

Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 28th January 2019

Subject: Letter to the Secretary of State from Northamptonshire County Council Commissioners

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this report

- 1.1 The purpose of this report is to bring to Members attention the governance interventions currently taking place at Northamptonshire County Council.

2. Background information

- 2.1 Following the publication of the external auditor's (KPMG) "adverse" value for money opinion in relation to the 2015/16 and 2016/17 accounts of Northamptonshire County Council, and a Local Government Association peer review into the council's financial planning and management, the Secretary of State for Housing, Communities and Local Government made arrangements for an inspection of Northamptonshire County Council's compliance with its best value duty. The Secretary of State asked that the inspection should in particular consider the authority's corporate governance and financial management systems.
- 2.2 The resulting report concluded that Northamptonshire County Council had failed to comply with its duty under Part I of the 1999 Act from the financial year 2013/14.
- 2.3 Following dialogue with interested parties the Secretary of State made Directions in relation to the appointment of Commissioners, including providing for them to perform certain functions and to have a role in overseeing other functions or actions which the Authority is to perform.
- 2.4 The Commissioners are accountable to the Secretary of State in that they have been nominated by him and can have their nomination withdrawn by him.

- 2.5 The Commissioners must report to the Secretary of State on the progress of the intervention and the specifics of their remit, which include;
- all functions associated with the governance and scrutiny of strategic decision making by the Authority;
 - all functions associated with the strategic financial management of the Authority, including providing advice and challenge in the setting of annual budgets; scrutiny of all in-year amendments; and the power to amend budgets where necessary; and
 - non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as the head of paid service, the monitoring officer and the chief financial officer (section 151 officer), and the designation of those persons as statutory officers.
- 2.6 The purpose of the exercise of these functions is to enable the Commissioners to bring the Authority's finances under control and allow robust service delivery to local residents. However, the Secretary of State has also not ruled out the possibility that further functions might be brought under the control of the Commissioners. The Directions, therefore, also require the Authority to:
- refer to the Commissioners, together with any recommendation the Authority wishes to make, any matter where the Authority does not agree with any recommendation made to it by a statutory officer or does not comply with and implement any such recommendation within the period specified by the statutory officer in the recommendation;
 - comply with and implement any decision or recommendation of the Commissioners following such a reference; and
 - comply with and implement any decision or recommendation of the Commissioners following a reference to the Commissioners by any statutory officer of a matter where the Authority has not complied with or implemented a recommendation by the statutory officer within the period specified by the statutory officer in the recommendation and the Authority itself has not complied with the obligation set out above to refer the matter to the Commissioners.
- 2.7 The Secretary of State has requested the Commissioners to provide progress reports to him on a quarterly basis or at such other times as he might agree with the Commissioners.

3. Main issues

- 3.1 Attached, for Members consideration at Appendix 1 is the first report from the Commissioners to the Secretary of State.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 This is a factual report and no consultation or engagement has been undertaken in respect to it.

4.2 Equality and diversity / cohesion and integration

4.2.1 There are no equality and diversity or cohesion and integration issues arising from this report.

4.3 Council policies and best council plan

4.3.1 There are no specific implications for council policy in relation to this report.

4.4 Resources and value for money

4.4.1 There are no specific issues arising for the authority from this report relating to resources and value for money.

4.5 Legal implications, access to information, and call-in

4.5.1 There are no legal implications arising from this report and the matters are not executive functions and so are not subject to call in.

4.6 Risk management

4.6.1 There are no specific risk management issues arising for the authority from this report. Members will be aware of the two assurance reports received by the committee in relation to Financial Management and Treasury Management and the monthly monitoring reports provided to Executive Board in respect to the budget. These processes provide a framework within which financial management risks are reported to Members.

5. Conclusions

5.1 It is in the best interests of the Council to have sound control arrangements in place to ensure effective use of resources, these should be regularly reviewed and monitored. Receiving this report also enables committee Members to gain an understanding of contemporary governance issues within the local government sector.

6. Recommendations

6.1 Members are asked to note the content of this report.

7. Background documents¹

7.1 There are no background documents associated with this report.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.