National Audit Office

REPORT BY THE
COMPTROLLER AND
AUDITOR GENERAL

HC 294
SESSION 2010–2011

20 JULY 2010

Department for Education

Independent review of reported CSR07 value for money savings

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National Audit Office

Department for Education

Independent review of reported CSR07 value for money savings

Ordered by the House of Commons
to be printed on 19 July 2010

Report by the Comptroller and Auditor General
HC 294 Session 2010–2011
20 July 2010

London: The Stationery Office
£14.75

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

Amyas Morse
Comptroller and
Auditor General

National Audit Office

13 July 2010

The Comprehensive Spending Review 2007 (CSR07) savings programme builds on previous initiatives intended to improve the efficiency and effectiveness of government operations.

Departments have committed to deliver £35 billion of savings during the three years of the Comprehensive Spending Review Period.

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Printed in the UK for the Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
2378667 07/10 65536

Contents

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This report can be found on the National Audit Office website at www.nao.org.uk/VFM-savings-DfE-2010

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Summary

Introduction

1 The Comprehensive Spending Review 2007 (CSR07) Value for Money Savings Programme, covering 2008-09 to 2010-11, builds on previous programmes designed to improve the efficiency and effectiveness of government operations.

2 During the 2004-05 to 2007-08 Spending Review period an efficiency programme across government achieved £21.5 billion of annual efficiency gains, reduced the civil service by 70,600 posts and reallocated 13,500 posts to the front line of public services[1]. Settlements made to departments under CSR07 required departments to commit to achieving further value for money savings equivalent to at least 3 per cent of their near-cash Departmental Expenditure Limits[2] by 2011. A total of £30 billion of savings are anticipated across government and local authorities. An additional £5 billion savings target was announced in the 2008 Pre-Budget Report, bringing the total anticipated savings to £35 billion.

3 Under the CSR07 programme, departments are required to identify projects and programmes that will generate cash-releasing savings. Savings must be calculated net of the resources invested in the projects or programmes that led to their generation. **Box 1** defines some key terms.

4 Departments must report their progress in achieving savings at six-monthly intervals, in autumn and annual performance reports. Departments are also required to publicise Value for Money Delivery Agreements, which set out the initiatives they plan to put in place to deliver cash-releasing savings.

5 Departments are required by the Treasury to have in place robust governance arrangements that provide assurance over the achievement of the programme and the validity of publicly reported savings. Departments must describe their governance arrangements in their Value for Money Delivery Agreements.

6 In our assessment of the value for money savings claimed by departments we have used the Treasury's guidance for establishing a credible counterfactual (what the department would have spent if the savings measures were not introduced). The calculation of the counterfactual should take into account any planned increase in expenditure as, for example, the Education budget is planned to increase in real terms over CSR07. The counterfactual is the projected increase in expenditure resulting from inflation and new spending decisions in the absence of any actions to contain the costs.

1 HM Treasury, *2004 Spending Review: final report on the efficiency programme:* November 2008.
2 Near-cash departmental spending limits are total departmental resource budgets less non-cash charges.

Box 1
Definitions of key terms

Value for money savings represent lasting improvements to the way public money is spent. They are:

Sustainable. Savings are the result of a considered change in the way a department does its business and must exist at least for the current year and continue at the same or a higher level for two subsequent financial years. This is because one-off savings, or savings which delay expenditure, do not help departments live within spending allocations in future years.

Neutral to service quality. Departments need to demonstrate that reforms have not impacted adversely on the quality of public services at the level of their strategic objectives and Public Service Agreements.

Cashable. Cashable gains involve reducing inputs without affecting service quality. Non-cashable gains, in which outputs are increased for a given level of input, cannot be reported. Departments are permitted to reinvest cash savings in other services, so in most cases cash that is released cannot be observed directly in reduced budgets.

Realised. Savings have materialised at the point at which they are reported.

Net of costs. The upfront and investment costs and additional ongoing or running costs associated with the generation of savings must be subtracted from the value of the benefit.

Source: National Audit Office

The reportable value for money saving is then the difference between in-year spend and the counterfactual for that year (**Figure 1** overleaf). We have used a baseline year of 2007-08 over the spending review period.

Department for Education's savings target

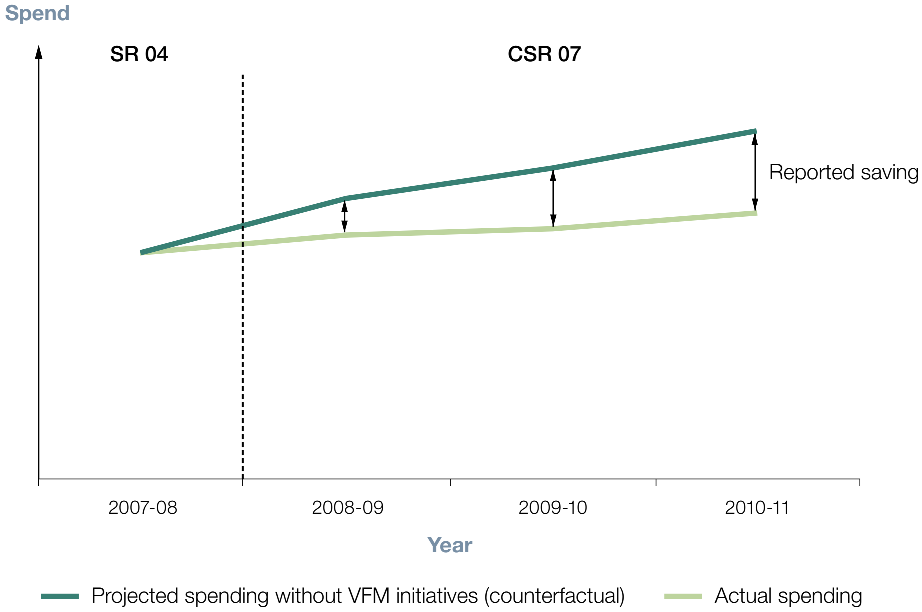
7 During the three-year Comprehensive Spending Review 2007 (CSR07) period, the Department for Education[3] (the Department) is required to achieve value for money savings of £5.14 billion. The Value for Money Delivery Agreement,[4] which was submitted to the Treasury as part of the Department's overall CSR07 submission, explained the cross-cutting approach that it proposed to deliver its value for money ambitions. The Department aimed to achieve these savings through:

- school sector initiatives, including better financial and resource management in schools, improved procurement, commissioning and collaboration;
- further education sector initiatives, through streamlining administrative actions and, for example, using a common funding methodology;
- the reform programme set out in *Every Child Matters*, which looks towards a more efficient use of resources across the whole of children's services; and
- continuing to reduce the central administration budget by 5 per cent year-on-year.

3 The Department for Education was formed on 12 May 2010. Its predecessor, the Department for Children, Schools and Families, reported on the savings that are subject to this review in its Autumn Performance Report 2009.
4 Department for Children, Schools and Families, *Comprehensive Spending Review 2007: Value for Money Delivery Agreement*, December 2007.

Figure 1

Illustration of a counterfactual and its use in calculating a VFM saving



Source: National Audit Office

8 In its 2009 Autumn Performance Report,[5] the Department reported that it had achieved value for money savings of £1.017 billion by 31 March 2009. The reported savings included £400 million of Spending Review 2004 (SR04) over-delivery which was carried forward and agreed with the Treasury. The Department has a substantial reporting lag as the data underpinning many of the savings are only available up to 10 months after the end of the financial year to which they relate.

9 The Department has a highly devolved delivery chain; most services are delivered at arm's length, mainly through local authorities. All but 3 per cent of the Department's expenditure is distributed to delivery partners and around 70 per cent of expenditure is spent by schools after grant allocations. The highly devolved delivery of services by many thousands of organisations, mainly at local level, presents considerable challenges for the Department in managing its financial resources. Included among these challenges is the achievement and measurement of value for money savings by organisations such as schools that manage their operations independently from the Department. The levers available to the Department are limited, and it seeks to influence these organisations though a combination of grants, regulation, agreements on priorities, performance targets and collection of data and information.

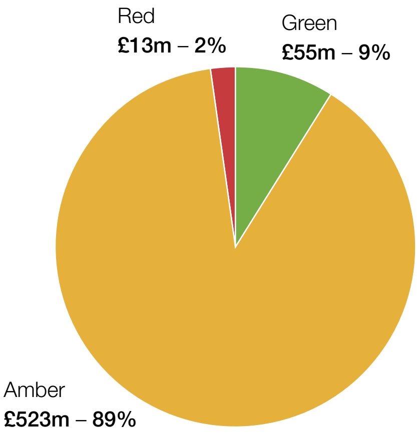
5 Department for Children, Schools and Families, *Autumn Performance Report 2009*, December 2009.

10 The Department's highly devolved delivery means that it also has limited levers to obtain evidence to demonstrate that value for money savings have been achieved. The Treasury's criterion that savings should be cash-releasing is especially difficult for the Department to prove. In theory it could require schools and other delivery bodies to provide detailed information of savings they have achieved, but it has to weigh the need for evidence against the Government's policy of minimising bureaucracy for front-line organisations. In our view, demonstrating that savings comply with the Value for Money Savings Programme presents a particular challenge to departments such as Education which spend much of their budgets through arm's-length bodies.

Our opinion on reported savings

11 We examined the Department's major savings in the schools sector which totalled £517 million and a sample of £67 million of other savings. In total these comprised 95 per cent of the reported savings excluding the Spending Review 2004 over-delivery (paragraph 8), which was outside the scope of our review. We evaluated each of the individual savings examined against the nine audit criteria, which reflect the Treasury's guidance for departments on how to calculate value for money savings and have been agreed with the Treasury (Appendix 2). We rated 9 per cent of the savings as green, 89 per cent as amber, and 2 per cent as red (**Figure 2** and **Figure 3** overleaf). Further details of the savings examined are in Part Two.

Figure 2
Our conclusions on CSR07 savings



NOTE
1 Green – Figures fairly represent savings which in all material respects meet the criteria set out in Appendix 2 to this report. Nothing has come to our attention that causes us to believe that the savings are not sustainable or will impact adversely on strategic objectives.
Amber – There may be realised cash savings which meet the criteria set out in Appendix 2, but there are areas where we either could not obtain sufficient evidence or were not satisfied that certain criteria had been fully met.
Red – Reported figures may significantly overstate savings made. Savings do not meet one or more criteria or the Department was unable to provide evidence across a range of criteria to support the saving.

Source: National Audit Office

Figure 3
Analysis of National Audit Office ratings of savings examined

	Savings rated (£m)			Reason for the rating
	Green	Amber	Red	
Minimum Funding Guarantee The Department has set the Minimum Funding Guarantee to schools at 1 per cent below cost inflation for the schools sector.	–	305	2	The Department demonstrated that a 1 per cent reduction was made. However, it did not put itself in a position to assure itself that schools used the funding that was thereby released on ministerial priorities including personalised learning, which is difficult to measure, rather than substituting for the reduction. The £2 million rated red relates to an error in calculation.
Better Use of Resources in Schools The Department has a range of initiatives in place to help drive efficiencies in schools.	–	210	–	The Department provided evidence of efficiency increases in secondary schools, but the evidence that these represent cash-releasing savings realised at school level through introduction of the initiatives is not sufficient to support a green rating.
Improved Schools Management Information The Department has applied a common funding methodology for 16-18 further education and school sixth forms which will take account of success and retention rates.	26	–	11	The Department has revised the calculation of the saving which was based on estimated data. It has been recalculated using actual data now available, which has led to a reduction compared to the reported saving.
Young Apprenticeships Commissioning of apprenticeships from established models and economies of scale as pupil numbers increase.	15	8	–	The amber rated amount reflects savings likely to fall in other years following our reprofiling of the data used to calculate the counterfactual to reflect the profile of expenditure that was actually incurred.
Sure Start Local Programmes taper Acceleration of the taper on funding of Sure Start Local Programmes.	14	–	–	We recalculated the saving and found that, after allowing for inflation, the reduction was £13.6 million, which is greater than the £7 million originally claimed by the Department.
Totals	**55**	**523**	**13**	**Total examined £591 million**

Source: National Audit Office analysis

12 Our summary report[6] examines the Treasury's role in managing the programme, including the provision of guidance and support to departments, and comments on the lack of clarity over programme design. Because the Department's delivery agreement was published before the savings guidelines were set, the Department considers it was disadvantaged because the savings had not been developed with the guidelines in mind, and some of the savings the Department had already committed to were difficult to evidence in accordance with the guidelines.

13 We agree that providing such evidence is inherently challenging where savings sit within broad programmes with different elements that are hard to distinguish. However, we consider that for its largest reported saving, the Minimum Funding Guarantee, the Department did not put itself in a position to provide assurance that the savings had been redeployed as reported. As a result, we had insufficient evidence to enable us to take a view on whether savings had released cash or been realised, and have accorded an amber rating on these grounds.

14 The reasons for our amber and red assessments are set out below.

15 The Department applied a 1 per cent reduction in the Minimum Funding Guarantee to schools. We assessed some £305 million of savings as amber as we had insufficient evidence to enable us to take a view. The funds released by this saving were allocated back to schools to increase the provision of ministerial priorities including personalised learning. The Department has not provided evidence that schools and local authorities have not substituted the 1 per cent reduction with other resources. While gaining such assurance is inherently difficult, we consider that the Department should have sought evidence that schools had indeed reallocated resources to respond to ministerial priorities through increases or improvements in personalised learning. The Department is working to create a revised counterfactual across all schools funding, and is confident that it will demonstrate that without the reduction in the Minimum Funding Guarantee, additional funding would have been required for ministerial priorities.

16 We assessed some £210 million of Better Use of Resources savings as amber. On this saving the Department used a model, Data Envelopment Analysis, to assess whether efficiency has improved, which we consider to be a sensible approach that provided evidence of efficiencies which avoided placing undue bureaucracy on schools. The model indicates that efficiencies were achieved in secondary schools, but cannot directly demonstrate that these efficiencies are cash-releasing. While the Department has provided a number of case examples that illustrate cash-releasing savings as a result of the initiatives introduced, with no direct link between individual savings and savings reported there is no direct evidence of cash-releasing savings at school level.

17 The other savings had elements rated red where a recalculation led to a reduction in the savings that had been reported (Improved Schools Management Information and Minimum Funding Guarantee) and amber where there was some uncertainty surrounding the counterfactual (Young Apprenticeships).

6 National Audit Office report, *Progress with VFM savings and lessons for cost reduction programmes*, (HC 291, 2010-11).

18 **Since the start of the CSR07 period, the Department has made progress towards establishing an effective governance framework.** In particular, it created a Finance Strategy Board in August 2009 as a sub-board of the main departmental board. The creation of the Finance Strategy Board has helped in better engaging policy directorates with the savings programme. The Board and a central team provide advice and challenge to directorates on their savings. We concluded that the Department's governance arrangements for the programme now have a number of positive features. However, our ratings indicate that there is scope for greater challenge of individual savings to ensure they comply with the criteria and for increasing the engagement of policy teams responsible for delivering the savings. Further details are provided in Part One.

Recommendations

a **Our examination indicated that the Department's central team had sometimes encountered difficulty engaging policy directorates in exploring ways of providing evidence that savings had occurred.** The Department should reinforce with the directorates their primary responsibility for evidencing the savings, and the central team should provide advice on whether the directorates have the capability to fulfil this role. Challenge of the savings and the evidence provided should make more explicit reference to the criteria.

b **The Department faces difficulties in demonstrating efficiencies to the extent required by the savings criteria given its highly devolved and complex delivery chain.** Techniques like the Data Envelopment Analysis model can provide a way of assessing impact without placing additional burdens on education providers. For Better Use of Resources, a refinement of the use of the model might help demonstrate a link between specific initiatives and efficiency improvements indicated by the model. It may be possible, for example, to add schools' use of a particular initiative as an input to the model, and re-run the model to test for a link.

c **The reduction in the Minimum Funding Guarantee released funding to increase personalised learning but the Department has no assurance that this funding has been spent by schools as reported.** For future savings involving redeployment of resources within its delivery bodies, the Department should put itself in a position to provide assurance that resources have actually been redeployed, by demonstrating that the new or additional activity is happening. Moreover, where ministers set priorities, whether related to savings programmes or not, the Department should develop a mechanism to check whether the priorities are being applied and with what effect.

Part One

Value for money savings under CSR07

Department for Education objectives and expenditure

1.1 The Department is responsible for education and services for young people up to the age of 19 in England. It has six strategic objectives over the CSR07 period up to 2010-11. These are set out in the Children's Plan,[7] published in December 2007, which includes aims to improve services for young people up to 2020, and comprise:

- Securing the wellbeing and health of children and young people.
- Safeguarding the young and vulnerable.
- Achieving world class standards in education.
- Closing the gap in educational achievement for children from disadvantaged backgrounds.
- Ensuring young people are participating and achieving their potential to 18 and beyond.
- Keeping young people on the path to success.

1.2 The Department develops policies in response to priorities set by Government. Implementation of these policies and delivery of services is through a wide range of local and intermediary organisations including 10 non-departmental public bodies, 150 local authorities, more than 20,000 schools, over 3,000 children's centres and over 1.25 million registered childcare places. All but 3 per cent of the Department's expenditure is distributed to delivery partners and around 70 per cent is spent by schools.

1.3 The highly devolved delivery of services by many thousands of organisations, mainly at local level, presents considerable challenges for the Department in managing its financial resources. Included among these challenges is the achievement and measurement of value for money savings by organisations such as schools that manage their operations independently from the Department. The levers available to the Department are limited, and it seeks to influence these organisations though a combination of grants, regulation, agreements on priorities, performance targets and collection of data and information. The Department also has limited levers to obtain evidence to demonstrate that value for money savings have been achieved.

7 Department for Children, Schools and Families, *Children's Plan: Building brighter futures*, Cm 7280, December 2007.

Department for Education savings target

1.4 In 2007-08, the baseline year for calculating CSR07 savings, the Department's net total expenditure was £48.8 billion. This level of expenditure was only exceeded by the Department for Work and Pensions and the Department of Health.

1.5 As part of the CSR07 settlement, the Department agreed to deliver at least 3 per cent net cash-releasing value for money gains per annum, equivalent to £4.5 billion of net cash-releasing savings by 2010-11. Budget 2009 increased the target by £650 million to £5.14 billion (after rounding) and proposals to achieve the savings were agreed jointly by the then Secretary of State and the Treasury.

1.6 It is not possible to reconcile these savings to the Department's accounts, because the CSR07 settlement increased its total expenditure by an annual rate of 3.4 per cent in real terms between 2007-08 and 2010-11.[8] The agreement was that £2.8 billion of the savings should be recyclable across delivery organisations to offset cost pressures and to fund the conditions set out in the settlement letter.

Governance arrangements

1.7 We assessed the Department's governance arrangements over the savings programme using our standard framework set out in Appendix 3. Until autumn 2009, oversight of the programme was undertaken directly by the Department's main board. Returns from each of the Department's three policy directorates were commissioned quarterly. We have not carried out a detailed review of these earlier governance arrangements.

1.8 Guidance on the new governance arrangements was circulated to directorates in October 2009, outlining new procedures to facilitate oversight by the Finance Strategy Board, created in August 2009 as a sub-board of the main departmental board. The Finance Strategy Board meets monthly, is chaired by a non-executive director, and attended regularly by senior staff from each of the three policy directorates.

1.9 A central VFM programme team sends out a monthly commission to directorates, requiring them to update their savings schedule and risk register. The team advises and challenges directorates on their savings, and following the commission, outlines the action needed to be taken by each directorate to ensure that savings are robust. It presents a report on progress against the CSR07 savings target to the Finance Strategy Board. The Board thus provides oversight of the programme, referring any key issues it identifies to the Department's Delivery Assurance Board, which is chaired by the Permanent Secretary. Each saving has a named Senior Responsible Owner.

8 National Audit Office report, *Financial Management in the Department for Children, Schools and Families*, (HC 267, 2008-09), p 15.

1.10 We concluded that since the creation of the Finance Strategy Board, the Department has made progress towards establishing an effective governance framework that provides, for example, a means of holding senior officials to account. Based upon our review of individual savings, we identified scope for improvement, particularly in securing appropriate responses to challenge, and in providing adequate evidence that savings have been realised. Areas for improvement are outlined below.

Need for more systematic engagement by policy directorates

1.11 The Department operates a devolved structure in which it is for the policy directorates to collect and provide evidence for each saving. A Senior Responsible Owner in the directorate is responsible for documentation prepared for the central team, so that the team can approve the saving for external reporting.

1.12 It was apparent from the difficulty we encountered in sourcing complete evidence for most of the savings we examined, that this process was not resulting in consistently robust evidence of savings as intended. The Department's audit files are structured to align with the savings criteria. Some files contained clear sets of evidence that we could audit, but in other files the level of evidence provided was not sufficient. In such cases directorates had not taken a systematic approach to collating evidence against each of the specific criteria. A systematic approach is especially important because some reported savings, and some savings still to be reported, are inherently at risk of overlap and therefore of double-counting. While it is for the central team to show persistence with their directorate colleagues, and challenge directorates on each of the savings criteria, we concluded that the policy teams needed to be more engaged with the programme, otherwise they place a burden on the staff of the central team to understand a whole range of policy areas that they are not expert in. It would be helpful if the central team could also structure the action plans sent to directorates against the savings criteria.

Documentation of baselines for the savings

1.13 We have not reviewed the earlier governance arrangements in detail. However, it was evident from our review that there were gaps in some documentation of the baselines for the savings. The Department suggested that the gaps were attributable to not having guidance at the outset, so it was not clear at the time what type of documentation should have been retained. Original documentation for one of the savings we examined had not been retained, which made it difficult to reconcile evidence for achieved savings with the original projection (Improved Schools Management Information, paragraphs 2.24 to 2.29). The Department's Internal Audit also observed a loss of original documentation when it reviewed a sample of savings reported in the Department's Autumn Performance Report, which apparently occurred when the team responsible for carrying out the CSR07 baseline review at the start of the programme was disbanded. The Department has subsequently had to undertake work to establish reliable baselines for the affected savings.

The vital role of Internal Audit

1.14 As explained in paragraphs 1.2 and 1.3, the Department faces a relatively high level of difficulty in evidencing savings, most of which occur in bodies that the Department does not manage. Our Financial Management Report[9] commented that, 'Financial management by the Department is complicated by the need to rely on a range of organisations removed from it through complex chains of accountability'.

1.15 In this context we consider that the role of Internal Audit, with its cross-department view and understanding of relationships with delivery bodies, is particularly important. In advance of our audit, Internal Audit performed a high-level review of the savings reported in the 2009 Autumn Performance Report, with the exception of the two largest reported savings, which both applied to schools: the Minimum Funding Guarantee and Better Use of Resources.

1.16 These two savings were not examined by Internal Audit since the Department considered that they had already been subject to considerable scrutiny, and therefore Internal Audit could add little value in the timeframe before the NAO's audit. The Better Use of Resources saving is subject to scrutiny by the Treasury as a priority project. However, we noted that the priority project reports submitted to the Treasury focus on progress on achievability of savings, and do not provide clear evidence of whether savings meet the criteria. In our view both of these savings would have benefited from additional challenge as to whether all the criteria had been complied with, and while there is a range of options for providing such challenge, in our view Internal Audit is well placed to provide it.

Savings reported to date

1.17 In its 2009 Autumn Performance Report, the Department reported that it had achieved savings of £1.017 billion by 31 March 2009 (**Figure 4**). The Department still expected to meet its overall target of £5.14 billion by the end of 2010-11.

1.18 We tested the two largest savings and three of the smaller savings: Improved Schools Management Information; Young Apprenticeships; and Sure Start Local Programmes Taper. In total these comprised 95 per cent of the reported savings excluding the Spending Review 2004 over-delivery. The reported savings, other than the 2004 over-delivery and the two largest savings, were subject to examinations by Internal Audit, which we reviewed and took into account in drawing our conclusions.

9 National Audit Office report, *Financial Management in the Department for Children, Schools and Families*, (HC 267, 2008-09), p.25.

Figure 4
The value for money savings reported for the period 1 April 2008 to 31 March 2009

Area of saving	Reported savings (£m)	Percentage of total reported savings
Minimum Funding Guarantee	307	30.2
The Department has set the Minimum Funding Guarantee to schools at 1 per cent below cost pressure		
Better Use of Resources in Schools	210	20.6
The Department has a range of initiatives to support achievement of efficiencies in schools		
Improved Schools Management Information	36.7	3.6
The Department has applied a common funding methodology for 16-18 further education and school sixth forms which will take account of success and retention rates		
Young Apprenticeships	22.7	2.2
The Department will commission apprenticeships from established models and achieve economies of scale as pupil numbers increase		
Youth Opportunity Card	17	1.7
Re-allocation of resources from the Youth Opportunity Card initiative		
Local Network Fund	11	1.1
Re-allocation of resources from the Local Network Fund		
Sure Start Local Programmes taper	7	0.7
Taper the funding of Sure Start Local Programmes over time to bring them into line with all other Sure Start Children's Centres		
Community Champions	3	0.3
Re-allocation of resources from Community Champions initiative		
Extended School Start Up	2.9	0.3
A 3 per cent reduction on the funding for start up activities in 2008-09		
Sub-total	617	60.7
Improving Schools Financial Management	400	39.3
Spending Review 2004 over-delivery		
Total	**1,017**	**100**

Source: Department for Children, Schools and Families, Autumn Performance Report 2009, December 2009

Part Two

Detailed conclusions

Minimum Funding Guarantee

2.1 The Minimum Funding Guarantee was applied in funding schools from the 2004-05 financial year. It involved a guarantee to schools that they would receive a minimum percentage increase per pupil each year from the Dedicated Schools Grant, which is the largest block of funding for maintained schools. The calculation of the minimum percentage increase is based on the average cost pressures that schools will face, including: teachers' pay, support staff pay and non-pay costs.

How the Department estimated the reported savings

2.2 For the CSR07 period, the Department set the Minimum Funding Guarantee at 1 per cent below expected cost inflation in the sector. The estimation of the average cost inflation in schools over the period was 3.1 per cent and so, for example, a school due to receive an increase at the minimum level would be deemed to receive an increase of 2.1 per cent. A school that had been due to receive more than the minimum would be deemed to receive one percentage point less than the higher level. In practice, local authorities, through Schools Forums, are responsible for determining the actual allocations to schools in their area, so some schools' budgets may not precisely reflect these increases, though departmental guidance requires Schools Forums to take funding policy into account.

2.3 The Department requires that the cash released from the 1 per cent reduction is distributed to schools by local authorities to fund specific ministerial priorities as part of the CSR07 settlement. The Department's Delivery Agreement states that the main priority that resources have been freed for is personalised learning. Schools are expected to continue to deliver at least the same level of educational provision, and in addition, to deliver the personalised learning increase. The allocation for personalised learning forms part of the Dedicated Schools Grant and is not ring-fenced for personalised learning.

2.4 The savings relating to the Minimum Funding Guarantee are reported after taking into account the impact of changes in pupil numbers on grant totals. Although savings of £307 million were reported in the Department's 2009 Autumn Performance Report, an error later identified by the Department in 2008-09 pupil numbers reduced the sum to £305 million. This error will be corrected in future reporting.

Assessment of savings against the criteria

2.5 Baseline costs consist of expenditure in 2007-08 on the Dedicated Schools Grant, School Development Grant baseline allocation plus Post-Leadership Incentive Grant allocation, and the School Standards Grant. We verified the accuracy of 2007-08 baseline expenditure and the reasonableness of the 3.1 per cent cost inflation for the schools used as the counterfactual, and are satisfied that the £305 million saving has been correctly calculated.

2.6 Given the error in pupil numbers identified by the Department, we have rated **£2 million** of the reported Minimum Funding Guarantee savings as **red** as they were not properly calculated and not realised.

2.7 The Department has evidence that the saving is quality neutral, having no adverse effect on performance against the two Public Service Agreements (PSAs) on educational achievement.[10] These targets were both rated by the Department as 'strong progress' in its 2009 Autumn Performance Report. Our separate review of the data systems for each of the indicators supporting these PSAs rated three as fit for the purpose of measuring and reporting performance against the indicator and eight as broadly appropriate, but needing strengthening to ensure that remaining risks are adequately controlled.[11]

2.8 As noted, the Department's Delivery Agreement states that the released resources will be directed towards personalised learning. Personalised learning enables schools to tailor teaching and learning to the needs of individual children. It ensures that all pupils are given the opportunity to fulfil their potential, by focusing on their individual strengths, weaknesses and interests; for example, through personal timetables and one-to-one tuition for pupils who need it, or enhanced support for gifted and talented pupils. While there are specific programmes which support the focus on personalised learning (for example, the Every Child Counts programme to support pupils who find mathematics relatively difficult), the overall impact of personalised learning is difficult to measure as it is integrated within existing school activities and teaching methods. While the intention of personalised learning is to ensure young people are engaged at school, with resultant improvements in attendance and attainment, the element of improvement attributable to the policy cannot be disaggregated from other school initiatives.

2.9 Funding for ministerial priorities such as personalised learning is not ring-fenced within the Dedicated Schools Grant, and it is not possible to show that funds released but put back into the Grant were not used by some schools to support existing activity rather than to increase the amount and quality of personalised learning. The Department has made no assessment of how far personalised learning has increased or its impact. It considers that the Ofsted inspection framework is the principal lever by which schools are incentivised to deliver tailored learning approaches, and inspection reports could potentially provide a source of evidence as to whether schools are increasing levels and quality of personalised learning.

10 PSA 10: Raise the educational achievement of all children and young people; and PSA 11: Narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers respectively.

11 National Audit Office, *Review of the data systems for Public Service Agreement 10 led by the Department for Education*, June 2010; and National Audit Office, *Review of the data systems for Public Service Agreement 11 led by the Department for Education*, June 2010.

2.10 The Department believes that without the reduction in the Minimum Funding Guarantee, additional funding would have been required to fund ministerial priorities. It is confident that such evidence exists, and is working to create a revised counterfactual across all schools funding, to reflect the resources that it would have bid for had ministerial priorities been introduced in addition to the historically higher levels of the Minimum Funding Guarantee.

2.11 Departments like Education which have a highly devolved delivery model face challenges in evidencing that savings comply with the savings criteria. On the one hand we have seen evidence that the overall Minimum Funding Guarantee was reduced by 1 per cent, but on the other the Department has provided no evidence that the 1 per cent reduction was applied to ministerial priorities. As a result, we had insufficient evidence to enable us to take a view on whether cash has been released and the saving realised, and have accorded the remaining **£305 million** of this saving an **amber** rating on these grounds.

Better Use of Resources in Schools

2.12 The Department has committed to generate £1.02 billion of efficiency savings through the Better Use of Resources in Schools across the CSR07 period. To date, £210 million of savings have been reported in relation to secondary schools but the Department has not yet reported any savings for primary schools. The Department cites three tools as underpinning the delivery of efficiency savings by schools (**Figure 5**).

2.13 The tools developed by the Department have been designed to build a culture of efficiency and self-reliance in schools when it comes to delivering efficiency. The management teams of individual schools can use the tools to review performance on an ongoing basis.

How the Department estimated the reported savings

2.14 The Department's reported saving is not based on actual savings made through use of the initiatives shown in Figure 5, but is instead assessed using a Data Envelopment Analysis model, which generates a year-on-year measure of efficiency for each individual school. Separate models are run for schools with and schools without sixth forms. The model was developed following research commissioned by the Department[12] to identify an approach for measuring efficiency in schools. The model measures the efficiency of a school relative to the most efficient school in the sector with similar resource and contextual constraints. **Figure 6** on page 20 details the inputs and outputs used in the model.

12 Department for Education and Skills, *Analysis of Secondary School Efficiency: Final Report*, Reference RR788, July 2006.

Figure 5
Departmental initiatives to improve school efficiency

Initiative	Description	Usage
Schools Financial Benchmarking website	This website tool was introduced in 2003 and allows schools to compare expenditure patterns with similar schools to identify where savings may be possible. By 2010, all schools must demonstrate sound financial benchmarking as part of meeting the Financial Management Standard in Schools.	In 2008-09, 11,443 schools accessed the website and 9,683 accessed the website in 2007-08.
Financial Management Standard in Schools	The Standard was introduced as part of the new arrangements for school funding in 2006-07 and is a statement of principles that are expected of a school that is well managed financially. All secondary schools were expected to have met the Standard by 31 March 2007. Compliance is measured firstly by a school self-assessment using a comprehensive toolkit developed by the Department, and secondly by an external assessment.	2,870 (91 per cent) secondary schools had self-reported as achieving the Standard by 31 March 2009. 2,618 of these were confirmed by external assessment.
Value for money Consultancy for Schools	The Department has contracted consultants to work with individual schools to provide advice in delivering value for money. The programme of visits, available to every maintained school in England, is funded by the Department and is tailored to the needs of individual schools in the form of a one-day consultancy visit or a workshop with a group of schools.	159 secondary schools had consultancy visits in 2008-09.

Source: Departmental data

2.15 The Department estimated a baseline of 10.9 per cent inefficiency of secondary school expenditure in 2007-08. The counterfactual assumes that this level of inefficiency would remain broadly constant throughout the CSR07 period but makes a small adjustment for the impact of changing pupil numbers. The Department set a target to increase secondary school efficiency by 2.6 per cent and primary school efficiency by 1.3 per cent over the CSR07 period.

Figure 6

Inputs and outputs used in the Data Envelopment Analysis model to assess secondary school efficiency

Variable	Type
Key Stage 2-4 value added score (Key Stage 2 is age 11 and Key Stage 4 is age 16)	Output
Number of full time equivalent teachers per 1000 pupils (averaged over 5 years)	Controlled input
Number of full time equivalent learning support staff per 1000 pupils (averaged over 5 years)	Controlled input
Number of full time equivalent clerical and admin staff per 1000 pupils (averaged over 5 years)	Controlled input
Learning resources per pupil (averaged over 5 years)	Controlled input
Percentage of pupils not eligible for free school meals	Uncontrolled input
Percentage of pupils without special educational needs	Uncontrolled input
Percentage of pupils with special educational needs who do not have a statement	Uncontrolled input
Percentage of pupils whose first language is other than English	Uncontrolled input

NOTES

1 Controlled inputs are those that are within the control of the Department or individual schools. Uncontrolled inputs are contextual information over which the Department and individual schools have no control.

2 While some of the variables used are 5 year averages for the purpose of setting a robust savings trajectory based on past trends, the Department used only 2007-08 values for calculating the baseline used in measuring the saving.

Source: Departmental data

2.16 The Department has reported savings of £400 million which represent claimed over-delivery against the Spending Review 2004 efficiency target in 2007-08 and earlier years. These savings related to the Improved Schools Financial Management initiative which sought to improve financial management skills and capability in schools through the introduction of Financial Management Standard in Schools and the benchmarking website and was assessed using a similar Data Envelopment Analysis model. The over-delivery was agreed with the Treasury and we did not examine over-delivery savings which were outside the scope of this review.

2.17 The Department reported further savings of **£210 million** in the 2009 Autumn Performance Report relating to CSR07. This amount is based on the calculation of an increase in efficiency of 1.3 per cent for secondary schools between 2007-08 and 2008-09. There is a sustainability risk with the reported savings because a decrease in efficiency in secondary schools in a following year would reduce or even eliminate a saving that had previously been reported.

Assessment of savings against the criteria

2.18 Given the limited levers available to the Department to collect individual school level data on the achievement of efficiency savings, we consider that using a model such as Data Envelopment Analysis is a sensible approach. It provides an estimate of changes in efficiency without placing a large burden on schools through additional data collection and validation.

2.19 As with any model there are potential limitations. The Department's research report which set the parameters of the model warned that using such techniques to model productivity change over time can yield unstable estimates that are sensitive to model specification, and therefore modelling requires careful implementation and interpretation. We identified some limitations with the Department's model, for example, the absence of weightings attached to inputs and the absence of adjustments for local salary rates. There is also a risk that the full impact on pupil outcomes of changes to the resources in schools may not be seen for a number of years. The model may report gains in the short term which result in an adverse impact on pupil outcomes in the longer term, or conversely not report 'gains' because they will only become apparent in improved outcomes in future years. However, this is symptomatic of any system with a long delivery chain and where delivery involves outcomes, rather than outputs.

2.20 The model cannot demonstrate cash released at a school level and was not specifically designed to associate a financial value with efficiency gains. While it therefore provides evidence of an increase in efficiency in secondary schools between years, it is not possible to use the model to provide evidence of a 'cashable' saving under the criteria.

2.21 In order to verify the efficiency indexes produced by the Data Envelopment Analysis, we recreated the variables from primary data and tested them using Data Envelopment Analysis software. Our recreated variables and the efficiency indexes produced were consistent with the Department's results.

2.22 We also considered the risk that the improvement in efficiency has been caused, at least in part, by the 1 per cent reduction in the Minimum Funding Guarantee. The way the model is constructed reduces this risk. The model produces a calculation based on relative efficiency between schools and in so doing reduces the double-counting risk, because all schools were subject to the reduction in the Minimum Funding Guarantee.

2.23 We have rated this saving as **amber** primarily due to limited evidence that the cash-releasing criterion has been met. This requires that to be rated green, savings must increase budgetary flexibility by releasing near-cash resources that can, if desired, be redeployed to meet other pressures. While cash has not been released at departmental level, the Department considers that the efficiency improvement shown by the model illustrates savings that are cash-releasing at school level. Although the Department has provided a number of case examples that illustrate cash-releasing savings achieved in schools through use of the initiatives outlined in Figure 5, there is no link between these examples and the increase in efficiency reported using the Data Envelopment Analysis model. Therefore while we agree that the model is indicative of cash savings, there is not in our view sufficient evidence for the reported saving that the cash-releasing criterion has been fully met.

Improved Schools Management Information

2.24 A new common funding approach for 16-18 funding was introduced in 2008-09. Previously, school sixth forms received funding based on a standard national historical success rate and on the number of learners present at two census points during the year (at the start of the school year and in January). As a result, unlike the funding for further education colleges (including sixth-form colleges), there was no direct link between funding and individual school success rates and schools were funded for learners present at the second census point but failing to complete their course. Under the new funding approach, data are collected on individual pupil learning aims through the School Census, which allows the calculation of a qualification success rate (which identifies the number of qualifications achieved as a proportion of those started) for each school. The qualification success rate is one element of the funding formula.

How the Department estimated the reported savings

2.25 The Department's Value for Money Delivery Agreement set out that this saving would be measured by comparing actual funding allocations under the new common funding approach against the counterfactual position whereby schools received sixth-form funding based on the historical success rate. However, the reported saving was calculated using a revised methodology partly because original documentation was not retained.

2.26 The Department reported a saving of £36.7 million in its 2009 Autumn Performance Report. As actual data for 2008-09 were not available at the time the savings were reported, the reported savings were estimated. The main basis of the estimate was research set out in *The Funding Gap*, a report by KPMG commissioned by the former Learning and Skills Council and published in January 2008,[13] which aimed to calculate the gap between funding in school sixth forms and further education colleges and to assess how the proposed new funding approach would impact on the funding gap.

Assessment of savings against the criteria

2.27 During our review of this saving, we pressed the Department on why an estimate had been used instead of calculating the saving using actual data, as set out in the Delivery Agreement. The central team had not been made aware that the saving included in the Department's Autumn Performance Report 2009 was based on forecast data, and that it did not meet the Treasury's criterion that the saving should be realised. As a result the saving had been misreported.

13 Learning and Skills Council, *The Funding Gap, A project to assess the progress made in reducing the Funding Gap between School Sixth Forms and FE Colleges*, KPMG, January 2008.

2.28 At a late stage of our review, the policy directorate provided new evidence to demonstrate an actual realised saving, calculated using actual data and the methodology set out in the Delivery Agreement, of **£26 million**. Although this saving relates to the 2008-09 academic year, and had not therefore been fully realised at 31 March 2009 as reported in the 2009 Autumn Performance Report, it had been realised by the time the saving was reported and we have therefore rated this element **green**. We have rated the remaining **£11 million** as **red**, because as the difference between the actual and estimated saving, it was not actually achieved.

2.29 As part of the CSR07 settlement, £45 million was removed from the sixth-form budget during the Department's negotiations with the Treasury before the final allocation was agreed. The Department believes that in addition to savings resulting from the collection of improved management information, savings have been made through other changes to the funding methodology to enable it to live within this budget reduction. These changes include a cap on the size of the programme a learner can be funded for, and the use of a multiple index of deprivation to measure disadvantage in place of free school meals which was the measure used previously. The Department has not calculated the savings realised as a result of these changes, which would need to be shown to meet the criteria before they could be reported.

Young Apprenticeships

2.30 Young Apprenticeships allow motivated 14-16 year old pupils to follow vocational learning programmes, alongside the National Curriculum. Pupils are based in school, but for two days a week over two years they also work towards a Level 2 nationally recognised vocational qualification delivered by schools, colleges, training providers and employers. About 1,000 students embarked on a Young Apprenticeship when it was launched in September 2004. By September 2008, the number of students had increased to nearly 9,000.

2.31 Now that the Young Apprenticeships programme is well established, the Department considers that the level of central funding per pupil can be reduced with no effect on quality. This view is based on local efficiencies that can result from increases in pupil numbers, and local authorities commissioning places from established models.

How the Department estimated the reported savings

2.32 Young Apprenticeship unit costs have been reduced from £6,000 per pupil in 2004-07, to £4,000 in 2007-08, and £3,500 in 2008-09, with further reductions planned in 2010-11. There has been no change to individual components of the programme and therefore no evidence of an adverse impact on quality. An independent evaluation of the programme is carried out by the National Foundation for Educational Research for each cohort; however, the results of the evaluation for the cohorts affected by the financial reductions are not yet available.

Assessment of savings against the criteria

2.33 The apprenticeships are delivered over two academic years, though the unit costs are incurred over three financial years. The Department has modelled the difference between the actual and the counterfactual using data from the former Learning and Skills Council on the number of young apprentices in each cohort, unit costs and the budgeted profile of costs across each year of the programme.

2.34 We have recalculated the saving using data provided by the Learning and Skills Council. However, there was no evidence underpinning the profile of expenditure across the three years for each cohort of learners that had been used to calculate the counterfactual. We therefore reprofiled the counterfactual costs using the patterns of actual expenditure across the years for each learner cohort. Our calculation resulted in **£15 million** rated as **green**. We have rated the remaining **£7.7 million** as **amber**, because this element of the saving will not have been realised in 2008-09 but partly in 2007-08, and partly in future years.

2.35 There is a risk that schools and local authorities have supplemented their funding allocations for Young Apprenticeships with other resources, including their Dedicated Schools Grant or regional flexible 14-19 reform budgets, but there is no evidence that this risk has ensued.

Sure Start Local Programmes taper

2.36 In 2007-08, the Department made grant payments of £318 million to local authorities for Sure Start Local Programmes. Sure Start Local Programmes, like other Sure Start children's centres, provide integrated services for the families of children under five, including childcare, education, healthcare and advice to parents on taking up training or employment.

How the Department estimated the reported savings

2.37 The Department calculated the saving as the reduction in the Sure Start Local Programme grant received by local authorities in 2008-09 relative to 2007-08. The Department gradually began to reduce its funding to Sure Start Local Programmes from 2006, to bring them into line with other Sure Start children's centres which had historically received lower levels of funding. The Department accelerated this funding taper to help meet its CSR07 savings target.

Assessment of savings against criteria

2.38 We recalculated the saving and found that, after allowing for inflation, the reduction was greater than the Department had claimed, at £13.6 million. The Department's forecasts indicate that only around £0.6 million of the decrease is due to the accelerated taper introduced for CSR07. The large majority of the reduction results from the original taper programme that was introduced before the CSR07 period. The Department has nonetheless realised a reduction in its spending relative to 2007-08 levels, and we have rated the **£13.6 million** saving as **green**.

2.39 We have not seen any evidence to indicate that the Sure Start Local Programme taper has adversely affected the Department's performance against its Departmental Strategic Objectives (DSOs). The Department has taken steps to mitigate the risk to performance, for example, by giving local authorities advance warning of the reduction in funding and by scaling back plans for even faster acceleration after modelling indicated this would have meant an unmanageably sharp drop for some programmes.

Appendix One

Terms under which we undertook this engagement

1 The National Audit Office has agreed to review departments' reported value for money savings during the 2008-2011 spending period. Departments are responsible for delivering savings in accordance with targets agreed with the Treasury, and must report progress in annual departmental reports and autumn performance reports.

2 We have reviewed the savings reported by the Department for Education as reported in its 2009 Autumn Performance Report. Our review involved an examination of the evidence supporting the savings against the criteria set out in Appendix 2 to this report. These criteria are based on the Treasury's guidelines on what can and cannot be reported, and have been agreed with the Treasury. We have not concluded on whether the Department is delivering value for money in the round with all its resources. Rather, our review is specifically focused on the savings the Department has reported in the period, and the risk that they do not meet the criteria. Our review is based on historic information, and we have not assessed in detail the likelihood of the Department meeting its overall savings target for the spending period.

3 We have conducted this review in accordance with the principles set out in the International Framework for Assurance Engagements. We have performed sufficient work to provide reasonable assurance over the extent to which departments' reported savings meet the criteria. Our conclusions are stated in the main report.

What we did

4 Our approach to reviewing reported savings has been to:

- review the Department's arrangements for governing its Value for Money Savings Programme and documenting the systems through liaising with management and review of key papers, including board minutes, risk registers, internal audit reports, internal guidance, a sample of the evidence submitted for central monitoring, and documentation of challenge processes;

- liaison with Internal Audit to discuss the findings from their own review of the savings; and
- detailed examination of the supporting evidence for the major savings and a sample of smaller savings making up the £1.017 billion of savings reported in the 2009 Autumn Performance Report.

5 The Department for Education reported in its 2009 Autumn Performance Report annual value for money savings totalling £1.017 billion towards its updated CSR07 savings target of £5.14 billion by 2010-11. We selected a sample of individual savings for detailed examination from the savings which were reported in the Autumn Performance Report. This sample allowed us to form an opinion on 58 per cent of the Department's total reported savings; £400 million (39 per cent) of the reported savings represent the Spending Review 2004 over-delivery. We did not review individual over-delivery savings, which were outside the scope of our review because they would have required sampling of closed years for which different rules applied on what savings could be counted.

Appendix Two

The criteria against which reported savings were evaluated

1 The Treasury has set out guidance for departments on how to calculate CSR07 savings and rules about what can and cannot be counted towards the £35 billion target. We have translated this guidance into a series of criteria which savings must meet. This list has been agreed with the Treasury. In summary, reported savings must meet the following criteria:

- Properly calculated
- Net of costs
- Quality neutral in high priority and strategically important areas
- New to the period
- Costs have not been reallocated
- Cash-releasing
- Realised
- Sustainable
- Scored only once

Criteria	Explanation of criteria
Properly calculated	Savings must be accurately calculated. The calculation is likely to be based on baseline cost information, a counterfactual spending profile (which may well involve estimates and assumptions) and outturn spending data.
Net of costs	All upfront and investment costs and additional ongoing or running costs have to be netted-off from CSR07 savings.
Quality neutral in high priority and strategically important areas	Savings must not adversely impact on the achievement of a department's strategic priorities, as set out in DSOs and PSAs. Departments should be able to demonstrate and explain that as a result of their VFM reforms, the department and sector is delivering better VFM overall. Departments are responsible for explaining how VFM reforms relate to improved overall effectiveness in high priority areas and delivery of PSA outcomes.
New to the period	Savings must be the result of changes in the way a department does its business compared with the previous spending period. They should be new to the period and not already reflected in the baseline, except for up to 10 per cent of the CSR07 savings target, which can be met through over-delivery against SR04 targets where this has been agreed in advance with the Treasury.
Costs have not been reallocated to another part of the organisation or the public sector	Savings cannot be scored if spend on a particular activity initiative has simply been reallocated to another similar activity or initiative which is not adding more value.
Cash-releasing	Savings must increase budgetary flexibility by releasing near cash resources that can, if desired, be redeployed to meet other pressures. Non-cashable gains are not being counted towards the CSR07 savings target. Departments are encouraged to explain how they are making non-cashable and service improvement gains, but these should be separately presented in savings reports
Realised	Savings must have been realised by the point at which they are reported.
Sustainable	Savings must be sustainable and the result of a considered change in the way a department does its business. They should not be the result of simply shifting expenditure from one year to another. A CSR07 saving must exist at least for the current year, and continue at the same or a higher level for two subsequent financial years.
Scored only once	Savings cannot be double-counted under separate categories or initiatives.

Appendix Three

The framework used for assessing governance

1 We examined six areas of the Department's governance, to assess the controls that it had in place to provide assurance that:

- reported savings meet the criteria set out in Appendix 2; and
- the Department's planned savings programme will be delivered and the Department's target for 2010-11 will be met.

2 The six areas of examination are:

- oversight and leadership;
- delivery plan and targets;
- risk management;
- structures, roles and reporting lines;
- guidance and training; and
- monitoring.

3 This framework has been designed to reflect the Treasury's guidance to departments on governance in relation to the CSR07 VFM savings programme and the principles of the Chartered Institute of Public Finance and Accountancy's Good Governance Standards for Public Services.

Governance area	Weak governance	Strong governance
Oversight and leadership	There is no board overseeing the VFM programme A board exists but meets infrequently and/or does not scrutinise delivery and risks to delivery There are no sufficiently senior members of staff on the board Senior managers have not demonstrated their commitment to the programme	A senior management team, supported by skilled advisers, oversees the VFM programme A programme board has been established and meets regularly The programme board is chaired by an appropriately senior member of staff (e.g. Finance Director) Senior managers demonstrate their commitment to the programme
Delivery plan and targets	There is no overall plan bringing together details of how the target will be achieved A plan exists but does not give any detail about savings initiatives/projects The programme is not sufficient to meet the department's target No contingency is built into the plan The programme cannot be reconciled to the department's overall settlement	An overall plan brings together details of how the target will be achieved The programme is sufficient to meet the department's target An appropriate level of contingency is built in For each initiative or body responsible for delivering savings, the timetable for delivery, governance arrangements, risks and measurement issues are set out Planned CSR07 savings can be reconciled back to overall resource allocations
Risk management	The department has no explicit risk management processes in place Risks have been identified, but there are no plans for their mitigation and/or inadequate monitoring against them Lessons have not been learned from the results of previous assessments There is no recognition of the critical projects for achieving the department's target There is no recognition or management of risks relating to double-counting There is no recognition or management of risks relating to adverse impacts on strategically important/high priority outcomes The role for Internal Audit has not been considered	There is risk management at the programme-level and for individual component projects Each risk has a documented plan for mitigation Results of previous assessments of efficiency savings have been factored into the risk analysis and lessons from SR04 have been learnt Double-counting risks have been explicitly recognised and addressed at a programme-level Priority or critical projects have been identified There is explicit recognition of the risk that strategically important/high priority outcomes may be adversely impacted and monitoring and management of this The role for Internal Audit in managing and mitigating risks has been considered
Structures, roles and reporting lines	Roles and responsibilities for delivering savings and progress reporting are unclear Reporting on progress is done on an ad hoc basis and no clear guidelines have been set for how it should be done	There are named individuals responsible for delivering component projects There are clear arrangements for reporting progress against plans to senior management, including savings delivered vs. forecast savings; projections for the year; explanations of major variances; proposed actions to address variances

Governance area	Weak governance →	Strong governance
Guidance and training	No or limited guidance has been provided to those responsible for delivering savings The Treasury's criteria for CSR07 VFM savings have not been properly interpreted or not fully communicated Those at the centre have not checked understanding at a local level about responsibilities and interpretation of guidance No guidance has been provided on how to identify savings	Clear guidance has been provided to those responsible for delivering savings, about appropriate governance structures; risk management; how savings should be reported; Treasury's criteria The Treasury's criteria for CSR07 VFM savings have been properly interpreted in the context of the department and clearly communicated Those at the centre have checked understanding at a local level about responsibilities and interpretation of guidance Where appropriate, guidance has been provided on how to identify savings Training has been provided as necessary
Monitoring	There is no or limited monitoring of progress against targets Evidence suggests that more frequent monitoring would have alerted the department to delivery or measurement problems Internal Audit's role in assessing progress against targets and compliance with criteria has not been considered	There is regular monitoring of progress against targets. The frequency of monitoring takes into account the assessment of risks to the programme. Priority Project reporting is being done in accordance with Treasury requirements The role for Internal Audit in assessing progress against targets and compliance with criteria has been considered

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NAO Communications
DP Ref: 009363-004

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ISBN 978-0-10-296542-1