

**Manchester City Council  
Report for Resolution**

**Report to:** Audit Committee – 9 December 2010  
**Subject:** Audit Commission National Studies  
**Report of:** Governance and Scrutiny Support Unit

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**Summary**

This report provides members with a list of recent Audit Commission studies that relates to local government and a brief summary of the purpose of each study.

**Recommendations**

To note the report

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**Wards Affected:**

None

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**Background documents (available for public inspection):**

None

## 1. Introduction

- 1.1 This report provides members with a list of recent Audit Commission studies relating to local government.

## 2 Recently Published Studies

- 2.1 The Audit Commission has published the following studies since the last report to the Committee in March 2010.

### 2.2 **A review of collaborative procurement across the public sector - released 21 May 2010**

The National Audit Office and the Audit Commission have jointly produced this review. It draws on Audit Commission research in local government, carried out during the autumn of 2009.

The review finds that although collaborative procurement has the potential to improve value for money, the public sector procurement landscape is fragmented, with no overall governance. Consequently, public bodies are incurring unnecessary administration costs by duplicating procurement activity, and they are paying a wide range of prices for the same commodities, even within existing collaborative arrangements.

It recommends that, given the size of public sector procurement spend and the potential to significantly improve value for money, public bodies should work together much more effectively than they currently do. It also recommends that there should be a clear framework to coordinate public sector procurement activity.

**The full report is available to download at**

[http://www.nao.org.uk/publications/0910/collaborative\\_procurement.aspx](http://www.nao.org.uk/publications/0910/collaborative_procurement.aspx)

### 2.3 **Local Government Pensions – released 29 July 2010**

The Local Government Pension Scheme is the UK's largest public sector pension scheme by membership. The Audit Commission examines its long-term affordability and finds that although it is backed by local funds, recently investments have failed to deliver the anticipated returns so funds currently cover only about three-quarters of the scheme's future liabilities.

The paper is intended to inform Lord Hutton's inquiry into public sector pensions suggesting some actions that could be taken to put the Local Government Pension Scheme on a better financial footing, such as:

- Employee contributions could be raised, but tapered to discourage members on lower salaries from opting out.
- Savings could be made by raising the normal retirement age and reducing the rate at which pension benefits are earned.
- Local pension funds could be allowed more discretion to adjust the level of benefits offered to pension fund members.

- Local government employers should keep liabilities in check by controlling wage costs.

The full report is available to download at  
<http://www.audit-commission.gov.uk/nationalstudies/localgov/localgovpensions/pages/default.aspx>

#### **2.4 Strategic Financial Management in Councils – Released 8 September 2010**

The Audit Commission reveals how organisations that manage their finances strategically are more adaptable and resilient when money is tight, and how other councils can learn from them.

Councils need to make some urgent and tough decisions. 'Strategic financial management in councils' is aimed at all council staff, especially those who hold the purse strings of local government. The Commission point out potential financial pitfalls, highlight successes, and feature a value for money self-assessment questionnaire that can be used locally.

A good-practice checklist that describes the key issues for improving financial management supports the findings in the report. Councillors and managers can use the checklist to evaluate their current approach to financial management.

The full report is available to be downloaded at:  
<http://www.audit-commission.gov.uk/nationalstudies/localgov/pages/strategic-financial-management.aspx>

#### **2.5 Protecting the public purse - Fighting fraud against local government and local taxpayers – Released 27 October 2010**

In their report 'Protecting the public purse: fighting fraud against local government and local taxpayers', the Audit Commission describe what has happened in the field of fraud detection and prevention since 2009 and set out the findings from our recent fraud survey. They identify more fraud risks and urge local councils and related bodies to focus on them.

Last year England's councils detected around £99 million worth of benefit fraud, over £15 million worth of council tax fraud, and £21 million worth of other types of fraud including false insurance claims, and abuse of the disabled parking 'blue badge' scheme. In addition nearly 1,600 homes have been recovered by councils with a replacement cost of approximately £240 million.

The Commission also describe the action taken by some councils to tackle fraud and provide links to tools to help councils improve their counter-fraud defences. Their updated checklist gives organisations providing public

services another opportunity to consider how effective they are at responding to the risk of fraud.

The full document is available to download at <http://www.audit-commission.gov.uk/nationalstudies/localgov/protectingpublicpurse/Pages/Default.aspx>

## 2.6 International Financial Reporting Standards (IFRS) Briefing Papers

The Audit Commission has produced a series of briefing papers on how local authorities can prepare for reporting their financial statements in compliance with International Financial Reporting Standards. The following papers have been produced since March 2010:

- IFRS: Accounting for non-current assets – released 17 May 2010
- IFRS Summary paper – released 8 June 2010
- IFRS: restating non-current assets – released 17 June 2010
- IFRS: accounting for employee benefits – released 15 July 2010
- International Financial Reporting Standards: Progress on the transition to IFRS –released 05 October 2010
- IFRS: reporting on operating segments – Released 29 October 2010

These papers are all available to download at <http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/financialmanagement/ifrs/pages/default.aspx>

## 3 Upcoming National Studies

3.1 The following studies are due to be published in the next few months.

### 3.2 Managing with less - Publication due date: Autumn 2010

This research project aims to help councils respond to the challenges of public spending reductions. It examines the approaches taken by local councils in responding to the need to make savings and to managing with less, and at how and why decisions are made. There will be a particular focus on the data and information used; the involvement of members and partners; and the balance between short, medium and longer term planning.

### 3.3 Review and challenge in councils (Publication due date: Spring 2011)

Councils need to have effective means for reviewing and challenging their major activities, priorities and risks. This project will research how this can be done effectively and efficiently.

Research will identify the principles that best underpin review and challenge in councils. These principles will provide the basis for a series of questions to help those responsible for council governance assess their review and challenge arrangements.