



National Audit Office

INFORMATION ASSURANCE SUMMARY REPORTS

Department for Communities and Local Government

The purpose and scope of this review

1 During the period December 2011 to January 2012, the National Audit Office (NAO) carried out an examination of a sample of the Department's indicators and operational data systems. This involved a detailed review of:

- the match between the indicators the department publishes, the operational data they use to run themselves and the priorities and key business areas of the Department;
- the process and controls governing the selection, collection, processing and analysis of these data; and
- the reporting of results.

2 Our conclusions are summarised as numerical scores. The ratings are based on the extent to which departments have put in place and operated internal controls over the data systems that are effective and proportionate to the risks involved.

3 This report provides an overview of the results of our assessment. It does not provide a conclusion on the accuracy of the out-turn figures included in the Department's public performance statements. This is because the existence of sound data systems reduces, but does not eliminate, the possibility of error in reported data.

4 In addition to our work on Business Plan indicators we also undertook work to identify other operational data and related systems that are central to the Department's performance management and reporting processes.

Overview

5 We reviewed the Department's Business Plan from 2011 to 2015 which set out 13 indicators – five input and eight impact indicators – covering housing, local government, and Fire and Rescue.¹ We found that these indicators were all individually relevant to the Department's business.

6 The Department focuses on data quality at a senior level. We saw evidence of the review and sign-off of data in the Quarterly Data Summary by the Department's Finance Director. The Department's Audit and Risk Committee also considers data quality. Our review identified risks to data quality linked to significant staff reduction and reallocation of roles within the Department (for example, the relocation from Bristol to London of the Department's data processing team, which provides a key interface with local authorities).

7 The Department does not currently use data covering the whole range of its business to report to its board or senior executive team. Our examination of board and executive team performance reports indicated that consideration of the impact of policy interventions is limited to the Business Plan indicators reported in the Department's Quarterly Data Summary. However, because the Business Plan indicators were not designed to cover all the Department's work, the balance of indicators did not reflect the level of expenditure within each of the Department's key business areas. Five of the 13 Business Plan indicators covered £31 billion of expenditure (in 2010-11) on local authorities (including fire and rescue authorities). The other eight indicators related to housing and planning and covered expenditure of around £7 billion in 2010-11. There were no Business Plan indicators relating to two of the business areas the Department identified as key policy responsibilities, namely: Communities and Neighbourhoods; and Local Economies and Regeneration.

8 The focus of reports at senior level is on consideration of corporate and parliamentary process indicators (for example, completion of responses to Parliamentary Questions and speed of response to Freedom of Information requests). Progress against staff reduction targets and financial performance (comparison of budgeted spend with actual) are also reported in detail. Reporting also covers delivery of individual work programmes and the percentage of Structural Reform Plan and Operational Plan actions completed each month. Incidents of non-completion are analysed in more detail. The Department told us that it is planning to increase the number of outcome measures used in its board and executive team reporting.

9 We chose to review five of the Department's housing 2011-15 Business Plan indicators in detail in 2011-12. Our focus was on the housing impact indicators which represented more than half of the Department's impact indicators. We also reviewed a sample of the Department's workforce and estates indicators, reported in the Department's Quarterly Data Summary alongside the Business Plan indicators and a range of other measures.

¹ Since writing this report the Department published its 2012 to 2015 business case, which set out a revised set of impact and input indicators, which we intend to review as part of our future work on the Department's data systems.

10 Figure 1 summarises our assessment of the Department's indicator data systems.

Figure 1

A summary of the results of our validation exercise

Score	Meaning	Indicators we reviewed that received this score
4	The data system is fit for purpose and cost-effectively run	No indicators
3	The data system is adequate but some improvements could be made	Three Business Plan indicators Total number of housing starts and completions Affordable housing starts and completions through the Homes and Communities Agency Households in temporary accommodation
2	The data system has some weaknesses which the Department is addressing	One Business Plan indicator Number of net additions to the housing stock
1	The data system has weaknesses which the Department must address	One Business Plan indicator and seven workforce and estates indicators Energy efficiency of new build housing Total office estate Total cost of office estate Estate cost per full-time equivalent Estate cost per m ² Payroll staff Average staff costs Contingent labour
0	No system has been established to measure performance against the indicator	No indicators

Source: National Audit Office analysis

11 The Department's impact indicators on housing flows are generally well-established and known weaknesses are being addressed. We found that three of the four Business Plan indicators we reviewed, covering housing delivery and households in temporary accommodation, are adequate. Improvements are already being made to the fourth (net additions to the housing stock) in response to a UK Statistics Authority review.

12 In some cases the Department could do more to understand the risks associated with data providers' systems. This is particularly relevant to the Department's Business Plan impact indicator on energy efficiency of new-build housing, and also to its workforce indicators, for which the Department relies on information from its arm's-length bodies. Where data are collected from local authorities, the Department could tighten its procedures by requiring senior-level officials from the authorities to sign-off data submitted to the Department, testifying that a minimum level of Department-specified quality checks had been completed on submitted data. This would increase the level of assurance the Department has that local authority data providers have applied appropriate checks.

13 For both estates and workforce indicators, we found an absence of detailed documentation setting out the steps required to process data from the Department's systems for the purpose of reporting through the Quarterly Data Summary.

14 The Department could also provide clearer links to contextual information to help users interpret Business Plan indicators clearly. Information supporting the Quarterly Data Summary, for example in the associated Measurement Annex, does not in all cases provide sufficient contextual information to allow users to interpret the Department's progress. For example, the Department's impact indicator on energy efficiency of new build housing provides an average figure and identifies the boundaries of the relevant measurement scale. Neither the measurement annex nor the linked statistical releases indicate whether the user should expect to see movement in this indicator over time, or further information to interpret performance, such as comparative benchmarks. This issues also applies to the Department's 'New Homes Bonus payable per dwelling' input indicator. The Department reported that this indicator is designed to help describe one of the Department's core expenditure streams. It is not clear on that basis why the Department chose to report the average figure per dwelling, rather than the total amount payable under the scheme.