants any additional actions adding to the Plan for 2016/17.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Good governance enables a local authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. A local authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to develop and maintain a local Code of Corporate Governance and publish an Annual Governance Statement (AGS) would mean that the Council would be failing in its responsibilities for ensuring accountability and the proper conduct of public business.

### **Legal Implications**

The 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 AGS. 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
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Reason for inclusion in Part II, if appropriate

N/A