

CIPFA

The Chartered Institute of
Public Finance & Accountancy

the CIPFA manifesto

Better Ideas,
Better Public Services

Trust?

*Openness

>> Decisions

Citizens at the Centre

"Informing"

FM Culture

Efficiency (gains)

Collective performance!!

Powers

"Accountability"

\ foreword

At some stage over the next twelve months a UK General Election will be called. We know already that the context and backcloth to it will be uniquely distinctive. An unprecedented combination of events – the global financial crisis, the economic downturn and the evaporation of trust in politicians – have conspired to create dramatically heightened levels of public concern and disenchantment. In many ways perhaps this is an expression of the lack of personal control that people feel able to exert in their own lives in such uncertain times.

But what can be done?

An important part of the debate clearly needs to focus on very fundamental questions about the way in which we are governed and how public money is managed and controlled. Unless these issues are fully aired and resolved it is difficult to see light at the end of the tunnel. The political players may change but trust, confidence, openness, accountability – all the things we want to see – will remain elusive.

Through this manifesto CIPFA aims to ensure that these vitally important questions are fully and openly explored. It highlights some of the key challenges which, we believe, need to be addressed and outlines a range of ideas for

effecting real, positive change – a formula for better governance, better financial management and better public services.

We hope that our initiative will encourage others to think about these issues too, and contribute their ideas. In particular we hope that the political parties will engage in this debate. We need to help strengthen their resolve to find and implement solutions which will win hearts and minds – public confidence and support – as well as votes, when the Election takes place.

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Roger Latham (President)



Steve Freer (Chief Executive)

“Trust”

1. Parliament should play no part whatsoever in setting MPs' remuneration and expense schemes.
2. MPs' pay and expenses should be determined by a new independent commission.
3. Members of the commission should be appointed in a way which assures complete independence from Government, Parliament and the political parties.
4. There should be no special tax concessions associated with MPs' remuneration and expenses.
5. In the interests of complete transparency all MPs' expense claims should be made publicly available on-line.
6. Expenditure on MPs' remuneration and expenses should be subject to a full independent annual audit.

Ideas

inspiring trust

The remuneration and expenses of Members of Parliament is a natural starting point. No other issue has been quite so corrosive to the reputation of MPs, eliciting widespread condemnation and cynicism from the public at large. The solution, however, does not lie in Parliament agreeing new rules, tighter controls or more modest allowances. The solution lies in Parliament removing itself completely from any involvement in proposing or approving MPs' pay and expenses.

MPs are entitled to a fair salary and reimbursement of expenses wholly, exclusively and necessarily incurred in connection with their role. But it invites criticism if MPs are responsible for approving their own entitlements, even if they are merely rubber-stamping the recommendations of an independent body such as the Committee on Standards in Public Life.

To restore trust and confidence Parliament must hand over complete responsibility for setting all aspects of pay and expenses, including MPs' pension arrangements, to a new independent commission established for that purpose. In order for the commission to command public confidence it must be completely autonomous and have freedom and the resources to carry out any research necessary to inform its decisions.

Members of the commission must be seen to be independent of vested interests including in particular Parliament, Government and the political parties. This poses a practical difficulty in terms of how and by whom members of the commission should be appointed. One option would be for Parliament to prescribe in legislation a number of existing independent organisations which enjoy public trust and confidence. Those organisations would then each have the right to nominate one member to serve on the commission for a specified term. Members so nominated would then serve in an individual capacity; they would not be representatives of the relevant nominating bodies.

The work of the commission should be publicly funded. Its members would be paid on a per diem basis, at rates comparable to those payable to Non-Executive Board Members of Whitehall Departments.

The commission's key role would be to determine and publish new levels of pay and benefits for MPs (including a new expenses scheme), which it would also update from time to time.

As a matter of principle there should be no special tax concessions associated with MPs' remuneration and expenses. Furthermore in the interests of complete transparency the detailed expense claims of all MPs should be available on-line. This would encourage MPs to consider the spirit – the 'How would it look?' test – as well as the letter of the law. Like all other areas of public expenditure MPs' remuneration and expenses should be subject to a full independent annual audit.

These changes are urgently required if a line is to be successfully drawn under the current discredited arrangements which have inflicted so much damage upon the reputation of MPs and Parliament.

“Openness”

7. Policy proposals and legislation should be developed in a more connected, corporate way to avoid unnecessary complexity and ensure that opportunities are taken to ‘join-up’ across government.
8. Government should aim to develop a new discipline around Ministerial announcements emphasising a small number of clearly defined and communicated medium/long term strategic objectives and a remorseless focus on serving the public interest and securing value for public money.
9. Government should guard against over-centralisation. Local decision making – closer and more accessible to citizens – should be the natural order; central decision making should be adopted only when there is a compelling case to do so in the public interest.

Ideas

promoting openness

If citizens and communities feel that the systems and processes of government are open and transparent they are more likely to have confidence in decision making. Conversely, if systems seem complex and impenetrable, decisions are more likely to be regarded with suspicion and mistrust.

A great deal of the complexity of government is unnecessary. It comes from the silo-nature of Whitehall Departments and public service organisations. Faced with a common challenge, each unit will develop its own unique solution, when a more logical and cost-efficient approach would be to develop a single solution for use across many or all units. To the public this presents as a snowstorm of confusing, needlessly different and frustratingly inefficient arrangements. At best it creates an unfavourable first impression; at worst it feeds an irrevocably negative stereotype.

Based on past experience the next Government may inadvertently make things worse rather than better. After the General Election, in their eagerness to make a mark, new Ministers will rush to Departments and, in silos, begin planning a new wave of reforms. Speed will be a priority because of the perceived pressure to demonstrate action and dynamism ahead of inevitable media commentary on ‘the first 100 days’. In their haste more opportunities to refine and join up proposals across government will be missed. More pointless complexity will be layered on to already confusingly complex arrangements.

The moral is clear: we need less haste and more care. We need Government to avoid unnecessary complexity, to work much

more corporately and to take to heart the critically important challenge of simplifying government.

One important strand of the simplification process should be about a much more disciplined and selective approach to announcements by Ministers. We need fewer decisions framed as responses to short term events or criticisms; we need fewer populist initiatives designed to spice up speeches and to play to the interests of particular pressure groups. Instead we need much more emphasis on a small number of clearly defined and communicated medium/long term strategic objectives and a remorseless focus on the public interest and best use of public money.

Another simplification strand should be about avoiding over-centralisation. We need to move more decision making out to local public bodies where it will be more visible and accessible to citizens and better able to reflect local needs and circumstances. Local decision making should be the natural order; central decision making should be adopted only when there is a compelling case for this model in the public interest.

"Decisions"

10. Government should look to develop more effective methods of pre-legislative scrutiny and testing of new policies with the involvement and assistance of users of services and other experts.
11. Market research and product development techniques and rigorous evaluation should be used to help design and continuously improve new products and services.
12. New policies should routinely be accompanied by a detailed statement of expected outcomes including estimated costs, income and savings.
13. More policies should be routinely subjected to independent post-implementation review. Reviewers should compare and report actual and expected outcomes and have the power to recommend amendment or repeal of relevant legislation or regulations.
14. Pilot schemes and initiatives should also be accompanied by statements of expected outcomes. Government should also routinely publish the planned timetable of the pilot trial and arrangements for review and public reporting of results. Pilots should not be allowed to peter out nor be rolled out to widescale adoption without the discipline of rigorous and methodical evaluation.

Ideas

making better decisions

Too frequently ill-considered policies are not exposed until significant timescales have elapsed. Two serious problems then arise. First, significant resources may have been consumed with little or no return. Secondly, accountability may be blunted because of the inevitable turnover of personnel. As a result public cynicism will potentially increase by another notch.

There are a number of steps which need to be taken to minimise the risk of implementation of poorly designed policies. We need to develop smarter and more effective methods of pre-legislative scrutiny and testing of new policies. We need to work harder to give experts, including users of services, a louder voice in these processes.

Government can learn from good practice in the private sector where market research and rigorous product development techniques help inform the design of new products and services, and disciplined evaluation helps to ensure continuous improvement. These approaches are particularly relevant where the nature of the service is such that the consumer enjoys a degree of choice.

New policies should routinely be accompanied by a detailed statement from Government about expected outcomes. This should include clear explanations about how and when the success of the new policy will be measured and judged. It should also include quantified statements of expected costs, income and savings.

More policies should also be routinely subjected to formal post-implementation reviews. These should be undertaken by independent parties and should focus in particular on whether expected outcomes have been achieved. Based on their findings, reviewers should have the power to recommend amendment or repeal of relevant legislation or regulations as appropriate.

Similar disciplines should apply to pilot schemes. Pilots should be used to trial policy responses which may have the potential for much wider application. They should be accompanied by a clear statement of expected outcomes including estimated costs, income and savings. When establishing a pilot initiative Government should routinely publish the planned timetable of the trial and arrangements for formal review and public reporting of results. Pilots should not be allowed simply to peter out nor be rolled out to widescale adoption without the discipline of rigorous and methodical evaluation.

“Citizens at the Centre”

15. All public bodies should engage and involve citizens and users of public services in order to tailor services effectively to meet their needs.
16. Public bodies which share the same consumers should work closely together to ensure a coherent, joined-up response to views and feedback.
17. In the interests of both service improvement and efficiency Government should aim to develop and implement streamlined, standardised systems and processes where possible across different parts and tiers of the public services.
18. Citizens and users of service should be actively engaged in discussions about the range and quality of services provided by public bodies and about how services can be improved and made more efficient. They should be given every opportunity to help to identify and eliminate practices which represent poor use of public money.

Ideas

placing citizens and users at the centre

Rather than designing new systems to suit the bureaucracy we need to instil a new discipline across the public services to tailor systems to meet the needs of citizens and users. This is already the rhetoric of many public bodies but it is rarely their reality.

The consumer voice should be much louder in developing public policy and providing feedback and advice on public services. Elections are too infrequent and are too blunt an instrument for collecting the views of users of services. Consumers should have frequent opportunities to contribute detailed feedback on the services they use and require and in particular on how they can be improved and made more efficient. This needs to be tackled imaginatively. Whilst the introduction and observance of public consultation standards might be a helpful first step it is unlikely to excite a sense of real engagement. The public need to feel that their views are valued and to see evidence that they are influential in planning the way in which services are developed.

Public bodies have to make choices about the range of services which they can and cannot afford to deliver within the resources available to them. Consumers are much more likely to understand and to support those choices if they feel that they have been given an opportunity to express their views to decision makers. This works best when decision making is relatively local and adds weight to the argument for a more devolved culture for UK public services.

Over time these changes have the power to enhance trust and confidence in public services. However, they will do so much more quickly if organisations develop explicit mechanisms for involving citizens and service users in the quest to minimise waste and maximise value for money. Service users in particular are often in a uniquely qualified position to advise on where

waste is occurring and how it can be eliminated. Tapping into their ideas will have significant benefits providing there is real organisational commitment and determination to harness their expertise to deliver real improvements.

Citizens engaging with a number of different arms and agencies of Government often have a particularly frustrating experience. The bodies concerned need to respond to this challenge in a joined-up way. They need to work together in their engagement with service users and develop responses which are focused on the consumer rather than the narrow interests of individual organisations. Wherever possible processes should be streamlined and easy to comprehend. They should be consistent across different parts and tiers of government and should be standardised on best practice whenever possible. The way in which Government does business should feel familiar and present efficiently to citizens whether they are engaging with the local hospital, library, police station or school.

It is important to acknowledge that, taken seriously, this will be a marathon not a sprint. It will take time to place the views of citizens and consumers in a much more central role in all public bodies, to understand user needs fully in any given area, and to design and implement best practice solutions. But the benefits for citizens will be demonstrable and the efficiency gains for Government – from simplifying and standardising – will potentially be significant.

“Informing”

19. All public bodies should routinely make clear information available to the public about the decision making processes which underpin their policies and services.
20. Targets should be used in a considered way to encourage consistent standards and practice, where appropriate, and to help set user expectations and ensure a positive user experience. Target setters should systematically monitor for unintended adverse impacts on other priorities and risks.
21. Government should reintroduce clear fiscal rules to guide its management of the public finances as soon as possible.
22. Government should commit to a firm timetable for publication of Whole of Government Accounts (WGA) – fully consolidated financial statements for all public expenditure – for 2009/10.
23. At the earliest opportunity WGA should be prepared on a basis which is compliant with International Public Sector Accounting Standards (IPSASs) in order to enable comparability with the financial statements of other governments.
24. The Management Commentary provided with WGA should report performance against the fiscal rules, with a clear reconciliation to the audited WGA results. It should also include clear summary information on long term fiscal sustainability.
25. All public bodies are encouraged to consider use of the Accounting for Sustainability Connected Reporting Framework to report performance on key aspects of sustainability.

Ideas

better informing the public

At the most fundamental level public services need to be better explained. Members of the public need to understand how and by whom decisions are taken. They need to understand decision-making timetables. They need to understand their rights to feed views into the process, to observe or participate in decision making and to appeal against outcomes with which they are dissatisfied. They also need to know how and to whom they can complain.

All of this information should be routinely available for all public services with clear routes of access to decision makers.

Though much maligned, targets and guaranteed service levels are important tools to encourage more consistent standards and practices across the public services. They help to set users' expectations and to ensure that the user experience aligns with expectations.

However, targets come with a health warning. They can skew organisational priorities and resources to an extent which is unjustified and which exposes organisations and citizens to risk. Target setters – whether they be national or local – should therefore scan systematically for unintended consequences. They, and inspectors scrutinising organisational performance, should be concerned not only about whether targets are being met but also about whether impact on other responsibilities and related risks is acceptable.

We also need better and more complete information about Government at the highest levels – particularly about its financial position. Prior to the onset of the global financial crisis the management of the Government's finances has itself been subject to a clear framework expressed in the

form of fiscal rules. This is a sensible and helpful discipline, and one which Government should seek to return to at the earliest opportunity in order to demonstrate its performance in addressing the impact of the recession on the public finances and the credibility of its fiscal strategy in the short, medium and longer term.

At present a range of different statistics are made available about annual income and expenditure, surpluses and deficits, reserves and debt, etc. But these fall short of best practice which would be to publish independently audited, consolidated financial statements for the whole of government every year. These would show the Government's financial performance for the year together with its full financial position including all of the assets controlled by the public sector, as well as both current and long term liabilities, particularly those arising from PFI and public sector pension schemes.

Publication of Whole of Government Accounts (WGA) is a major technical challenge. However, a great deal of progress has been made towards this aim over recent years and it is now clearly within reach. Government should grasp the opportunity which this presents and make a firm commitment to publishing the first national consolidated financial statements for 2009/10.

The current undertaking is that WGA (and indeed the accounts for individual public bodies) will be prepared on the basis of the International Financial Reporting Standards developed for the private sector, adapted as necessary for the public sector context. We strongly support this direction of travel. However, in order to ensure full comparability with the financial statements of other governments, it is important that, at the earliest opportunity, WGA are prepared on a basis which is compliant with International Public Sector Accounting Standards (IPSASs).

In order to provide clear linkages and accountability to the Government's fiscal framework, the Management Commentary published as part of WGA should report performance against the fiscal rules, with a clear reconciliation to the audited WGA results. It should also include clear summary information on long term fiscal sustainability reconciled to the Long Term Public Finance Report. The disclosure of this information linked to audited WGA would create clear accountability for

Government's performance, as well as a basis for more informed commentary on the UK's financial health. In particular it would enable better informed judgements to be made about the long term sustainability of current and future planned levels of public expenditure and taxation.

The public should also be informed about the performance of public bodies in relation to broader measures of sustainability, including social and environmental measures. The Prince of Wales' Accounting for Sustainability project has developed a Connected Reporting Framework which provides a helpful template for this purpose and which encourages sustainability considerations to be embedded in day-to-day operations and decision making.

"FM Culture" - CFO Role
- embedding challenge
Efficiency and productivity improvement
->> Collective performance
- better joining-up
- leading change

"FM culture"

26. Decision making by Government and public bodies should be informed by better financial information. Legislation should be fully costed. Major policy changes such as those involving major reorganisations of public bodies should be preceded by the publication of a detailed, fully costed business case.
27. Government should practice and promote good financial management with the aim of financial management becoming a powerful influence on the cultures of all public bodies.
28. Boards of public bodies should take particular interest in the mechanisms for ensuring that good financial management is practiced throughout the organisation.
29. The Chief Financial Officer must be a key member of the leadership team in all public service organisations, actively involved in and able to bring influence to bear on all material business decisions. He or she must lead the promotion and delivery by the whole organisation of good financial management.
30. All public servants should be encouraged to strive continuously for value for money improvement. Lots of small actions can make a big difference.
31. Contracts with external suppliers should incorporate an expectation of continuous value improvement.

Ideas

establishing a culture of good financial management

We also need better financial information – rigorously compiled and routinely published – to support the decisions taken by Ministers, Departments and all types of public service organisations. Too frequently important decisions appear to be taken casually, as though they are cost-free or because costs can be accommodated within existing budgets. This does not begin to demonstrate that they constitute value for money or good use of taxpayers' resources.

In many ways this is best illustrated by the enthusiasm of Governments for structural reorganisations which cause the winding down and abolition of one public body or group of bodies and the transfer of functions to a new successor agency(ies). The costs of this sort of policy change are difficult to quantify fully because they are so long-tailed and so pervasive. But they are known to be very extensive. Such reorganisations should therefore only be contemplated after very careful and thorough analysis, full publication and scrutiny of a detailed and fully costed business case, and where there is a high degree of certainty that proposed new arrangements will endure for the long term. Nothing is more wasteful of public money than the continuous upheaval of serial reorganisations which have afflicted services like the NHS for the past two or three decades.

Good financial management should start in Parliament where all legislation should be fully costed. It should also be a powerful influence on the cultures of all public bodies. Good financial management should be in the bloodstream of organisations from the boardroom at the centre to the most distant front-line outpost. Politicians and public servants alike should be driven by the aims of delivering excellent services, meeting real needs and securing the best possible

value for the taxpayers' money. They should be constantly testing performance by rigorous benchmarking, questioning and seeking ways to improve productivity and save money in all aspects of the organisation's activities. And they should be held to account for their performance, internally, through management reporting and appraisal processes, and externally, through formal public reporting arrangements.

Chief Financial Officers have special responsibilities here. But in order to fulfil them they must be positioned correctly in the organisation.

The Chief Financial Officer must be a key member of the leadership team in all public service organisations, helping it to deliver and implement strategy and to resource and deliver the organisation's objectives sustainably and in the public interest. He or she must be actively involved in and able to bring influence to bear on all material business decisions to ensure that they are consistent with the organisation's financial strategy and that immediate and longer term implications, opportunities and risks are fully considered. Critically, the Chief Financial Officer must lead the promotion and delivery of good financial management by the whole organisation, so that public money is safeguarded and used appropriately, economically, efficiently and effectively at all times.

Every public servant should be encouraged to strive continuously for value for money improvement. This message should be reinforced in job descriptions and contracts and reflected in organisation, team and individual objectives. Lots of small actions by individuals can add up to significant impact. Similarly contracts with external suppliers or partners – especially those which relate to the delivery of services over an extended period of time – should be drafted to include an expectation of continuous value improvement.

Boards should pay special attention to ensure that these arrangements operate systematically throughout the organisation and that they exert a strong influence on organisational culture. Boards should expect to receive regular reports on the nature and value of improvements delivered to date and planned for the future.

Powers?

- LA general competence
- “Power to partner”
- duty to consult

Accountability >>>

** Allocating resources

- oversight/expert panel

“Efficiency gains”

32. Public bodies should be systematic and rigorous about measuring the results of initiatives to improve efficiency and productivity. They should make clear explicit statements about savings anticipated (and achieved) by different efficiency and productivity initiatives and their intended future use.
33. Information about efficiency and productivity gains should be reported publicly in the published budgets and annual reports of public bodies with explicit signposting of plans for their future use.

Ideas

capturing real efficiency and productivity gains

Taxpayers are naturally enthusiastic about public service efficiency but they are also sceptical about claims of huge efficiency savings, especially if their personal experience is one of rising taxes and charges. The public need to be able to see clearly not only how much has been saved by a particular initiative but, crucially, how those resources are being used. Are they being used to reduce taxes or charges? Are they being redeployed to address a new priority? Are they being reinvested to meet increased demand or to deliver a higher quality service?

These questions should be answered clearly by explicit signposting in the published budgets and annual reports of public bodies. Organisations should expect efficiency savings which are not captured and explained in the budget in terms of future use to be regarded with a high degree of scepticism.

This information is also critically important for better decision making. Where initiatives have been taken – often involving

up-front investment – to improve productivity, organisations must be systematic and rigorous in measuring the change in performance which is actually achieved and comparing that result with the assumptions made in the business case which justified the investment.

“Collective performance”

34. Public bodies should work with partner agencies in pursuit of improved collective performance which will lead to better services and/or better value for money.
35. Public bodies should recognise the barriers and difficulties which inhibit effective partnership working. They should discuss those difficulties with partners and agree specific mechanisms such as the joint appointment of an independent ‘change leader’ to overcome them.

Ideas

improving collective performance

Public bodies do not operate in isolation. Although they have their own specific interests and responsibilities, their activities invariably involve interaction with and dependence upon other bodies – public, private and charitable. The nature of these partnership relationships vary widely. Some are focused on sharing information and ideas in pursuit of better understanding and better alignment of strategies. Others involve the spending of significant budgets and are responsible for delivery of important local services.

Some of the greatest opportunities for improving public services lie in this area of enabling different organisations to optimise their collective performance. But whilst partnership working has been on the agenda for many years there are still disappointingly few examples of it delivering the win : win outcomes of significant benefits for the service user and real efficiency gains for the taxpayer.

The impediments and potential obstacles are obvious. Different organisations have different objectives and priorities. Each tends to be pre-occupied with its own accountability arrangements and relationships. There may be difficulties aligning risk and rewards between partner organisations. There may be vested interests which fear change and therefore, by default, support the status quo. There may be personal rivalries and suspicions about underlying motivations which weaken trust.

A practical difficulty in these circumstances is that every voice belongs to one or other of the participating organisations. In that sense every contribution, however well intentioned, may struggle to bring absolute objectivity to bear and may be dismissed as partial.

The failure of public bodies to get to grips with these barriers and difficulties represents a major problem for the overall

efficiency of the UK’s public services. We therefore need to find new practical mechanisms to overcome the obstacles to a style of partnership working which is focused uncompromisingly on delivering high quality services which maximise value for taxpayers’ money.

One option may be for partner organisations to agree jointly to employ a suitably skilled, independent ‘change leader’ whose role would be to work alongside the partners to develop proposals for improving collective performance. This approach would have the advantage of being sponsored by a non-partisan champion, free from the pressures and constraints of organisational interests and politics. Such an approach has the potential to be justified on ‘invest to save’ criteria. Indeed it may be arranged contractually on that basis.

Of course, a ‘change leader’ would not have the authority to approve service or value for money improvements. That would continue to rest with the relevant partner bodies. But he or she would be able to develop a stream of well researched, well argued proposals for the partners to consider, cutting through organisational and other vested interests and bringing much more urgency and focus to the improving collective performance agenda.

"Powers"

36. All public bodies should be granted the power to work in partnership with other similar bodies in the public interest, providing that one member of the consortium has the legal powers to undertake the particular venture in question.
37. Local authorities should be granted a power of general competence enabling them to enter into any venture which is intended to be beneficial to citizens and communities.
38. All public bodies should have a duty to consider, publish and consult on the impact of their policies and decisions on other public agencies.

Ideas

granting the power to make things happen

In some cases uncertain legal powers are a major obstacle to effective partnership working and therefore to the improvement of the quality and value of services. In particular, when organisations are engaged in developing unusual or innovative solutions it is very likely that complex questions will arise about whether each of the participating bodies has all of the necessary powers to enter into and play its part in the collaboration.

At best these hurdles involve significant expense to assess, clarify and resolve; at worst they may cause important and otherwise viable initiatives to be abandoned.

In overall public interest terms there may well be a case for all public bodies to be granted a power to work in partnership with other similar bodies, providing that one member of the consortium has the legal powers to undertake the particular venture in question. Additionally there is a strong argument to give local authorities, with their overarching responsibility for the needs of an area and its inhabitants, a general power of competence to enter into any venture which is intended to be

beneficial to citizens and communities. Initiatives undertaken under such powers would continue to be subject to all of the relevant regulations and expectations in relation to the degree of care with which they are pursued.

Government also needs to consider the risk posed by individual public bodies working in splendid isolation, potentially pursuing policies which, whilst meeting narrow organisational objectives, nevertheless impact adversely on other public agencies. A duty to consider, publish and consult on the impact of proposals on other such agencies would help to mitigate this risk and encourage focus on the overriding public interest.

“Accountability”

39. Government should take particular care to ensure that its own actions do not impair and undermine the fundamental importance of accountability arrangements for local services to local communities. For localism to succeed local accountability arrangements must be healthy and vibrant.
40. Government should discontinue the practice and repeal the legislation which enables capping of local authority budgets.
41. Revaluation of domestic properties for council tax purposes should be triggered automatically at five yearly intervals.

Ideas

creating clear lines of accountability

Strong and effective accountability arrangements are a pre-requisite for good public services. Whether the decisions or actions concerned relate to policy making or delivery of public services it is critically important to make accountability arrangements as clear and unambiguous as possible. Failure to do so will create a recipe for confusion and for public dissatisfaction.

Government should take particular care to ensure that its conduct does not impair the accountability arrangements of local services to local communities.

The setting of national targets for services which are delivered locally by NHS trusts, schools, local authorities and other public bodies is a legitimate practice for Government. In a number of cases it has led to an impressive levelling up of standards across the country, for example, in relation to waiting lists in the NHS in England.

But targets must be handled with great care. Government should be highly selective about the number and range of targets set and sensible and proportionate about the manner in which they are enforced. An excessive approach – too many targets pursued too aggressively – risks creating a range of local public bodies so pre-occupied with their upward accountability to Government that local priorities and local accountability are undermined.

Government should be super-sensitive to these risks. It should test its own solutions to ensure that they enhance rather than detract from local accountability.

The capping of local authority budgets is a case in point. Local authorities should be responsible and accountable for their decisions in relation to the setting of budgets and the

local council tax. The moment Government intervenes to cap or threaten to cap council budgets a significant degree of confusion arises. Who is now responsible for the scheme at the margin which cannot be afforded? Should its supporters make representations to the local authority or to the Minister?

Capping is deeply damaging to both central and local government. Both are likely to be held accountable in the public mind for decisions over which they have less than full control. Worse, both are likely to point the finger of blame at the other in an unedifying accountability muddle which simply adds to the frustration and ire of taxpayers.

Government should be free to express opinions about the level of council budgets and local taxes. But it should rely upon local accountability arrangements – principally local elections – to pass judgement on and call to account any perceived excesses.

Similarly local accountability is clearly weakened by the persistent failure of central government to sanction the revaluation of domestic properties for council tax purposes. With the passage of time increasingly out-of-date valuations erode the underpinning logic and rationale of the council tax. They render a relatively simple system of taxation and a key lever of local accountability much more difficult to

comprehend. And in doing so they plant the seed of unfairness in the public mind.

Revaluations at approximately five yearly intervals are a routine maintenance requirement. They should not require the active sanction of the Government of the day. In the interests of effective local accountability they should be triggered automatically.

These changes are consistent with the increasingly widely supported view that high quality, high value public services can not be 'commanded' from the centre. A model which is biased towards localism must be developed. However, for it to succeed local accountability must be healthy and vibrant.

>>> allocating resources

>> reviewing different approaches

- health

- police

- Scotland, Wales, NI

- local govt.

* public debate!!

“Allocating Resources”

42. Government should establish a panel of independent experts to provide oversight and give detailed advice on all funding distribution formulae, and to comment publicly on the fairness and appropriateness of such methodologies adopted by Government.

Ideas

allocating resources fairly

As well as setting budgets for public spending at the national level, Government also has important responsibilities for allocating resources fairly to different parts of the country. This is the case, for example, in relation to the NHS, police and local government, and it is also a key issue in relation to the devolved administrations in Northern Ireland, Scotland and Wales.

These are areas which are loaded with potential for argument. At UK level the Barnett formula has come more sharply in to focus as the Scottish Parliament and National Assembly for Wales have begun to develop and fund distinctive new policy agendas. And at a more local level ‘post code lottery’ has become the protest banner of those who are frustrated and dissatisfied about significant variations in public services from one area to another.

Clearly there are endless different formulae which could be constructed to allocate resources across the country. Predictably therefore Government is frequently challenged to justify the particular methodology adopted and to demonstrate that it has been chosen having regard to valid, needs-related criteria as opposed to political bias.

The controversy which such challenges provoke is damaging to public confidence and trust in Government. It potentially leaves large numbers of electors believing that their public services are underfunded because resources have been allocated in an unfair manner.

Government should address these issues by establishing a single expert panel to provide oversight and give detailed advice on all distribution formulae and to comment openly on the fairness and appropriateness of such methodologies adopted by Government.

public debate

What are your ideas for securing better public governance and financial management and delivering improved public services?

Views on the content of CIPFA's Manifesto and alternative proposals are warmly welcomed.

Please submit them to:

Steve Freer
Chief Executive
CIPFA
3 Robert Street
London
WC2N 6RL

or steve.freer@cipfa.org.uk

your ideas?

Ideas

your ideas?

Ideas



Registered office:

3 Robert Street, London WC2N 6RL

T: 020 7543 5600 F: 020 7543 5700

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