

## DATA ASSURANCE SUMMARY REPORTS

# Department for Business, Innovation & Skills

### Background and scope

**1** In 2012, the government published updated departmental business plans. These plans focus on the extent to which coalition priorities are being achieved, and are monitored by a set of input and impact indicators. Departments are expected to report performance against these indicators quarterly. In addition, the Civil Service Reform Plan, published in June 2012, set out additional requirements for departments to share management information on back-office functions such as estates, HR or finance.

**2** The National Audit Office has undertaken to review the data systems supporting input and impact indicators, and back-office and operational information, for all central government departments. We carried out our first review in 2011-12, and published a summary report on each department.<sup>1</sup> This report presents the findings from our second review on the Department for Business, Innovation & Skills (BIS).

**3** In this second review we examined 11 business plan indicators. These were selected in order to realise the benefits of examining a complimentary set of performance measures across three priorities: 'Skills'; 'Knowledge and Innovation'; and 'Enterprise'. We did not review any additional operational data systems as the format for reporting performance information to the Executive board was still under development when we were conducting our fieldwork. We concluded that it would be premature to review any underlying systems until it has been firmly established which key metrics will be reported to BIS senior management on a monthly basis.

<sup>1</sup> Available on the National Audit Office website at: [www.nao.org.uk/search/pi\\_area/data-assurance-summary-reports/type/report](http://www.nao.org.uk/search/pi_area/data-assurance-summary-reports/type/report)

**4** This report provides an overview of the results of our assessment. It does not provide a conclusion 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. We have assigned each indicator a numerical score, 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.

## Our findings on completeness of information

**5** The business plan indicators address all five coalition priorities and the overall coverage has been improved through revisions to the indicator set since our first review. There is, however, still no direct coverage of some key areas of the Department's work, such as student loans and the Royal Mail. There is not always a direct link between input and impact indicators and in many cases the impact measures reflect outcomes that BIS is able to influence only partly or indirectly. We recognise that these are inherent challenges for the Department, given the breadth and nature of its responsibilities.

**6** Internal performance reporting is an evolving process which we consider to still be a work in progress for the Department. A richer set of performance data is now being routinely reported to management in the performance packs which incorporate Business Plan and other operational indicator data, in addition to reporting on the delivery of key milestones. We aim to revisit the reports and underlying data systems when the format has been finalised and embedded into the Department's reporting culture.

## Our findings on information strategy

**7** The Department has not yet developed a formal information strategy to set out how it manages information and achieves compliance with public sector information management principles. In the absence of such a strategy it is difficult to make an overarching assessment of the information culture at the Department, although it is clear that BIS has many of the structures and protocols in place that would be expected in a well-designed and appropriately functioning information culture. Most of these elements are focused on data security and records management, but we would also expect a strategy to emphasise issues of data quality. In this respect, there are opportunities for BIS to implement more formal protocols.

## Our assessment of data systems

**8** We examined 11 data systems in our latest review, all of which supported business plan indicators. They covered the following priorities and business areas:

- Skills (including further education).
- Knowledge and Innovation (including higher education).
- Enterprise (including the Regional Growth Fund and The Post Office).

For each indicator, we considered the data systems holistically – from the derivation and checking of source data through to the final reporting of the indicator results on the Department's website.

**9** Our overall finding is that the business plan indicators we reviewed are based on robust data that is subject to an appropriate level of quality assurance prior to the reporting of outturn. We conclude that four indicators, which are otherwise fit for purpose, would benefit from some minor improvements, including making the narrative that explains the indicator more transparent. In the two instances where we have rated indicators as having significant weakness, it is due to the impact of the timeliness of the data on the usefulness of the performance measures as opposed to concerns over the accuracy of the data or reported figures.

**10 Figure 1** summarises our assessment of these data systems.

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### Figure 1

A summary of the results of our data assurance exercise

Score	Meaning	Indicators we reviewed
4	The indicator's data system is fit for purpose	<p>Expenditure on research and development in higher education.</p> <p>Number of government-funded learners participating in further education.</p> <p>Offers made from the Regional Growth Fund.</p> <p>Number of Regional Growth Fund contracts signed.</p> <p>International comparison of the qualification levels of the working age population in the UK.</p>
3	The indicator's data system is fit for purpose but some improvements could be made	<p>Funding per student in higher education.</p> <p>Average funding per course in government-funded adult further education.</p> <p>Total achievements in full Level 2 or 3 further education of people academic age 19 years and over (suggested improvements relate to narrative disclosures).</p> <p>Meeting the commitment to maintaining fair access to the Post Office network.</p>
2	The indicator's data system has some weaknesses which the Department is addressing	
1	The indicator's data system has weaknesses which the Department must address	<p>Proportion of 18–24-year-olds who are participating in full or part time education or training activity, with a gap measure for participation in full-time education by social background using father's occupation (weaknesses stem from the gap measure element of system).</p> <p>Access to the professions: percentage of 16–65-year-olds who are in paid employment and are in managerial or professional positions by social background using father's occupational group.</p>
0	No system has been established to measure performance against the indicator	

Source: National Audit Office

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## Recommendations

**11** Here we have summarised overarching recommendations from the current review along with BIS's responses to the recommendations from the prior year report.

### Recommendations from the 2012 review

**12** The Department should provide a more consistent level of narrative for each of the indicators so that they are of most use to stakeholders. The Department is to be commended for preparing a detailed web page for each indicator, but more explicit information could sometimes be given on:

- what the indicator is designed to express about the Department's performance;
- what the current outturn shows about the Department's performance, whether this represents good performance, and the relationship of the results with comparative years;
- how the Department's policies and activities have directly contributed to the performance expressed by the indicator; and
- the methodology used to prepare the underlying data including the quality assurance arrangements around its preparation.

**13** The Department should consider whether it needs additional indicators to ensure that all key areas of its work are covered. At present, for example, there are no indicators relating directly to student loans or the Royal Mail.

**14** The Department could take a more consistent approach to the use of forecast or interim data underlying the indicators. In some cases the Department has used forecast or interim data in order to enable the publication of current outturn. We support this where it is adequately disclosed to the user and subsequently amended when formal data is available. The Department should consider if there are opportunities to do this for indicators where 2011-12 outturn is not yet available.

### Prior year recommendations

**15** The Department had not provided stakeholders with a rationale for how it developed the indicator set. The Department has still not done this on the basis there is not a single or simple explanation as to how the indicators were selected that would be beneficial to stakeholders. We still believe that at least a short introductory overview would be helpful in order to set out the background and purpose of the chosen indicator set and to give users confidence that it is fit for purpose.

**16** There was no formal guidance in place within the Department for teams on gaining assurance over third party data. The Department has not done this, because it concluded that a sufficient risk assessment had been carried out over each of the data sources when the indicators were initially designed and no further action was deemed necessary. This is reasonable as long as the Department carries out periodic reviews of the indicators in order to assess whether the initial risk assessment continues to be valid.

**17** The Department did not have quality review processes in place for its performance indicator data prior to publication. The Department has implemented this through the introduction of an independent challenge process for each indicator by the Head of Operational Research prior to publication, and it includes more direct ownership of the indicators at Director level.

- The process has resulted in improvements to the supporting narratives across the indicator set. Our findings on a number of the individual indicators suggest that there is still scope to increase the rigour of the challenge process to further eliminate minor errors and discrepancies in the reporting on each indicator which could reduce stakeholder confidence.

**18** The Departmental board was strategic in focus and did not review operational data reported at Executive Finance board and Group level. This has been addressed by BIS through the redesign of the reporting process as explained in Part Two of this report.

**19** The Department did not have a complete data set for Common Area of Spend indicators on staff numbers and costs for all of its relevant partner organisations. We have not followed this up, as the publication of this data in quarterly data summaries has been discontinued. However, it may once again become relevant if Cabinet Office initiatives to introduce an increased level of reporting on back-office metrics are implemented. For example, the Cabinet Office continues to collate data on staff numbers and may seek more formal assurances over the integrity of these measures.