



Strategic Plan 2006

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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First published in April 2006 by the Audit Commission for local authorities and the National Health Service in England, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

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Foreword: encouraging improvement and value for money

We are pleased to present the Audit Commission's Strategic Plan 2006. This has been prepared following consideration of the responses to the consultation document published in November 2005. We would like to thank everyone who contributed to the consultation and helped shape this Strategic Plan, which is set out under five strategic objectives.

Our five strategic objectives

To raise standards of financial management and financial reporting.

To challenge public bodies to deliver better value for money.

To encourage continual improvement in public services so they meet the changing needs of diverse communities and provide fair access for all.

To promote high standards of governance and accountability.

To stimulate significant improvement in the quality of data and the use of information by decision makers.

Extensive reforms of local public services continue. Associated with these, the government has announced plans to merge 11 public services inspectorates into 4. We are therefore taking this opportunity to set out how the Audit Commission will deliver regulation that is appropriate to this new context. Our overriding objective must be to contribute to improved public services which meet the diverse needs of local communities and provide better value for public money.

The Audit Commission has a track record of providing assurance that money is well spent and properly accounted for, while continually developing new ways to challenge local public services, their partners and national policymakers to improve. The interests of users and taxpayers are not always identical, and achieving the right balance has never been more important. At the same time, we must continue to work with others to reduce the overall burden of regulation and bring consistency to the process.

The role of local public bodies is developing and many of them have taken on broader functions. Increasingly, they are commissioning services from a variety of public, private and not-for-profit suppliers, using markets to stimulate improvement and innovation. Most public bodies now work in partnerships, some statutory, but many voluntary, often reflecting the need for services within a locality to be well integrated.

If local public bodies are to improve services in ways that people recognise and value, they need to engage better with local people. The governance frameworks that underpin accountability for public money and improving services are evolving to keep pace with these trends. So must the Commission. Our assessments of performance and improvement will need to extend beyond organisational boundaries to reflect the public's experience of the totality of services within a locality. We must also recognise the contribution that robust self-assessment and relevant performance information can make within a framework of independent, evidence-based assurance.

Our five strategic objectives set out our ambitions for how we will help improve public services and ensure the success of the new arrangements for inspection. In delivering them, we will continue to develop the way we fulfil our statutory responsibilities to keep them effective and proportionate in the new context.

Sir Michael Lyons
Acting Chairman

Steve Bundred
Chief Executive

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Challenges for local services and regulation

- 1 The context within which public services are delivered is changing rapidly, and public bodies must respond equally quickly. Political, economic and social pressures are combining to focus a spotlight on the contribution that they make to a civilised, stable and fair society. Advances in technology are raising people's expectations of both public and private sector services, as well as providing solutions that meet their aspirations.
- 2 These trends are challenging. An older, more consumerist population will need (and demand) a wider range of bespoke services delivered in more user-friendly ways. In our increasingly diverse society, these tailored services must be provided with due regard for equality and human rights.
- 3 A period that has seen growing investment in public services, especially the NHS, is coming to an end. There will be downward pressure on public spending as the proportion of the population of working age decreases. Public services will be required to deliver more efficient, user-focused, sustainable services with greater transparency and accountability. Technology may help us achieve this, but it will also raise expectations.
- 4 The role of many local public bodies¹ is evolving. Many now commission others to provide services and effectively act as gateways through which individuals can exercise informed choice and access the full range of services they need. Recognising the importance of where people live and work, there is increasing emphasis on engaging with local people to ensure services meet the needs of different neighbourhoods and diverse communities. Overall, local public bodies must deliver better value for money to the taxpayer and at the same time must ensure improved services to users and citizens.

¹ For convenience, the terms 'local public bodies' and 'local bodies' in this document are used to refer to those bodies which commission and provide services using public funds, as well as those which are constituted as public organisations. This would include, for example, housing associations, partnerships and some private sector providers. The Commission is mindful that there is a wide variety of different constitutional forms and regulatory arrangements for such organisations, and that it therefore needs to tailor its approach to any individual organisation or sector. In doing so, it will work with other regulators to apply a principle of keeping the overall burden of regulation to a minimum, while achieving cost-effective impact. Similarly the term 'public services' is used in its broadest sense, but with similar caveats.

5 This leads to pressure for:

- services that are tailored around users' individual needs, with a particular focus on those who are most deprived, vulnerable or socially excluded, and on giving users more information and more choice to help raise standards;
- a focus on improving local areas, engaging communities in the process;
- devolution to the frontline so that local commissioners and providers can decide how, and sometimes which, services should be delivered;
- partnership working, so commissioners and providers of services can pool their resources and coordinate their efforts to deliver complex, cross-cutting services;
- public services which actively promote equality of access for all, eliminate discrimination and value diversity; and
- substantial efficiency gains in the delivery of public services.

6 As well as continuing to focus on value for money, organisational accountability and the importance of service specific performance, local public bodies must begin to think more broadly. They will be under pressure to achieve better performance in ways that the public recognises and will increasingly be judged on the success with which they address local priorities, such as community cohesion, anti-social behaviour, and public health.

7 They will need to be sure they fully understand the varying needs and priorities of local people and demonstrate they have achieved this through listening to users and active engagement with local communities. They will be required to be innovative, to work in partnerships across traditional management or contractual boundaries, to ensure the public receives joined-up services that respond to their personal needs and community aspirations. As commissioners of services they will increasingly be able to choose from a variety of public, private and not-for-profit providers, enabling them to design services that are appropriate for different local circumstances.

8 The change in emphasis from heavy reliance on central target setting to a more locally tailored agenda presents challenges to those regulating public services. Regulators are one part of a complex system of organisations and individuals that influence the extent and pace of improvement. Local public bodies have the prime responsibility to deliver, but government, professional and representative organisations, improvement agencies, users themselves and the media, all make important contributions, alongside regulators.

- 9 Independent audit and inspection therefore have a vital role to play in today's reform agenda. They must provide assurance to taxpayers that money is being well spent and properly accounted for. They must ensure there is transparency so that organisations responsible for public money can be held to account for the decisions they take. They must be capable of reaching judgements that reflect, support and encourage a variety of forms of partnership working, as well as local involvement that includes working with neighbourhoods, communities and individuals. The overriding objective of all involved must be to improve public services to meet the diverse needs of local communities and to provide better value for public money.
- 10 The government has announced plans to merge 11 public services inspectorates into 4. This will bring new challenges and opportunities for the Audit Commission. By simplifying and clarifying the core responsibilities of each inspectorate, the objective is to remove unnecessary duplication and deliver more strategic and more effective regulation. By 2008 there are plans for:
- a local services inspectorate;
 - an inspectorate for health services and adult social care;
 - an inspectorate for education, children's services and skills; and
 - an inspectorate for justice, community safety and custody.
- 11 In line with the renewed national focus on value for money and efficiency, the volume of service inspection is set to reduce as regulators adopt a more risk-based and targeted approach. Each of these bodies will have a public duty to promote equality which will include emphasis on positive outcomes for all sections of the community. At the same time, all of them will need to adapt their methodologies to take account of the increasingly complex web of service providers.
- 12 The Audit Commission fully supports the government's proposals to eliminate unnecessary bureaucracy and overlap between inspectorates. It has led the way in targeting its activities and working with partners so that regulation is a positive and proportionate force that brings recognisable benefits. The challenge facing auditors and inspectors in the future will be to judge the performance of individual public bodies in the wider context, using criteria that are consistent with what people experience and value. The dimensions for assessment will need to include:

- local bodies' stewardship of public funds, the quality and appropriateness of the data on which decisions are made, the efficient and effective use of resources and the proper conduct of public business. This is the core business of auditors. Without high standards in these areas local public bodies are unlikely either to provide value for money for taxpayers, or to improve services from the perspective of users and communities;
 - the effectiveness with which individual public bodies fulfil their own core business. This may be commissioning or providing public services, taking decisions about the allocation of resources, reconciling local conflict or representing their localities. It includes the standards they achieve, how well they address diverse user and local community needs, and the extent to which they integrate both equality of access, and genuine empowerment for users and neighbourhoods into their services; and
 - the effectiveness with which individual organisations engage in partnerships with other public, voluntary and private sector bodies to create places where people want to live and work, and where they choose to visit.
- 13** The Audit Commission is committed to encouraging improvement in public services by working in collaboration with local bodies, other audit, inspection and regulatory bodies, improvement agencies and government departments. Our focus on the stewardship of public funds and value for money, our independent judgement and research, our ability to identify and disseminate good practice and our presence across a wide range of sectors enable us to make a unique contribution to the improvement of public services.

3

Principles and partnerships

14 A number of principles will guide our work:

- We will maintain our independence, basing our conclusions and recommendations on robust evidence and publishing what we find.
- We will be mindful of the need to achieve a balance between encouraging improvement from the perspective of users and protecting the interests of taxpayers.
- We will emphasise the duty on public bodies to promote equality and respond to the diverse needs of different communities, and the particular need for them to reach those who might otherwise be excluded.
- We will promote strong engagement between local public bodies and both individual users and local communities, since that will help ensure their services can be tailored to meet a range of needs.
- We will take account of all available information, including robust self-assessments, performance reviews and internal audit, to help us minimise the need for our own activities.
- We will continue to improve our audit and inspection practices and work in partnership with other regulators to secure high, common standards and consistency.
- We will encourage local bodies to be open in the conduct of their business, and to publish annual and other reports which demonstrate their accountability to stakeholders both for financial stewardship and performance.
- We will continue to consult widely as we develop our programmes and activities.
- We will target our work where it will have greatest effect, based upon assessments of risk and performance.
- We will share the knowledge we gain from our local and national activities widely, including good practice and poor practice, as well as lessons from failure.
- We will strive to provide value for money ourselves, and be accountable for our actions.

15 In support of these principles we will work more closely with a wide range of partners. We have recently, for the first time, undertaken joint studies of delivery chains with the National Audit Office (NAO) and we aim to work more closely with the NAO and the other members of the Public Audit Forum (Audit Scotland, the Wales Audit Office and the Northern Ireland Audit Office) in the future.

- 16** We already work closely with other inspectorates and regulators including the Healthcare Commission; the Office for Standards in Education (OFSTED); the Commission for Social Care Inspection; Her Majesty's Inspectorate of Constabulary (HMIC); the Benefit Fraud Inspectorate (BFI), the Housing Corporation, Her Majesty's Fire Service Inspectorate and Her Majesty's Inspectorate of Probation. These relationships and others will need to be developed and strengthened to respond to the move to four lead inspectorates. Mindful of our need to be and be seen to be, independent and politically neutral, we will continue to develop effective working relationships with ministers and government departments that have an interest in our work.
- 17** We also work closely with local government stakeholders such as the Local Government Association (LGA), the Improvement and Development Agency (IDeA) and the Standards Board for England; health stakeholders such as the NHS Confederation; the National Housing Federation and the Chartered Institute of Housing in respect of housing; the Chartered Institute of Public Finance and Accountancy (CIPFA); and other bodies such as the Office for National Statistics, the Ombudsmen, Public Concern at Work, the Disability Rights Commission, the Equal Opportunities Commission, the Commission for Racial Equality and, in the future, the Commission for Equality and Human Rights.
- 18** We greatly value these partnerships, and the opportunities they present to share our work and to coordinate our activities for the benefit of both the public we serve, and the bodies we audit and inspect. Strong partnerships will be particularly important if, as proposed, we are asked to take on the role of gatekeeper in respect of regulatory demands on local authorities. In fulfilling this role, we will be mindful of the need to reduce to a minimum the burden of regulation, provided that adequate safeguards and assurance to the public are maintained.

4

Five strategic objectives

- 19 Our five strategic objectives are closely interconnected. They build on the Commission's core strengths and will help us focus our activities to address the challenges ahead. In a period of sustained investment in public services, the powerful budgetary pressures that drive value for money and efficiency can be lacking. With the likelihood of a slowdown in the rate of that investment, it is particularly important that we continue to emphasise the importance of both value for money and good financial management. In responding to our consultation, stakeholders strongly urged us to include each of these as priorities in their own right, and we have decided to do so.
- 20 Our objectives will also enable us to capitalise on our experience as a force for improvement in local public services. Sound financial management, good governance and accountability are essential building blocks without which public bodies cannot improve and deliver better value for money. And there is great potential for public bodies to take better decisions, and for users to make more informed choices, if they have relevant, timely and accurate information on which to base them.

Strategic objectives

To raise standards of financial management and financial reporting.

To challenge public bodies to deliver better value for money.

To encourage continual improvement in public services so they meet the changing needs of diverse communities and provide fair access for all.

To promote high standards of governance and accountability.

To stimulate significant improvement in the quality of data and the use of information by decision makers.

- 21 We will direct all our activities towards achieving these objectives, seeking to gain synergy from the combined effect of audit, inspection, assessment, research and information. In doing so, we will be mindful that we have different powers in each sector. Our main functions are to:

- appoint auditors to local authorities, most local NHS bodies and police and probation authorities (and audit NHS foundation trusts where appointed);
- inspect local authority, other best value authority and housing association services;
- undertake performance assessments of local authorities and fire and rescue authorities; and
- undertake national studies of economy, efficiency and effectiveness in local public services and housing associations. In the NHS studies will focus on financial management.

22 To a greater or lesser extent, all of our activities have a contribution to make to all of our strategic objectives, but the main ways in which we will target them are as follows:

- Auditors will provide assurance that firm foundations for good financial management, governance and propriety are in place, fulfilling duties specified in the *Code of Audit Practice*. They will also deliver clear judgements on the arrangements that local bodies have put in place to secure value for money through opinions on accounts and through use of resources judgements (in local government, fire and the police) and auditors' local evaluations (the equivalent in the NHS, excluding foundation trusts). The form in which they do so will enable the Commission to use these judgements in the Comprehensive Performance Assessment (CPA) of local authorities and to provide them to the Healthcare Commission (in respect of NHS bodies) and the proposed Justice, Community Safety and Custody Inspectorate (in respect of police authorities). The Commission will disseminate lessons from auditors' work which have wider applicability, particularly in support of the Treasury's ambition for the public sector to achieve world class standards of financial management. This will include reporting annually on auditors' findings about standards of stewardship and governance.
- Our assessments of local authority performance will be the prime way in which we encourage continual improvement in the quality and effectiveness of public services. Emphasising the public duty to promote equality and diversity, we will continue with the programme of CPA for councils until 2008. Recognising the local leadership role of local authorities and the trend towards enabling services through partnerships, we will increasingly consider performance on an area-wide basis, for example to provide a rounded picture of how well councils and their partners work together to promote the social, economic and environmental well-being of their communities. We will also undertake performance assessments of fire and rescue authorities.
- Inspections will continue to review performance in depth. In local government, service inspections, principally in environment, culture and housing, will be targeted where improvement is most needed and where inspection will be an effective catalyst for

change. We will also undertake cross-cutting inspections on themes such as access to services, community safety and regeneration, working with other inspectorates as appropriate to support local councils. In local authorities where there are particular concerns, corporate governance inspections will tackle local problems. We will work with HMIC and the proposed new inspectorate for justice, community safety and custody, to develop an effective joint inspection programme for police authorities.

- In the housing sector, we will continue with our programme of housing association inspections, working with the Housing Corporation to include key reporting arrangements, external communications, openness in the conduct of business and enhanced responsiveness to complaints. We will also undertake inspections with specific purposes, for example of arm's length management organisations, as required. The inspection of Supporting People arrangements, in partnership with the Commission for Social Care Inspection and Her Majesty's Inspectorate of Probation, will continue as will our work providing support for, and monitoring progress of, the nine Market Renewal pathfinders.
- Our study and research capacity will support the delivery of all the strategic objectives through in-depth analysis and understanding to build knowledge that leads to practical ways of improving services. Our studies will continue to address complex and important issues, covering both the national and local contexts within which services are commissioned and provided. Our studies programme will be the subject of regular, widespread consultation that takes full account of research being undertaken elsewhere, to ensure our efforts are focused on topics where we can make the greatest contribution.
- We will use our work on performance information to support the wider agenda for improvement, as well as our own information needs. Working with local government stakeholders, the Office of the Deputy Prime Minister (ODPM), other government departments and other regulators, we will develop an assessment framework that covers the delivery of local services and the use of public money. We will focus on helping to develop better indicators of performance; ensuring information is relevant, timely and accurate in support of decision makers; helping public bodies use information more effectively; and minimising the burden of national data collections. We will also seek to use the information that is available to help us target our other activities to best effect.

23 We will undertake locally requested work where we have the powers and believe we are best placed to do so, with a particular emphasis on helping achieve better governance, financial management and accountability; effective partnership working; and improved value for money.

24 The activities we will undertake from April 2006 to deliver our objectives are set out below.

Objective 1

To raise standards of financial management and financial reporting

- 1 We will deliver clear judgements about the standard of financial management in local government, health, police and probation authorities, and fire and rescue authorities primarily through the **annual audit** under the *Code of Audit Practice*.
- 2 We will work closely with CIPFA and Her Majesty's Treasury, and other stakeholders, such as the NAO, to **disseminate good practice** in financial management and reporting and help raise standards across the public sector.
- 3 On request, we will **carry out work locally** on financial management, in addition to activities under the *Code of Audit Practice*, informed by our national knowledge base.
- 4 We will provide **practical guidance** to help local bodies to improve their financial management and their financial reporting, and thereby their accountability to taxpayers.
- 5 We will continue the programme of **studies of financial management**, particularly in the health sector, looking to undertake joint studies with others where appropriate, including the NAO.
- 6 We will work with the Department of Health, Monitor and strategic health authorities to support the development of NHS trusts to become **foundation trusts** and seek to be the auditor of choice for foundation trusts.

Objective 2

To challenge public bodies to deliver better value for money

- 7 We will deliver clear judgements about the arrangements that local bodies have put in place to secure value for money, primarily through the **annual audit**, but also, where appropriate, through inspection, CPA and other assessment processes.
- 8 We will rigorously identify value for money opportunities through the **national studies** programme that in 2006 will include the role of the voluntary sector; procuring through partnerships; and the cost and benefits of contestability.

- 9 We will continue to develop tools, information and expertise to help local bodies identify value for money opportunities and **support locally requested work**, particularly focusing on: procurement of goods and commissioning of services; back office services; transactional services; the use of information and communication technology to improve service delivery; workforce productivity; and partnerships.
- 10 In the housing sector we will undertake a rolling programme of **value for money studies** that will be agreed with the Housing Corporation.

Objective 3

To encourage continual improvement in public services so they meet the changing needs of diverse communities and provide fair access for all

- 11 We will continue to encourage user focused improvement in single tier and county councils through **annual CPAs** and a corporate assessment (once in the period 2005-08).
- 12 We will deliver a **service inspection programme** for local authorities that is targeted where improvement is most needed and inspection is likely to be a catalyst for change, principally in environment, culture and housing services and the cross-cutting areas of community safety, access to services and regeneration.
- 13 We will develop and deliver a **service assessment in 2006/07 for all 47 fire and rescue authorities** and include this in the CPA assessment for the 16 county councils with fire and rescue responsibilities.
- 14 We will publish the final framework for **district council CPA** in summer 2006 and deliver the programme from later in 2006/07.
- 15 We will work closely with the **Benefit Fraud Inspectorate (BFI)** leading up to the integration of functions in 2008, in respect of local authority administration of housing benefit and council tax benefit, taking account of its focus on improving benefits service quality and protecting the public purse.
- 16 We will **promote equality and diversity**, for example, making available self-assessment tools on access to services and assessing the effectiveness of local bodies' engagement with local communities.

- 17 We will work with local government and other stakeholders to **develop assessment methodologies** that take account of partnerships, user focus, equality and diversity and can be applied across organisational boundaries to assess the local area as experienced by the citizen.
- 18 In collaboration with the Housing Corporation, government and other stakeholders, we will **enhance the key lines of enquiry (KLOE)** improvement tool.
- 19 We will help the housing sector **address specific priority areas** including the decent homes agenda, balancing of housing markets and delivery of the Supporting People programme, the latter through the planned programme of inspections.
- 20 We will work with ODPM, Her Majesty's Fire Service Inspectorate and other key stakeholders to **support improvement planning** following the initial CPA assessments and any subsequent annual assessments.
- 21 We will undertake **local cross-cutting work** that takes account of public health, health inequalities and the care of people who need local agencies to work effectively in partnership to deliver better services.
- 22 We will use **national studies** to help local public bodies address complex issues including, for example in 2006, road safety and community cohesion.

Objective 4

To promote high standards of governance and accountability

- 23 We will focus on **corporate governance** in audit and inspection and, exceptionally, carry out corporate governance inspections where there is poor performance over time or failure poses a risk to users, funds or public confidence.
- 24 We will make available a range of **tools, information and expertise**, including self-assessment tools, to help local bodies achieve high standards of governance and proper conduct.
- 25 We will report on both good practice and failures, and publish an annual report on **Stewardship and Governance**.
- 26 We will publish a national report on the results of the 2004/05 **National Fraud Initiative** and we will incorporate the learning from 2004/05 into the approach for 2006/07.

- 27 We will promote the importance of effective audit committees and support the development of statements on internal control as the principal summary about all aspects of corporate governance, and encourage bodies to produce annual reports that demonstrate accountability to stakeholders as well as good financial stewardship.
- 28 In housing inspections we will look for increased openness in the conduct of public business and enhanced responsiveness to customers with complaints.
- 29 We will undertake research on topics including the regional governance landscape and the community leadership role.

Objective 5

To stimulate significant improvement in the quality of data and the use of information by decision makers

- 30 We will help audited and inspected bodies develop systems that improve the quality of data used within local government, housing, health, fire and police services, and by their regulators, and provide assurance that this has been achieved.
- 31 We will encourage government, audited and inspected bodies and others to streamline national requirements for performance information from local services, to share information and make it accessible to a wider audience.
- 32 We will work with government to develop performance information systems to support the accountability of local bodies from 2008.
- 33 Working with partners in the housing sector we will develop a range of management information tools with enhanced real time recording and feedback arrangements to minimise duplication and maximise the value added.
- 34 We will undertake research to identify where there is most scope for better use of information to improve decision making and, as a result, the value for money of services.
- 35 We will develop an assurance framework for the health sector to support Payment by Results, starting with pilots in mid-2006.

5

People and resources

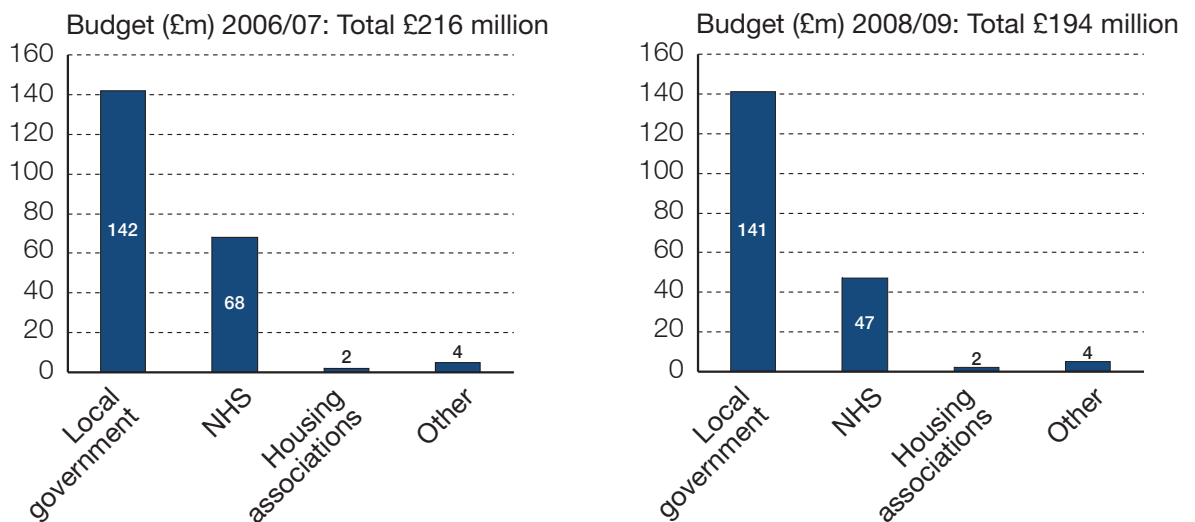
25 The Audit Commission is committed to using all its resources as effectively as possible in pursuit of its strategic objectives, and to maximising its own value for money to the taxpayer. We will work closely with government departments, other regulators and improvement agencies to ensure that we always add value and make best use of our own resources.

People

- 26** Our people are our key resource. It is their knowledge, expertise and commitment that enable us to deliver the high-quality audits, assessments and research that encourage improvement in local services. Our new strategic objectives require us to build on the expertise we already have, to develop knowledge and expertise in new areas and to share this effectively across the organisation.
- 27** Our staff need to be flexible, and to work in new ways that reflect the ongoing changes to public services. We are committed to investment in our staff to support this. Our training and development programmes will be targeted to ensure that staff are equipped with the right skills to operate with key local and national stakeholders, to work with complex systems and data to form accurate, credible judgements, and to communicate their findings clearly to a wide range of audiences.
- 28** We are working to ensure diversity and equality of opportunity for our own staff and to equip our workforce with the understanding to integrate these issues into all areas of our work. We are committed to providing our frontline staff with the support they need to be effective by ensuring our support services are fit for purpose.
- 29** Currently, we directly employ approximately 2,100 staff, at a cost of £114 million, representing 56 per cent of total expenditure. In addition we contract out approximately one quarter of the workload to private sector audit firms. Future staffing requirements will, in part, depend upon the impact of structural and other changes in the sectors in which we operate, as well as on our statutory responsibilities. They will be kept under review throughout the period of this Strategic Plan.

Income and expenditure

- 30** The Commission's budget is forecast to be £216 million in 2006/07, down from £235 million in 2004/05. Over 85 per cent of this is generated from audit and inspection fees, with the remainder from government grants and interest. We project that by 2008/09 our budget will reduce further to £194 million, after which financial projections are contingent on the outcome of the new inspection arrangements and changes to local bodies.



- 31** Both legislative and structural changes affect our workload. Foundation trusts are able to appoint their own auditors, who may be from the Audit Commission. The number of primary care trusts and strategic health authorities will reduce in 2006/07. The Commission has been asked to implement an assurance framework for Payment by Results in the NHS. There will also be changes in inspection responsibilities which are expected to bring some of the Benefit Fraud Inspectorate's activities in relation to local authorities' administration of housing benefit and council tax benefit into the Commission. In addition, the introduction of international auditing standards imposes significant additional requirements on auditors.
- 32** We will continue to target our audit and inspection in accordance with risk and performance. In the longer term we would expect there to be continuing improvement in public services, which would result in a reduction in our overall level of activity. We will also aim to achieve further, ambitious efficiency improvements in our processes and our support services.
- 33** We believe that through our proportionate, risk-based approach, our ongoing identification of internal efficiencies and our focus on achieving our strategic objectives as efficiently as possible, we will continue to provide taxpayers, and our audited and inspected bodies, with value for money from our services.

6

Conclusion

- 34 By 2010 public services and public service regulation will look very different. We have set out our vision of how the Audit Commission, as an independent watchdog, will help improve local services by clear assessments of performance, by focusing on value for money and financial management, and by balancing the interests of both the taxpayer and the service user. We aim to provide assurance about the best use of resources, and strengthen accountability for the use of public funds.
- 35 The Audit Commission has a leading role to play in providing all stakeholders, particularly the public, with independent assurance that public services can be relied on to deliver value for money and provide tailored services for diverse communities with complex needs. We therefore aim to:
- remain an acknowledged and respected independent watchdog for local services providing accessible, clear, local reporting;
 - continue to be the leading authority on local public sector audit, financial management and value for money;
 - be an authority on how local public bodies can successfully address complex social issues and promote equality, diversity and human rights;
 - be recognised as an expert in area-based assessment involving regional and local partnerships, and in translating it into judgements for organisation-based accountability;
 - be a champion of rigorous self-assessment and provider of both practical support and independent validation;
 - be an effective coordinator in relation to the range of inspection activities for local authorities; and
 - be a source of expertise in managing data and using performance information more effectively so better decision making brings about radical improvement in public services.

36 We will demonstrate our impact through:

- evidence that public services are achieving higher standards in financial management and better use of public money;
- better outcomes for taxpayers and all service users, reflected in raised public satisfaction with public sector services;
- evidence of good conduct and governance, with no avoidable major scandals or preventable service failures;
- trusted, public sources of performance information used by government, commissioners, providers and users of services; and
- a well-managed, efficient and effective Audit Commission.

37 We will systematically gather evidence about, and report annually on, our impact. We will give substantial weight to the views of audited and inspected bodies, particularly in respect of the extent to which our activities have encouraged and enabled them to improve. We will also gather objective evidence and commission independent research to ensure we have a rounded and valid picture of both our successes and areas for improvement.

38 This Strategic Plan 2006 sets a course for the Commission through a period of major change. We need to remain flexible in order to respond to changing circumstances, particularly the full implications of the new inspectorate regime and the ongoing public service reforms. We are grateful for the help of all whose input helped to shape this Plan. We now look forward to working with our many stakeholders to implement it and help to bring about the improvement in local public services that is being demanded.

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Audit Commission
1st Floor, Millbank Tower,
Millbank, London SW1P 4HQ
Tel: 020 7828 1212 Fax: 020 7976 6187
Textphone (minicom): 020 7630 0421
www.audit-commission.gov.uk

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