

CHECKING PROGRESS

AUDIT AND INSPECTION

All public services should have efficient independent arrangements for audit. As in private business, this is essential if they are to be managed well. There is a further powerful stimulus to improvement when those outside a service are able to compare the performance of one body with that of others on a clear and consistent basis. Good external audit and inspection expose weaknesses. They confirm the reliability of good internal systems. They help to spread good practice, value for money and raise the quality of service.

Auditors do not set or enforce standards. That is the job of the elected government or local authority. But rigorous and independent inspectors and auditors can perform a vital role in checking how performance compares with both local and national standards. Auditors can identify under-used or badly used assets. They have an essential role in seeing that public money is spent properly and that the resulting services are good value for money.

As part of the Charter programme, the Government proposes to strengthen audit and inspection services. Proposed legislation would require:

- local authorities to **publish their response** to auditors' reports;
- the Audit Commission to publish new **league tables of local authority performance** and similar tables for health services;
- there will be major reforms of the **Schools Inspectorate** at national and local level;
- a new independent element will be introduced into the **Inspectorate of Constabulary**;
- consultative proposals will be published later this year on strengthening the role of the **Social Services Inspectorate** and introducing an independent lay element into its work.

Comparisons of performance

Simple comparisons of performance often show striking differences between the best and the least efficient providers of public services. The Audit Commission has observed over the years that in many areas of local government and NHS performance the difference between the top and bottom quartiles is often around three to one, and sometimes more.

In police work the average number of successful identifications per finger-print officer is 93 per year. The most efficient quartile of police forces achieve over 157 while the lower quartile is only 48.

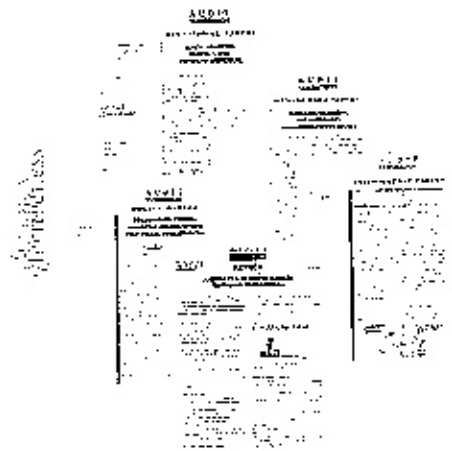
In local government the average cost of cutting a square metre of grass in county authorities is 1.9 pence. The upper and lower quartiles are 2.8 pence and 1.1 pence.

Community Charge collection costs per charge-payer range from £6.25 at the lower quartile to £15.50 at the upper.

In education the average proportion of time that local schools inspectors spend in observing teaching is 18 per cent. The highest quartile is over 36 per cent and the lowest less than 6 per cent.

In the NHS the costs of commonly used sterile examination packs range from 46 pence at the lower quartile to £1.79 at the upper.

In each case these are the ranges between the top 25 per cent and the bottom 25 per cent. The overall differences between the very best and the very worst are even more remarkable. The scope for improvement just by bringing the bottom 25 per cent up to what is currently the average is clearly very great.



Audit – how it works now

The National Audit Office audits central government and a number of organisations which receive government funding. The Audit Commission is the principal auditor for local government and, with the National Audit Office, for the NHS.

Both these organisations provide a financial audit. But they also do important work in improving value for money. The National Audit Office, in its value for money studies, tends to examine aspects of individual departments in depth. The Audit Commission has specialised in comparative studies which examine value for money in the services provided by a large number of local authorities.

We want to see informed, hard-hitting and imaginative audit applied as widely and openly as possible. This would help the public to understand better how good and how efficient local services are. Much of the comparative information produced by the Audit Commission has helped to do this. It has given a powerful incentive to many authorities to improve performance.

Local authority audit – a programme for reform

In the best authorities, good services are provided to a high standard. But the present disparity in standards between different local authorities means that too many people in Britain are still ill-served by their authorities, forced to accept sub-standard service. Inefficiency and waste go hand in hand with poor financial control and too little concern for the cost of services to those who pay for them.

Under the Charter programme, we want to help the auditors do an even better job in their work for the public. The Government therefore proposes to introduce legislation to remove obstacles which stop the Audit Commission exposing to the public details of how their council is doing. This would force local authorities to respond, in detail and in public, to the recommendations made by their auditors. The changes would enhance the role of the Audit Commission and increase the impact of its work.

Holding councils to account in public

At present, when local authorities receive a report from their auditor, they do not have to respond to it in any way. The proposed legislation would require authorities to publish a formal response to their auditor's reports. They would have to set out what action they propose to take. This response will have to be debated and approved by the full council in open session. There would be safeguards to protect genuinely confidential matters where these are raised by the auditor.

Better information

At present there is a wide gap in quality between the best local authority services and the worst. The legislation would require all authorities to publish – not only in committee agendas but in ways more accessible to the public – information which shows what standard of service they are providing at what cost. The standards would be on a common basis, to be prescribed following consultation, so the standards and costs in one authority can be easily compared with another. This information would be subject to checking by the auditor.

League tables of performance

At present there is no easy way of comparing one authority's performance with another. The Audit Commission publishes comparisons, but these do not identify individual authorities by name. Legislation will be introduced to permit the Commission to identify individual authorities. There would be safeguards to protect genuinely confidential information. Public debate about the efficiency and quality of services would as a result be much better informed. In cases of extreme inefficiency the Government would not hesitate to use its powers to close down inefficient direct labour organisations.

NHS audit

We shall also invite the Audit Commission to publish similar comparative tables for the NHS as a stimulus to improvement. These will supplement standard information for patients which health authorities are expected to provide. We would expect relatively weak health authorities to take action to bring about management improvements.

INSPECTION

The main inspectorates cover key areas of public service - police, prisons, schools, social services. The inspectorates are concerned with value for money and standards of output and performance. However, their central responsibility is to check that the professional services that the public receives are delivered in the most effective way possible and genuinely meet the needs of those whom they serve. In the past, inspectorates have often been staffed exclusively by members of the profession they oversee. Under the Citizen's Charter programme, the Government will change this balance.

The case for change

It is important that there should be a professional element to inspection. However, we believe that it is essential also that inspectors reflect the interests of the public receiving a service as well as the profession providing it. If an inspectorate is too close to the profession it is supervising there is a risk that it will lose touch with the interests of the people who use the service. It may be captured by fashionable theories and lose the independence and

objectivity that the public needs. Professional inspectorates can easily become part of a closed professional world.

The Citizen's Charter will therefore begin to open up inspectorates to the outside world. It will make them much more responsive to public concerns. To this end, we will appoint lay members to more inspectorates to work closely with professional colleagues. The lay members' job will be to ensure that the judgment of what represents good practice is not left just to the professionals - professional views will be balanced by the sound common sense of other members of the public. New insights can also be brought to inspection from the experience of those whose professional lives have taken them into other fields.

We shall encourage all the inspectorates to make a point of inviting the views of the public. We will expect them to publish signed reports which show the evidence and approach that they have used but which are free of jargon. A good report should raise public awareness and inform policy, as well as bring pressure to bear on management. Reports with a local relevance should be made widely available locally. And we will look to national inspectorates to produce comparative studies and draw together the results of local experience.

Prisons

The Prisons Inspectorate was reconstituted in 1981. It is headed by a distinguished and independent figure, who is assisted by experienced professional advisers. It has right of access to all prisons, and to the Home Secretary, to whom it reports its conclusions and recommendations. Its reports are published and available to Parliament. The Government will ensure that the Prisons Inspectorate remains strong and independent in the future.

Police

The Inspectorate of Constabulary plays a particular role in management and in setting national standards across local police forces. HM Inspectors report to the Home Secretary. But they also advise both local police authorities and chief constables on the management of forces, and on best policing practice. Each force is inspected annually; the inspector's report is given to the local police authority, and is published.

HM Inspectors are presently appointed from the ranks of chief constables. As an initial step, the Home Secretary will appoint more lay experts to the Inspectorate later this year. They will be experienced people able to support the Inspectorate in its work to improve efficiency. The Government will also encourage continuing close co operation between the Audit Commission and the Inspectorate to identify scope for improved efficiency and quality of service.

Schools

We attach particular importance to raising standards in schools. Parents need better information to be able to exercise their rights to wider choice. This will enable more parents to exercise more pressure for higher standards in schools. In addition we want to see rigorous and independent inspection based on the widest possible range of evidence. That, too, will contribute significantly to raising quality in education.

Decisions following the review of **Her Majesty's Inspectorate of Schools** will be announced shortly. However, in line with the Citizen's Charter, the changes which result from this review will reflect these principles:

- the need for independent judgment about schools, teaching and learning based on objective inspection and analysis of performance measures;
- the need for the inspection process to involve lay members with a range of expertise and experience other than teaching or educational administration;
- the need to ensure that inspection is carried out independently of the producer interest;
- the need for those who audit professional standards to see their work as an integral part of promoting value for money.

There will be a statutory requirement for the regular inspection of schools. We envisage that a specific grant will be paid directly to schools to enable them to buy inspections with a corresponding reduction in revenue support grant to LEAs. The choice of inspectors will be left to governing bodies. There will be a requirement to distribute the results of inspections to all parents at a school plus a follow-up report a year later on the action taken. The Schools Inspectorate in Wales is also under review. We will bring forward conclusions later this summer.

Social services

The day-to-day responsibility for social services rests with local authorities who are required to set up arm's-length inspection units. But the national role of the **Social Services Inspectorate** provides an important reinforcement of those local inspection arrangements in England and an assurance that they are working properly. The Government is committed to a strong and effective Inspectorate which is fully sensitive to public concerns. We are therefore reviewing the Inspectorate's role to see how it could be further strengthened. It will introduce an independent lay element into the Inspectorate's work. Proposals on how best to achieve this will be published for consultation later this year.