



**Local Authority Governance and
Accountability Framework Review Panel Meeting**

23 March 2021 1.30 – 15.00

Virtual Meeting

Meeting Note

Attendees

Catherine Frances	Director General for Local Government and Public Services MHCLG (Chair)
Michael King	Local Government and Social Care Ombudsman
Rob Whiteman	Chief Executive, CIPFA
Abdool Kara	Executive Director, NAO
Jacqui McKinlay	Chief Executive, Centre for Governance and Scrutiny
Ed Hammond	Centre for Governance and Scrutiny
Mike Newbury	Director, Local Audit, Audit, NAO
Mark Lloyd	Chief Executive, Local Government Association
Matthew Hamilton	Local Government Association
Simon Williams	Local Government Association
Duncan Whitfield	President, Association of Local Authorities Treasurers Society
Quentin Baker	President, Lawyers in Local Government
Graeme McDonald	Managing Director, SOLACE
Aileen Murphie	Director, Local Government, VfM, NAO
Tabitha Jay	Director, ASC Strategy and Reform, DHSC
Katy Weeks	Deputy Director, ASC Assurance and Support, DHSC
Bronwen Moss	Senior Policy Advisor, DHSC
Florence Angelo	Senior Policy Advisor, DHSC
Siobhan Jones	Director of Local Government and Communities, MHCLG
Ruby Dixon	Head of LG Assurance Local Government Stewardship, MHCLG
James Kingston	Head of LG Accountability, Local Government Stewardship, MHCLG
Richard Enderby	Senior Policy Adviser, Local Government Stewardship, MHCLG
Julie Stephenson	Senior Policy Adviser, Local Government Stewardship, MHCLG

Introduction

The Chair introduced panel members.

The Chair thanked Aileen Murphie for her contribution to the Panel and wished her well for her upcoming retirement from the NAO.

Agree Minutes and Actions from Previous Meeting

On the draft minutes of the 21 October 2020 there was a request to amend titles of the NAO officials and a suggested clarification point on the wording regarding assurance advice. The amendments were agreed.

The Chair commented that at the Panel meeting in October 2020, the Panel had asked to discuss current challenges facing the local government sector, this is the second item on the agenda for today's meeting.

MHCLG Verbal feedback from the Panel Working-level Leads Group on current challenges facing the local government sector

The meeting had been a positive one. The attendees considered what is driving the challenges that face some LAs. The attendees identified that the main challenges could be grouped into issues around finance, governance, and culture. It was noted that there was a risk that governance could be seen by some as a tick box exercise, rather than a strong tool to strengthen transparency and accountability. These insights fed back to an earlier discussion by the Panel last year on what indicators may identify poorer governance.

In discussion, the Panel noted:

- Standards and conduct are an important part of the governance landscape, including member and officer behaviour.
- It is preferable to prevent the cause of problems rather than only deal with the symptoms when they emerge. It was important to keep assessing why LAs get into difficulty against all three of the areas to understand if this is indicative of wider issues.
- Finance remained a very important consideration. Budgetary challenges could emerge because a LA has not been able to achieve savings or due to lack of an effective financial strategy. Commercial activity could also be a factor but was not always a primary driver. We should continue to encourage LAs to have sound levels of reserves as a contingency.

It was agreed consideration should be given to Standards and Conduct, looking at its impact in the round.

The recently published Governance Risk and Resilience Toolkit (Centre for Governance and Scrutiny (CfGS) and Localis) is relevant as it could provide a common language and build on case example of what good and poor governance looks like. Discussions are now taking place on ways to embed the toolkit.

The Chair thanked Panel members for their comments. She agreed that these strands be brought together to provide more focus for work on local government accountability. MHCLG's Local Government Stewardship team was asked to bring this work together as follows:

- a) join-up with the CfGS on how to embed the Governance Risk and Resilience Toolkit and connect this to work progressing implementation of the Redmond Review;
- b) consider how COVID has impacted on the sector and whether we are looking at the right indicators to understand the challenges facing the sector; and
- c) continue discussions on the challenges facing the local government sector.

DHSC Presentation: Enhanced Assurance for LAs ASC Functions

Tabitha Jay, Director, DHSC, presented DHSC's proposals, published in the document 'Integration and innovation: working together to improve health and social care' on the 11th of February 2021.

DHSC set out its ambition for ASC assurance and development of proposals for high-level enabling powers which will create a new duty for the Care Quality Commission (CQC) to:

- review and assess the performance of local authorities in delivering their functions under the Care Act 2014; and
- allow for the Secretary of State to intervene where the CQC has identified serious failings or risk of failure.

DHSC set out that the scope for the reviews and approach to CQC monitoring and assessment which will be detailed in secondary legislation. The underlying principles in setting the scope include how it will: improve user experience; address longer term pressures and system sustainability; identify good as well as poor practice; and be measurable.

DHSC also explained that the policy development on intervention will be based on learning from across government and improvement literature, which suggest that successful systems include features such as preventative peer-support, and proportionate intervention.

The Panel discussion covered:

- DHSC's collaborative, evidence-based approach. The timing of the proposals will be important given the pressure LAs have experienced with COVID. The messaging would land better with Local Government if the changes were communicated as needs-improvement. The need to distinguish poor performance was recognised, and the question of whether DHSC might wish to introduce a rating system, with arguments on both sides.
- A new regulatory and inspection regime provides an opportunity to drive system change, and there is learning to be gleaned from Ofsted and other regimes (driving system change requires policy change, over and above good inspection process).
- The Panel agreed inspection regimes can lead LAs into financial difficulties and distort behaviours when told to improve. Pinpointing concerns is important, to understand where the failure lies (e.g. distinguishing CCG and NHS failure from LA failure). The long-term behaviour, staffing, and financial (value for money) impacts of a rolling programme of inspection should be recognised.

DHSC thanked Panel members for their collaboration, and stated:

- The timing of these reforms fits with wider reforms to ASC.
- Sector-led improvement will complement good offers already in place in the sector.
- DHSC has learnt from children's service inspection.
- DHSC has flexibility to consider options and welcomes future input.

The Chair thanked Tabitha Jay for her presentation and response to the Panel. She confirmed that DHSC has been working closely with MHCLG on these proposals.

AOB

There was an update from LG&SCO on work it is taking forward on redress. The LG&SCO approach is to improve public access to redress; bring the principle of redress into policy making; and to modernise and strengthen the role of the LG&SCO. MHCLG's work on social housing was cited as a good example of redress being at the heart of a policy. LG&SCO and MHCLG continue to discuss the proposals.

Forward plan for meetings

The Panel secretary explained that there are still several topics put forward by the Panel and MHCLG which could be scheduled for 2021, for example:

- Sector support
- the role of Statutory Officers;
- the delivery of statutory and non-statutory services; and

- redress.

These will form part of our list of topics to discuss this year, and others will arise. The Panel secretary asked Panel members to provide any other topics by correspondence. Thereafter, suggestions can be scheduled into a table of topics and timings for future meetings.

The Chair asked, generally, for feedback from Panel members on how the Panel was working.