Audit Commission – National Value for Money Studies

Date: 1983 to 2014 (the last National Value for Money Studies were published in 2012 before the Audit Commission’s powers for National Value for Money Studies transferred from the Audit Commission to the National Audit Office in April 2014)¹

Location: England

Mission: To safeguard the interests of taxpayers and promote better outcomes for everyone using public services²

Methods: Reports available online and in print, national and regional events, and improvement tools for use by local public bodies

Spend: In 2009-10, the Audit Commission spent around £5 million on 24 national studies, with an average cost of around £200,000 per study. For the period 2010-11, it scaled the programme back so that it spent around £1 million.³

Reach: 11,000 local bodies – including local government, policy and health bodies, and fire services – which spent more than £180 billion of public money each year⁴

Access: Free to access

Context

The Audit Commission was a national, independent watchdog that sought to drive improvement across the public sector. From its creation in 1983, it carried out national studies providing authoritative analysis of evidence and local practice.

The Audit Commission was established by the Local Government Finance Act 1982.⁵ It was founded by Michael Heseltine, then Minister of the Environment, at a time of ‘deep concern’ about the quality of public services, particularly in local authorities. Over 25 years, the Commission’s remit expanded to encompass a wide range of areas including health, police, probation and fire services.⁶

Between 1983 and 2015, the Commission’s responsibilities centred on three areas: audit, inspection and research. Its roles included:

- commissioning, carrying out and regulating public sector audits
- inspecting services
- publishing comparative data and rankings
- producing reports and toolkits designed to support improvement.
In August 2010, the Communities Secretary, Eric Pickles, announced the abolition of the Audit Commission. This aligned with the Coalition Government’s localism agenda and desire to cut red tape. The Local Audit and Accountability Act received Royal Assent in January 2014, requiring the Commission to close at the end of March 2015. The Commission’s function of producing National Value for Money Studies has since been transferred to the National Audit Office.

Ways of working

National Value for Money Studies aimed to improve local public services through independent, authoritative analysis of national evidence and local practice. By 2007, 12 to 15 studies were produced annually, covering local government, NHS finance, and housing and community safety, to name a few. As a national body covering multiple sectors, the Audit Commission had the funding, scale and access to public service providers that allowed it to also produce reports on cross-cutting issues such as partnership working. In total, the Commission published more than 250 reports over a period of 25 years.

The research identified practice that worked, highlighted emerging findings and examined national trends as a way of influencing local practice and national policy. The studies drew on the Commission’s audit and inspection work across public services, as well as wider analysis and research. A national consultation was run to decide which topics or themes to focus on each year. A core group of 15 to 20 local authorities then agreed to participate in each study.

Findings were widely communicated through:

- reports available online and in print
- national and regional events
- guides and improvement tools for local public bodies to use to support improvement, ‘relating the local performance back to the national picture’.

Audit Commission staff could make use of the studies and tools to help influence local changes during audit visits. Additionally, the Commission published case studies and good practice examples on its website, as well as a National Studies Update newsletter, which provided information about recently published national reports and studies in progress.
Impact

The Audit Commission had many critics and admirers over its lifetime. By 2011, a number of those giving evidence to the House of Commons Communities and Local Government Committee exploring the future of the organisation emphasised how particular national studies had ‘helped to transform some public services and to spread practice’.17

A 2007 study published by the Audit Commission summarised an independent review of the national studies programme.19 Based on survey responses from local public bodies and national organisations with a local focus, the review found that public service managers ‘primarily use[d] national studies to address delivery issues’ – for example to:

- improve service delivery (46%)
- strengthen their organisation’s knowledge base (37%)
- obtain tools, guides or checklists (36%)
- review performance (33%)
- prepare for changes affecting their organisation (33%).

However, it is difficult to assess how effective the national studies were in helping areas to pick up good practice without concrete evidence linking changes in local areas to specific studies. Findings from the independent review were based on self-reported data and did not make a link with other sources of information on performance improvement or outcomes.

The national studies programme also received criticism for being too concerned with top-down regulation, leaving little space for local, sector-led approaches to improvement. For example, the Local Government Association believed that the programme ‘ha[d] not always felt meaningful and as a result it ha[d] not always been clear that the programme reflect[ed] the needs of the sector’.20 Organisations including the Local Government Association and the New Local Government Network argued that a ‘more locally focused’ programme with greater input and ownership by the wider sector as well as citizens would increase the relevance of national studies and support the transformation of services.21

The Coalition Government decided to close the Commission as it believed it was ‘a wasteful, ineffective and undemocratic [institution]. What should have been a voice for taxpayers became a creature of the central state’.22 The decision reflected the Government’s goals of: reducing the administrative burden on local areas; granting greater powers to local authorities, including appointing their own auditors; and reducing the budget deficit.
Insights

Organisations spanning departmental boundaries can focus on cross-cutting issues that might otherwise receive little attention

As the Audit Commission was not based in a government department or a single sector, it was able to devote resources to exploring cross-cutting themes. For example, it carried out national studies on accountability in partnerships, collaborative procurement and joining up health and social care, to name a few. Working with a range of sectors meant that insights could be regularly shared across public services.

Centrally organised programmes can find it difficult to gain traction at a local level

However, there is a risk that centrally organised programmes will be perceived as a form of top-down regulation, with little relevance to the issues facing local places. This is particularly true in cases where there is limited input and ownership from the wider sector or citizens. In turn, this can make organisations less likely to engage or apply learning to their own public service reforms.

Further resources


Notes

1. Local Audit and Accountability Act 2014, section 35.
9. ibid.
18. ibid.
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All errors or omissions are the responsibility of the authors.
About the project

Last year, the Institute for Government began a major research project on public service delivery at a local level in England. This is a vast, complex terrain and there are many important areas that require urgent attention – whether it is how to drive efficiency savings, deliver digital transformation or make effective use of all providers in a local area, including voluntary and private sector organisations. We decided to focus on one aspect that is critical to achieving better public service outcomes for citizens: joining up and integrating public services around local, citizen needs.

Our briefing paper, Joining Up Public Services around Local, Citizen Needs, identified five perennial barriers that repeatedly hinder integration at a local level, as well as several insights on how to tackle them. Limited sharing of what works (and doesn’t work) emerged as a critical barrier that needs urgent attention. Although variation is crucial in ensuring that public services meet local needs, not learning from what has been tried before, or elsewhere, is costly, time intensive and risks duplicating the progress made in other parts of the country. At a time when capacity within local government is declining, and less money is available for service delivery, we cannot afford to keep reinventing the wheel.

A set of eight case studies, including this one, provides more detail about the methods and impact of different approaches designed to support learning between areas. Our accompanying paper, Local Public Service Reform: Supporting learning to integrate services and improve outcomes, provides much-needed clarity on what would help people leading integration programmes to share experiences and learn from one another to improve outcomes on the ground.

For more information and resources, visit www.instituteforgovernment.org.uk/local-service-delivery
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Copies of this case study are available at:
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