

23 June 2026

Alison McGovern MP
Minister of State for Local Government
and Homelessness
MHCLG

Email

Phone

Our reference

BB-LAO&PSAA

Dear Minister

Managing potential and actual conflicts of interest at PSAA relating to Bill Butler's proposed appointment as LAO Chair

I understand that your approval of Bill Butler's appointment as Local Audit Office (LAO) Chair is subject to Public Sector Audit Appointments (PSAA) Limited providing a full plan setting out how we will identify and mitigate any conflict of interest caused by him holding the chair role at both organisations. Specifically, this includes Bill's formal recusal from all PSAA board level and executive level matters that relate to the transfer of functions to the LAO.

I have set out below the plan that the PSAA Board has approved yesterday, which they consider will provide you with the assurance framework that you seek. Similarly, it will enable them to assure other stakeholders, and indeed themselves, that appropriate arrangements are in place. These arrangements have been shared previously with your officials.

Consideration of the risk of a conflict – Board meetings

Every Board paper will contain a standard paragraph on the requirement to consider if there is a conflict within the paper, and the need to be alert to any potential conflict arising during discussion.

PSAA Director Liz Murrall has agreed to take active responsibility for monitoring the risk of a conflict arising and to assess the acceptability for any mitigation. The standard paragraph will state that any Director, Thelma Stober as Company Secretary, or any other officer must raise any concerns either prior to (with Liz directly) or at any point during a Board meeting. Any concern must be appropriately resolved, and the mitigation must be minuted. Bill would not be present for the discussion to resolve the concern. Where a conflict is agreed (rather than a common interest), resolution may include Bill recusing himself from the discussion on the item itself.

In addition to PSAA Directors and officers having the right to raise concerns, the Board recognises the right of MHCLG officials to raise concerns about any potential conflict. For practical purposes this would be with me as Chief Executive.

Dealing with a clear conflict - Board meetings

If a clear conflict is identified, then Bill would recuse himself from the item, and would not be present for the discussion. It would be permissible for the Board to clarify a factual matter with Bill prior to him recusing himself. Examples of items that are clear conflicts include the destination of PSAA residual balances and TUPE arrangements. Our Corporate Governance Framework (CGF) currently states that *'In the absence of the Chair, a nominated deputy acts, as necessary, to ensure the continuity of Company business.'* The Board has agreed that its default position will be to nominate Adrian Lythgo as the Deputy Chair for any item that involves a conflict in relation to Bill's dual role. If Adrian is not available, then Liz would be the alternative default nomination.

Potential conflicts at Committee

The arrangements for consideration of potential conflicts at Board also apply to PSAA Committee business, albeit noting that Bill does not chair any Committee and so the deputy Chair arrangements do not apply.

Bill is a member of the Procurement and Appointments Committee and attends the People and Remuneration Committee and the Audit Committee on invitation only. The Chairs of these Committees have taken responsibility (alongside Bill and officers) for being alert to any potential conflict and for managing them appropriately. Any Committee member or officer may raise a concern, with the resolution being minuted.

Potential conflicts during day-to-day business

I host an informal monthly on-line call with the Board, and I have regular contact with Bill in-between them and our Board and Committee meetings. We have already implemented practical actions to cover these less formal discussions. For example, Bill recused himself from the June Board call for my update on MHCLG's plan to consult the sector on the destiny of any remaining PSAA reserves after all liabilities have been covered. Going forward Bill and I will be alert to any potential conflict and agree the way forward. We consider that as with Board and Committee discussion, clarification of purely factual matters is acceptable.

Risk appetite for potential conflicts

The Board recognises that there are very significant positives of Bill holding both Chair posts, and in order to help preserve this position it has adopted a "fail safe" approach whereby they and officers will assume there is a likely risk of conflict for any potential item identified unless agreed otherwise.

I hope that this plan provides you with sufficient confidence in PSAA's arrangements for addressing Bill's proposed dual role, but I would of course be happy to provide you with further detail or to discuss any aspect if that would be helpful.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tony Crawley'. The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large loop at the end.

Tony Crawley
Chief Executive
Public Sector Audit Appointments Limited