

# Improvement and assurance framework for local government

## Purpose of Report

For decision.

**Is this report confidential? No**

## Summary

A first phase of engagement with the local government sector to map the improvement and assurance framework for local government has been completed. Board members are asked to consider draft definitions and a framework, revised in response to feedback, and questions for discussion in the second phase of engagement, with the aim of improving the current framework for the benefit of the sector.

**LGA Plan Theme:** Legal and governance support

## Recommendations

### That the Board

1. Review and comment on feedback from phase 1 of the engagement programme and work-in-progress to revise the draft framework set out in this report;
2. Delegate to the Chair and Lead Members authority to approve for phase 2 of the engagement programme:
  - i) a revised version of the draft improvement and assurance framework;
  - ii) questions for discussion;
3. Require officers to prepare proposals for discussion with the sector to further strengthen the Corporate Peer Challenge.

### Contact details:

Contact officer: Heather Wills

Position: Principal Adviser (Improvement)

Phone no: 07770 701188

Email: [heather.wills@local.gov.uk](mailto:heather.wills@local.gov.uk)

# Improvement and assurance framework for local government

## Background

1. Improvement and Innovation Board received an update report at its meeting on 21 July 2023 about work on a local government improvement and assurance framework. This work is in response to a recommendation in the LGA's own Corporate Peer Challenge in December 2022, which was accepted by the LGA Board:

*Lead the design of a reshaped sector support and assurance framework for local government, reflecting the different needs seen across the sector.*

2. The aim of the first phase of the work is to describe the assurance framework for the sector which currently exists – but is not written down – in the interests of clarity and transparency and to aid understanding of how all the elements fit together. Since the scope and objectives of the sector are so wide-ranging, the work is mainly focused on corporate rather than service-specific sources of assurance.
3. Once the first phase is complete, there will be an opportunity to:
  - consider how the many checks and balances in the existing framework could be improved and simplified or enhanced to provide greater assurance for the sector;
  - develop the framework further to become a sector support and assurance framework, clearly articulating the role of our sector support programme within the framework and ensuring that our support is more embedded within the wider improvement architecture for local government.
4. The LGA has convened a sounding board with SOLACE, CIPFA and Lawyers in Local Government, to advise the LGA in planning discussions with the sector, synthesising feedback and informing recommendations to the LGA's Boards.

## Feedback from phase 1 engagement

5. [Draft definitions of assurance and accountability and a draft framework](#) were developed for discussion with the sector (in all regions), professional associations and others during May – August 2023. We received almost 200 responses, largely from chief executives and elected members but also responses from regional networks, professional bodies and other stakeholders including the trade press. It has been one of the most extensive engagement and consultation exercises carried out by the LGA in recent times.
6. The Sounding Board has reviewed the detailed feedback: this report and its recommendations are informed by its advice. They also gave the following overarching advice and comments:
  - The next phase of work should proceed at pace;

- The work should not attempt to be too detailed: 'less is more';
  - A council's 'assurance appetite' should be in inverse proportion to its appetite for risk;
  - Corporate governance should include assurance on the potential for harm by frontline services;
  - There should be no presumption that assurance will always be gained: the outcome may be 'not assured'
7. The overwhelming majority of comments received during the engagement programme were positive about the work on and intent of the draft framework. Relevant context raised during discussions included:
- The complexity and breadth of councils is unique and nuanced judgements are required;
  - The impact on councils' ability to provide positive assurance in a context of increasing demand and decreasing resources;
  - Where there is failure, there is little or no coordination between the different intervention agencies.
8. The following revised version of the definition of assurance and accountability to be used in this context, adjusted in response to feedback, is proposed:

Assurance

*Information, evidence and evaluation of how local authorities are delivering their duties, functions and outcomes, which can be used to hold them to account and may give confidence.*

Accountability

*Accountability in local government operates in multiple ways, for example:*

- *Elected members to their constituents*
- *The executive to Overview and Scrutiny*
- *The executive and the organisation to audit committee*
- *Officers to the council (through line management)*
- *Specific statutory officers to full council (through reporting responsibilities)*
- *Officers to their professional bodies in relation to professional standards and conduct (where applicable)*
- *The council for its stewardship of public resources (through external audit)*
- *The council to Government departments (through grant funding arrangements)*
- *The council to parliamentary select committees (as and when required)*

- *The council to the courts/ redress schemes*
  - *The council to wider partnerships, bodies and authorities*
9. Work to revise the improvement and assurance framework in response to feedback is underway. We heard that it would be helpful for the framework to be focused more on:
- What do councils do to assure themselves?
  - Where/ how/ to whom are councils accountable publicly?
  - Relevant roles and responsibilities (including clarification of respective and shared member and officer responsibilities).
10. Feedback has led to the identification of draft principles of assurance and accountability: transparency; clarity of who is accountable and for what; taking a proportionate and whole-council approach, and monitoring against standards, benchmarks and/or local targets. There is no assumption that assurance will always be achieved.
11. The consultation also identified examples of good practice, including visible and collective ownership and leadership of good governance; assurance as a constant process rather than a one-off event; self-awareness and openness to challenge; good communication with the public on performance, and regional, sub-regional and national oversight, challenge and support.
12. **Appendix 5A** shows a work-in-progress draft of the revised framework. Detailed discussions with the Sounding Board are continuing to ensure that feedback received during the engagement programme is appropriately reflected.
13. The Board is asked to comment on the work-in-progress and to delegate to the Chair and Lead Members authority to approve a revised version of the framework for use in the phase 2 sector engagement programme (see para 18 below).
14. Many detailed suggestions and examples of good practice were also received which will inform the design of the LGA's sector support programme going forward. The following common themes were identified:
- The key role of **culture and relationships** in effective assurance and accountability;
  - The importance of **training and development** for elected members as well as officers;
  - The key roles of the '**Golden Triangle**' (Chief Executive, s151 Officer and Monitoring Officer), both individually and collectively;
  - The importance of both **internal and external audit** (with particular focus on internal audit in the context of current challenges in external audit);
  - The **Annual Governance Statement**: variable practice means that this is not consistently working as a key assurance tool for members and the public;

- The essential role of **Audit Committee** is not always well understood by members;
- **Overview and Scrutiny** can make an important contribution to assurance, but reductions to local authority budgets have led to a reduction in capacity to do so;
- The **media** have historically played a key role in holding local authorities to account, but reductions in the scale of local media outlets have reduced the consistency with which this happens;
- It is not easy for the **public** to understand how local authority accountability and assurance works: there is potential to make key sources of assurance more accessible;
- The distinctions and inter-relationships between assurance/ accountability for **combined authorities/ county deal areas** and their constituent members are not well understood. The LGA has commissioned guidance on good governance in combined authorities and work to develop a scrutiny protocol will also assist.

15. Some suggestions were received which, subject to further consultation, might have potential for universal adoption across the sector, for example:

- Bringing a report to full council on the financial outturn at the end of the year to enable a wider understanding in all councillors of the council's financial position;
- Greater uniformity of schemes of delegation;
- A requirement that corporate statutory officers will attend key management development programmes at appropriate intervals.

16. Other suggestions, consistent with the key principle of sector-led improvement that councils have a sense of collective responsibility for performance in the sector as a whole, focused on the potential for strengthening assurance activity at sector-wide level.

17. Detailed work with the sounding board is continuing to consider the full range of suggestions.

18. It is planned to return to channels used in the phase 1 engagement across the sector to conduct further engagement during November 2023 – February 2024. The following questions have been drafted for discussion in the second phase:

- i) Do you agree with this revised draft framework? [ie revised in line with the approach at paras 9-12 above]

Follow-up: Are there any changes on the horizon which should be reflected in the framework?

- ii) Should focus on any elements of this framework increase as risk increases?

Follow up: How would this be visible to the council/ residents/ other stakeholders?

iii) Are there any elements of this framework where there should be greater consistency of practice across the sector?

iv) What would best support councils to develop the effectiveness of their own assurance and its reporting to their communities?

Follow up: Can you identify any examples of good practice in relation to any element of the framework?

v) What would sector-wide assurance look like?

19. The Board is asked to comment on the above draft questions and to delegate to the Chair and Lead Members authority to approve the final draft set of questions for the Phase 2 sector engagement programme. This will enable completion of analysis of suggestions by the Sounding Board in October 2023 and consideration of feedback from LGA Board.

20. Comments were also received about the potential to strengthen further the Corporate Peer Challenge (CPC), in addition to changes already made (requirements to publish the report, produce an action plan and receive a follow-up visit to review progress). Potential further measures could include:

i) Re-examining the extent to which councils may influence team composition (at present the LGA identifies potential peers with the required skills for the council to agree and councils also, on occasion, suggest individual peers with the required knowledge and skills);

ii) Reinforcing with councils that they are given the opportunity to comment on the CPC report only in relation to factual accuracy, with a deadline of two weeks after receipt of the draft report;

iii) Setting out a programme in advance for each council to receive their CPC (reflecting the draft statutory Best Value guidance which states that government expects councils to have a CPC at least every five years).

21. The Board is asked to consider whether, as a separate exercise, the LGA should consult the sector on further measures to strengthen the CPC.

## Implications for Wales

22. Officers are liaising with the Welsh LGA to understand mechanisms for assurance and accountability in Wales to enable comparison of best practice for mutual benefit.

## Financial Implications

23. Work to map the improvement and assurance framework for local government is funded by the DLUHC local authority sector support grant for 2023-4.

## **Equalities implications**

24. It is intended that the improvement and assurance framework will support councils to consider how to assure themselves and their residents of compliance with all relevant legislation, including the Equality Act 2010.

## **Next steps**

25. A version of this report will also be considered by LGA Board on 20<sup>th</sup> October 2023, in light of the profile of the work as part of the LGA's action plan following its own CPC.

26. Subject to Board approval, the Chair and Lead Members will be asked to review and approve materials for consultation with the sector, updated incorporating comments from Improvement and Innovation and LGA Boards. Consultation will take place during November 2023 – February 2024.

27. A report on the findings of the phase 2 engagement will be brought to the Board in May 2024.