



National Audit Office

Brave new world?

APSE performance networks seminar

Aileen Murphie

Director, Local Government VFM

Accountability: Our role

- The National Audit Office (NAO) **scrutinises public spending** for Parliament
- We help to **hold government departments** and the bodies we audit **to account** for how they use public money
- Our work helps public service managers to **improve performance and service delivery**, nationally and locally

Local Audit & Accountability Bill: Role for the NAO

- **Code** – NAO will take responsibility for the preparation and maintenance of the Code of Audit Practice and supporting guidance to auditors
- **VFM** – NAO will expand gradually its VFM programme to consider local services more explicitly
 - will facilitate evaluation of VFM of public spending as a whole, from national to local level
 - do **not** expect to hold individual local bodies to account centrally
- **Extent of NAO role** – quite specific part of the regulatory component, NAO is **not** the new Audit Commission

Local Audit & Accountability Bill: Proposed Audit Framework



Continued focus on Central Government

Financial audit

We audited 458 accounts in 2011-12

Bodies we audit include government departments, charities, and even some companies

Value for money studies

We laid 63 major reports before Parliament in 2011-12

We highlight important lessons for the bodies we audit and for government more widely

Investigations work

This enables us to respond quickly to important issues that public bodies currently face

Our work focuses on improved decision making, robust financial management, and using information better

Support to Parliament

We help the Committee of Public Accounts (PAC), other select committees, and individual members in their scrutiny of public spending and service delivery

International work

We are on the UN Board of Auditors, and audit a range of other international organisations

We report on EU spending in the UK

We are a member of the INTOSAI* board

* International Organisation of Supreme Audit Institutions

NAO is working with the sector

- NAO has established a **Reference Panel**, to provide sector input to future study programme. The Panel meets twice a year (April and September).
- **Expert panels** as necessary to advise on individual VFM studies, e.g. *Financial Sustainability*.
- **Engagement** with LGA, SOLACE, ALATs and other specialist and regional bodies.
- NAO will **consult sector** on draft Code of Audit Practice.
- Numerous **visits to individual councils** either as part of studies or more generally to hear what they think (since summer 2011 – around 75)

Value for Money Studies to Date

- **Strategic focus** on growth, financial management and accountability, integration of services.
- **Published reports** include:
 - *The NAO's work on local delivery* – March 2012
 - *Central government's communication and engagement with local government* - June 2012.
 - *Financial sustainability in local authorities* - January 2013.
 - *The New Homes Bonus* – March 2013
 - *Measuring the costs and benefits of whole place community budgets* – March 2013

Value for Money Studies we are doing

- **Strategic focus** on growth, financial management and accountability, integration of services.
- **Current examinations** include:
 - *Funding and structures for local economic growth* – approaching completion;
 - *Care for adults, overview report* – fieldwork underway;
 - *Localisation of Council Tax support* – nearing publication;
 - *Using payment by results to help troubled families* – published shortly;
 - *Help to buy: shared equity* – fieldwork underway

How do we assess value for money?

- Good value for money is the optimal use of resources to achieve intended outcomes:
 - Balance of inputs, outputs & outcomes
 - ‘optimal’ is the most desirable possible, given restrictions or constraints.

Key Value for Money issues – a brainstorm

- Evidence
- Inputs/costs
- Outcomes
- Accountability
- Measurement
- Data & information
- Deadweight/attribution
- Cost of complexity
- Developing the market
- Role of the private sector
- Risk transfer
- Role of the Third Sector
- Scalability

Core management cycle

6 Feedback

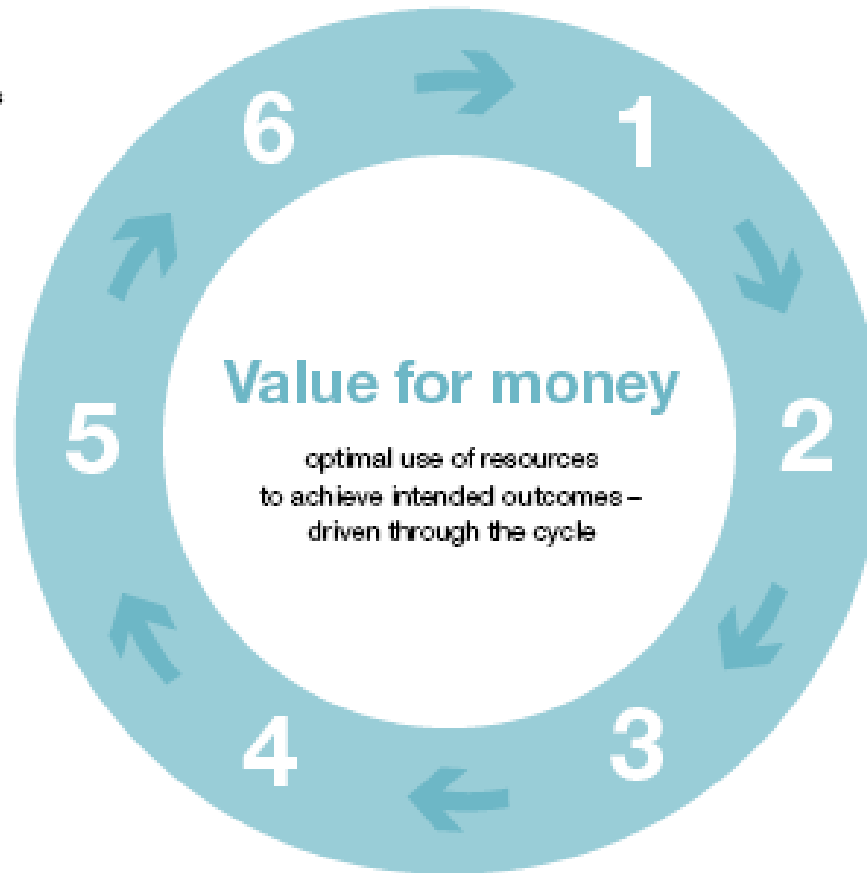
amends priorities and informs future strategy and planning

5 Evaluation

of implementation against strategic goals

4 Measurement

of quality, delivery, costs and user experience against benchmarks and targets



1 Strategy

based on evidence with clear policy goals

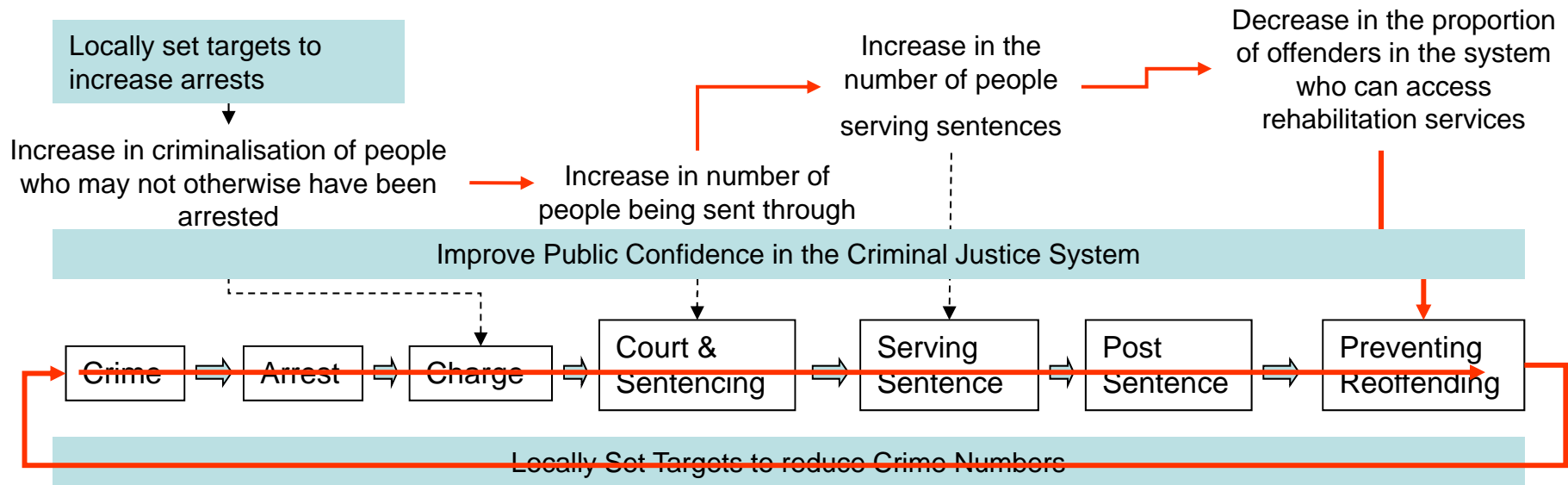
2 Planning

with agreed priorities, resources, management information and programme management in place

3 Implementation

with good financial management, risk management, governance and controls in place

End to end process: targets & vfm



10 per cent increase in Crown Court work over the last year

Delays to court proceedings due to capacity problems

Community justice operating over capacity

Bail hostels being used to house offenders, leading to reduced capacity

Increases work load

Increases time taken to process files

Prison Population over 80,000 for the first time ever

Reduced ability to provide help to prisoners

- Police
- Prisons
- CPS
- HMCS
- Probation Service

End to end process: vfm in of tackling re-offending

- Short sentenced population:
 - 60,000+ adults per year
 - 9% of all prisoners but 65% of admissions & releases
 - Most serve less than 6 weeks: cost of £286 million
 - 16 previous convictions
 - 60% chance of reconviction
 - £7 billion to £10 billion cost to society

Grateful for views & thoughts

We would welcome feedback:

Local.Government@nao.gsi.gov.uk