

Tony McArdle – Doing the right thing: a sector-led approach to assurance

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Sector-led assurance

Increasing the number of external ‘checks and balances’ does not necessarily provide more assurance – there is a risk that the more complicated the process, the easier it is to evade

Better to have some key principles, well understood and applied with rigour, enabling the sector to lead its own assurance

Common themes identified from interventions 2002-2017

Poor governance arrangements

Weak leadership

Ineffective management

Lack of internal or external challenge and deflection of criticism

Failure to prioritise resources or effort

Putting evident and well-known historic problems into the 'too-difficult' box

Intervention since 2017

Financial failure (s114) the spark for 6/8 councils in intervention in this period

Two key implications of financial pressure:

1. An increased imperative to take risks – if a council is poorly run it cannot manage these risks
2. Less resilience within individual authorities to recover from mistakes

Councils got into financial difficulty because they had failed

6 key warning signs

1. Failure of political leadership over a sustained period of time
2. Failure in managerial competence and the application of professional standards
3. Resistance to challenge
4. Abuse or misuse of internal controls
5. The creation of a fable
6. The pursuit of the exotic

1. Failure of political leadership over a sustained period of time

- Making decisions with no business case
- Manufacturing a rationale which masquerades as a business case, failing to scrutinise risks
- Making choices on an individual or 'inner circle' basis, information restricted
- Scrutiny committees whipped
- Relying on patronage not process
- Resistance to consultation (excuses of no time or money)

2. Failure in managerial competence/ the application of professional standards

- Officers not raising issues in appropriate channels
- Advice watered down, ignored or buried
- Statutory officers not given, or taking, the opportunity to input their views
- CMT agendas not covering necessary, uncomfortable things
- Absence of regular consideration of priority activities

3. Resistance to challenge

- Executive politicians not held to account
- Challenges get short order at meetings
- Legitimate challenges dismissed on procedural grounds or the excuse of maintaining commercial confidentiality
- Overuse of 'Part B'
- Formal audit and scrutiny functions not addressing the priority activities of the council
- Partner agencies held in suspicion and at arms' length
- Officers not justifying advice with solid evidence and data
- Peer reviews and inspection reports not given full consideration and failure to act on recommendations
- Cosy meetings between portfolio holders and chief officers

4. Abuse or misuse of internal controls

- Council's risk register not properly logging appropriate risks
- Risk register not used to inform scrutiny/ audit committee/ audit work programmes
- Work of audit committee ignored by Cabinet and/or CMT
- Lack of ownership of audit programme
- Inaccurate/ outdated registers of interests and gifts

5. The creation of a fable

Excuses and blaming external factors...

- the Government
- the previous administration
- inadequate and uncooperative partners
- funding formula
- “we are the most disadvantaged area in England based on x y z”
- “if you think we are bad, you should look at our neighbours”

6. The pursuit of the exotic

Pursuing radical, innovative ideas without scrutiny or realism

“We’ve found the goose that lays the Golden Egg – best not to ask too many questions”