

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 16 July 2025

Annual Governance Statement 2024/25

(Appendices A, B and C refer)

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Executive Summary

The Authority is required to publish an Annual Governance Statement along with the Authority's financial statements following a self-assessment review of the effectiveness of the internal controls in place. The report and the statement set out the key elements of the Authority's governance framework, how these have been evaluated, the outcome of the assessment of effectiveness and any areas for improvement.

The overall conclusion of the Annual Governance Statement is that the system of internal controls is adequate, and that no significant governance issues have been identified.

The annual review of the Local Code of Governance has also been undertaken and is included for approval.

Recommendation

The Committee is asked to:

- Note and endorse the self-assessment (Appendix A) and the Annual Governance Statement (Appendix B) based on this and recommend that the Chairman of the Authority signs the Statement.
- Note and endorse the updated Local Code of Governance (Appendix C).

Background

1. The Lancashire Combined Fire Authority (CFA) remains committed to maintaining the highest standards of governance, transparency, and accountability in the delivery of its services. As part of this commitment, the Authority has undertaken a comprehensive review of its governance arrangements, including a self-assessment, an updated Annual Governance Statement, and a refreshed Local Code of Corporate Governance.
2. The self-assessment (Appendix A) evaluates the Authority's governance framework against the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Solace Framework: *Delivering Good Governance in Local Government (2016)*. It confirms that the Authority's arrangements are robust, with all key elements assessed as "Good." These

include ethical standards, legal compliance, stakeholder engagement, risk management, and performance monitoring.

3. The Annual Governance Statement (Appendix B) provides a detailed account of how the Authority's governance framework has operated during the year ending 31 March 2024. It outlines the systems and processes in place to ensure effective decision-making, risk management, and service delivery, and confirms that the Authority has met its statutory obligations under the Accounts and Audit Regulations 2015.
4. The Statement highlights the Authority's alignment with the CIPFA/Solace principles and confirms that the governance framework has been effective throughout the year. It also reflects on the outcomes of internal and external audits, including the positive findings from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), which rated the Service as "Outstanding" for culture and values and "Good" in all other categories.
5. The updated Local Code of Corporate Governance (Appendix C) sets out the Authority's commitment to the principles of good governance. It provides a structured framework for how the Authority behaves with integrity, engages stakeholders, defines outcomes, manages performance, and ensures transparency and accountability.
6. A key enhancement in the updated Code is the explicit commitment to an annual review of the Local Code itself—not just the governance arrangements. This ensures that the Code remains aligned with evolving best practice and continues to reflect the Authority's strategic priorities and operational realities.
7. The self-assessment and Annual Governance Statement both identify areas of strength and opportunities for further improvement. These include enhancing outcome measurement, embedding social value more deeply into procurement, strengthening public participation mechanisms, and clarifying governance arrangements for shared services.
8. The Authority has already taken steps to address these areas, including the development of a new performance management system, improvements to financial monitoring processes, and the establishment of an Organisational Assurance Team to oversee internal audits and preparedness.
9. Members are therefore asked to note and endorse the self-assessment (Appendix A) and the Annual Governance Statement (Appendix B), which together provide assurance that the Authority's governance arrangements are sound and continuously improving.
10. Members are also asked to note and endorse the updated Local Code of Corporate Governance (Appendix C), and to recommend that the Chairman of the Authority signs the Annual Governance Statement as a formal endorsement of the Authority's commitment to good governance.
11. Members are also asked to note the publication of *Delivering Good Governance in Local Government: Addendum (May 2025)* by CIPFA, which introduces updated guidance on the preparation and content of Annual Governance Statements. This addendum reflects the evolving expectations of good

governance in the public sector and places renewed emphasis on transparency, assurance, and the articulation of outcomes.

12. The Authority will ensure that its Annual Governance Statement (Appendix B) is reviewed and updated in line with this new guidance. Where appropriate, the Local Code of Corporate Governance (Appendix C) will also be revised to reflect the principles and expectations set out in the CIPFA Addendum. This will ensure that the Authority continues to demonstrate best practice and remains aligned with national standards in its governance reporting and assurance processes.

Financial Implications

13. As outlined in the report

Legal Implications

14. None

Business Risk Implications

15. None

Environmental Impact

16. None

Equality and Diversity Implications

17. None

Human Resource Implications

18. None

Local Government (Access to Information) Act 1985

List of background papers NA

Reason for inclusion in Part 2 if appropriate: N/A

Appendix A: Self-Assessment

Appendix B: Annual Governance Statement

Appendix C: Local Code of Governance