Lancashire Combined Fire Authority
Audit Committee
Meeting to be held on Tuesday 30 June 2026

Annual Governance Statement 2025/26
(Appendices A, B and C refer)

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Executive Summary
The Authority is required to prepare and publish an Annual Governance Statement (AGS) alongside its Statement of Accounts. The AGS must be supported by an annual review of the effectiveness of the Authority's governance framework and system of internal control. The self-assessment, AGS and Local Code of Corporate Governance set out the key elements of that framework, the assurance sources considered, and the Authority's overall conclusion on the effectiveness of its arrangements.

The overall conclusion is that the Authority's governance arrangements remain sound and continue to operate effectively. No significant governance issues have been identified. The report does, however, recognise that good governance is not static and identifies areas where arrangements will continue to be strengthened, including policy review, programme governance, assurance reporting, productivity and efficiency oversight, and the tracking of audit and improvement actions.

Members are asked to endorse the updated documents on the basis that they provide a clear and evidence-based account of the Authority's governance arrangements, while also demonstrating that identified improvements are being managed through established governance, assurance and performance arrangements.

Recommendation
The Committee is asked to:
- Note and endorse the self-assessment at Appendix A and the Annual Governance Statement at Appendix B, including the conclusion that no significant governance issues have been identified.
- Recommend that the Chair of the Authority signs the Annual Governance Statement as formal confirmation of the Authority's governance assurance for 2025-26.
- Note and endorse the updated Local Code of Corporate Governance at Appendix C as the framework against which the Authority's governance arrangements will continue to be reviewed.

Background
1. The Lancashire Combined Fire Authority remains committed to maintaining high standards of governance, transparency and accountability in the delivery of its services. As part of that commitment, the Authority has reviewed its governance arrangements through the updated self-assessment, Annual Governance Statement and Local Code of Corporate Governance.

2. The self-assessment at Appendix A considers the Authority's governance arrangements against the core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) framework and concludes that all key elements remain assessed as good. The supporting commentary has been updated to reflect current governance arrangements, sources of assurance and areas where governance continues to be strengthened.

3. The Annual Governance Statement at Appendix B explains how the Authority's governance framework operated during the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts. It describes the systems, processes and assurance arrangements that support lawful decision-making, risk management, stewardship of resources and delivery of priorities.

4. The Statement reflects continued strengthening of governance during the year, including ongoing review of the constitutional and policy framework, the development of programme and change governance, and the embedding of arrangements to oversee performance, productivity, efficiency and value for money. This is important because it demonstrates that the Authority's governance arrangements are not only compliant, but are also being actively used to support delivery, improvement and accountability.

5. The updated Annual Governance Statement also reflects the outcome of the Service's latest full inspection by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), published on 14 August 2025. The inspection assessed Lancashire Fire and Rescue Service across 11 areas and concluded that the Service had achieved six Outstanding and five Good ratings. The report included one Area for Improvement relating to Equality Impact Assessments, which is being progressed through established improvement and assurance arrangements.

6. The updated Local Code of Corporate Governance at Appendix C sets out the principles, values and arrangements through which the Authority directs and controls its business and demonstrates accountability to the communities it serves. It provides the framework against which governance is reviewed annually and supports continual strengthening of arrangements in light of organisational learning, inspection findings, assurance activity and good practice developments.

7. The governance review confirms that no significant governance issues have been identified. However, assurance activity has highlighted areas where arrangements should continue to be strengthened, particularly the timeliness and completeness of policy and governance document review, and the clarity of committee reporting on internal audit follow-up and recommendation tracking. These matters have been accepted and are being progressed through the Authority's ongoing governance improvement activity. This balanced conclusion is important as it avoids overstating assurance while making clear that improvement actions are recognised and being managed.

8. The revised appendices also reflect the role of the Corporate Programme Board and supporting programme boards, the Productivity and Efficiency Plan, and the Organisational Assurance Team in strengthening oversight of improvement activity, delivery, assurance and value for money. These arrangements provide a clearer line of sight between strategic priorities, delivery activity, assurance findings and reporting to senior officers and members.

9. Members are therefore asked to note and endorse the self-assessment and Annual Governance Statement, which together provide reasonable assurance that the Authority's governance arrangements remain sound, effective and subject to continuing review and improvement.

10. Members are also asked to note and endorse the updated Local Code of Corporate Governance and to recommend that the Chair of the Authority signs the Annual Governance Statement as formal confirmation of the Authority's commitment to good governance and effective accountability.

Financial Implications

11. The Annual Governance Statement forms part of the Authority's overall framework for sound financial management, stewardship of public funds and value for money. The report does not create any direct additional financial commitments beyond those reflected within existing governance, assurance and reporting arrangements. Continued strengthening of governance, internal control and assurance supports the Authority in managing financial risk and demonstrating that resources are being used lawfully, effectively and in line with approved priorities.

Legal Implications

12. The Authority is required to prepare and publish an Annual Governance Statement under the Accounts and Audit Regulations 2015. The Statement also reflects the principles of the CIPFA and SOLACE framework for delivering good governance in local government. The report supports compliance with these requirements and reflects the respective roles of the statutory officers in maintaining, reviewing and reporting on the Authority's governance arrangements.

Business Risk Implications

13. Effective governance arrangements are an important part of the Authority's wider risk management framework. The updated documents provide assurance regarding decision-making, internal control, oversight of performance and use of resources, while also identifying areas where governance arrangements should continue to be strengthened. Failure to maintain effective governance could increase the risk of poor decision-making, weak accountability, non-compliance or reduced public confidence; the annual review process helps mitigate those risks.

Environmental Impact

14. There are no direct environmental implications arising from this report. Environmental considerations will continue to be addressed through relevant governance, policy, procurement and decision-making processes where applicable.

Equality and Diversity Implications

15. The updated governance documents reference the Area for Improvement identified by HMICFRS in relation to Equality Impact Assessments. This matter is being progressed through established improvement and assurance arrangements. More generally, equality implications continue to be considered through the Authority's governance, decision-making and policy review processes, helping to ensure that decisions are transparent, inclusive and supported by appropriate assessment where required.

Human Resource Implications

16. There are no direct human resource implications arising from this report. Workforce-related governance issues will continue to be managed through the Authority's established policy, assurance, equality and decision-making arrangements where relevant.

Local Government (Access to Information) Act 1985

List of background papers

Reason for inclusion in Part 2 if appropriate:

Appendix A: Self-Assessment
Appendix B: Annual Governance Statement
Appendix C: Local Code of Governance