

Submission to the Committee's inquiry into Office for Local Government (Oflog) from Professor Laurence Ferry¹ and Dr Henry Midgley²

We are glad the Committee has launched this inquiry into the operations of the Office for Local Government (Oflog). We think the Committee are right to examine the purpose, products, and accountability of Oflog. This evidence focusses on one area that Oflog may be asked to contribute to - the accountability of local authorities. We have recently submitted evidence to the Committee which set out a general approach to the accountability and audit of local government and the supporting material for that submission also supports this (Ferry and Midgley, 2023).

- Currently, local authority accounting and auditing focusses on financial conformance - assessing whether the authority's accounts are true and fair and whether the authority has spent money in accordance with its remit as set out by regulation and law (Ferry et al., 2023, Ferry and Midgley, 2023).
- Since the abolition of the Audit Commission in 2015, there has been very little accountability for value for money in English local government (Ferry et al., 2015; Ferry and Murphy, 2015; Murphy et al., 2019). Whilst auditors issue a certificate setting out whether arrangements to secure value for money are in place, this is not comparable either to the work that the Audit Commission did prior to 2015 in assessing value for money or the work that the National Audit Office do at the central government level in the UK.
- This situation is true in England, but in Scotland, Wales, and Northern Ireland there are audit arrangements which cover performance work as well (Ferry and Ahrens, 2022).
- If Oflog is there to provide some element of accountability for the performance of local authority spend, then it will be necessary to ensure that:
 - Data is published in such a way that councillors and citizens can easily inspect it and understand it for their local authority (Ferry et al., 2023, Ferry and Midgley, 2024);

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- Published data can be linked to financial data so councillors and citizens can examine value for money rather than just raw performance (Ferry and Midgley, 2024);
- Data is independently validated so citizens, councillors and other potential users can trust it (Ferry et al. 2021, Ferry et al., 2024);
- Limitations on the data that they publish are explained. For instance, recognising the contextual differences between local authorities who face very different challenges and recognising that published performance data is often a proxy for outcomes; and
- Where possible Oflog should follow good practice in publishing data as set out by the Office for Statistical Regulation.
- Unless Oflog has an audit function, it will be impossible for it to conduct detailed work on value for money in the way that the National Audit Office in central government or Audit Wales or Audit Scotland can in the devolved areas. The publication of data about services is not a replacement for a true value for money audit which has a much more holistic nature and seeks to understand the mechanics underpinning performance.
- Oflog will require adequate resources to perform its task.

If the government's intention is that Oflog should not have a role in the accountability of local authorities but is purely there to enhance their performance through benchmarking and sharing lessons then the government should also make clear, as the Committee's previous report stated (Levelling Up, Housing and Communities Select Committee, 2023) how it plans to fill the gap that exists around accountability for value for money in English local government.

Finally, we would very much highlight that important lessons could be gleaned by revisiting the Audit Commission's work over its history. This is because the Audit Commission went through many incantations in terms of what it delivered, how it delivered, and why it was delivering (Campbell-Smith, 2008; Ferry and Murphy, 2015; Murphy, 2019). Some of the earlier phases in its development may hold valuable lessons for how Oflog could produce comparable and consistent data for both performance improvement and accountability. Likewise, it could be useful to look at comparisons of audit and governance arrangements for English local government over time (Ferry et al., 2023a), within the countries of the United Kingdom (Ferry and Ahrens, 2022), and internationally (Ferry and Ruggiero, 2022; Ferry et al., 2022).

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