



National Audit Office

DATA ASSURANCE SUMMARY REPORTS

Department for Communities and Local Government

Background and scope

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

2 The National Audit Office has undertaken to review the input and impact indicators systems of all central government departments and a sample of back-office and operational information. Our first review was carried out in 2011-12, and a summary report was published on each department.¹ This report covers our second review on the Department for Communities and Local Government (the Department). In this second review we examined six business plan indicators.

¹ Available on the National Audit Office website at: www.nao.org.uk/search/pi_area/data-assurance-summary-reports/type/report

3 Since our 2011-12 review of business plan indicators the Department has released a revised set of indicators to coincide with an updated business plan. Quarterly reporting on these indicators is now separate from the Quarterly Data Summary with the Department recently introducing an online business plan indicator dashboard with links to supporting data and statistical products. This follows changes mandated by the Cabinet Office. The Department identifies five coalition priorities in its revised 2012–2015 Business Plan:

- Decentralise power as far as possible.
- Reinvigorate accountability, democracy and participation (including transparency).
- Support and incentivise local sustainable growth.
- Meet people's housing aspirations.
- Put communities in charge of planning.

4 This year we reviewed six business plan indicators that we did not review in 2011-12 and for which reporting systems are in place.

Input indicators reviewed:

- Percentage of local authority revenue expenditure funded by general government grant, broken down by class of authority.
- Percentage of local authorities committed to identifying and beginning work with troubled families.
- Average New Homes Bonus grant payable per dwelling per year to different classes of authority (£).

Impact indicators reviewed:

- Fire-related casualties (per 100,000 population).
- Percentage of local planning authorities having an adopted local plan prepared under the 2004 Planning and Compulsory Purchase Act.
- The number of planning permissions granted as a percentage of all applications for major and minor schemes.

5 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 the Department has 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

6 The Department has achieved a better balance of performance indicators across its key business areas since our 2011-12 review. Each of the Department's five coalition priorities has at least one associated input or impact indicator. This is an improvement on our 2011-12 review when we identified that the indicators did not cover the full range of the Department's business. The 13 indicators are still skewed towards particular coalition priorities, however. For example, six indicators relate to the coalition priority to 'meet people's housing aspirations' but only one relates to the coalition priority to 'support and incentivise local growth'.

7 There is, nevertheless, scope to strengthen the indicator set as a means of holding the Department to account. Data on three of the 13 indicators: 'Affordable Rent payment per dwelling by the Homes and Communities Agency'; 'Number of groups supported to submit an expression of interest as part of the Community Right to Challenge' and 'Business rates yield within Enterprise Zones' were not available at the time of our review. Performance against one of the new indicators in the 2012–2015 Business Plan 'Percentage of local authorities committed to identifying and beginning work with troubled families' was reported as 100 per cent early in the updated business reporting cycle. This means that for four of the 12 indicators the opportunity to assess current or ongoing performance is limited. At the same time, most coalition priorities do not have both an input and an impact indicator attached to them. Linking input and impact indicators more closely would help users link the Department's expenditure and performance and allow assessment of cost-effectiveness over time. Moreover, the opportunity to consider cost (input) information alongside outcome (impact) information in one specific area, the Fire and Rescue Service, has been reduced since 2011-12 following a decision to discontinue reporting the indicator 'Expenditure per head on the Fire and Rescue Service' in the updated 2012–2015 Business Plan.

8 The Department has improved the presentation of data relating to its business plan indicators. Since September 2012, the Department has published quarterly updates on delivery against business plan indicators separately from its Quarterly Data Summary. In January 2013, the Department released an online 'indicator dashboard' to show performance against business plan indicators. The dashboard allows users to see trends over time where data are available and contains links to the underlying data sets.

9 The Department is working to improve senior and board-level scrutiny of performance information. The board reviews performance information quarterly. Performance is reviewed in more detail by the Department's senior executive team and non-executive directors, including as part of the Department's monthly performance subcommittee review. A performance report is updated monthly and includes information on business plan indicators, other corporate performance information, and the departmental risk register. Non-executive directors are working to improve the board's engagement with performance data.

10 The Department has told us that there are early signs that response rates from its data providers may be falling. The Department relies on third parties such as local authorities for much of its performance data. While we have not seen evidence of a drop-off in responses to requests for information affecting the robustness of data systems we have reviewed this year, this is an important risk that the Department will need to monitor and manage over the coming months.

Our findings on information strategy

11 The Department collects and holds a large volume of information but does not have an overall strategy for its systematic use. The Department is in the process of redrafting its Information and Knowledge Management Strategies. The Department collects a wide range of data from a number of sources. Given cost reduction pressures within the Department and on bodies providing data such as local authorities, it is all the more important that the Department only collects and retains the information it needs to support effective decision-making. A clear and up-to-date strategy would help to both prioritise additional data requirements and mitigate the risk that information is collected but not used.

Our assessment of data systems

12 The six data systems supporting business plan indicators that we reviewed this time address the following Coalition Priorities:

- Decentralise power as far as possible.
- Reinvigorate accountability, democracy and participation (including transparency).
- Meet people's housing aspirations.
- Put communities in charge of planning.
- Support and incentivise local sustainable growth.

13 **Figure 1** summarises our assessment of data systems this year.

14 The individual indicators we reviewed were fit for purpose but there is some scope for some improvement. The data systems supporting the six indicators appear sufficiently controlled to manage risk of material misstatement. A common theme across the indicators we reviewed is the need for additional information on key definitions and methodology to support interpretation of indicator performance by the user. Some of the Department's indicators cover complex areas such as local government finance so clarity around key concepts is an important part of making the data helpful for a non-expert audience.

15 Not all the indicators appear useful for the purposes of holding the Department to account for its performance. For example, while the data system for the indicator on Troubled Families is fit for purpose its utility over the longer term appears limited. Similarly, the 'average New Homes Bonus per dwelling' indicator does not enable users to identify the total resources committed to the New Homes Bonus scheme. Nor does it provide a clear proxy for the scheme's impact because, for example, changes in unit cost can be due to variables not directly affected by the New Homes Bonus intervention such as increases in national average council tax rates.

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>Input Indicator 3: Percentage of local authorities committed to identifying and beginning work with troubled families.</p> <p>Impact Indicator 5: Fire-related casualties (per 100,000 population).</p>
3	The indicator's data system is fit for purpose but some improvements could be made	<p>Input Indicator 2: Percentage of local authority revenue expenditure funded by general government grant, broken down by class of authority.</p> <p>Input Indicator 4: Average New Homes Bonus grant payable per dwelling per year to different classes of authority (£).</p> <p>Impact Indicator 7: The number of planning permissions granted as a percentage of all applications for major and minor schemes.</p> <p>Impact Indicator 8: Percentage of local planning authorities having an adopted local plan prepared under the 2004 Planning and Compulsory Purchase Act.</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	
0	No system has been established to measure performance against the indicator	

Source: National Audit Office

Recommendations

16 The Department should ensure that business plan indicators generate clear and comparable information that data users can use to hold the Department to account for its performance. We identified a lack of clarity about the purpose and utility of indicators in some cases. The inclusion of indicators without an operational data system also weakens scope to provide a more rounded assessment of performance.

17 The Department should look to 'pair' input and impact indicators to better link information on cost, performance and efficiency across all of its coalition priorities. We found an absence of paired input and impact indicators covering coalition priorities which would enable strengthened assessment of cost-effectiveness. We also found, for example, that the opportunity to consider cost (input) information alongside outcome (impact) information on the Fire and Rescue Service had been reduced since 2011-12 following discontinuation of the indicator 'Expenditure per head on the Fire and Rescue Service' in the updated 2012–2015 Business Plan.

18 The Department should undertake a review of the risks presented by early evidence it has identified of a fall in response rates from third party data providers and take steps to mitigate this risk. In its correspondence with us, the Department identified tentative signs of a fall in response rates from local authorities providing data to it. This risk may become more significant as cost-reduction measures in data providers such as local authorities continue.

19 The Department should finalise and issue its knowledge management and information strategies as soon as possible. This will provide staff with clear and authoritative guidance on how to work with information and will provide a reference point for determining non-compliance.

20 The Department should consider the likely expectations of the user of the indicator dashboard and take steps to minimise specification risk by stating clearly any limitations. We found some instances where there is an opportunity to strengthen supporting information provided alongside an indicator (for example, on local authority revenue expenditure where the meaning of key terms could be clarified further to support user interpretation of data).