

Consultation response

2 February 2006



Transformational Government Strategy

eGovernment Unit, Cabinet Office

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local and national services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we monitor spending to ensure that public services are good value for money.

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Contents

The Audit Commission's response	4
Summary and recommendations	4
Detailed response	5
Comments on the strategy	5
The role of the Audit Commission	6

The Audit Commission's response

Summary and recommendations

Summary

- 1 The Audit Commission supports the intent and vision set out in the Transformational Government agenda and believes that it has the potential to help improve the delivery of public services across government.
- 2 We welcome the opportunity to participate in this agenda and believe that there are a number of touch points with the Commission's own strategic objectives to support the improvement of public services.
- 3 Two specific areas are identified within the strategy where the Commission, working alongside the National Audit Office, can contribute to Transformational Government. We would like to discuss this with the Cabinet Office in detail but need to be mindful of the limitations of our current work and powers in the wider Transformational agenda. We look forward to these discussions.

Recommendations

<i>Recommendations</i>
<i>R1 We suggest that customer group directors consider delivery chain analysis across central and local bodies for services provided to their customer groups.</i>
<i>R2 We believe that the delivery of the Transformational Government strategy should consider the dimensions of community and neighbourhood when addressing citizen-centric services.</i>
<i>R3 For shared services, we believe that it is essential for clear accountability arrangements to be established. This should minimise the risks inherent in more complex partnership arrangements, and should allow the quantifiable benefits of their introduction and development to be measured.</i>
<i>R4 Continued emphasis on the sharing of notable practice between central and local government bodies.</i>
<i>R5 Early discussions should be held between the eGovernment Unit, the Audit Commission and the National Audit Office to agree the scope and extent of our involvement.</i>
<i>R6 The eGovernment Unit should consider the Commission's national studies programme in order to identify and support studies of relevance to this strategy.</i>

R7 The eGovernment Unit should be mindful of the limitations on the direct assurance we are able to provide, based on standard financial audit and performance inspection work and the opportunities of voluntary improvement work.

Detailed response

Introduction

- 4 The Audit Commission believes that the Transformational Government Strategy is a topic of significant importance for the delivery of local public services. The Strategy is also relevant to the Commission's value for money and improvement agendas. We agree that technological change can be a force for improvement in the delivery of public services and that there is a need to improve coordination across the whole of government.
- 5 The Commission's response is founded on our knowledge of the overall application of technology and e-enablement of government services across locally delivered public services. Our response considers how we use information technology to deliver our work; to collaborate with other regulators and public sector organisations; and to communicate our findings to government, the providers of services and the public.
- 6 The Commission has responded to this consultation from two viewpoints: from observations on the vision set out in the strategy (especially from the perspective of locally delivered public services), and on the specific role that can be played by auditors and inspectors.

Comments on the strategy

- 7 The Commission broadly supports the vision set out in the strategy and the potential to transform public services through the use of enabling technology. The main themes of the strategy (citizen-centric design, shared services and improving IT professionalism) are all highly relevant to the Commission's work in observing locally delivered public services across the full range of sectors.

Citizen and business centred services

- 8 On citizen-centred services, we would strongly advocate the importance of user focus: looking at effectiveness from the viewpoint of the user rather than from the organisation that delivers the service. The Customer Group Directors appointed for each citizen group will be a strong influence. We would recommend that Customer Group Directors should address the full delivery chain across government, and that they assess service effectiveness for the citizen group concerned.
- 9 In addition to the citizen focus, we would also recommend that the strategy, when implemented, is mindful of community and neighbourhood. While many public

services are delivered on an individual basis, many are provided to a locality, and quality of life is viewed by how services are brought together to improve the whole community. The third dimension is that of the citizen as a taxpayer, where value for money will be a key concern.

Shared services

- 10 We would agree that shared services have the potential to increase the efficiency and effectiveness of public services. However, we are also aware of the difficulties around the governance of partnerships and the difficulties in the past of measuring benefits. We would reinforce the strategy document's view on the importance of good guidelines for governance, funding and accountability frameworks. We also draw your attention to our national report *Governing Partnerships: Bridging the Accountability Gap* (published in October 2005), which examines local public bodies seeking to work together. The report can be found on our website at www.audit-commission.gov.uk/reports.
- 11 In order to facilitate the sharing of services we believe that it will be necessary to ensure that legal restrictions are removed on public sector bodies (like the Commission) to enable them to provide and share services with others.

Professionalism

- 12 We would support the drive to improve IT professionalism across government, to help improve the performance of all bodies up to the standard of the best. There is a good opportunity for local and central government to learn from each other and to cooperate in order to drive forward this agenda - for example by extending further the learning and tools promoted by the Office of Government Commerce to the wider public sector.

The role of the Audit Commission

- 13 The Transformational Government strategy specifically mentions the role that the National Audit Office, the Audit Commission and others can play in reinforcing and supporting the transformational agenda. The Commission supports this intent. It fits well with the Commission's own *Strategic Plan 2006 - Driving improvement and value for money*, also under consultation, which identifies our four strategic themes:
 - to promote value for money, better financial management and improved financial reporting;
 - to drive improvement in public services that people value, by challenging providers and commissioners from the perspective of service users and diverse communities;
 - to promote good governance, greater accountability, better decision making and the proper conduct of public business; and
 - to drive improvement in the use of performance information, data quality, data analysis, information management and the public accessibility of relevant information.

- 14 The Transformational Government Strategy specifically identifies two areas where the Audit Commission could be involved in support of the shared service agenda: paragraph 40 (4) and, under portfolio management, paragraph 44.
- 15 We would welcome the opportunity to understand the intended nature, scope and extent of our role working alongside the National Audit Office. We suggest that we meet in the short term with the eGovernment Unit to agree this.
- 16 Our work falls into four main areas which could provide some insight on the Transformation Agenda. These are:
 - Financial Audit of local public bodies, which includes a high level assessment of value for money.
 - Inspection of the performance of delivery of public services, which includes an assessment of the Use of Resources and assessment against Best Value Performance Indicators (BVPI's), where they have been set.
 - We are undertaking a National Studies programme, which is designed to enable us to make recommendations to improve the economy, efficiency and effectiveness of certain local public bodies and to improve financial or other management of local public bodies. Our studies programme for 2006/07 is also under consultation, and we would encourage the eGovernment Unit to comment on the programme, in particular on those studies that could provide insight to the Transformational Government agenda. The studies consultation can be found from a link on the home page of our web site www.audit-commission.gov.uk. The consultation period closes on 3 February 2006.
 - Performance measurement through the use of performance indicators and benchmarking is a key area of focus.
- 17 The eGovernment Unit should be aware of the realistic limitations of our standard audit and inspection work. Our audit work is framed by international auditing standards and is geared towards reaching an opinion on the financial statements of the body concerned. Our inspection work is based on a risk based assessment regime, intended to balance the assessment of bodies against defined performance targets while seeking to reduce the burden of regulation. While both activities will provide some insight on the progress of the Transformational Government strategy, it is unlikely that they can provide direct assurance on particular aspects of the strategy.
- 18 Finally, we welcome the opportunity to contribute to this agenda and look forward to discussing the role of the Commission, together with the National Audit Office, and to agreeing a way forward in line with our legal powers, wider stakeholder expectations and resource levels.