



National Audit Office

INFORMATION ASSURANCE SUMMARY REPORTS

Department for Transport

The purpose and scope of this review

1 Robust management information is crucial for effective and informed governance of a business. Performance indicators should focus on an organisation's aims and objectives and provide managers with useful information for running their business. They should give a balanced picture of the organisation's activities and be able to withstand organisational changes. They should be integrated into business planning, cost effective and relevant. They should, therefore, be well defined and produce data that is timely, reliable, comparable and verifiable.¹

2 In 2010, the Coalition Government ended the previous framework of performance indicators known as Public Service Agreement targets and Departmental Strategic Objectives, and introduced Departmental Business Plans and, subsequently, publication of a Quarterly Data Summary, with a view to the public and parliament holding departments to account. The Business Plans focus on the Government's Structural Reform Priorities, progress on which is reported each month on departments' websites and No.10's website. The Business Plans also include transparency sections, which contain a set of input and impact indicators. All departments report performance against these and a range of operational indicators (on Spending and People) every three months by means of the Quarterly Data Summary.

¹ HM Treasury, Cabinet Office, National Audit Office, Audit Commission and Office for National Statistics, Choosing the right fabric, A Framework for Performance Information, 2001.

3 The National Audit Office has undertaken to review, over three years, the indicators and operational data systems of all central government departments. As part of this, between November 2011 and January 2012, we examined the first sample of the Department for Transport's (the Department's) indicators. In this first tranche we examined six business plan indicators and seven operational indicators published in the October 2011 Quarterly Data Summary. Our sample was selected with a view to rotating our coverage evenly over a three year period.

4 This report provides an overview of the results of our review. It does not provide conclusions on the accuracy of the outturn figures included in the Department's performance statements. This is because the existence of sound data systems reduces, but does not eliminate, the possibility of error in the reported data.

Overview

5 We assessed the overall effectiveness of the Department's performance information and the wider control environment operated by the Department within which the information is generated.

6 For each indicator selected, we examined and evaluated the supporting data systems. We considered the specification of the systems; the operation of the systems to collect, process and analyse data; and the ability of the systems to report outturn data. For all systems, we considered risks to the quality of outturn data and the controls put in place to manage those risks. We then scored the systems, on a scale of 1 to 4, on their effectiveness in securing data which is relevant, well defined, robust, verifiable and clear.

7 As **Figure 1** shows, we found that the data systems supporting five of the six business plan indicators and all of the seven operational indicators we selected were fit for purpose and cost-effective. For one of the business plan indicators 'Households with good transport access to key services or work', we concluded that although the system is adequate, some improvements could be made.

8 One of the business plan indicators selected, 'Percentage of DfT's approved project spending that is assessed as high or very high VFM', has shown a 100% score since it was first reported in May 2011 and is not expected to change in the foreseeable future. In addition, the indicator, as currently formulated, shows no information on the Department's actual performance in delivering value for money over time, as the indicator only shows what the Department **plans to achieve**, rather than what it **actually achieves**. This reduces its usefulness as an indicator for demonstrating the Department's performance in delivering beneficial outcomes through its major projects.

9 We also found that, as its project to deliver High Speed 2 progresses, the Department needs to design appropriate indicators to cover its key priority to 'Deliver commitments on high speed rail'. In this respect, the Department has the opportunity to further improve its performance reporting against its business plan priorities.

10 Our key recommendations from this work are that the Department should: review the coverage of its indicators against its major priorities; and revise its 'Percentage of DfT's approved project spending that is assessed as high or very high VFM' indicator to give a clearer indication of the value for money it **plans to achieve** and **is actually achieving** through its projects.

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	<p>Five Business Plan indicators and seven workforce and estates indicators</p> <ul style="list-style-type: none"> Cost of running the rail network Rail subsidy per passenger mile Number of newly registered ultra low emission vehicles Proportion of urban trips under 5 miles taken by walking/cycling or public transport Percentage of DfT's approved project spending that is assessed as high or very high VFM Total office estates Total cost of office estate Estate cost per full-time equivalent Estate cost per m² Payroll staff (full-time equivalents) Average staff costs Contingent labour (full-time equivalents)
3	The data system is adequate but some improvements could be made	<p>One Business Plan indicator</p> <ul style="list-style-type: none"> Percentage of households with good transport access to key services or work
2	The data system has some weaknesses which the Department is addressing	No indicators
1	The data system has some weaknesses which the Department must address	No indicators
0	No system has been established to measure performance against the indicator	No indicators

Source: National Audit Office analysis
