

LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

EXPLANATORY NOTES

SUMMARY AND BACKGROUND

Summary

3. The Local Audit and Accountability Act 2014 abolishes the Audit Commission and establishes new arrangements for the audit and accountability of local public bodies (or ‘relevant authorities’ as set out in Schedule 2 to the Act) in England. This includes certain health service bodies that were previously audited by auditors appointed by the Audit Commission. In addition to these health service bodies, the Act makes some consequential changes to the audit arrangements for NHS Foundation Trusts.
4. The Act also amends the legislative framework for council tax referendums to provide that increases set by levying bodies are taken into account when local authorities determine whether they have set an excessive amount of council tax each year. It also provides for measures which can ensure local authority compliance with the Code of Recommended Practice on Local Authority Publicity.
5. Further, the Act introduces greater transparency and openness to meetings of local government bodies by allowing local residents to film, tweet and blog and access information relating to the decisions made in those meetings. Finally the Act also reforms legislation regarding parish polls, allowing the Secretary of State to make provisions about the number of electors needed to trigger a poll and to define the subject matter on which a poll may be held.

Background

6. On 13th August 2010, the Government announced its intention to abolish the Audit Commission and put in place new decentralised arrangements for the audit of local public bodies.
7. The Government’s proposals were first set out and consulted on in March 2011. The Government published its response to the consultation in January 2012 and published draft legislation for further consultation and pre-legislative scrutiny in July 2012. An ad-hoc Parliamentary Committee subjected the draft Act to pre-legislative scrutiny in the Autumn of 2012 and published their recommendations in January 2013. The Government published its response to those recommendations on 25th April 2013.
8. Local authorities are required, when producing publicity of any kind, to have regard to the *Code of Recommended Practice on Local Authority Publicity* (the *Publicity Code*). The Government revised the *Publicity Code* in March 2011 to introduce recommendations on the frequency, content and appearance of local authority newspapers.
9. The Localism Act 2011 ensured that excessive council tax increases are put to the local electorate for approval in a referendum. Under that Act, levies were excluded

from the billing and precepting authorities' calculations of whether their council tax increase was excessive and required a referendum to be held. A precepting authority is one that does not collect its own council tax, but instead has the power to instruct another local authority (the billing authority) to collect it on its behalf. The Local Audit and Accountability Act 2014 amends Chapter 4ZA of Part 1 of the Local Government Finance Act 1992 so that the key referendum principle takes account of levy increases in the future. This will ensure that council tax referendum principles have a direct correlation to the increases that council tax payers see on their bills.

10. The section regarding access to local government meetings and documents builds on previous reforms to boost transparency in local government meetings. Through the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 the Government introduced greater transparency and openness to the meetings of a council's executive. These Regulations gave the public more rights to attend meetings of a council's executive and access information relating to decisions made in those meetings. However, these regulations did not apply to full council meetings and other local government bodies. The provisions in the Local Audit and Accountability Act 2014 were therefore introduced to address this.
11. Parish polls are a very useful way of gauging local opinion on matters that are important to local people. However, during debate in the House of Lords, it was brought to the Government's attention that the legislation underpinning parish polls was in need of modernisation. Therefore the Act was amended to give powers to the Secretary of State to make provisions about the conduct of parish polls.