



National Audit Office

Our work
is helping
national and
local services
improve

THE NAO'S ROLE IN LOCAL AUDIT

This leaflet provides information on our role, examples of our recent value-for-money work focused on local services, and contact details for you to provide views and suggestions or to ask questions about our work.

The NAO scrutinises public spending for Parliament and is independent of both central and local government. Each year we audit the financial statements of all government departments and many other public bodies, and produce around 65 value-for-money reports for Parliament. Our value-for-money studies focus on whether public bodies have used their resources efficiently, effectively, and with economy. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.21 billion in 2015, equivalent to £19 of financial impact for every £1 the National Audit Office spent.

The Local Audit and Accountability Act 2014 introduced a new local audit framework in England. Within the new audit framework we prepare and issue the Code of Audit Practice which sets out what local auditors are required to do.

We also carry out value-for-money studies which look at local services. These reports help improve public services by providing a more 'end to end' view of the use of public funds from policy through to implementation – helping to inform Parliament while adding value at the local level.

Our role in local audit

In accordance with the Local Audit and Accountability Act 2014 (the Act), we prepare and issue the Code of Audit Practice (the Code) which sets out what local auditors are required to do to meet their statutory responsibilities. The first Code under the Act takes effect for the audits of 2015-16 financial statements. The NAO is also responsible for issuing guidance to auditors to help them to meet their responsibilities effectively under the new Code. Following consultation last year we have now published a series of auditor guidance notes on our website.

Our publication *Council Accounts – a guide to your rights* provides information for members of the public on how they can exercise their legal right to inspect the accounts, ask questions and challenge items in the accounts, and explains auditors' responsibilities in relation to these rights.

The Code, guidance and guide can be found on our website.

www.nao.org.uk/code-audit-practice

The Act gives the Comptroller and Auditor General, the head of the NAO, powers to conduct value-for-money studies which consider how local services use their resources. We can do this by providing evaluation, commentary and advice of a general nature.

The aim of this work is to add value centrally and locally by providing an 'end to end' view of the impact of government policy implementation. We are using our knowledge of systemic issues and good practice across the public sector to deliver valuable insights for local delivery and to increase transparency about how bodies use public funds.

The impact of our value-for-money work

We seek to influence the government during the course of our studies by identifying where we think there is scope for improvement and sharing learning. Our reports then make specific recommendations on further action we think the government should take to improve.

Many of our reports lead to a public hearing by the Public Accounts Committee which scrutinises the value for money of public spending and holds the government and its civil servants to account for the delivery of public services. The Committee publishes its own reports with recommendations that the government must respond to.

Here are some examples of recent action the government has taken, wholly or partly in response to recommendations in our reports relating to local services:

- The Queen's Speech announced plans to improve support for care leavers – our 2015 report on Care Leavers' transitions to adulthood identified the need for improvement.
- As part of the 2015 Spending Review, government carried out a thorough analysis of the impact of each department's policies and funding changes on councils' financial sustainability and also changed the way it measured councils' spending power – in response to recommendations we had made in our report *Financial sustainability of local authorities 2014*.
- It decided to postpone the implementation of Phase 2 of the Care Act and cited concerns we had raised about the uncertain financial impact of this legislation as one of the reasons for its decision.
- It strengthened its process for assessing the financial impact of new burdens placed on councils and now asks all departments to publish their assessments following our report *Local government new burdens*.

Examples of our work in 2015-16 on local services

All our reports can be found on our web site.

www.nao.org.uk/search/type/report

Financial sustainability of local authorities: capital expenditure and financing

Our report found local authorities have acted prudently and maintained overall capital spending levels, but the cost of servicing debts accounts for a significant share of revenue spending and this is likely to increase. Further borrowing by some authorities may not be affordable, calling into question their capacity to invest in, and maintain, their core assets. We said the Department for Communities and Local Government needs a deeper understanding of the capital issues local authorities' face and there should be a review of the current capital framework to ensure that it is likely to lead to decision-making that appropriately considers the long term given expected financial pressures.

Local enterprise partnerships

The role and remit of Local Enterprise Partnerships (LEPs) has grown significantly and rapidly since 2010. But we reported that LEPs themselves have serious reservations about their capacity to deliver in an increasingly complex local landscape. We also found that the availability and transparency of financial information varied across LEPs so one of our recommendations was for the government to work with LEPs to ensure the required standards of governance and transparency are met.

English devolution deals

We reported that devolution deals offer opportunities to stimulate economic growth and reform public services for local users. But we found the arrangements are untested and government could do more to provide confidence that the devolution deals will achieve the benefits intended. We also highlighted the need for clarity about accountability for devolved funding and services – an issue which was explored further in our February report *Accountability to Parliament for taxpayers' money*.

Our reports on English devolution and local enterprise partnerships formed part of the evidence for the Public Accounts Committee inquiry into cities and local growth.

Financial sustainability of fire and rescue services

We published a pair of reports; one focused on the actions of Department for Communities and Local Government and the other directed at fire and rescue authorities themselves. We found that fire and rescue authorities had managed funding reductions well. But some authorities had indicated their capacity to respond to major incidents may be compromised by further funding reductions. We recommended that the government should seek greater assurance that authorities are maintaining service standards and delivering value for money locally.

Our report to fire and rescue authorities set out a substantial amount of quantitative and case study data examining changes in funding to the sector and the resulting impacts on authorities' financial health, the nature and scale of their service provision, and service outcomes.

Extending the Right to Buy

We were asked by the Committee of Public Accounts to look at the government's proposals to extend the Right to Buy to Housing Association tenants and fund the discounts offered by the sale of high value assets by councils who hold housing stock. The session on the 9 March was unusual for the committee as it focused on a policy which is not yet implemented. We supported the session by a memorandum focusing on the results of the previous policy on reinvigorated Right to Buy, Department for Communities and Local Government's impact assessment for the Housing & Planning Bill and the recommendations of previous NAO reports on housing interventions.

Personalised commissioning in adult social care

Commissioning adult social care services through personal budgets and direct payments is an important way of giving care users more choice and control over their services. However, we found that some councils are struggling to provide personalised services at the same time as reducing their overall spending on adult social care. We recommended that the Department of Health improves its understanding of the best ways to implement personalised commissioning and the impact of spending reductions on outcomes for users.

This report formed part of the evidence for the Public Accounts Committee inquiry into personal budgets in social care.

Discharging older patients from hospital

We found that there are currently far too many older people in hospitals who do not need to be there. Without radical action, this problem will worsen and add further financial strain to NHS and local government budgets. Among the NAO's recommendations is that the Department of Health, NHS England and NHS Improvement should set out how they will break the trend of rising delays against the demographic challenge of growing numbers of older people.

Alongside our report we published local area data that allows the reader to compare local areas.

Local welfare provision

The Department for Work and Pension stopped providing community care grants and crisis loans in April 2013 and transferred funding to councils to offer alternative provision. However, we reported that many councils said they could not afford to continue offering this support without additional government funding and some had already stopped or reduced their provision. We encouraged councils to improve their understanding of the effectiveness of their spending on local welfare provision and the consequences of reducing their provision. We also highlighted the need for better co-ordination between national and local forms of welfare support.

Our work on children in care and leaving care

We published a summary leaflet of our work on children in care and leaving care along with an 'easy read' guide on the same issues. These can be found on our website with the relevant reports.

We are using our knowledge of systemic issues and good practice across the public sector to deliver valuable insights for local delivery.

Work in progress 2016-17

Our website lists our work in progress, the study leads and press contacts.

www.nao.org.uk/work-in-progress

Housing overview

This study will set out the current status of the housing market in England, drawing out the primary issues that the government needs to address. It will also set out the government's strategic approach to housing, and will map out the landscape of how the government intervenes to support housing in England.

Child protection

This study will focus on the role of the Department for Education in overseeing and improving the child protection system including the reforms it is leading. We will also look at how services are delivered by local authorities and how good practice is being identified and shared.

Financial sustainability of the NHS

This study will build on our previous work, including our December 2015 report *Sustainability and financial performance of acute hospital trusts*, and examine whether the NHS is on track to achieve financial sustainability.

Benefit sanctions

This study will examine whether the Department for Work and Pensions (DWP) is achieving value for money from its administration of benefit sanctions. This includes how benefit sanctions fit with the intended aims and outcomes of DWP's wider working age employment policy, whether sanctions are being implemented in line with policy and whether use of sanctions is leading to the intended outcomes for claimants.

Apprenticeships

Apprenticeships are a key element of the government's plans for growth and productivity, and three million new apprenticeships have been promised over the course of this Parliament. This study will examine the management of the apprenticeship programme by Department for Business, Innovation & Skills. In particular, it will assess whether the Department is facilitating the delivery of high quality skills training that meets the needs of businesses, employees and the wider economy.

“... an ‘end to end’ view of the impact of government policy implementation.”

The Syrian Vulnerable Persons Resettlement Programme

We are undertaking a progress review of the Syrian Vulnerable Persons Resettlement programme. The review is expected to set out the facts surrounding the achievements of the programme to date, the processes in place to deliver the programme and the risks to the delivery of the programme in future and whether these are being addressed.

Improving access to general practice in England

This study will examine whether the Department of Health and NHS England are implementing their objectives for access to general practice effectively. It follows on from our *Stocktake of access to general practice in England* report, published in November 2015, which set out the current position and trends in the demand for services, patient experience and staffing in general practice.

Further work planned

We regularly engage with the local government sector and others with an interest in local public services to understand the major issues local authorities are facing and seek their views on our work programme. In response to feedback, we are currently developing proposals for further work on devolution, health and social care integration and the government's plans for councils to retain 100% of the business rates they collect.

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Contact information

We are keen to hear views and suggestions about our work on local public services. We are also happy to attend conferences and other events to present the findings of our work, so please get in touch if you would like us to do this. We can be emailed at: **local.government@nao.gsi.gov.uk**

Twitter: @NAOorguk

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