



Department for
Communities and
Local Government

Local Government &
Social Care
OMBUDSMAN

Local Government Ombudsman Commission for Local Administration in England

Framework Document

December 2017

Based on the original Framework published in 2013, this document has been updated by the Department for Communities and Local Government (“DCLG”) in consultation with the Commission for Local Administration in England (“The Commission or CLAE”). This document sets out the broad framework within which The Commission will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by DCLG and the Commission. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the Commission’s website.

Foreword

- This Framework Document sets out the arrangements for the governance of The Commission and the respective responsibilities and accountability of the Commission, the Commission Chair, the Commission's Accounting Officer, the Secretary of State for Communities and Local Government (Secretary of State) and officials in the Department for Communities and Local Government (DCLG). CLAE is one of DCLG's sponsored bodies.
- The Framework Document recognises the personal authority of the Local Commissioner/Local Government Ombudsman in relation to complaints and investigations, and does not impose any restrictions on the independent exercise of the ombudsman's quasi-judicial statutory functions.
- The original Framework Document was drawn up by DCLG and CLAE in consultation with Her Majesty's Treasury (HMT). This document sets out the broad framework within which CLAE is requested to operate. This document does not convey any legal powers or responsibilities. It is signed and dated by the Secretary of State and the Chair of the Commission for Local Administration in England. Copies of this document have been placed in the libraries of both Houses of Parliament and made available to members of the public on CLAE's website (<http://www.lgo.org.uk/>).
- This Framework Document does not take into account the Secretary of State's agreement in principle to the creation of the single Public Service Ombudsman (PSO), involving CLAE and the Parliamentary and Health Service Ombudsman (PHSO). Any new legislation will cover governance arrangements for the new body.
- The next review of the Framework Document is subject to the creation of the PSO. Any amendments to this Framework Document must be agreed by the Secretary of State and HMT following a process of consultation with the Commission with the aim of reaching a joint agreement. Any departures from provisions in this Framework Document must be agreed in writing by DCLG and in relation to financial matters, HMT.
- Any questions regarding the interpretation of this Framework Document will be resolved where possible through agreement between DCLG and the Chair of the Commission for Local Administration in England or otherwise by the Secretary of State.

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1 Purpose of the Commission for Local Administration in England

- 1.1 The Commission is one of DCLGs sponsored bodies, established by the Local Government Act 1974 (LGA 74) as a body corporate, to provide the Local Government Ombudsman scheme.
- 1.2 The main purpose of the Commission is to host the Local Government Ombudsman scheme (LGO).
- 1.3 The LGO scheme conducts independent investigations into complaints about councils and some other authorities and organisations, including education admissions appeal panels, national parks authorities, and fire authorities. As a result of amendments contained in the Health Act 2009 (Part 3A of the LGA 1974) LGO also investigates complaints about all adult social care providers in both the public and private sectors (such as care homes and home care providers). The service is free, independent and impartial. In addition to recommending redress for personal injustice resulting from maladministration and service failure, LGO is responsible for disseminating the learning from its investigations in order to promote good public administration and improve local service delivery.
- 1.4 Under the Local Government Act 1974, the personal authority to investigate complaints is vested in the Local Commissioner (the Local Government Ombudsman) and delivered in practice by LGO staff acting under the delegated authority of the Commissioner. All matters in relation to the conduct of investigations, the exercise of statutory discretion, the determination of the outcome of complaints, the recommendation of remedies, and the publication of casework outcomes, reports and advice are determined by, or on behalf of, the Commissioner. The exercise of these quasi-judicial functions is independent of central and local government.
- 1.5 The Commission's mission statement is: To remedy injustice – and improve local public services.
- 1.6 The Commission's four strategic objectives are:
- i. To provide an excellent service that is easy to find and use.
 - ii. To deliver effective redress through impartial, rigorous and proportionate investigations.
 - iii. To use what they learn from complaints to improve local public services.

- iv. Being accountable to the public and using public money efficiently and effectively.

2 Accountability

2.1 The Commission is responsible for delivering a statutory function and ensuring that this is fulfilled in an efficient and effective manner including the use of public money. The Commission's statutory powers and duties (Appendix A) stem from Part 3 and 3A of the Local Government Act 1974 (as amended by the Local Government and Public Involvement in Health Act 2007, the Health Act 2009 and the Apprenticeships, Skills, Children and Learning Act 2009).

2.2 The Act provides:

- i. For the appointment of a Local Commissioner/s (the Local Government Ombudsman) who, together with the Parliamentary & Health Service Ombudsman as an ex officio member, form the Commission.
- ii. Appointments to the office of Local Commissioner are made by Her Majesty the Queen on the recommendation of the Secretary of State for Communities and Local Government.
- iii. Commissioners may be appointed to serve full or part time and must be appointed for a period of not more than seven years.
- iv. The Secretary of State designates one of the Local Commissioners as Chair and, if appropriate, another as Vice Chair of the Commission.
- v. The Secretary of State determines the amount payable to the Commission each year, required for discharging the Commission's functions.

2.3 The Secretary of State for Communities and Local Government will account for the business of the Commission in Parliament.

3 Accounting Officer Responsibilities

DCLG's Accounting Officer Responsibilities

3.1 The Permanent Secretary for DCLG, as DCLG's Departmental Accounting Officer, has designated the Chief Executive as the Commission's Accounting Officer. The respective responsibilities of the DCLG Accounting Officer and Accounting Officers for ALBs are set out in Chapter 3 of *Managing Public Money* which is sent separately to the Accounting Officer on appointment. The Chief Executive is appointed by the Commission, consulting the responsible minister and DCLG AO, as required.

3.2 The DCLG Accounting Officer is responsible for advising the responsible minister:

- On an appropriate budget for the Commission in the light of DCLG's overall public expenditure priorities;
- How well the Commission is achieving its strategic objectives and whether it is delivering value for money.

3.3 The DCLG Accounting Officer is also responsible for ensuring arrangements are in place in order to:

- Monitor the Commission's activities;
- Address significant problems in the Commission, making such interventions as are judged necessary;
- Periodically carry out an assessment of the risks both to DCLG and the Commission's objectives and activities;
- Inform the Commission of relevant government policy in a timely manner;
- Bring concerns about the activities of the Commission to the full Commission Board, and, as appropriate to DCLG's Board requiring explanations and assurances that appropriate action has been taken.

3.4 The Partnership and Delivery Unit and the Local Government Stewardship Division at DCLG are the primary contact for the Commission. The teams are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of the Commission. They also support the DCLG Accounting Officer on his or her responsibilities toward the Commission.

The Commission Accounting Officer's Responsibilities

3.5 DCLG designates the Chief Executive as Accounting Officer. The Chief Executive as Accounting Officer is personally responsible for:

- Safeguarding the public funds for which he or she has charge;

- Ensuring propriety, regularity, value for money and feasibility in the handling of those public funds;
- The day-to-day operations and management of the Commission;
- Ensuring that the Commission as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of *Managing Public Money*, and all directions and guidance issued from time to time by DCLG, the Treasury and the Cabinet Office.

3.6 The Commission Accounting Officer's responsibilities for accounting to Parliament include:

- Signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- Preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- Ensuring that effective procedures for handling complaints about the Commission are established and made widely known within the Commission;
- Acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by the Department, HM Treasury and the Cabinet Office;
- Giving evidence when summoned before the Public Accounts Committee (PAC) on the Commission's stewardship of public funds;
- Where the CLG Select Committee undertakes an inquiry which touches on the work of the Commission, both the CLG Ministers and CLA Commissioners and Senior Officers could be asked to appear before the Committee to answer any questions that they may have.

3.7 The Commission's Accounting Officer is responsible in particular to DCLG for:

- Advising the Commission in establishing its Corporate Strategic Plan and Annual Business Plan in line with the CLAE's statutory role and purpose, and in the light of the department's wider strategic aims and agreed priorities;
- Informing DCLG of progress in delivering the Commission's corporate and business plans; in fulfilling its statutory functions; and in demonstrating how resources are being used to achieve those priorities;
- Providing timely forecasts and monitoring information on performance and finance to DCLG;
- Promptly notifying DCLG if over or under spends are likely and ensuring that corrective action is taken;
- Ensuring that any significant problems which have implications for DCLG, whether financial or otherwise, are immediately notified to DCLG with proposals to address them where possible.

3.8 The Commission's Accounting Officer is responsible to the Commission's members for:

- Advising the Commission's members on the discharge of the Commission's responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time.
- Advising the Commission's members on the Commission's performance compared with its aims and objectives.
- Ensuring that financial considerations are taken fully into account by the Commission at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.

3.9 The Commission's Accounting Officer may take action as set out in paragraph 3.8.6 of *Managing Public Money* if the Commission is contemplating a course of action which would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

4 Governance and Structure

Composition of the Commission

- 4.1 In line with the Government's *Code of Good Practice*, the Commission will consist of a Chairman (who is also the Local Commissioner/Local Government Ombudsman), together with 3 advisory members, and 1 ex-officio member that have a balance of skills and experience appropriate to directing the Commission's business. Ideally this should include experience of LGO's business, operational delivery, corporate services such as human resources, information technology, property asset management, estate management, communications and performance management. The Commission shall ensure that LGO's executive officers are supported and constructively challenged in their role.
- 4.2 These arrangements are not consistent with some of the out-dated statutory provisions of the LGA1974, which is still awaiting amendment in line with the recommendations made in Robert Gordon's first review of the LGO structure. However, the current structure is working well and we don't anticipate any changes to the structure until the creation of the PSO.

The Commission's Responsibilities

- 4.3 The Commission should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Commission must set up an Audit and Risk Assurance Committee chaired by an advisory member to provide independent advice. The Commission is expected to assure itself of the effectiveness of the internal control and risk management systems.
- 4.4 The Commission is specifically responsible for:
- Establishing and taking forward the strategic aims and objectives of the Commission, consistent with its overall strategic direction.
 - Ensuring that the responsible minister is kept informed of any changes which are likely to impact on the strategic direction of the Commission or on the attainability of its targets, and determining the steps needed to deal with such changes.
 - Acting on the advice of the CLAE Accounting Officer, ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Commission operates within the limits of its statutory authority and any delegated authority agreed with DCLG, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Commission takes into account guidance issued by DCLG.

- Ensuring that DCLG receives and reviews regular financial information concerning the management of the Commission; is informed in a timely manner about any concerns about the activities of the Commission; and provides positive assurance to DCLG that appropriate action has been taken on such concerns.
- Demonstrating high standards of corporate governance at all times, including by using the independent Audit and Risk Assurance Committee to help the Commission to address key financial and other risks.
- Appointing, with the Secretary of State's approval, a Chief Executive and, in consultation with DCLG, and with the advice of the Commission's Remuneration Committee, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources.

The Chair's Personal Responsibilities

4.5 The Chair is responsible to the Secretary of State in their role as Chair of CLAE, but not in the exercise of their personal authority as Local Commissioner/Local Government Ombudsman. Communications between the Commission and the responsible minister should normally be through the Chair. He or she is responsible for ensuring that the Commission fulfils its statutory purpose, delivers its agreed corporate and business plan priorities, and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Commission.

4.6 In addition, the Chair has the following leadership responsibilities:

- Formulating the Commission's strategy.
- Ensuring that the Commission, in reaching decisions, takes proper account of guidance provided by the responsible minister or DCLG officials.
- Promoting the efficient and effective use of staff and other resources.
- Delivering high standards of regularity and propriety.
- Representing the views of the Commission to the general public.

4.7 The Chair also has an obligation to ensure that:

- The work of the Commission and its members are reviewed and are working effectively.
- The Commission has a balance of skills appropriate to directing the Commission's business, as set out in the Corporate Governance Code for Central Government Departments¹.
- Commission members are fully briefed on terms of appointment, duties, rights and responsibilities.

¹ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

- They, together with the other Commission members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice.
- The responsible minister is advised of the Commission's needs when a Local Commission member vacancy arises.
- They assess the performance of individual Commission members and advisory members on an annual basis.
- There is a Commission Operating Framework in place setting out the role and responsibilities of the Commission consistent with the Corporate Governance Code for Central Government Departments..
- There is a code of conduct for Commission members in place, consistent with the Cabinet Office *Code of Conduct for Board Members of Public Bodies*².

4.8 The Chair, acting in their role as Local Commissioner/Local Government Ombudsman, has personal authority for all matters in relation to the investigation, determination, reporting and remedy of complaints. The Chair acts with independent discretion in this capacity and is accountable to Parliament in this role.

² <https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>

5 The Commission's members and staff

Individual Commission's members' responsibilities

5.1 Individual Commission members should:

- Comply at all times with the Code of Conduct for Board Members of Public Bodies and with the rules relating to the use of public funds and to conflicts of interest.
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations.
- Comply with the Commission's rules on the acceptance of gifts and hospitality, and of business appointments.
- Act in good faith and in the best interests of the Commission.

5.2 The Local Commissioner has personal authority to investigate cases of alleged injustice arising from maladministration and service failure on the part of local authorities and certain other bodies and is supported in this task by teams of investigative staff. The powers and duties conferred on the Local Commissioner under the Act (as amended) are independent from their role as a member of the Commission.

5.3 Appointments to the office of Local Commissioner are made by Her Majesty the Queen on the recommendation of the Secretary of State for Communities and Local Government. The appointment is for a term of up to seven years and must comply with the Cabinet Office Governance Code for Public Appointments³.

5.4 The Local Government Act 1974 allows for the Commission to appoint additional members to the Commission in an advisory capacity. These advisory members to the Commission are appointed by an Appointment Panel made up of the Chair of the Commission, the Chair of the Audit and Risk Assurance Committee, an Independent Assessor and a representative of the Department for Communities and Local Government.

5.5 The Commission will appoint one of its Advisory Members to chair its Audit and Risk Assurance Committee and another to chair its Remuneration Committee.

5.6 The travel expenses of Commission members shall be tied to the rates allowed to staff of the Commission. Reasonable actual costs shall be reimbursed.

³ <https://www.gov.uk/government/publications/governance-code-for-public-appointments>

The Commission's Staff

5.7 Within the arrangements approved by the responsible minister and the Treasury, the Commission will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- The rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of: age, disability, sex, gender assignment, pregnancy, maternity, race (which includes colour, nationality and ethnic or national origin), sexual orientation, religion or belief, or because someone is married or in a civil partnership. The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness.
- The performance of its staff at all levels is satisfactorily appraised and the Commission's performance measurement systems are reviewed from time to time.
- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Commission's objectives.
- Proper consultation with staff takes place on key issues affecting them.
- Adequate grievance and disciplinary procedures are in place.
- Whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place.

5.8 Subject to its delegated authorities, the Commission shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and Conditions of Service

5.9 The Commission is responsible for ensuring staffing resources, including staff structures and grading are kept under review and best directed towards meeting the Commission's objectives. The grading structure should be underpinned by appropriate systems for job evaluation. The terms and conditions of CLAE staff are those of Local Government. The Commission has no delegated power to amend these terms and conditions. DCLG approval is required for any major structural changes to pay and grading systems, and must be fully supported by a costed business case. DCLG will in turn consult HM Treasury.

5.10 For staff below Chief Executive Officer level, pay awards will normally be in line with the NJC settlement, and approved in line with HM Treasury pay guidance.

- 5.11 For staff at Chief Executive Officer or level, pay and bonus arrangements are analogous to the senior civil service. The percentage increase and bonus is recommended by the Chair of the Commission to the Remuneration Committee and is based on individual performance, the Review Body on Senior Salaries (SSRB) recommendations, government pay policy and DCLG guidance.
- 5.12 The prior approval of DCLG and the Commission is required for the appointment, and pay and terms and conditions of the Chief Executive. The Chief Executive Officer's performance objectives will be agreed by the Chair of the Commission in consultation with DCLG. There will be a detailed review of the Chief Executive Officer's performance against the objectives on an annual basis. The decision on whether performance against objectives warrants the award of any performance bonus is a matter for the Chair of CLAE in consultation with the Commission's Remuneration Committee and will be taken in accordance with relevant DCLG guidance and contractual obligations.
- 5.13 The Commission shall operate a pay and reward scheme for staff, which must be approved by DCLG and which will be subject to periodic audit.
- 5.14 The Commission shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 as amended by the Fixed-Term Employees (Prevention of Less Favourable Treatment) (amendment) Regulations 2008.
- 5.15 The Commission's staff shall be eligible for a pension provided by the Local Government Pension Scheme (operated in practice by the LPFA). Staff may opt out of the occupational pension scheme provided by the Commission.
- 5.16 Any proposal by the Commission to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office outside the general arrangements for such payments agreed between DCLG and the Commission, requires the prior approval of DCLG. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

6 Annual Report and Accounts

6.1 The Commission must publish an annual report of its activities together with its audited accounts as soon as possible after the end of each financial year. Before the end of each financial year, the Commission and DCLG shall agree a timetable for the Commission to provide DCLG its finalised (audited) accounts. This will be in sufficient time to enable DCLG to meet its external reporting requirements and will also allow the Commission reasonable time to prepare the finalised (audited) accounts.

6.2 The Commission's annual report must:

- Cover any corporate, subsidiary or joint ventures under its control.
- Comply with the Treasury's *Financial Reporting Manual* (FRM).
- Outline main activities and performance during the previous financial year and set out in summary form forward plans.
- Include details in an Annex to the Accounts, the Accounts Direction given by the Secretary of State for Communities and Local Government.

6.3 Information on performance against key financial targets is within the scope of the external audit and should be included in the notes to the accounts. The report and accounts shall be laid in parliament and made available on the Commissions website, in accordance with the guidance in the FRM. A draft of the report should be submitted to the department, two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by DCLG as well as the FRM.

7 Audit

7.1 Arrangements should be made for the internal and external audit of the Commission.

Internal Audit

7.2 The Commission shall:

- Establish and maintain arrangements for internal audit in accordance with the *Treasury's Public Sector Internal Audit Standards (PSIAS)*.
- Ensure DCLG is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS.
- Set up an Audit and Risk Committee (ARAC), in accordance with the Code of Good Practice for Corporate Governance and the *Audit and Risk Assurance Committee Handbook*. The ARAC shall be chaired by an Advisory Member of the Commission. .
- Forward the audit strategy, periodic audit plans and annual audit report, including the Commission's Internal Auditor's opinion on risk management, control and governance as soon as possible to DCLG.
- Keep records of, and prepare and forward to DCLG an annual report on fraud and theft suffered by the Commission and notify DCLG of any unusual or major incidents as soon as possible.

7.3 The internal audit service has a right of access to all documents, other than confidential case files held on the LGO casework management system, including where the service is contracted out.

External Audit

7.4 The Comptroller & Auditor General (C&AG) audits the Commission's annual accounts and lays them before parliament, together with his report.

7.5 The C&AG:

- Will consult the Department and the Commission on whom, the NAO shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG.
- Has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000.
- Will share with DCLG, information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on DCLG's responsibilities in relation to financial systems within the Commission.

- Will, where asked, provide DCLG and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

7.6 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Commission has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Commission shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Right of access

7.7 DCLG has the right of access to all the Commission's records (including personnel records) as limited by the Local Government Act 1974, existing information management legislation and governance in force.

8 Management and Financial Responsibilities

8.1 The Commission shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the ALB Sponsorship team at DCLG in the first instance. A list of guidance and instructions with which the Commission should comply is in Annex B.

8.2 Once the budget has been approved by the Secretary of State, and subject to any restrictions imposed by the responsible minister's instructions, the Commission shall have authority to incur expenditure approved in the budget without further reference to DCLG, on the following conditions:

- The Commission shall comply with the delegations issued annually by DCLG.
- The Commission shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals.
- The Commission shall comply with the Cabinet Office's Spending Controls document
- Inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed.
- The Commission shall provide the sponsor department with such information about its operations, performance on individual projects or other expenditure as DCLG may reasonably require.

Risk Management

8.3 The Commission shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*:

http://www.hm-treasury.gov.uk/orange_book.htm

8.4 It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guidance on tackling fraud:

http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf

8.5 It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

Corporate and Business Plans

8.6 The Commission shall submit annually to DCLG a draft of the corporate plan covering three years ahead. The Commission shall agree with the department, on the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the Commission's statutory and/or other duties and, decisions taken on policy and resources in the light of wider public expenditure decisions. The plan shall demonstrate how the Commission contributes to the achievement of the Commission's statutory purpose.

8.7 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by DCLG. Subject to any commercial considerations, the corporate and business plans should be published by the Commission on its website and separately be made available to staff.

8.8 The following key matters should be included in the plans or associated documents:

- Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives.
- Key non-financial performance targets.
- A review of performance in the preceding financial year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year.
- Alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast.
- Other matters as agreed between DCLG and the Commission.

8.9 The Commission shall submit the corporate plans and business plans to the Secretary of State for approval.

Budgeting Procedures

8.10 Each year, DCLG will send to the Commission:

- A formal statement of the annual budgetary provision allocated by the department and of any forecast income approved by the department.
- A statement of any planned change in policies affecting the Commission.

8.11 The approved annual business plan will take account both the approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any

departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

Grant-In-Aid and any Ring-Fenced Grants

8.12 Any grant-in-aid provided by DCLG for the year in question will be voted in DCLG's Supply Estimate and be subject to Parliamentary control.

8.13 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The Commission will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the Commission. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, DCLG will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

Reporting Performance to the Department

8.14 The Commission shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The Commission shall inform DCLG of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in delivering corporate and business plan goals, and the achievement of key objectives regularly. The Commission's performance shall be formally reviewed by the department such as:

- The Commission's Chair and the responsible minister will meet on a regular basis to discuss the work of the Commission including the performance.
- The Commission's Chair and the Director of Local Government Policy will meet on a regular basis to discuss strategic policy developments.
- The Commission's Chief Executive (Accounting Officer) and the Department's Director of Finance will meet quarterly (Accounting Officer's meetings) to review the Commission's financial reports, achievement of its key financial objectives, targets, risk management, performance and cover policy developments.

8.15 As a minimum, the Commission shall provide DCLG with information monthly that will enable the department satisfactorily to monitor:

- The Commission's cash management.
- Its draw-down of grant-in-aid.
- Forecast outturn by resource and capital headings.

- Performance data e.g. Dashboards (Quarterly performance data, as reported to each Commission meeting)
- Other data required for the Online System for Central Accounting and Reporting (OSCAR).

8.16 The ALB Partnership Team at DCLG will liaise regularly with the Commission's Senior Finance officials to review the workbooks, financial performance against plans, achievement against targets and expenditure against its DEL and AME allocations and the financial risks. The team will also take the opportunity to discuss policy issues and developments that might have an impact on the Commission.

Delegated Authorities

8.17 The Commission's delegated authorities are issued by DCLG annually. The Commission shall obtain DCLG's prior written approval before:

- Entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Commission's annual budget as approved by DCLG .
- Incurring expenditure for any purpose that is or might be considered novel.
- Making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DCLG.
- Making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required.
- Carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

9 Arrangements for Review

9.1 The Commission will be reviewed once in every Parliament in line with Cabinet Office guidance, but this will be subject to the establishment and governance arrangements of a proposed single public service ombudsman.

9.2 In the event that the Commission is wound up, DCLG shall put in place arrangements to ensure the orderly dissolution of the Commission.

Annex A The Commission for Local Administration in England's Statutory Duties and Powers

The Commission for Local Administration in England's statutory duties and powers are to:

- Make arrangements for the Local Commissioners to investigate matters, allocating staff to assist the Local Commissioners and providing offices and other accommodation (paragraph 4(2) of Schedule 4 Local Government Act 1974);
- Provide advice and guidance about good administrative practice as appears to be appropriate (s23(12A) Local Government Act 1974);
- Pay officers (paragraph 3 of Schedule 4 Local Government Act 1974);
- Prepare an annual report on the discharge of their function and submit it to authorities to which Part 3 of the Local Government Act 1974 applies and lay a copy of the annual report before Parliament (s23A Local Government Act 1974);
- Divide the matters which may be investigated into such categories as they consider appropriate and allocate responsibility for each category of matter to one or more of the Local Commissioners (s23(8A) Local Government Act 1974);
- Make arrangements for Local Commissioners to deal with matters for which they do not have responsibility pursuant to subsection (8A) above) and to publish information about procedures for making complaints (s23(10) Local Government Act 1974);
- Undertake a review of the operation of the provisions of Part 3 of the Local Government Act 1974 within every third financial year (s23(12) Local Government Act 1974);
- Appoint a secretary and other officers as they may consider to be required for the discharge of their functions (paragraph 4(1) of Schedule 4 Local Government Act 1974); and
- Determine their own procedure, including the quorum necessary for their meetings (paragraph 5 of Schedule 4 Local Government Act 1974).

Annex B List of government-wide corporate guidance instructions

CLA shall, in so far as it relates to their work, comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>;
- Code of Conduct for Board Members of Public Bodies
http://www.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct_tcm6-38901.pdf
- Code of Practice for Ministerial Appointments to Public Bodies
<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>
- Partnerships between Departments and Arm's-Length Bodies: Code of Good Practice
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf
- Managing Public Money (MPM);
- Public Sector Internal Audit Standards,
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;
- Management of Risk: Principles and Concepts:
<https://www.gov.uk/government/publications/orange-book>
- HM Treasury Guidance on Tackling Fraud,
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf ;
- Government Financial Reporting Manual (FReM),
<https://www.gov.uk/government/publications/government-financial-reporting-manual>;
- Fees and Charges Guide, Chapter 6 of Managing Public Money;
- Departmental Banking: A Manual for Government Departments, annex 5.6 of Managing Public Money;

- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money,
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm;
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples> ;
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf;
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by DCLG;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to CLA.