



Department for  
Communities and  
Local Government

# Accounting Officer Accountability System Statement for Local Government

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# Introduction

Local government, through elected councillors (and, where applicable, mayors), is accountable to its local communities for the proper stewardship of all of its resources. Over recent years, Government policy has been to free local authorities from some of the previous Governments' accounting and reporting requirements, and to devolve greater powers and accountability to them, including through the Cities and Local Government Devolution Act 2016.

Nevertheless, there remains a role for Accounting Officers in government to maintain the statutory framework of legal duties and financial controls on local authorities, to ensure proper democratic accountability, transparency, public scrutiny and audit.

HM Treasury Guidance, *Managing Public Money*, sets out the key requirements for Accounting Officers in government departments to ensure regularity, propriety and value for money. *Accountability: Adapting to decentralisation*, published in September 2011, recommended that in future, departmental Accounting Officers should publish accountability system statements explaining how they achieve accountability for the grants they distribute to local bodies.

As the Accounting Officer for the Department for Communities and Local Government, I am responsible for the core local government accountability framework for local authorities and for ensuring that it is working and contains the right checks and balances.

This statement sets out the core local government accountability framework. It covers:

- in **Section one** (pages 4 to 7), the overall scope of my accountability in relation to local government funding and spending;
- in **Section two** (pages 8 to 11), how the core accountability system for local government works;
- in **Section three** (pages 12 to 13), how the system responds to failure
- in **Section four** (pages 14 to 15), how the department gets assurance and information on financial sustainability and effectiveness;
- in **Section five** (pages 16 to 17) - a new section - how the framework applies and is being adapted in the light of devolution deals within England, in the context of the Cities and Local Government Devolution Act 2016, including the arrangements for London.

# Section one

1. This section explains the scope of my accountability in relation to local government funding and spending. Specifically, it covers:
  - the issues for which local authorities are directly accountable;
  - the scope of my accountability for local government funding and spending;
  - my responsibility for co-ordinating advice to Ministers on the overall position of local government;
  - my accountability for the overall core local government accountability framework, and its maintenance, review and amendment; and
  - the role of other government departments.

## *Local authorities' accountability*

2. Local authorities' budgets comprise money from a number of sources. This includes general funding from the Department of Communities and Local Government on behalf of government; and specific funding from other government departments via Section 31 payments<sup>1</sup> and locally raised sources (principally council tax and locally retained business rates). These resources are pooled at the local level.
3. Individual councils are responsible for their own financial performance. This comprises a number of different responsibilities including delivering a balanced budget, providing statutory services (including, for example adult social care and children's services) and securing value for money and propriety in spending decisions. In two tier areas, functions provided by unitary councils elsewhere are split between county and district councils. Introducing the 'general power of competence' in the 2011 Localism Act increased local authorities' discretion over the range of services they provide.
4. Within the framework of statutory duties, councillors are free to set their own priorities and determine outcomes. They make decisions about how to allocate resources to competing priorities, such as providing care services, improving roads or keeping council tax low.
5. The direct democratic accountability of councillors to the electorate is an important assurance that they will manage spending and services effectively. Assurance for the taxpayer is reinforced by the Best Value duty on local authorities. Under the Local Government Act 1999<sup>2</sup>, a council must "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". They must consult local people on how they should fulfil this duty.
6. Local authorities have an important role in making their decisions on resourcing transparent. Effective scrutiny by councillors and the public requires the availability of comparable information on spending and the outcomes achieved. All local

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<sup>1</sup> [Section 31, Local Government Act 2003](#)

<sup>2</sup> [Part 1, Local Government Act 1999](#)

authorities produce public accounts, have open meetings and are required to consult the public, and all are subject to the Freedom of Information Act.<sup>3</sup> The public are also entitled to have access to documents relating to council meetings and documents relating to executive decisions made by executive members or officers.

### *The scope of my accountability for funding*

7. I am accountable for two budgets which provide funding for local government:
  - The Local Government Departmental Expenditure Limit is the budget for local authority core funding, which I manage on behalf of the Government; and
  - The budget for the Department for Communities and Local Government's own policies. This budget is to support the implementation of departmental priorities such as housing, planning and local growth. The Local Growth Fund has its own Accountability System Statement due to the particular nature of the arrangements for that spending.
8. I am directly accountable for ensuring regularity, propriety and value for money in the distribution of these two revenue budgets to local authorities. Other departmental accounting officers are accountable for distribution of grants from their budgets to local government to support delivery of other policy areas.
9. I am also accountable for the framework that determines the sums payable to and from local authorities under business rates retention which came into effect in April 2013, and for those funds from business rates which pass through Government accounts. Since April 2013, the Government has allowed the local authority sector to retain 50 per cent of business rates revenue and the growth on their share to incentivise them to promote economic growth. The 50 per cent of business rates revenue that is surrendered to central government is redistributed to local government in full through a variety of grants, not all of which are allocated by the Department for Communities and Local Government. In October 2015, the Government announced that by 2020, the grant local authorities receive from central government will be phased out in return for letting authorities keep all of the funding collected in business rates.

### *Providing comprehensive advice to Ministers*

10. The Department for Communities and Local Government is also responsible for ensuring that Ministers have comprehensive advice in order to make decisions on the level and distribution of local government funding. Other Government departments that rely on local authorities to deliver policy objectives or services are responsible for understanding demand, costs and the scope for efficiency in those policy areas for which they are accountable. My role is to ensure that the Government has an overview of the expected spending power of local government, the overall cost pressures arising from its various statutory and policy delivery responsibilities, and the opportunities for savings.
11. To provide full and adequate advice to Ministers, the Department co-ordinates work across government departments that brings different analysis together on a common

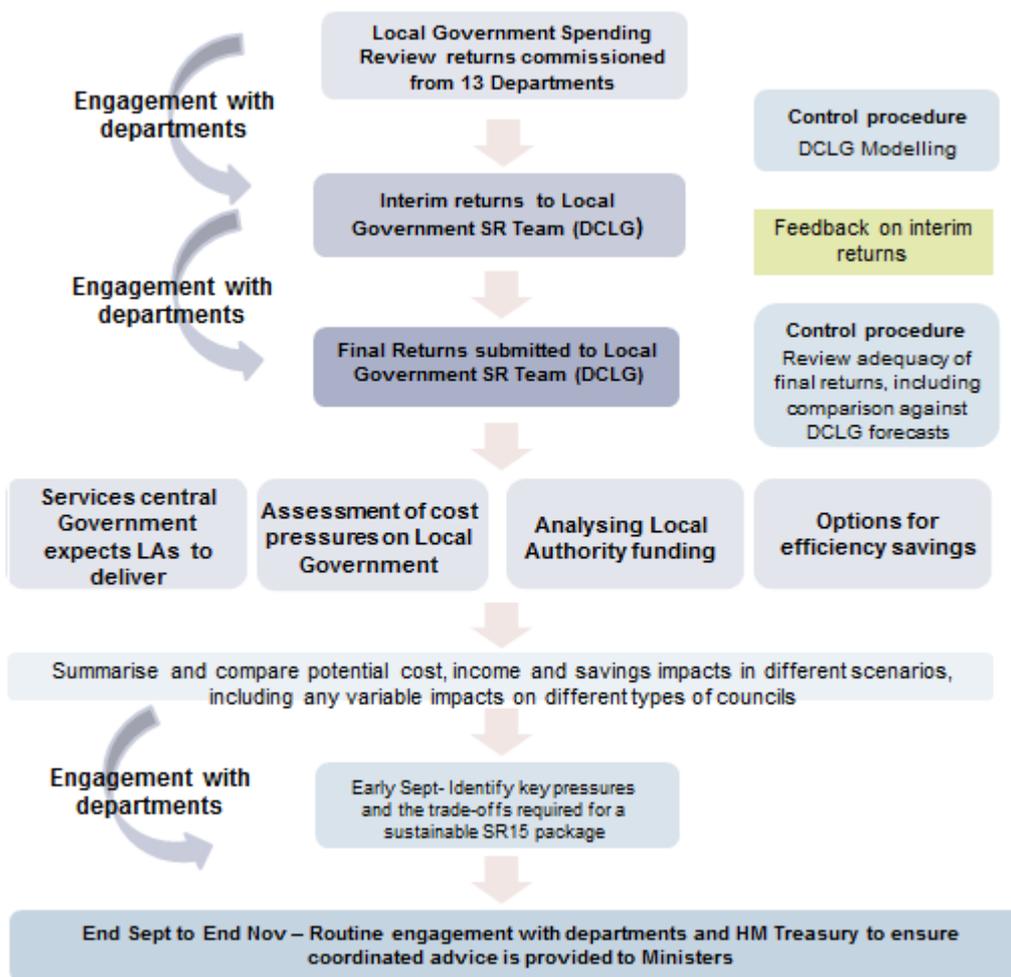
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<sup>3</sup> [Freedom of Information Act 2000](#)

basis to understand the overall position that local authorities are in and particular risks and opportunities.

12. The process by which the Department did this in the 2015 Spending Review is summarised in Figure 1. This process has been strengthened in recent years, in part reflecting recommendations from the National Audit Office studies on the Financial Sustainability of Local Authorities. For example, the analysis we co-ordinate now considers in more detail the potential impact of policy options on different types of local authorities.
13. The analysis the Department develops across government is then central to the advice the department provides to Ministers to enable discussions about spending allocations with departments and, crucially, HM Treasury. It is my responsibility, as Accounting Officer with responsibility for local government overall, to provide clear and honest advice if I have significant concerns. Ultimately, however, it is for Ministers to make final decisions on funding allocations both for the sector as a whole and for individual councils.

Figure 1: The 2015 Spending Review Process



14. As set out in the Local Government Finance Act 1988, the Government must consult on the proposed annual distribution between individual councils of both government grant and revenue from business rates. This local government finance settlement is

then approved by the House of Commons through the Local Government Finance Report before councils set final budgets. Key data, including breakdowns of funding assessments and calculations, are published on the Department for Communities and Local Government website.<sup>4</sup>

*My responsibility for the accountability system for local government*

15. To discharge my responsibilities set out above, I am responsible for maintaining the overall accountability system for local government. The specific aspects of this system are set out in section 2.
16. Once decisions and allocations are made by Ministers and Parliament, I am accountable for ensuring that this system ensures local authorities are accountable for acting with regularity, propriety and value for money in the use of their resources.
17. I am accountable for maintaining the effectiveness of the system framework (as set out in section 2 below) and will publish highlights of how the framework has worked over the previous year in the Department's Annual Report and Accounts Governance Statement. Should I be concerned that the framework is failing to provide me with the necessary assurances, I am responsible for making the appropriate recommendations for change to Ministers.
18. Central government departments can rely on this framework for accountability arrangements for unringfenced funds allocated to local authorities. However, where Departments, including the Department for Communities and Local Government<sup>5</sup>, have specific ringfenced grants which have additional accountability measures put in place by the relevant Accounting Officer, these additional measures are described in the relevant Department's system statement. Departments are responsible for regularly reviewing, updating and publishing their own system statement.<sup>6</sup>
19. The majority of central government funding for local government is unringfenced. The two major exceptions are schools funding and the Public Health Grant. These grants impose conditions on what the money is spent on and how it is spent. It is therefore for the Department for Education and the Department of Health respectively (and any other departments who might issue ringfenced grants in the future) to take any additional measures that they judge necessary, beyond those set out in this statement, to ensure that those grants are spent according to their grant conditions. The Department for Education and Department for Health have set out the relevant arrangements in their respective accountability statements.

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<sup>4</sup> [Final local government finance settlement: England, 2016 to 2017](#)

<sup>5</sup> [Accounting Officer: Accountability System Statement for the Local Growth Fund](#)

<sup>6</sup> Department for Education: [Accounting officer: accountability system statement for education and children's services](#);

Department of Health: [Accounting officer system statement](#);

Department for Transport: [Accountability system statement](#); and

Department for Environment, Food and Rural Affairs: [Accountability systems statement](#).

## Section two

20. This section covers the essential elements of the core local government accountability framework. It shows how the elements work together and relate to each other, to ensure local government acts with regularity, propriety and value for money in the management of its resources.
21. Key elements of the framework are:
- clarity about who is responsible for resources;
  - a set of statutory codes and rules which require councils to act prudently in their spending;
  - a framework of internal and external checks and balances including audit and whistleblowing;
  - transparency and publication of data; and
  - requirements to have strategies and action plans on fraud.

### *Clarity about who is responsible for resources*

22. There are legal and formal controls in place to ensure that it is clear who is accountable for money at the local level. Ultimate accountability lies with the full council (elected members of the council collectively). The relevant legislation is the Local Government Act 2000 (“the 2000 Act”)<sup>7</sup>, which introduced governance arrangements based on an executive, either the mayor and cabinet executive or leader and cabinet executive, and the Localism Act 2011 (“the 2011 Act”)<sup>8</sup>, which allows councils to return to the committee system form of governance. The 2000 Act also enables local people to hold councils and their officials to account for their spending decisions through public scrutiny via overview and scrutiny arrangements.
23. For executive forms of governance, the 2000 Act (and underpinning secondary legislation) provides that the full council sets the budget and policy framework. The executive implements that budget and policy framework. The executive is responsible for proposing the policy framework and budget to full council. For councils that adopt the committee form of governance, the 2011 Act (and underpinning regulations) allows local authorities the flexibility to make decisions in full council or delegate decision making to committees, sub-committees, other local authorities or officers. The council must make it clear in standing orders how and by whom decisions will be taken. Also under these regulations, the Secretary of State could, by regulation, provide that certain matters are reserved for the full council to decide.

### *A set of statutory codes and rules which require councils to act prudently in their spending*

24. A system of legal duties requires councillors to spend money with regularity and propriety. Under section 151 of the 1972 Local Government Act,<sup>9</sup> “every local

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<sup>7</sup> [Local Government Act 2000](#)

<sup>8</sup> [Localism Act 2011](#)

<sup>9</sup> [Section 151, Local Government Act 1972](#)

authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers [the section 151 officer or Chief Finance Officer] has responsibility for the administration of those affairs". The section 151 officer is an important mechanism for holding councils to account, as he/she has duties and powers to alert councillors and the auditor in the case of unlawful expenditure. This role is complemented and reinforced by authorities' duty under section 5 of the Local Government and Housing Act 1989<sup>10</sup> to appoint a monitoring officer, who must report to the council when any proposal, decision or omission is likely to lead to contravention of any enactment, rule of law or statutory code.

25. In handling the routine management of their budgets, local authorities must set their council tax at a level which will balance their budget (Part 1 of the Local Government Finance Act 1992<sup>11</sup> and, for the Greater London Authority, Part 3 of the Greater London Authority Act 1999)<sup>12</sup>. Under section 25 of the Local Government Act 2003,<sup>13</sup> the section 151 officer must report to the council when the council tax is being set on the robustness of the estimates and the adequacy of the reserves allowed for in the budget. Elected members must have regard to the report.
26. Authorities must restrict borrowing to what is affordable (sections 2 and 3 of the Local Government Act 2003).<sup>14</sup> They must comply with the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice (England). This requirement covers county councils, unitary councils, district councils, and parish councils. Similar provisions in the Greater London Authority Act 1999 apply for the Greater London Authority and in the Local Government and Housing Act 1989 for the Common Council and certain other authorities.
27. The Local Government Act 2003 (section 15),<sup>15</sup> requires authorities to produce an Annual Investment Strategy, outlining policies on monitoring and managing investment risk. This must be agreed by full council. The Accounts and Audit (England) Regulations 2011<sup>16</sup> require that elected members maintain a sound system of internal control including arrangements for the management of risk, and an effective internal audit.

*A system of internal and external checks and balances including audit and whistleblowing*

28. There are mechanisms in place for occasions when routine processes fail. The Local Government Finance Act 1988<sup>17</sup> requires the section 151 officer to issue a report (a section 114 notice) to all councillors if there is unlawful expenditure or an unbalanced budget. The authority's full council must meet within 21 days of the issuing of the section 114 notice to consider it, and during that period the authority is prohibited from either pursuing the course of action which is the subject of the report (in the case of unlawful expenditure) or entering into new agreements involving the incurring

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<sup>10</sup> [Section 5, Local Government & Housing Act 1989](#)

<sup>11</sup> [Part I, Local Government Finance Act 1992](#)

<sup>12</sup> [Part III, Greater London Authority Act 1999](#)

<sup>13</sup> [Section 25, Local Government Act 2003](#)

<sup>14</sup> Sections 2 and 3 of the [Local Government Act 2003](#)

<sup>15</sup> Local Government Investments Guidance, [section 15\(1\)\(a\) Local Government Act 2003](#)

<sup>16</sup> [Part 2, Accounts and Audit \(England\) Regulations 2011](#)

<sup>17</sup> [Section 114 Local Government Act 1988](#),

of expenditure (in the case of an unbalanced budget). Councillors therefore cannot avoid being aware of illegal activity, for which the auditor can pursue them in the courts (sections 28 and 31 of the Local Audit and Accountability Act 2014).<sup>18</sup> This is a strong incentive to avoid illegal actions.

29. The system includes external checks, such as a local authority being subject to an annual external audit. The auditor is required to give an opinion on the truth and fairness of the financial statements of the audited body to satisfy themselves that arrangements are in place to achieve effectiveness, efficiency and economy in the use of resources and that all statutory provisions relating to the accounts have been complied with.
30. The auditor is also under a duty to “make a report in the public interest” on any significant matter coming to their notice during the course of an audit. Any public interest report must be considered by the full council within one month of receipt. All of this information must be placed in the public domain. The auditor is also required to send a copy of the report to the Secretary of State. All Public Interest Reports are forwarded to the Department for Communities and Local Government to consider.
31. The Financial Reporting Council and professional bodies have an oversight role in the new audit framework, mirroring their regulatory roles within the companies audit sector. The National Audit Office produces the Code of Audit Practice<sup>19</sup> and supporting guidance, which sets out what auditors are required to do in order to fulfil their statutory responsibilities in carrying out the audit of local authorities. Both the external Auditor and the National Audit Office are prescribed persons under the Public Interest Disclosure Act 1998, to which employees may make protected ‘whistle blowing’ disclosures.
32. Councils are strongly recommended to have whistleblowing arrangements in place as recommended in the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives Delivering Good Governance in Local Government: Framework (2016).<sup>20</sup>

#### *Transparency and publication of data*

33. As part of the overall core accountability framework, the Local Government Transparency Code 2015<sup>21</sup> requires principal local authorities to publish, on a regular basis, certain information about their expenditure, procurement and assets. Access by the public to this data makes it easier for local people to hold their local authority to account, contribute to the local decision making process, and help shape public services.

#### *Requirements to have strategies and action plans in place on fraud*

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<sup>18</sup> [Local Audit and Accountability Act 2014](#)

<sup>19</sup> [National Audit Office Code of Audit Practice](https://www.nao.org.uk/code-audit-practice/) - <https://www.nao.org.uk/code-audit-practice/>

<sup>20</sup> [CIPFA/Solace, Delivering Good Governance in Local Government: Framework](#)

<sup>21</sup> [Local Government Transparency Code 2015](#)

34. Although there are no specific statutory requirements to prevent or detect fraud, local authorities are under an overriding duty to protect the public purse and should ensure their systems are robust. The above mentioned 2015 Transparency Code sets out the specific counter-fraud requirements they must publish annually. Local authorities are required to comply with Part 2 of the Code and the Department undertakes periodic reviews to test this.
35. Local authorities should ensure they have a clear counter fraud policy embedded into their systems and follow the recommendations set out in the Local Government Counter Fraud and Corruption Strategy, published by the sector in March 2016 and funded by the Department for Communities and Local Government.<sup>22</sup> A practitioner's guide, also funded by the Department and published by the Chartered Institute of Public Finance and Accountancy<sup>23</sup>, sets out the practical measures local authority counter fraud staff should take to identify and detect fraud.
36. In summary, the core local government accountability framework for which I am accountable, has roles for the public, the council executive, councillors, the sector and auditors in ensuring that value for money is achieved. For many services, this provides sufficient assurance.
37. As stated above, departments have put additional accountability arrangements in place for some specific services to provide additional assurance. This may be because a service is high risk or because the service is being used by vulnerable people who are less able to influence service delivery through choice and voice. One example is children's safeguarding, where universal inspection is in place to ensure that children are protected. These decisions are the responsibility for those departments which are accountable for the relevant services.

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<sup>22</sup> [Fighting fraud and corruption locally: the local government counter fraud and corruption strategy 2016 to 2019](#)

<sup>23</sup> [CIPFA Code of Practice on Managing the Risk of Fraud and Corruption](#)

## Section three

38. This section describes what happens when councils do not meet the statutory requirements for which they are responsible to deliver adequate services or value for money in their local communities.
39. There are a range of external systems in place should councils fail to fulfil their functions, and which contribute to the maintenance of regularity, propriety and value for money. These are summarised below.
40. For any case of service failure affecting an individual (including all council services), the Local Government Ombudsman<sup>24</sup> provides an independent route of complaint and redress. The Ombudsman reports annually on complaints investigated.<sup>25</sup>
41. For service specific failure, where the safeguarding of vulnerable people may be at stake, the relevant government department has in some cases put in place specific failure and improvement regimes. Accountability arrangements for tackling these cases are covered under separate system statements (e.g. the Department for Education system statement). Actions which may be taken on failure may include improvement activity from the local government sector, led by the Local Government Association; programmes of inspection to identify failure and make recommendations; and powers for central government to intervene.
42. To assure and strengthen the overall corporate performance of councils across the sector, funds are provided from Local Government DEL to the Local Government Association to provide peer support, including mentoring and peer challenge. Peer support can be particularly effective at key moments, such as when an authority is experiencing a transition. The Local Government Association is responsible for this work and has a systematic approach to identifying those councils that could benefit from sector support, based on data and informal conversations with all councils in the sector.
43. As a last resort, the Government has powers to investigate and intervene based on councils' best value duty. If an inspection identifies a failure or very high risk of failure, to comply with the best value duty, under section 15 of the Local Government Act 1999<sup>26</sup> the Secretary of State has powers to intervene. Under section 15(5) he can direct an authority to take any action which he considers necessary or expedient to secure compliance with the best value duty. Under section 15(6) the Secretary of State may direct that any (or all) functions of the authority be exercised by him or a nominee (e.g. a commissioner).
44. Though intervention in a local authority is rare, the Department for Communities and Local Government has experience of doing this where necessary, including recently in Rotherham and Tower Hamlets. We also work closely with colleagues in the

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<sup>24</sup> [The Local Government Ombudsman](#)

<sup>25</sup> [Local Government Ombudsman Reports](#)

<sup>26</sup> [Section 15, Local Government Act 1999](#)

Department for Education and the Department of Health who have their own service specific inspection regimes and means of intervention.

45. It is my responsibility to ensure that advice is given to the Communities Secretary about the relative merits and risk of statutory and non-statutory intervention in particular cases, based on evidence and the department's own analysis and risk assessment of the issues, to maintain the integrity of the overall accountability system.

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## Section four

46. This section describes how the Department collects and analyses information to provide assurance that the core local government accountability framework is working and to assess risk.
47. The department collects and analyses information from a wide range of sources. This includes both financial data, information on outcomes and specific services and soft intelligence. All financial data is taken from one or a combination of Office for National Statistics data, the publicly available statistical returns provided by local authorities to the department, or from authorities' Whole of Government Account Returns submitted to Her Majesty's Treasury. Other information including soft intelligence is primarily gained from our interaction with authorities and from other government departments.
48. The main sources of financial data available annually are:
- Income data published December / January as part of the Local Government Settlement.
  - Expenditure data published in the Autumn.
  - Reserves level and liquidity data published in the Autumn.
49. Other sources of information include:
- The Department's local intelligence collected through relationships built with authorities by teams in the Department.
  - The Local Government Association, especially through their regional Principal Advisers and from their sector support work.
  - Department for Education, including OfSTED reports.
  - Department of Health, including Care Quality Commission reports and Better Care Fund plans.
  - Department for Business, Innovation and Skills Local leads across England who provide local intelligence on leadership, local relationships and progress on devolution deals.
  - Information published on local authorities websites, for example, minutes of Council meetings.
  - Media reporting, focused on the sector and generally.
  - Correspondence from local councillors, Members of Parliament and members of the public.
50. This data and intelligence is considered and analysed in the Department to provide indications of which local authorities or groups of authorities are at highest risk of financial distress, service failure or other inability to meet statutory duties. This represents a strengthening of our analysis and oversight following recommendations in the Public Accounts Committee Report "*Financial Sustainability of Local Authorities*" (2014).<sup>27</sup> Regular meetings are held to probe and assure the analysis; consider what further work is being done or might be done through service

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<sup>27</sup> [Financial sustainability of local authorities 2014 – National Audit Office](#)

departments and/or the Local Government Association's sector support; determine any specific actions or advice to ministers in the Department; and consider any trends e.g. risk for particular types of local authorities.

51. In addition, twice a year, the Department provides me with comprehensive assurance advice on how the core local government accountability framework is working. This advice presents research from the sector and think tanks; work the department has produced; and specific advice on whether the framework needs amending. This advice is shared with the National Audit Office to aid joint working.
52. I also meet regularly with Accounting Officers from the Department for Education and the Department of Health to discuss the analysis described above, alongside any specific pressures on children's services and adult social care. This ensures both that DCLG's analysis reflects a cross-Government approach and also that other Accounting Officers with responsibilities for particular services have the benefit of a broad assessment of the sector.
53. The combination of all of these sources of information and activities above mean that the Department is well-placed to understand risk, both across the system and in relation to individual Councils.

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## Section five

54. This section explains how the core local government accountability framework applies in the light of devolution deals in England, in the context of the Cities and Local Government Devolution Act 2016 (the 2016 Act).<sup>28</sup> It also covers devolution in London, setting out the accountability arrangements for the Greater London Authority (GLA).

### *Devolution in England*

55. This accountability system statement applies to all local authority bodies. This includes new combined authorities and other governance structures in local government.
56. The Government has set out a clear aim of devolving powers and budgets to local areas through bespoke devolution deals. In response to this the Department has taken steps to strengthen the accountability system, to allow a greater variety of local governance arrangements while ensuring that there is clear and strong accountability, particularly where the Government is devolving the most powers.
57. The 2016 Act allows the Government to create mayoral combined authorities, where groups of local authorities agree locally that they wish to work together to deliver particular strategic functions, led by a directly elected mayor. Directly elected mayors enhance accountability by providing clear and visible leaders who are directly and personally accountable to the local electorate at the ballot box through regular elections. The establishment of each mayoral combined authority is subject to locally-led statutory consultation, approval by individual local councils and the Parliamentary approval of orders to establish the new arrangements.
58. Combined authorities are, like all local authorities, bound by the legal and technical requirements set out in this statement. The 2016 Act sets out that - in addition - all combined authorities (including mayoral) must have as a minimum an overview and scrutiny committee and an audit committee to hold both the authority and the mayor to account.
59. To ensure that there is clarity about the powers and services that new combined authorities have, while reflecting the bespoke nature of devolution deals, the Government has committed to work with local areas to develop jointly written statements on every devolved power or fund in the deals. These will describe the accountability arrangements between local and national bodies. The Government and local areas will work to ensure that changes to accountability arrangements in local areas resulting from devolution deals are communicated clearly and accessibly to Parliament and the public.
60. In addition to devolution of specific powers, several devolution agreements with local areas have included a commitment to increase the flexibility with which combined

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<sup>28</sup> [Cities and Local Government Devolution Act 2016](http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm) - <http://www.legislation.gov.uk/ukpga/2016/1/contents/enacted/data.htm>

authorities can use devolved funds, creating a 'Single Pot' which the combined authority will be able to use in a way that best meets local priorities.<sup>29</sup>

61. To strengthen accountability and value for money assurance for combined authorities the Government has put in place new arrangements, in addition to the existing statutory structures on Best Value. New combined authorities must put in place a Local Assurance Statement that is agreed with the department. This must be done before new devolved funds are made available. In addition, for the new investment funds, which provide 30 year funding from government through the Department for Communities and Local Government, combined authorities will be subject to scrutiny from an external, expert panel that will provide evidence on the procedures to determine spending and the impact of spending locally.
62. Finally, the Government will lay before both Houses of Parliament an Annual Report on Devolution, pursuant to the provisions of Section 1 of the Cities and Local Government Devolution Act 2016. This will contain a range of information, specified in Section 1 of the 2016 Act,<sup>30</sup> on the progress of English devolution to inform MPs and others of the latest developments.

#### *Devolution in London*

63. Particular arrangements apply to London. The Greater London Authority (GLA) was established through the Greater London Authority Act 1999 according to a strong Mayoral model with a directly elected Mayor taking decisions and being scrutinised by the London Assembly. In the last Parliament, the Government devolved further responsibilities to the Mayor for housing, planning and economic development through the Localism Act 2011.
64. Underpinning the Mayor's strategic delivery role in London is a financial settlement, the London Settlement, which was agreed between the Department for Communities and Local Government and the GLA. This was issued in February 2012, and reissued in December 2014.
65. As the lead Accounting Officer for the London Settlement, I have the same responsibilities as described in section one of this statement. Accountability for spending decisions rests solely with the Mayor of London and scrutiny of those decisions with the London Assembly.
66. The Government is also taking forward and supporting London partners' proposals for further reform and devolution in relation to employment support, skills and health and social care. Appropriate governance and accountability arrangements are being co-designed to underpin delivery. As any changes are made they will be reflected in this statement.

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<sup>29</sup> [Single Pot assurance framework: national guidance](#)

<sup>30</sup> [Section 1, Cities and Local Government Devolution Act 2016](#)

## Conclusion

67. There is a robust core local government accountability framework in place which I can rely on as Accounting Officer for the Department for Communities and Local Government to assure me that councils will spend their money with regularity, propriety and value for money. The key elements are: legal controls; local audit; and transparency and democratic accountability to local people as set out in Section 2.
68. Inevitably, as the core local government accountability framework reflects current policy, so it will need to change when new policies are developed and implemented. As this document has been amended to reflect changes with the development of devolution deals, and as policies such as 100% Business Rate Retention are developed, the Department will consider their impacts fully, including upon my accountabilities. This statement, as a living document, will be updated as appropriate to reflect this.

**Melanie Dawes CB**

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Diagram showing the accountability system statements relevant to local government and the main organisations involved in them

