

Note for Audit Committee – 19th March 2015

Consultation on the White Paper – Reforming Local Government: Power to Local People

The White Paper

The Welsh Government recently published a Local Government white paper which sets out wide reaching proposals for reform in the following fields: local democracy, the roles and remuneration of elected members and senior officers, community governance and community councils, community rights, corporate improvement, service performance, scrutiny, audit, inspection and regulation, and local government finance.

Welsh Government are consulting with Local Authorities, the public and other interested parties on the proposals described in the White Paper. Officers and Members from across the council are currently preparing a response and the views of Audit Committee are requested to inform the consultation. Views are welcome on the section specific to the proposed changes to the role of Audit Committee and also on proposals in the wider paper.

The White Paper can be found at the following link
Specific Audit Committee references can be found in Chapter 6
[Welsh Government White Paper webpage](#)

Timescales

Newport City Council's response to the consultation will be considered by Cabinet on 13th April and by Council on 28th April before being submitted to the Welsh Government.

Consultation Responses

Through the consultation on the White Paper the Welsh Government ask 318 specific questions about their proposals. Questions 136 to 139 refer to the role of the Audit Committee and are included below for reference. The views of the committee over and above the specific questions will be captured as part of the minutes and included as part of the consultation response.

Corporate Governance

To what extent do you agree with the following statements:

136 The proportion of independent members sitting on a Local Authority's Audit Committee should be increased

Strongly agree / agree / Neither agree or disagree / disagree / strongly disagree

137 The Chair of a Local Authority's Audit Committee should be an independent member

Strongly agree / agree / Neither agree or disagree / disagree / strongly disagree

138 What proportion of the Audit Committee should be independent?

At least 2 people / 1/4 of the Committee / 1/3 of the Committee / Other / Don't Know

139 What is the rationale for your answers?

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Excerpt from Section 6.4 from the White Paper

6.4 Managing Improvement

“Repeal of Part 1 of the Local Government (Wales) Measure 2009 would require the strengthening of Local Authorities’ corporate governance arrangements, including the role of the Audit Committee. We therefore propose to amend the Local Government (Wales) Measure 2011 to clarify the responsibilities and remit of Audit Committees, rename them Corporate Governance and Audit Committees, and expand their independent membership, including requiring that they be chaired by a suitably appointed independent person. The Audit Committee will be a powerful force to assist Chief Executives of Local Authorities to discharge their new statutory improvement functions, set out in 3.13 and below, in order to provide the Executive with assurance that the Authority is well run and has the systems and procedures in place to secure continuing improvement.

We are proposing that in order to discharge their improvement functions, the Chief Executive should be required to undertake an annual self-assessment of the Authority’s corporate governance and service performance, and to provide a report to the Leader on matters of concern. The report should include how the Chief Executive has taken action in response to reports of the Audit Committee, self-assessment and peer review, and is to be published. We are also proposing the Chief Executive should in addition make arrangements every two years for a peer review to be undertaken, in order to provide external challenge to the self-assessment process.

These proposals would implement our policy objective of ensuring Local Authorities are accountable to Elected Members and the public for their performance and improvement, based on sound corporate governance and independent challenge. The proposals also clarify the distinction in roles between the Executive and the senior management of the Authority.”

Excerpt from Section 3.13 from the White Paper

3.13 The Role and Responsibilities of the Chief Executive

“We believe Local Authorities must have a Chief Executive and that this person must be designated the Head of Paid Service. This requirement should not prevent a Chief Executive from being appointed jointly by two or more Local Authorities. In addition, as part of ensuring local accountability for performance and improvement, we propose to put five specific duties on the Chief Executive to:

1. make arrangements to prepare and publish a corporate plan;
2. make arrangements to prepare and publish annual self-assessments of corporate improvement and service performance;
3. commission a peer review every two years and prepare a report for the Council on actions to be taken following the recommendations of the peer review;
4. put in place a performance management system for all employees of the Local Authority;
and
5. promote engagement and diversity in democracy.

The purpose of these duties is to ensure the effective governance of Local Authorities and to provide the Council with a sound basis for judging the performance of the Chief Executive. The first three are discussed in detail in Chapters 6 and 7 below. The requirement for a performance management system, linked to the corporate plan, is self-explanatory.”