Ministry of Housing, Communities & Local Government

**Local Authority Governance and
Accountability Framework Review Panel Meeting**
15 July 10.30 am – 12 noon
Virtual Meeting

Meeting Note

Attendees

Catherine Frances	Chair, Director General for Local Government and Public Services, MHCLG
Michael King	Local Government and Social Care Ombudsman
Graeme McDonald	Managing Director, SOLACE
Rob Whiteman	Chief Executive, CIPFA
Abdool Kara	Executive Leader, Local Services, NAO
Mark Lloyd	Chief Executive, Local Government Association
Jacqui McKinlay	Chief Executive, Centre for Governance and Scrutiny
Mike Newbury	Director Audit, NAO
Alex Burfitt	Audit Policy, NAO
Dennis Skinner	Head of Improvement, Local Government Association
Phillip Horsfield	President, Lawyers in Local Government
Duncan Whitfield	President, Association of Local Authorities Treasurers Society
Aileen Murphie	NAO, VfM Director for MHCLG and the NAO
Nick Burkitt	Director, Local Government Strategy, MHCLG
Max Soule	Deputy Director, Local Government Stewardship, MHCLG
Julie Stephenson	Policy Adviser, Local Government Stewardship, MHCLG
Ruby Dixon	Senior Policy Adviser, Local Government Stewardship, MHCLG
Ben Toogood	Head of Local Policy Analysis Division, MHCLG
James Kingston	Senior Policy Adviser, Local Government Stewardship, MHCLG
Aisling Lyon	Policy Adviser, Local Government Stewardship, MHCLG
Anne Charlton	Principal Research Advisor, MHCLG

Apologies

Martin Swales	President, SOLACE (Chief Executive South Tyneside MBC)

1. Introduction
The Chair welcomed the new members to the meeting. She explained that the length of time since the last meeting was due to the COVID pandemic.

The Chair emphasised that under the current circumstances it is prudent for the Panel to meet to consider the current impact on the LG Accountability Framework (the Framework), and going forward, to ensure that it is sustainable.

2. Agree Minutes

The Panel agreed the minutes of the last two meetings (3 September 2019 and 3 December 2019).

Action: MHCLG to publish the minutes of the meeting held on 3 September 2019 and 3 December 2019.

3. Forward Look for the Panel

The Chair introduced a list of topics which the Department consider are important areas for the Panel to discuss (this list is for internal use and for sight by the Panel). There are a number of upcoming policies that may impact directly on the Framework, for example: PAC Report on Local authority investment in commercial property, local government devolution; the Redmond Review; the upcoming Spending Review; the offer on sector support; and enhancing our understanding and oversight of risks and outcomes in local authorities.

The Chair welcomed thoughts from the Panel on the list of topics to be discussed. The Panel broadly agreed with the proposed topics going forward. Specific points from the discussion included;
- Discussions on commercialisation should be broadened out to include sustainability;
- Adult Social Care (ASC); and the impact of COVID and a possible 2nd wave, should be added as significant challenges;
- Integration on health and social care should be discussed to consider the need for planning between local authorities, CCGs and the NHS;
- Local government devolution and freedoms and flexibilities should be considered together;
- The emphasis of statutory services over non-statutory services should be explored;
- The Redmond Review to be prioritised as it impacts on other activity; and
- There needs to be consideration of the role of statutory officers; codes; and lessons learnt.

Dennis Skinner commented that the Panel should remember its terms of reference to ensure the Framework is fit for purpose.

On COVID, the Chair said that MHCLG would consider how this related to risk. MHCLG would also consider the issues of the emphasis of statutory services over non-statutory services.

The Chair closed the discussion by saying that on ASC, this is a complex issue being actively considered, therefore to avoid duplication, the Chair suggested that the Panel should focus on other issues for the time being and not prioritise a dedicated session on ASC as it was being discussed in other fora. On the other points raised, MHCLG would consider these when developing future discussion topics.

Action: MHCLG to refine the list of topics and send to Panel members.

Action: Panel members to provide working-level leads from their organisation to work with MHCLG officials on actions coming out of Panel meetings.

4. Presentation by Abdool Kara (NAO) (10 minutes)

The NAO gave a presentation on the challenges of collecting and analysing governance data to support their 2019 NAO Report Local Authority Governance.

The NAO discussed the issues around collating data. The NAO found little national data. There is a lot of local data, but this is not standardised, it is therefore difficult to make comparisons.

The NAO noted possible options including new guidance to bring about consistency and clarity over the data recorded; basic data items could be added to the Annual Governance Statement (AGS) as well as information on the Overview and Scrutiny Committee; an on-line library could be created to hold this data, which could be supplemented by data that government departments hold and other organisations; to capture data going forward, a survey could be conducted every 3 or 4 years.

The Chair agreed that standardisation was important. Making best use of existing local data was important. MHCLG are reviewing and tightening some of their data collection.

Points from the discussion included:

- The Revenue Outturn (RO) and Revenue Account (RA) forms could be updated and improvements made. This would give auditors, practitioners, stakeholders more informed benchmarking. The Home Office have completed a review of this process;
- It is important to consider those local authorities that are 'off the radar';
- Redress should be considered when the individual has gone through all the channels without satisfaction;
- Departments need to look closely at the data they are seeking to acquire and consolidate;
- Data would be more meaningful and accessible if we could integrate all reports; and
- There should be greater clarity on the role of the Overview and Scrutiny Committee and the Audit Committee and the cross-over between the two. The committees should have a higher profile and status within authorities.

The Chair concluded the discussion by stating that standardisation was very important and that she had noted the request to update the RO and RA forms. MHCLG should consider the risk of missing those authorities which do not raise flags. The points about redress was noted. The Redmond Review would consider issues around audit.

5. Presentation by Centre for Governance and Scrutiny (CfG&S)

CfG&S are currently leading a project to identify some early indication of governance failure. The aim is to create a practical toolkit for local authorities to help them diagnose potential governance failure.

The focus of the project is to be able to articulate the good components of good governance and, by identifying those potential failure points, better inform senior leadership, Overview and Scrutiny Committees, and others.

CfG&S is at the information gathering stage, however broad themes coming out of the research are:

- political and officer leadership and stability;
- community engagement;
- openness to transparency and willingness to engage; and

- clear demarcation of member and officer roles.

CfG&S emphasised the NAOs point about the challenges around collecting data, developing indicators and measures that provide internal insight and the tools for improvement. Another issue with the current data is that it is backward looking not real-time. Some authorities lack insight into their own failings. The CfG&S also suggested amending the AGS.

Abdool Kara and Rob Whiteman commented that to find out what was happening there needed to be 'teams on the ground' to help.

6.   Characteristics of Governance

MHCLG have been considering the characteristics of 'well-run and failing' governance. A table (for the use of MHCLG and Panel members) was circulated to Panel members before the meeting. The Panel discussed this table.

Points from the discussion included:
- Political domination by one party can sometimes be positive if it leads to the delivery of policies that residents want and need. Consideration should be given to meaningful challenge;
- The biggest area of opaqueness in local government is the governance of arms-length bodies and companies – it is very important to capture this;
- We need to consider the need for strong Chief Executive leadership *and* strong political leadership;
- There needs to be a clearer demarcation between political members and officer roles;
- The LGA mentioned their Ethical Peer Reviews and their previous work on an "Ideal Authority" which could feed into MHCLG's considerations;
- Annual audit reports and internal audit need to be included, and the link between financial risk and governance risk;
- 'Poor councillor conduct' should be extended to 'Poor councillor and officer conduct'.
- Feeling that the language was outdated on community engagement and the communication and transparency section;
- Need to include something on place-based leadership, community enforcement and recognition of external delivery models;
- What do we do with the data? How can we see behind the data to make it work? The Scottish Government and Scottish Public Services Ombudsman are working to develop a standard complaints framework so that the data is more transparent and expectations around public concerns are clearer;
- We should build on what has previously been done recognising a new context; and
- Transparency should run throughout all themes and not just limited to some.

The Chair closed the discussion by reflecting that there were questions for MHCLG to work on. Nick Burkitt commented that the table would be reworked to provide a coherent view and that the Redmond Review would play into this work. The Chair asked that they nominated working-level leads work with MHCLG on refining the table and taking this work forward.

Action: MHCLG to provide the Panel with an updated table of characteristics of 'well-run and failing' governance.

7.   AOB

There was no other business.