

Levelling Up, Housing and Communities Committee

Oral evidence: The Office for Local Government, HC 64

Monday 15 April 2024

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Members present: Mr Clive Betts (Chair); Bob Blackman; Mrs Natalie Elphicke; Andrew Lewer; Mary Robinson.

Questions 100-162

Witnesses

I: Professor Laurence Ferry, Professor in Accounting, Durham University Business School; Ed Hammond, Deputy Chief Executive, Centre for Governance and Scrutiny (CfGS); and Rob Whiteman CBE, Chief Executive, Chartered Institute of Public Finance and Accountancy (CIPFA).

II: Councillor Abi Brown, Chair of Improvement and Innovation Board, Local Government Association (LGA); Trevor Holden, Chief Executive and Chair, District Councils Network (DCN) and Managing Director of South Norfolk Council and Broadland Council; and Councillor Keith Stevens, Chair, National Association of Local Councils (NALC).

Examination of witnesses

Witnesses: Laurence Ferry, Ed Hammond and Rob Whiteman.

Chair: Welcome everyone to this session of the Levelling Up, Housing and Communities Committee. This afternoon we are looking at Oflog, the Office for Local Government, which the Government have set up—I am trying to phrase this correctly—to oversee, or keep an eye on, the finances and workings of local councils. We will explore precisely what that means in due course with our witnesses.

To begin, I ask Committee members—I apologise that there are only a few of us; there is a statement on Gaza that many Members are in the Chamber for this afternoon—to put on the record any interests that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Mrs Elphicke: I am also a vice-president of the Local Government



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Association, and I employ a councillor in my office.

Chair: Right. Those are our interests. Now to the more interesting part of the session with our witnesses. I will go down the table and ask you to say who you are, and which organisation you are here on behalf of.

Rob Whiteman: Thank you very much, Chair. I am Rob Whiteman, the chief executive of CIPFA.

Chair: Do you want to tell us what CIPFA is, for those who may not know? We all know, of course.

Rob Whiteman: I am terribly sorry; I hope that I can remember. It is the Chartered Institute of Public Finance and Accountancy.

Laurence Ferry: I am Laurence Ferry, professor in accounting at Durham University.

Ed Hammond: I am Ed Hammond, the deputy chief executive at the Centre for Governance and Scrutiny.

Q100 **Chair:** Thank you all for coming this afternoon to look at this issue. It may seem a bit dry and technical, but clearly the whole issue of local government finance and the problems that councils have at present, and the number of councils effectively declaring bankruptcy, with more that may yet do so, is a big issue for the public, as well as for councils themselves. Exploring what Oflog is going to do is quite important.

Oflog has said that its priorities are to inform the public, warn local authorities of risks, and support local authorities to mitigate these risks—all of which seem very worthy. Are these the right priorities? If so, are some more important than others?

Rob Whiteman: We welcome the clarity of Oflog saying what it will do—as you just said, Chair. There is possibly a flipside weakness to the strength of what it has said, which is that this is a fairly limited set of things, given the enormity of the challenges facing local government. It is, however, welcome to have clarity on the few things it will focus on, because I think the sector is worried about another layer of bureaucracy or regulation.

To run through your list, everybody would feel that high quality data is a good thing, but that raises questions about the degree to which it will originate data, or the degree to which it will collate other people's data. Raising warnings with councils is a complicated landscape, because the LGA helps councils through its peer review, and bodies such as CIPFA help local authorities. There is a question about how that support will fit in with the other things that take place.

As you move along the line, the improvement supports that it may give—my reading of it is that it is very data-focused, and it is sticking to being a data body. If it starts to get into deeper support for councils, then I think there would be questions of whether that overlaps with what other people do.



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In summary, we all think that data is a good thing, and I personally think Oflog co-ordinating data is a good thing. However, it is a fairly limited scope, and we are all keen that Oflog does not become a body that means different things to different people. There is almost as much discussion about what Oflog won't do, as what it will do. It is quite a contentious field, and so all of it will need more clarity.

Q101 **Chair:** Laurence?

Laurence Ferry: In the corporate plan, which is in draft and out for consultation, Oflog actually says that it will help local government "perform". That is in the context of localism and sector-led improvement. Obviously, there are the three areas you mentioned: inform, warn and support. Even when you look at those, they have problems.

If you look first at inform, and look at the data Oflog is providing at the moment, it is not really value-for-money data, but very basic KPIs—key performance indicators—that you would have seen for a long time. They never take it forward and look in detail at services, as Best Value would have. They certainly do not look at an organisation as comprehensive performance assessment would have, and they do not look at an area or place as comprehensive area assessment would have. Yet the document says that Oflog will help local government be place-based leaders; that is impossible with the data they have.

The other problem is how Oflog would assess the performance of value for money anyway, given that they have no value-for-money audit expertise, and it specifically says that they will not have a place in local audit.

Q102 **Chair:** So not much use then?

Laurence Ferry: Not really. If we are honest on this, they have done a good job in the straitjacket that they are put in, but within that straitjacket they talk about a lot of things that are not done. I will not read them all off, but they will not lobby, arbitrate, have routine inspections, intervene like a regulator or make any policy on external audit. If you start looking at everything that they will not do, what is left? A bit of performance and data collection, which you could say is really doing what other people already do, and maybe not in as much detail.

Q103 **Chair:** Ed?

Ed Hammond: Understanding the role and responsibility involves looking at the place of Oflog within the wider assurance framework, and understanding its position among the various other different organisations—ourselves and CIPFA included—in assuring performance, quality of service delivery and good governance in the sector at large. As long as you do that, and do not look at its role in isolation, you can see there is an important complementary role that it can perform.

I think that complementary role is driven in part by data but more by the need for the Government, through Oflog potentially, to gain a more valuable insight into the challenges, constraints and opportunities that



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local government faces—financial particularly, but also more broadly around governance prioritisation and those kinds of things.

Government badly needs a centre of expertise and excellence, which could be Oflog, to give it a level of mature and sophisticated insight into councils and their needs, challenges and constraints—arguably, it does not have that currently. That is a stretch on what Government has already set out Oflog’s role will be, but in practice it is the only obvious space it can occupy where it would be contributing something of value that would be of use to Government and the sector more widely.

Q104 **Chair:** What you are saying really is that it is a body to help Government understand.

Ed Hammond: I think it can and should be. Part of the issue is that the role has not been sufficiently positively described; as Laurence was saying, there is as much there about what it is not going to do as what it is. The things it is trying to tackle are primarily about subjective understanding of the constraints and issues that local government faces and of financial resilience—financial constraints around a capability for change and transformation. That is what some of the productivity work that it hopefully will be doing will focus on. Much of this has to be about Government getting a better grip itself on how that is going to help Government perform its stewardship role for the sector more effectively.

Government obviously has important best value duties to perform. Oflog could play an important formal role in helping Government to understand how local authorities, collectively and individually, are able to fulfil their best value duty. There is a value in it helping the sector and helping Government to get a better thematic understanding of some of those pressures—how they are being surfaced and what we are doing about them.

Where it potentially falls down is where we start to see it being used as a mechanism to look at the capability of individual local authorities and then try to manage improvement in those local authorities. That is an extremely resource-intensive task and ends up stepping on the toes of organisations such as the LGA and, to an extent, CIPFA—other membership organisations as well.

Q105 **Chair:** Is it actually going to do anything that other organisations currently do not do?

Rob Whiteman: It overlaps with some of us. CIPFA, the LGA and others produce data—we produce CIPFA stats and benchmarking clubs, for example. I assume that Oflog may in time move into that area because it will want to ensure high quality data. But will it rely on CIPFA data or produce the data itself? That was my point at the beginning about what its model will be for ensuring high quality data. Will it produce it itself or rely on the data that others produce as well?

Laurence Ferry: The problem is that it is a completely fragmented space to look at the accountability and audit landscape. Therefore it is difficult



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for Oflog to find out where it actually fits in. All the corporate plan talks about looking at performance to help local government or inform citizens. That would possibly be a useful intermediary role, but it still comes back to the problem of having no system leader for the whole accountability and audit landscape.

Ed Hammond: There is potentially value for Oflog to bring together that existing data and, with others, work through and seek to have a more holistic understanding of where pressures and constraints lie.

As Rob has said, the key issue here is whether Oflog is going to create its own dataset or use the data produced by others. My personal sense, our sense, would be that it should really be collating and bringing together data produced by others; I do not think there would be much value in having a new separate dataset over here complementing or cutting across what others are doing.

The fact is that there is a lot of data out there. There is data produced by the LGA—the LGA’s LG Inform service—and CIPFA obviously has its data analytics service. There are others as well. Other Government Departments record data. We do not want for data.

There are probably issues about quality and consistency, but there would be far more value for Oflog in bringing that together, and seeing what thematic lessons we can learn from what that data tells us, than from saying, “We’re going to create a whole new set of metrics over here to measure a range of connected things to what other people are measuring.”

Q106 **Chair:** When asked, *The MJ* did a survey of local authority officials. Only 8% thought that Oflog would be effective, and 62% thought that it would be scrapped. That is not a great position to start from, is it?

Rob Whiteman: Well, it’s a difficult time, isn’t it? We have to remember that a lot of other things are happening in local government. We see the position that 19 local authorities would have gone bust had they not been allowed to capitalise their revenue gap. That is quite a lot. If that were double the number in a year’s time—if 10% or 15% of the sector was, in effect, bankrupt but for changing accounting treatment—this is quite an interesting time to launch Oflog, isn’t it? From councils’ perspective, yes, the sector would like information on best practice, and on productivity and efficiency, but there are councils that probably need finance reform and more quantum as well.

In those 19 authorities, I see one or two well-run authorities. You know, Chair, that I have never hidden from criticising authorities that are badly managed when they have gone wrong, but we are now at the cusp where some good authorities were among the number that needed the capitalisation order, so for Oflog to get this right and have this judgment of Solomon on productivity and efficiency, when probably most people think that finance reform is important as well, is quite difficult for it to get



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right, which I think is why it has taken such a narrow scope. It is difficult to do anything more than the narrow set of things that it has set for itself.

Q107 **Chair:** One more question from me, then we will move on. Do you think that the public is going to be better informed as a result of Oflog?

Laurence Ferry: No. At the moment, they could not really be, could they? The data that is published through things like the Data Explorer is not in the kind of detail that they would need, and there is no intermediary, really, saying what that data means. Over the last 10 years, the local media has disappeared in this country, primarily with things like the internet, so who is going to assess that data for them? You have no Audit Commission, so unless Oflog does that, who is going to analyse that data for the public? That is the problem.

Q108 **Mary Robinson:** Keeping on the issue of data, let me ask a straight question: should Oflog be involved in using the outputs of local authority audits at all? How should the data sharing, if you like, be conducted?

Rob Whiteman: While we are discussing Oflog today, I cannot stress enough that the most important reform is to get local public audit right again. Oflog has a fairly limited role in what it will do, and therefore its impact may be limited, but what has happened to local government audit is just terrible, and we really need good local public audit again.

Collating data is useful, particularly setting standards on how that data should be set. If we look at datasets for different parts of the public sector, you know that the amplitude—the difference—on some local authority datasets is not real. People are varying in cost by 300% or 400%, when in truth they are probably varying by 10% or 15%. The data collection is not very good, and therefore the data that is collected is not good. Certainly, if Oflog were to look at data standards and try to raise the way that data is collected so that everyone's data is more accurate, that would be useful.

Q109 **Mary Robinson:** Would benchmarking clubs, which obviously CIPFA has, have a part to play?

Rob Whiteman: Yes. I think everybody would wish to respond to there being better data. If Oflog would like to see the metadata—the data about the data—and how that is portrayed, and you tell people how to fill in forms more accurately so that you get less amplitude, and you get the real difference between authorities, rather than the way that the data has been collected, that would improve the quality of our benchmarking clubs. It would improve the quality of LG Inform. It would improve the quality of the outputs of the RO forms.

Data quality is not as good for local government as it should be. The Home Office did an exercise quite a few years ago on improving police data, for example. I would say that police benchmarking data is more accurate than local authority benchmarking data, because they did this piece of work on data standards. That would be welcome.



Ed Hammond: For me, the big issue in data management and its use is about behaviour around data. It is about the behaviour of the people collecting the data, and the behaviour of the people using it.

I agree with Rob that there is something that Oflog could do about contributing to the development of a more positive culture and attitude towards data and its management. Looking back many years to the Audit Commission days, one of the problems with those days was that in the sector people collected that data without really having a mature attitude towards why they were doing it and what they were going to do with it once they had it. It led to an environment of data use and management that felt disingenuous at times in how data was used.

There is a possibility that we could do more nationally to create an environment that is more supportive of strong corporate governance, where we use data and insight more effectively to have an understanding about where constraints lie. There is a strong role here for developing a better understanding of risk—a big theme in the sector at the moment. We are doing a lot of work on risk, and councillors' understanding of risk particularly.

There is something that potentially could be done here, on a national level, to say, "How can Oflog help councils, councillors and the public to better understand the various risks, pressures and constraints that councils, individually and collectively, face, and how can we promote a more candid and frank attitude to the way that we talk about those risks—with Government, and among ourselves as a sector?"

The problem in doing that is that when Government come on the scene and become part of these conversations, people are inevitably going to become more reticent about being more candid and frank. I suppose this cuts into part of the challenge around the early warning conversations that Oflog is trying to have with people. The early warning conversations that you might be willing to have with Government are of a different nature, perhaps, from the ones that you might be willing to have with your peers. That is going to be a problem that I am not sure has been fully grasped—the willingness of people to engage frankly with Government when people see Government criticising individual councils for policy decisions, or for other things that happen, and do not really want to be in a similar position.

Laurence Ferry: Basically, consistency and quality of data is key. If you look at which accounting tool probably gives the biggest bang for your buck, it would be benchmarking. You could go all the way back to best value and the comparisons that were done during that time, and everything that was built up from there. It is critical, and Oflog could play a leading role. It seems to be a space that it wants to get involved in. If it could lead on that, and it was not behind a paywall, maybe that could be useful. Then the question is how that data would be verified, because there is no audit here. That is the difficulty.

Q110 **Mary Robinson:** It is amazing how many times in our conversations we



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go back to the Audit Commission. I am going to go back to the Redmond review into local audit. The Government announced plans to create a new audit, reporting and governance authority—ARGA—as a system leader. In your view, would it make more sense for Oflog to take over from the Financial Reporting Council as a system leader, rather than ARGA?

Rob Whiteman: Yes, I think it would, because ARGA is a little bit stuck itself, isn't it? It did not get into the King's Speech, so making the FRC the system leader through the creation of ARGA has got a little bit stuck, but I assume that DLUHC will give some mandate to the FRC in the absence of ARGA being in the King's Speech.

The FRC has a huge agenda to clean up corporate reporting, and the concerns about corporate reporting and corporate failure. A specialist body concentrating on local public audit and local public data would be a good thing. I think when Sir Tony made his recommendations, the response of the Government was that they did not want to create another agency, so they looked for an existing public body to become the system leader, but since then the Government decided to create Oflog.

I am sure that the FRC will try its best to be the system leader, but if one thinks of Scotland, for example, where some of the problems that have occurred in English local public audit have not arisen, the Auditor General of Scotland, through the Accounts Commission, has a direct role in the procurement and quality of local public audit, like the Audit Commission used to in England. I think that works very well, so my view is that, if the single most important thing that the Government must get right is local public audit, having local public audit sit with the regulator that they are creating is probably more important than the other things that Oflog is presently being given to do.

Q111 **Mary Robinson:** It appears that Oflog is looking for a purpose, and a reason for being. Would this be it?

Rob Whiteman: I don't think that we can make easy promises here. I think that local public audit will be broken for a little while. Obviously, the Committee has written reports on this. With the backstop date and starting the audit process again, all those audits will therefore open next year on a disclaimed basis. It will take several years for local public audit to recover, but there is no doubt that local public audit was a lot more than closing the accounts.

The external auditor was a local public official who got involved in good governance and ensured probity and good decision making, and brought things from other authorities. I would like to see all of that back. I think that a specialist body like OLAR, as Sir Tony recommended, or turning Oflog into that, would probably be a quicker solution than the FRC. That is not to discredit what the FRC is trying to do, but it does have the whole of the corporate sector to sort out. A specialist body on local public audit would be a good thing.

Mary Robinson: I see nodding heads.



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Laurence Ferry: I agree with Rob that it would make perfect sense for Oflog to take that space. It is fair to say, as it says in its draft corporate plan, that this is not a space that it is currently in, but it would make perfect sense for it to step in there as the system leader.

The biggest problem is that there is not a system leader. That is why the whole accountability system does not really work. The Government have to be clear what Oflog's role is in local accountability. If Oflog is not going to fill that, who is? This Committee actually said that last year. We have come back to the same thing.

Ed Hammond: If there was a timescale for ARGAs establishment, we might be having a slightly different conversation, but in the absence of it, as per the conversation that you as a Committee had last year about local audits, the general unanimous understanding is that there is a significant challenge here that needs to be urgently resolved. It feels fairly obvious to take the route that Rob and Laurence have agreed with.

Laurence Ferry: Can I say one important thing? People go on about the Audit Commission, but if you look at the history of the Audit Commission it was always very different things. People going on about the Audit Commission are really on about what it was at the very end. It could be very useful for them to look back at the history of this organisation, and go back to earlier forms of the Audit Commission. That would probably work very well now through something like Oflog. That could be a potential way forward.

Q112 **Mary Robinson:** I want to get your views on the Government's productivity plans that have been announced, and the establishment of an expert panel that will include Oflog and the LGA. What do you think the Government's proposed productivity plans will achieve, and is it right that Oflog has a role in reviewing these?

Rob Whiteman: I was very disappointed by what the Government had to say on productivity, because I thought that it was rather simplistic. I suppose it reads like councils do not need more money; they should be more productive. I think councils can be more productive and efficient, but I do not think that it covers the gap of the quantum. We have to work hard on productivity and efficiency, but we have to talk about the fact that the quantum is inadequate in how it works for some authorities.

I thought what the Government said was disappointing because one would hope that Government would be joined up and create something fit for purpose for the future. There are two types of productivity: allocative productivity—whether we spend money in the right place; and technical productivity—whether we get more widgets for a certain amount of input.

Other Departments of Government are very interested in allocative productivity. The creation of integrated care boards was to try to spend money on whole-population health and prevention because if you spend £1 on smoking cessation, you save £7 in respiratory disease in our hospitals 10 years later. Not to think about the rest of the Government's



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agenda on productivity, the plans look like technical productivity—whether there are benefits through IT, for example.

Actually, a lot of medium-term efficiency is got by investing in prevention. The Government itself thinks that because it has created integrated care boards to bring local government and social care together, but that does not feature in the scope of the productivity plans from what I have read. I think that is a real omission; it looked fairly straightforward.

Productivity and efficiency are different. You can produce more widgets for the same amount of input, but if they have not got the right quality you lose efficiency because you have to do the work again. I think that the Government encouraging and giving good practice to local government on productivity and efficiency means the creation of some new tools. It means thinking about how we deliver integrated care and bring pooling of budgets and investment in prevention.

A straightforward “Please do a productivity plan”—I’m sorry; I mustn’t appear angry, but I promise the Committee that addressing the number of equality and diversity officers in local government is not going to solve the problem of quantum. What the Government said looked pretty simplistic to me and not a serious way forward to look at productivity.

Laurence Ferry: When you look at it, one of the things is that there doesn’t seem to be any linkage between the different parts of economy, efficiency and effectiveness; they certainly never look at equity and fairness in any of this. So I don’t think the plans went into the detail that they could have.

In terms of whether Oflog could have any role, obviously Oflog could review these from a performance point of view, but it comes back to what we have always said: has it got the value for money capability? It certainly does not have a value for money audit capability within the scope—it has been very difficult for them to review that.

Ed Hammond: There are two issues here. The first is the one Rob raised around allocative and technical productivity. I also think this is quite strange, particularly considering that DLUHC itself has a particular focus on allocative productivity through the levelling-up missions. This is all about allocative productivity; you would think that the same Department would bring that insight and understanding to what it is trying to deliver here. It seems to be happening outwith the context of levelling-up, which one assumes is still a policy.

The second issue is about how Government expects these plans to be used. Going back to what I said at the start, my assumption would be that the most value you would get out of this exercise would be by taking these plans, identifying themes and drawing out an understanding of where precious constraints issues arise for the sector as a whole—that is the greatest benefit on a national basis.

My worry is that you would see productivity plans being used as a mechanism to identify individual councils that the Government thinks, on the basis of that plan, are not doing sufficient to be productive. I do not think those plans would in and of themselves be enough for the Government to be able to make that judgment, but the temptation would be there to do so.

I hope that the use of the panel will help bring a bit of sophistication to this. Oflog has wanted to engage and has been engaging with the sector—with membership bodies, national bodies and individual councils—on how it is going to develop its approach. I would hope that that would continue through the panel process to develop a greater level of sophistication.

For example, you could see productivity plans being used by individual councils alongside, or as an adjunct to, their annual governance statements to get a greater sense of where some of the opportunities, risks, threats and strengths lie in respect of transformational change and financial resilience—those kinds of things. That could be useful, but I think just saying, “You’re productivity plan isn’t sufficient, so you need to do XYZ”, would be a blunt tool for Government. Part of the problem at the moment is that we simply do not know enough about what the productivity plans will be, other than the very limited amount in what Oflog has already produced.

Q113 Mrs Elphicke: I am looking at the identification of the financial problems and the role of Oflog in that moving forward. The Government have clearly formed the view that some local authorities do not know that they are in trouble or do not know early enough.

I am interested, within the priority remit that they have set out in terms of warning local authorities of risk, whether you think that is a realistic role that Oflog will be able to fill. How do you think it is going to be able to get the information, both in terms of data and soft intelligence, in order to allow it to do that role effectively?

Rob Whiteman: Soft intelligence is very important, isn’t it? What is the system of local government improvement? Councils are responsible for their own improvement but they are accountable to some regulators, such as Ofsted and CQC, for certain services, and they are accountable to their auditors. If they believe they need help, they can approach LGA, CIPFA or somebody else. We now have Oflog in the mix saying, “If a council is in trouble but isn’t speaking to anybody else, we will identify them and give them an early warning that they should be seeking help from someone.” I think that is essentially its role.

I think that needs to be worked through, Mrs Elphicke, because soft intelligence—where councils talk about their concerns and that they may not have the capability that they need—is quite difficult at times to do with the regulator. On the other hand, might they speak to CIPFA, LGA or somebody else and that is then discussed with the regulator in an anonymised way?



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I think all of that has to be worked through. Sharing intelligence is a good thing. I have sat in this Committee and you have asked a number of us from different bodies, "Why did Northamptonshire or Slough fall over when you all individually thought that that council would fall over?" Sharing intelligence is a good thing. Is that a role for Oflog, or is that a role for LGA or someone else? I think we have to work through that, because people might not want to tell a regulator what their concerns are. However, the public have a right to think that somebody is collating that information and that we are sharing intelligence to try to have an early warning system for them.

Q114 Mrs Elphicke: To explore that a bit further, there are other situations, though, where it is the regulator that someone would be telling. In financial services, there is an overriding obligation of openness to your regulators if there are difficulties. Is that part of a cultural change that needs to happen?

Rob Whiteman: Yes. Of course, it is something that one should be doing with one's auditor, if audit is fit for purpose. I can only agree with the premise of the question, but I do come back to the point that the single most important thing is that audit needs to be effective again.

I do not think Oflog can fill the gap that audit leaves behind. Of course, public bodies have a duty of candour, and if the Government deem that Oflog should share intelligence between LGA, CIPFA and other people where there are concerns about that, we need to make that work. Public bodies have a duty of candour; we cannot hide our secrets. I do think we would have to find a way to make that work.

Laurence Ferry: There seems to be lots of bodies doing exactly the same role again, which makes it slightly difficult. This is an important area. Financial resilience can be looked at through things like data analytics, and they have managed to spot some authorities that have issues there—CIPFA has a financial resilience model. There have been duties for a long time on local government.

If someone is the section 151 officer, the finance director, they would have a duty of care. If they thought things were in a bit of a mess, they would issue a section 114 notice or at least highlight that there was a problem. Things like governance in general have broken down quite significantly in local government. A lot of those problems spring from the fact that local authorities' financial situations are quite difficult, whether that is in terms of the reductions in central Government grant or issues around things like national non-domestic rates.

It is difficult now with things like the internet to really get that kind of funding, and council tax goes back to, what, 1991? If you have those kind of problems and you start looking at it, there is a whole range of problems here, not just, "Who can't possibly identify that?" I think all those things have to be put back into place and made to work. My argument would be that a lot of these duties already exist; it is just getting the right behaviours back in place.



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Q115 **Mrs Elphicke:** To press on that, do you therefore think that Oflog is not going to add anything to this, or do you think there is potential for Oflog to have an additional role in identifying potential financial distress, for example?

Laurence Ferry: The way it is set up at the moment within its corporate plan, it is going to be very difficult for it to do anything. If Oflog became the system leader and was properly resourced, it could make quite a large improvement.

Ed Hammond: From what Laurence and Rob have said, that emphasises the point that this is all about Oflog being part of a wider assurance framework in the sector. Inevitably, there will be some cut-across here, because there are a lot of different people and organisations involved in having these kinds of conversations with councils: membership bodies, national sector improvement bodies and arbiters. Oflog's role within that is really important.

This goes back to what I said at the beginning about Oflog helping Government themselves to understand, because the Secretary of State holds this really important and quite wide-ranging power related to best value to intervene in local authorities to issue best value notices. I think that Oflog can ensure that where that power is exercised, or where the Secretary of State is minded to use that power, it is doing so on the basis of more consistent and systematic evidence, which Oflog will be able to produce and provide. Using that to ensure that Oflog is part of that wider sector conversation about what failure potentially looks like and where risk leads to failure is a conversation that Government have been having with the sector for some time. But I think that can only be a good thing, ultimately.

I think we need more sharing and a greater shared understanding of what that looks like and therefore what early warning conversations look like within the sector, rather than what Oflog's or the LGA's early warning conversations look like. That work needs to be co-ordinated, because I agree with Rob that it is a different kind of conversation that you would be willing to have with Government than those you would be willing to have with your peers—that is just human nature.

We can perhaps think of a way through that that gives Government the assurance they need, because they need assurance because of their role, while also ensuring that the sector is able to manage, support and develop its own improvement, because it is important. We are still working within this environment of sector self-improvement. We know that works, broadly speaking—although in recent years it has come under significant challenge. Managed that way, you could see an approach and a system that would work.

Q116 **Mrs Elphicke:** Just looking back at the stated priorities, I am very interested in how you have expressed that, because the priorities, as we have explored, are looking at warning local authorities themselves of risk and supporting local authorities at risk.



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It was interesting in our earliest session with the Minister to hear his remarks in relation to whether 114 notices would be prevented. He said in his remarks that it would help advance the broadest and deepest understanding of demand and need in allocation. I think that supports the interpretation you have put on this—that this is something that will be of particular potential use to Government in terms of its allocation, resourcing and responsibilities—but it is framed as if it were a resource to help local authorities, isn't it?

Ed Hammond: I think in reality the situation is going to be that Oflog is going to be exercising functions that will assist Government in undertaking their duties and fulfilling their own statutory responsibilities. I think Oflog is going to be able to do work that will be of use to the sector and will be of use to individual councils in the sector. Look at the way that productivity plans and these early warning conversations could be carried out in a way that will support individual councils, and at the way that we can work together with Oflog to understand better and more consistently what early warning signs of risk and failure look like.

That is great, but I tend to think that fundamentally this organisation is going to be looking at the whole assurance framework and the whole sector, and the work that it does will inevitably end up being work that supports Government to get a greater, more nuanced and more granular understanding of where some of the stresses, pressures and risks lie so that the Government are then able to make public policy choices that better reflect their understanding of those risks.

Rob Whiteman: Could I add something, please, Chair? I should probably stick the word "allegedly" at the front of my sentence. If one thinks about the 114 notices that we have had, would Oflog have led to them being avoided? Possibly in the case of Northamptonshire. That was straightforward: it was not making enough savings, spending too much money and running into reserves. I am not sure that Oflog would have noticed the misapplication of minimum revenue provision at Slough or the misapplication of inter-authority lending at Thurrock. It may have noticed the monumental scale of borrowing at Woking, but the Treasury had probably noticed that too.

The system leader point is key. I can remember raising with an auditor the misuse of MRP, which they were signing off, and of course they reasonably said, "What business is it of yours, Rob?" I do not think they would have said that to the Audit Commission, which was a system leader on making sure that there was standard application of treatment as it signed off accounts. I do believe in having a system leader for local public audit questioning, "What are you doing on minimum revenue provision? What are you doing on inter-authority lending? What are you doing on the various other dodges," which I am afraid we have seen, "that have led to terrible consequences for those authorities on their failed ventures?"

The sharing of intelligence with the system leader is a really important thing. Straight data probably may have saved one of these 114s, in Northamptonshire, but the others were a lot more, weren't they?



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Governance were making quite poor decisions around detailed transactions that Oflog probably would not have added value to.

Chair: To talk about these early warning conversations, I will bring in Mary.

Q117 **Mary Robinson:** Thank you, Chair. Rob, do you think Oflog's early warning conversations can offer anything to local authorities that CIPFA's package of support and training does not already offer?

Rob Whiteman: If there are authorities that are not talking to CIPFA about their concerns, then the answer would be yes. I think the majority of councils that are under financial distress talk to CIPFA, LGA and others. The importance of Oflog is that it is a regulator raising the concern rather than the authority itself raising the concern and asking for help. I guess the premise for Oflog has to be that shining a light on some authorities will get them help more quickly than they presently get through asking for that help. I don't know the evidence of that. That is the premise, isn't it?

Many authorities have sadly failed financially, but there is a larger number that we have helped to avoid that. In a way, I am very proud that we have helped so many people avoid 114 notices. This comes back to my answer to Mrs Elphicke: if the regulator had existed, would it have stopped some of those 114 notices? Probably not. It comes down to what Laurence said: because it has been given such a limited scope in order that it doesn't scare the horses, in a way it is hard to see it being very effective as its scope stands.

Laurence Ferry: There is one more thing on early warning. I think a lot of the time the early warning is on the financial side, but various different performances or services fall over, and it might be worthwhile if some of those were addressed more quickly. That could be worth looking at, whether it is adult care or children's services in certain parts of the country. I think that is one of the problems with early warning: it has to be on the performance, not just the financial side.

Q118 **Mary Robinson:** What should an effective early warning conversation entail in practice? What should it look like?

Rob Whiteman: It would look like authorities that are a few years away from needing a capitalisation order already talking to Government, and Oflog will not intervene in those conversations, but authorities that are two or three years away from that problem and are not in discussion with the Government, CIPFA or LGA being warned that their data is going the wrong way and that they should have a conversation with somebody. Logically, that is the value that would be added if they do this correctly. I think authorities that are about to fall over are already in discussion with Government.

Q119 **Mary Robinson:** So these are straightforward conversations, with the finance officer going to the Government.

Rob Whiteman: Yes.



Ed Hammond: Certainly for me, it is about Oflog using some markers to be able to make a determination when performance, financial or other problems have progressed to the extent that those conversations are necessary. You are taking on the data and analytics that are produced by others, such as the work carried out by the LGA as part of the corporate peer challenge process or other mechanisms for self-improvement, and then introducing a little bit of formality to the improvement activity that goes on around it.

At the moment, you can have authorities that have had an adverse Ofsted rating, and then they have a corporate peer challenge that has a slightly iffy result, and there are other issues floating around in the mix about member behaviour. There are a number of different organisations and agencies that are variously involved in providing support, and the Government might well be one of them. The early warning conversation might provide an opportunity to bring that together and understand what holistically is being done to understand the broad challenges faced by this authority on a corporate basis.

For us, a lot of these issues come back to corporate governance, behaviours, attitudes or member-officer relationships, which often are not surfaced by inspections by Ofsted or the CQC or others, or they are surfaced but in a slightly round-the-houses way. There is a way here for those early warning conversations to become a focus for a stronger direction on improvement, which sits slightly under the formality of the best value environment but still provides a way of escalating.

At the moment we have a gap between the less formal systems around self-improvement and the high formality of the best value system. The Government have tried to fill that gap through the use of various different improvement panels, and different kinds of informal oversight improvement things, which they have tried to introduce in places like Birmingham and K&C, with the Grenfell taskforce and that kind of thing. The early warning conversation model could be an anchor for a form of light-touch support that falls short of intervention but is still more targeted and focused than what we have now.

Rob Whiteman: In other parts of the public sector, of course, that help comes with some money. If a local authority is going to balance its books, adult services, children's services, SEND and temporary accommodation are the four pivotal pressures that it has to manage. If you think about a police constabulary or an NHS trust, if they are identified as having a problem with their significant pressures, then on the whole the conversation with the equivalent of Oflog—the regulator—involves some support and resource being made available to help turn that around.

Q120 **Chair:** Should the early warning conversations be formalised and publicised?

Rob Whiteman: That is a really good question. What Ed just said is that it becomes formalised at the point of a decision by the Secretary of State



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to have a best value inspection. That is sort of the yellow card phase, isn't it?

Chair: I was just going to ask whether it was your yellow card.

Rob Whiteman: Councils may give themselves a yellow card with a 114 notice or something else, but this is almost a yellow card by a Government agency or regulator, saying, "We think you'll be in a bad position." I can see the case for that being made public, so long as it is felt that that is impartial and entirely fair. Therefore, if Oflog were going to have that role, I would argue that it must not be part of the Department; it must be at arm's length and it must be independent of the Secretary of State in all the ways that the Audit Commission was. If the Audit Commission thought it would carry out some best value inspection because of its concerns, it was impartial and independent. The proximity of Oflog to Government at the moment might inhibit its ability to give a yellow card in a way that is respected.

Q121 **Mrs Elphicke:** One of the key strands of this work is to try to inform the public, and one of the key tools of that is the Data Explorer. Do you think it will be effective in ensuring that the public are informed so that they can understand what their local authority is doing, ask the right questions and engage properly with the local authority or local authority areas that they live in?

Rob Whiteman: We all have a duty to ensure that it does do that, if that is the intention. It is good for the public to be able to understand the cost and performance of the services they are receiving, and to some extent the whole transparency agenda at times means that there is a load of information dumped on the public that is quite hard for them to navigate and come to an informed decision on. This is an area where working with the sector itself on a common goal of helping the public to understand the quality and cost of services is something we should all sign up to.

However, it will require investment and work—and sticking with it, because we have not succeeded so far in helping that to happen, have we? It is a laudable aim, and the more the public can make informed decisions about their council and ask questions of it, the better.

Ed Hammond: I think the Data Explorer will be a start for the wider conversation that Rob has just talked about, and that I agree is necessary. As a sector, local authorities will rightly say that they do a lot of work to try to engage their public and to explain to their public what they are doing in their name. Certainly, electoral accountability looms large in councillors' minds and, by extension, in senior officers' minds, but we need more consistency in how we use data to support and have those conversations.

The Data Explorer on its own will obviously not do that. We as a sector—individual councils and national sector bodies—will need to think about how we are using that data as part of a way to support councils to have that conversation.



Q122 **Mrs Elphicke:** Laurence, is it going to help citizens to understand what is going on, or are we going to have a reductive technical productivity discussion?

Laurence Ferry: The transparency agenda was meant to create this world of armchair auditors that never materialised. That did not happen. Some people use this data, or misuse the data, or misinterpret the data, and that leads to other problems. I think you need a proactive local media or some intermediary, which could be Oflog, to interpret the data for the public.

The Data Explorer at the moment is fairly basic. It covers five or six of what they have called themes but are effectively services, such as adult care or waste management. The data is minuscule and looks at a very small part of a service. It does not even look at services overall.

To come back to my earlier point, we used to have systems that looked not just at services but at whole organisations and how those organisations fit into a place. If this organisation is meant to help local authorities be place-based leaders—that is specifically what it says in the draft corporate plan—the Data Explorer does not do that, and it is certainly not contextualised in any way whatsoever for citizens. That is not to say that that should not be where it tries to get to; it is just to say that, at the moment, it does not happen.

Q123 **Mrs Elphicke:** In relation to some of that best practice, at the moment we have LG Inform and the CIPFA mechanisms. Rob, I know a lot of work has gone into the CIPFA nearest neighbour function, to help people to have useful comparators between local authorities. I am mindful that Oflog's priorities say that the Data Explorer should complement rather than duplicate other dashboards and outcomes frameworks. How do you see it building on the extensive work that has already happened? Do you think it can? Do you think it can get more from the work that is in place at the moment?

Rob Whiteman: We hope it does not duplicate, because there are a lot of good datasets that have been worked on over the years. Also, we have codes—the financial management code or the prudential code—and I would not like to see all these duplicated so that there are two sets of rules on how one has effective financial management, for example. It will be through Oflog working in partnership with the present providers of data. In an ideal world, the intelligent curator produces reports on what you can learn from the data, which helps the public.

My local authority is introducing a 20 mph zone in my area. If I think it will save lives, I will happily pay more to have it. If I think it is just income for the council, and it makes no difference to whether people get injured, I am not too keen on it, as a resident. Do you know what? I can't find out whether these zones are a good thing and whether they save lives. The Audit Commission used to do national studies, as well as having benchmark information. I think Oflog is moving into the place of "What does good practice look like?" and "What are the trends that we see?"



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Being honest, public bodies have lost productivity in the last five years: children's placements are more expensive, care packages are more expensive, and agency staff are more expensive. Correcting backlogs of work that built up because of covid, say, is more expensive than them being dealt with at inception.

We are in this unattractive place where the public sector has lost productivity. We need to understand that. How do authorities get through backlogs of work in a cost-effective way, rather than spending money? How do they not pay £18,000 a week for a child placement that a decade ago was half that cost? There is genuine assistance that Oflog can give to help share good practice on productivity and efficiency, and I would like to push it in the direction of the national studies that the Audit Commission used to do: relying on good data, but then helping to understand it and learn from it.

Q124 **Mrs Elphicke:** In terms of that context—Laurence, I am going to come to you—is it possible to have such a thing as an impartial commentary on data? Are there any examples of the public being able to use tools in other arenas that might have utility here? So, there are two parts to that. Is there such a thing as impartial commentary in this space?

Laurence Ferry: I think a body can be impartial and be respected and seen as impartial. I am sure CIPFA and the Centre for Governance and Scrutiny would both—

Rob Whiteman: Everyone dislikes us.

Laurence Ferry: I am sure they would both like to think that they are impartial commentators. I think that can be the case, and that is probably necessary. You could argue that the National Audit Office is seen as being quite independent and respected, and certainly for parts of the Audit Commission's existence, it was, at different points in time. As I say, if you look back to the earlier Audit Commission, it effectively did data analytics, although it was not called that in those days. It was using mathematical techniques to work out improvements in supply chains around local authorities. Those things were respected—the national studies that Rob refers to. The problem there is that you would need some value for money expertise, if not some kind of value for money audit. That is the problem.

Ed Hammond: I agree with part of that, but what I would say is that with this stuff, and with public policy generally, there is rarely a single version of the truth. A lot of this is about subjectivity. A lot of it ultimately, because we are talking about democratic institutions, is about political choices. By collating and bringing together evidence and data, you can identify links, and identify causes and effects, as Rob set out, in a way that makes it easier for politicians and the public to make those kinds of choices. People can then bring their own political and ideological views, whatever they may be, and their perspectives on things, and use the data to have conversations about these kinds of things locally—what works and what doesn't work; what is important to us, and what is not important to us—based on and informed by data, but not driven entirely by data.



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It is all about that blend of what the data tells us with what our subjective personal views and experiences tell us. That is a space where this could play a really important role in contributing to conversations between politicians, and among the public, about the kinds of public policy interventions that we are trying to make. Data is never going to be as front and centre as you might like in those conversations, but the more that we can try to aggregate and collate it, have the tools at our disposal to be able to understand what works elsewhere and how other people do things, and bring those into the conversations that we have locally, the better.

Q125 **Mrs Elphicke:** To round that off, then, in Rob's example of the traffic control zone, it might be the saving of lives, revenue generation or contribution to air pollution. It is about having the information available in a way that people can access it. Is that right?

Laurence Ferry: Yes.

Mrs Elphicke: That is really helpful. Thank you.

Chair: Thank you all very much for coming here this afternoon. It has been a very interesting and informative session for the Committee. We will follow it up now with some representatives from local councils, and we will follow up the points that you have made with the Minister next week. Thank you very much for coming.



Examination of witnesses

Witnesses: Abi Brown, Trevor Holden and Keith Stevens.

Q126 **Chair:** Thank you very much for coming here this afternoon. You are our second panel. You have probably been at the back, and heard the first panel deal with the questions that we asked. To begin, as usual, I will go down the table and ask you to say who you are, and the organisation you are here on behalf of this afternoon.

Abi Brown: Good afternoon. I am Councillor Abi Brown, and I am the chair of the innovation and improvement board at the LGA.

Trevor Holden: Chairman, good afternoon. My name is Trevor Holden, and I am the lead chief executive for the District Councils' Network, representing all districts and some unitaries across England.

Keith Stevens: I am Keith Stevens, the chair of the National Association of Local Councils.

Q127 **Chair:** Thank you all. You are very welcome this afternoon. You have heard the conversation that we have had so far about Oflog. Can you say what your authority's engagement—either individually or the collective authorities that you represent—so far with Oflog has been? How valuable do you think it has been? We will go down the table from Abi, first of all.

Abi Brown: I think we have had quite a high level of engagement with Oflog to date. All credit to the chief exec and the previous interim chair: they have attended numerous times a whole variety of different events at the LGA. They have attended everything from our councillors' forum, which is a coming together of the senior councillors who sit on committees and various other things, right the way through to attending political groupings, as well as speaking at the LGA conference and a whole variety of other things.

We have had quite a high level of engagement with them at numerous points along the journey over the last 18 months. Obviously as time has gone on that has meant that we have developed an even richer dialogue and better relationship with them, which has really been very helpful. I would point particularly to things over the last six months or so in terms of us getting a better understanding of their intentions and, equally, how we can work even better with them moving forward.

Trevor Holden: I would echo the comments that have just been made in terms of the engagement particularly of the chief exec and the former chair of Oflog. The relationship has been developing and starting from one of scepticism to how we actually work constructively together; certainly, through the District Councils' Network or the two authorities for which I am the managing director, that conversation has shifted over the months to one of constructive engagement about ensuring and lobbying for the independence of Oflog and avoiding as far as possible duplication between the work that Oflog purports to be heading towards and the good work undertaken by our colleagues in the LGA around sector-led improvement.



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Q128 **Chair:** Keith, do you have a different view of the world from the local council point of view?

Keith Stevens: Yes. We have been invited by Oflog to join talks, and they have been very helpful. However, the important viewpoint is that it is Oflog—it is the Office for Local Government—and a whole tier of local government is missing from that. The parish and town councils are not included at this time in the Oflog data gathering. We are obviously involved in talks and trying to get more involved, because I think to get a true picture of what is happening in some local government areas you need to have all three tiers involved. Parish and town councils have an increasing part to play, and of course they have increasing funds.

Q129 **Chair:** I will pick up on that point and come back to the other witnesses in a second. From a local council point of view, do you really think that your members would be enthusiastic if Oflog came along and said, "By the way, we are going to ask you to now collect all this extra information and data so that we can publish it on our website"? Is that what local councils really want to do?

Keith Stevens: I think local councils would want it, but not in one fell swoop. There are 10,000 parish and town councils, which would be overwhelming for Oflog. But it could start with our top 100 super councils, which have a precept of £1 million-plus or a turnover in excess of £1.5 million. I think they would like to put information in. At the moment, our data on parish and town councils is very fragmented. It is held in various parts because we are not part of a Data Explorer.

Q130 **Chair:** Is that data that you have or data that you would have to go about collecting if Oflog asked you?

Keith Stevens: We would have to collect some of it. Some of it is available. Obviously the finances are available with SAAA, but other parts are in different parts of various organisations.

Q131 **Andrew Lewer:** Why do you want more regulation?

Keith Stevens: Because, as I pointed out, parish and town councils are growing in size and, in my view, importance, and we have to have the same control to see what is happening—for example, Oflog in my view is an early warning system. That is one of its big things. You will be able to spot trends going on and take action. At the moment, we tend to only take action when a parish or town council has got into trouble. I have been stressing to the Oflog teams that we need to collect more data, but collecting data is not an inexpensive task. Towns and parish councils are self-funding. They do not get Government money, as my other colleagues do.

Q132 **Andrew Lewer:** There is no Government money, is there? It is all taxpayers' money, whether that is through your local taxpayer or general taxation.

Keith Stevens: Yes, but we collect our monies through precept, whereas the LGA, for example, gets £19.2 million—I think this was announced



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today—to help it to do various things. We would like to have the same. Otherwise, it means putting up the precept to collect data.

Q133 **Andrew Lewer:** Why don't you not put the precept up, not collect the data and just carry on as you are and trust your members to be responsible in their own right?

Keith Stevens: Because collecting data is not an inexpensive task, and it takes time. Remember that a lot of councils have part-time staff, and they are not all wholly staffed. But the bigger town councils are, and that is why I think a starting point would be to use the town councils that are in what we call our super parish councils.

Chair: I think Trevor Holden is itching to respond to that.

Trevor Holden: Indeed. In my introduction I did not mention that I am managing director of Broadland District Council and South Norfolk District Council in Norfolk, so I am a serving chief executive in my own right. We do not want more regulation. We want the regulation that we have to be applied effectively, building on a strong, sector-led improvement model. To your initial question on engagement with Oflog, yes, absolutely, but it now requires follow-through and delivery on some of the really positive conversations we have been able to have with the chief executive.

There is a gap in the market, which your previous witnesses touched on, of a system lead and the drawing together of what the various regulators are saying about place and performance. That data already exists. I am sure that Abi will have a view on that, which hopefully concurs. LG Inform is a really good platform. If there are gaps in the platform, either in the data capture or the way the data is presented, we should be fixing those things, not creating another database.

The point about independence is also really important in this space. I would liken it to a food safety inspector. We have food safety inspectors who go out and undertake visits to food premises, in the same way that we might do a corporate peer challenge. They go in and produce a report saying, "We think these things are wrong." The same inspector goes back some months later to say, "Have you done those things? No, you haven't. Okay, now I am giving you an improvement notice." That is the place for the regulator, before you end up in court. It is effectively intervention. It is the same person. We do not need to create a new bureaucracy or burden on the taxpayer for loads of new people. We have people who do it. I looked at the transcript of your session with Lord Morse, and he said it is really important that it is visibly independent.

Chair: We will come on to the issue of independence in a minute.

Trevor Holden: Sorry. It is intended to be small, yet we then went on to hear that it is burgeoning 60 and going up to 100 staff. Where does that end? It needs to be a system lead, small but perfectly formed, working with the regulators that already exist.

Q134 **Chair:** We will come to some of those details in a minute. Finally from



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me—I will come to Abi first—Oflog is working with you, but is it really listening to you? Could it listen more carefully? Could it better engage, in terms of its approach?

Abi Brown: In terms of whether it listens to us, yes. Is there more to do there? Yes, absolutely. What we have learned over the course of time is that you need good-quality conversations, as opposed to just going through the motions. We recently had our first political advisory group, which is helpful, but the real help and advice comes from the different types of conversations, rather than set pieces full of people like me. It is more beneficial when, alongside that, there is engagement with the rank and file of our sector—council leaders, chief executives and others.

If there was one thing that I particularly drew out, it was the need for conversations with others beyond leaders and chief execs. In terms of the individual personnel, I have absolutely no criticism at all. The chief exec and the previous chairman absolutely strained every sinew to engage with us but, as Trevor highlights, we have no real engagement with the other individuals who work for Oflog and no real clarity about where they are going and where that leads.

Q135 **Chair:** Anything to add?

Trevor Holden: Only that the actions need to follow the words, so we need really good engagement. I cannot criticise in any way, shape or form the leadership of the former chairman and the chief executive. Those words need to be turned into actions; otherwise, we run the risk of creating a massive bureaucracy over the top of something that is less efficient and less functional than it would be if we were to build on what the sector already has in place.

Chair: Let's move on to the issue of informing the public.

Q136 **Bob Blackman:** Obviously, Oflog has come up with the Local Authority Data Explorer. What is your view of whether that will actually be transparent and whether it will enable the public to examine what local authorities do? Trevor, can you start on that?

Trevor Holden: I think the title just rolls off the tongue, and every member of the public will be itching to do a Google search to find it—or perhaps not. I think that if a member of the public were interested in seeing what is going on in their local authority—hopefully, they should be—they would probably start with the local authority's own website. That ties us back to LG Inform. If there is a strategic piece of work, what does the front piece, which every local authority should have on its website, look like? Does it feed the inquiring mind of the residents if they are asking?

Q137 **Bob Blackman:** You raise LG Inform, which is obviously a product that already exists. What differences do you see between the two databases, if any?

Trevor Holden: I don't. As colleagues said in the earlier session, the data is interesting. As Josh would tell you himself if he were here, the data



starts the conversation. It is the analysis of that data that stops people going down the wrong road. I don't think it makes a difference. I think there is a transparency issue for us in local government, and we should have a standard set of measures published front and centre on local government websites. The data is there, but you have to go looking for it, so maybe we need a standard way to make it easier for the resident not just to see the data for their place, but to make a reasonable comparison.

Q138 Bob Blackman: That is always the key in these things. The data is there; it is how you interrogate it and what you do with it. What improvements might need to be made to the LG Inform programme to provide the public with the sort of thing that Oflog wants?

Abi Brown: As Trevor has said, there is a huge amount of data there—thousands and thousands of datasets. I want to correct something that one of your earlier witnesses said. There was the implication that LG Inform is not free. It is entirely free—you can log on to it now and look. At Trevor said, it can at times be quite complex. I was looking for skills payments for foster carers in my local authority the other week, and it came up with something like 9,000 different datasets, so you need a degree of expertise to use LG Inform. What has been quite interesting about the debate that the sector has had over the past 12 or 18 months about what Data Explorer is going to do versus LG Inform is that it has thrown up to us the need to look at how an individual non-expert user—it could be me, Trevor or your average person on the street—gets value out of what is already there.

Q139 Bob Blackman: Presumably, that is the aim of Data Explorer, whereas LG Inform might be considered to be for local authorities to look at as opposed to the general public. Is that reasonable?

Abi Brown: I think that is fair. It is a fair criticism, which we perhaps need to reflect on ourselves, as to whether we have maybe enabled LG Inform to be able to present the data for the average user. There is an element of analysis in there, though, and it does come with a value-for-money report on every local authority when you log in, so the information is definitely there. Perhaps it is the interpretation and explanation that we need to look at.

Q140 Bob Blackman: Has anyone from the LGA looked at what the cost of doing all this would be? Because there clearly will be a cost. As Keith has mentioned, money is provided to the LGA. From my professional background before becoming an MP, I know that the cost of doing such systems work can be very expensive indeed, particularly if you are going to change the whole system. Has anyone done any of that analysis?

Abi Brown: I don't think we need to actually change the whole system. The information is there; it is about making it more user friendly so that you can type something in and get those figures straightaway, as opposed to ending up with 9,000 data sets to wade through. If I logged in now for my local authority, it would come up with a top-15 report or a top-20 report of the key things you want to know: how good is recycling in my area? What is the collection rate for council tax and business rates? How



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many children are there in care? How would I compare those things against comparator councils? I think that, in the course of our enthusiasm as a sector to want to collect data, we have perhaps almost over-complicated what is there as opposed to, as you say, looking at how to make it simpler.

Q141 **Bob Blackman:** What improvements would need to be made to Data Explorer to provide exactly what you are talking about? You could have the same database, effectively, but being interrogated in different ways. Are there any changes that you would like to see?

Abi Brown: I'm not sure really, because obviously Data Explorer is Oflog's product as opposed to our product. Trevor will probably talk about this: with some of the datasets in particular, the way they are collected is actually meaningless, to a degree, to members of the public. Waste is possibly one of them, or fly-tipping—it does not necessarily reflect the thing that the person on the street wants to hear. An increase in the number of cases you are collecting does not necessarily mean that fly-tipping is increasing; it might mean that your team are more effective at doing it.

Bob Blackman: Fly-tipping is very visible, which is the other issue. Trevor, did you want to come in?

Trevor Holden: If we were to accept that we have one database, and it might be derived and used in different ways, hopefully that would free up resource to perhaps put in other pieces of information, rather than trying to build a new database. I am not saying that we should reinvent comprehensive performance or area assessments, but crime and health might also be quite interesting to residents. So actually, if we expand what we have, rather than try to mirror it, perhaps we will deliver better value for the public purse.

Q142 **Bob Blackman:** Should Data Explorer collect and publish data from first-tier councils? Would there be any benefits from that?

Abi Brown: Potentially there could be. To follow up on the issue that Trevor raised, one of the things we have asked for is that wider place spend within our areas, both within other authorities—whether it is police or health—but also for other Government Departments. It would be quite interesting from a local authority point of view to understand where DWP spends its cash and how that overlaps. To go to the other end, to a degree it could also be helpful for your average individual to understand what the spend is on first-tier councils.

Bob Blackman: Keith, you have been very quiet.

Keith Stevens: I share in what my colleagues are saying but, as I said before, at the moment we do not feed into Data Explorer. That is what I am talking about and hope to carry on talking about with Oflog: we should be starting to put information into that.

Q143 **Bob Blackman:** Is there a risk that because, obviously, there is a large



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number of smaller parish councils and so on, the data overload could be a real problem?

Keith Stevens: That is why I gave the example of super councils, of which there are just over 100, with, as I mentioned, a precept of more than £1 million or a turnover of more than £1.5 million. I think they could start to feed in. That would be a step forward and we could see how that works, because I think having all that information gives a truer picture of what is going on in an area. Of course, local residents tend to know what is going on more with their local councils in the first tier, or the upper tier, depending on which way you hold the triangle, so it is important that they—

Q144 **Bob Blackman:** Is there a risk that if some of these councils started to feed that data in, residents might say, “What’s going on with council X? They’ve not been feeding that data in—have they got something to hide?”

Keith Stevens: No, I genuinely don’t think so, but the big thing, as I think I said, for the information that is being fed in, is that it is not always just the figures; it is the trends. Being able to identify a trend early on that is out of sync with other councils is really the warning signal to say, “Hold on, let’s have a look at this and have a closer inspection.”

Bob Blackman: Okay. I will leave it there.

Chair: The other role of Oflog, of course, is supporting local authorities. Let me bring in Mary.

Q145 **Mary Robinson:** Abi, do you think Oflog’s early warning conversations can offer anything to local authorities that LGA’s corporate peer challenges do not already offer?

Abi Brown: To build on some of the comments made by earlier witnesses, we see this as an element of additionality. Trevor gave an excellent example earlier of how perhaps we would see it. The Department is keen for every local authority to have a corporate peer challenge every five years; that is something that we in the LGA are keen to support. We have been hugely successful over the past couple of decades in making it a really useful improvement tool. We are looking to review that; we have recently brought forward some additional improvements to it, and there is now a follow-up conversation.

Most of the time, councils act on that advice—there is a whole range of support available, as we heard earlier—but unfortunately there is the odd occasion when councils do not like that message. However hard we try to use our membership and our position to publish reports, for example, we cannot necessarily make people do things that they do not want to do. At the end of the day, as I think an earlier witness said, councils are responsible for their own improvement.

There is therefore potentially a gap—hopefully a very small gap—for those councils that cannot reflect on themselves or are not necessarily prepared to take those actions themselves. There is that moment when sometimes it can be helpful to have somebody else as a regulator to say, “Actually, do



you know what? I think we really need to step in now. You've not really taken the advice that you've been given and the help that you've been offered, and things are not going in the right direction for you."

Q146 **Mary Robinson:** Is that where you see Oflog's role: to be in that place? How is Oflog going to identify specifically those local authorities?

Abi Brown: Certainly within the early warning conversation, as a potential follow-on from the corporate peer challenge, where there is a small number of councils who are perhaps not seeing that. I think that that could come about in a combination of ways. Certainly from my experience, in terms of the improvement agenda, there is at least one and maybe two or three councils that immediately come to mind, where you think, "Actually, we're offering them huge amounts of support. We've tried to have a conversation, but they do not really want to listen." Perhaps we could share that soft intelligence with Oflog, and that could be the basis, potentially, of an early warning conversation.

Q147 **Mary Robinson:** What does Oflog need to do to ensure that those conversations are helpful to local authorities?

Abi Brown: Some of it is about understanding the work that has happened to date. A lot of the work that the LGA does—again, I refer back to your earlier witness from CIPFA—is done quietly behind the scenes. It is not always appropriate to go out and talk about those councils that you have helped quietly with issues that they might have had, but you feel a sense of pride back at the ranch, quietly and behind closed doors, about the fact that they have avoided exceptional financial support or other things, or that you have been able to help develop their members and officers moving forward. There is something about understanding the support that is already there, of both an overt and a covert nature.

Also, it is about looking at other indicators around some of the issues. Reference was made earlier to children's services and where that might fit in with the financial picture; equally, there is the question of what will happen in terms of CQC visits with adult social care and various other things. Generally, I think it is about reflecting on the assurance that is already taking place within the system.

Q148 **Mary Robinson:** Trevor, how do you think the Oflog early warning conversations can be helpful?

Trevor Holden: I think they should be part of a continuum, in that corporate peer challenge raises some concerns and the revisit amplifies those concerns if they are not addressed. There is absolutely a space for Oflog, in terms of that coercive nature of having, "Well, if you don't sort it out constructively, we'll bring our big brother into the room, who might just help persuade you, because they've got a regulatory function." I think that if local authorities see that continuum of improvement ultimately ending in intervention if improvement doesn't happen, those conversations would be more constructive and more open in terms of those people who don't want to have the conversation with a CPC. They need to be there—again, I go back to my analogy of an improvement-notice kind of



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approach: "These are the things you've now got to do."—because they would be external to the LGA family, independent of the Government Department saying, "Actually, if you don't do this, some really nasty things are going to happen."

Q149 **Mary Robinson:** It makes it sound as if Oflog's role is going to be something of an enforcer to be dreaded. Is that how you see it?

Trevor Holden: No; I see it as the precursor to stop the enforcer. I see the Department making interventions as the enforcer. This is the slightly big brother to CPC, working hand in hand—to my point earlier—potentially with the same people; it's just a different conversation. In all of this we have to respect the autonomy of local councils to take decisions for themselves. Sometimes, you just need a slightly firmer conversation, to be able to accelerate that improvement journey.

Q150 **Mary Robinson:** Keith, how would your councils react, and what would the best early warning conversation look like to them?

Keith Stevens: I think at the moment, not being part of the Oflog data, it doesn't come into effect for us. That's why we'd like it to, because at the moment we have to try to do that in-house. We are trying to improve the accountability and sustainability of parish and town councils. We do have a national improvement strategy, where we go in and help, and that is endorsed by other organisations, including the Society of Local Council Clerks, and we work alongside the LGA on a lot of the improvement figures that we do.

The issue tends to be that we do not get information until it is almost too late. That is why we would like to collect different types of data from various sources, which is what I am expressing to Oflog, because that early—I keep using the term, but it is those early trends that you pick up. A silly example with parish and town councils is whether complaints are being made to the monitoring office about parishes. Well, we don't hear about that until the problem has occurred and then, when you look back, you see that there have been lots of complaints. That is a simple example, but it is that type of data that you need to collect as well as figures, I think.

Q151 **Mary Robinson:** Is there any feeling that these early warning conversations may just lead to an added burden on the council if they take part in them?

Abi Brown: Obviously, Oflog themselves have said that they only anticipate doing a relatively small number. I think it is unavoidable—whether it is, to a degree, a corporate peer challenge or an early warning conversation by Oflog—that there is an element of burden there in terms of them being carried out, but we have certainly been assured that the scale that Oflog is looking to do is very small. We would hope that, within the circumstances that we have all described, it would merit that level of attention from the local authority, certainly.

Q152 **Mary Robinson:** You talked earlier about value for money, and one of



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the parts of this is that there will also be productivity and the productivity plans that the Government has, with the role that Oflog will have as the expert panel. What do you think the Government's proposed plans for local authorities, both with Oflog and the LGA's role in reviewing these things, will look like, and how do you welcome it?

Abi Brown: From the LGA's point of view, we have agreed to join the expert panel to advise Government on financial sustainability in the sector. Obviously, we will be sitting alongside—we understand—other organisations, both internally and externally, to talk about that.

We think that we will be part of a panel looking at the wider strategy around this, as opposed to going through 300-plus productivity plans, which I think would present an unwanted additional burden for the sector, really.

Q153 **Mary Robinson:** What sort of optimism do you have for the outcomes of this?

Abi Brown: Relatively positive, certainly from my conversations with colleagues within the sector. Any good local authority has already been looking at how they can continue to be more productive and how they can look to transform their services. Certainly, for us as an organisation, transformation is one of our five key pillars of sector-led improvement. However, there is also a need for these things not to be onerous and for the Government to be very clear that they won't be required to be onerous, because that is an unnecessary burden for us as a local authority.

Trevor Holden: I think your earlier witnesses mentioned the different levels, so whether this is about system productivity. Early prevention was mentioned, so Departments working with each other. If it unfortunately unfolds as micromanagement of a local authority, the very best thing that should be set within those parameters is some big-ticket outcomes. When we had historically the Gershon efficiencies, there was a percentage that you had to achieve of cashable or the like.

Governments set big targets, but then the plan surely must be down to the scrutiny of local councillors because they are the watch-keepers. I am really concerned that we will go off down a road that disempowers local councillors. It is hard enough to get people to stand now without then saying, "Well actually, we are going to take away some of the stuff that you do and do it centrally." Whatever we do with productivity plans must be seen to empower and enable local councillors as locally elected leaders, and not be seen to be disempowering them and taking control to some AN Other central body.

Q154 **Mary Robinson:** How can that be achieved?

Trevor Holden: If I can speak candidly, any outcomes required in the productivity plan should be big-ticket efficiencies—in other words, a 10% efficiency in X, Y or Z, or a Y% improvement in recycling and so on. Leave how that is delivered and the monitoring of it to the local councillors and

their published performance data. To do otherwise, first, you need to create a bureaucracy to manage those plans, and secondly, you disempower your local councillors who are elected for that purpose.

Q155 **Mary Robinson:** In my view and experience, local authorities have traditionally resiled from being told how much money they need to save and how much more productive they need to be, and being given a target. Do you think that they would actually push back against that?

Trevor Holden: I think they would, but we stray into a wider debate, which is the cap on council tax, because ultimately the auditor is the electorate. It is about making the systems that we have work better, rather than putting a sticking plaster of something else over the top.

Q156 **Chair:** To come back to the early warning conversations, you were saying that they should be part of a continuum. We asked the previous witnesses whether they should be formalised and made public. If they were part of a continuum, they would have to be, wouldn't they?

Trevor Holden: Depending on the circumstances, you would ultimately get to that stage. As Abi has mentioned, some of those conversations are the first call to the headmaster's study to say, "Come on, Clive, you need to get your homework in on time before that is formalised in a report to mum and dad." There is space for informal conversations, but the coercive nature of "We need to do this the nice way or it will become a public report"—it is about management in the circumstances, with all options on the table.

Abi Brown: I think Trevor has mentioned the coercive nature of this before. One of the things we have seen as an organisation is the enthusiasm, shall I say, of certain local authorities. They may be slightly reticent to have a corporate peer challenge until they realise that they have not had one within the five-year window that the Department recommends and therefore they may have an early warning conversation, and they suddenly decide that they would quite like to have one after all.

To go back to your question, Chairman, the challenge is that it would be very hard for those conversations to be carried out without people knowing. I think it would take about 20 minutes between the first person from the early warning conversation turning up and all local authority colleagues within that area knowing about it. The reality is that knowing that that could be a possibility will drive certain behaviours within itself. Some of those things are quite simple. For example, having a corporate peer challenge, and the help that is available as a result, demonstrates that you are open to improvement, talking to your colleagues and having advice from other people.

Of course, there might be the odd one or two here or there, which fits the model that Oflog are looking at; they expect to be carrying out only a small number annually. But they themselves suggest that they want to publish at least the recommendations, if not the reports, of these. So I think it is a question of understanding, as you say, where on the



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continuum they are and ensuring that the behaviours follow as a result, as Trevor describes.

Trevor Holden: It takes us back to the transparency issue. The cold light of day has a massive sterilising impact, so if local authorities that have a journey to go on think that ultimately there is going to be a published set of recommendations or report, that in itself will be coercive in terms of improving that improvement journey.

Chair: Okay, we will go on to the independence of Oflog. Andrew?

Q157 **Andrew Lewer:** I have a question for all three members of our panel. Do you think that there are any risks to local authorities if Oflog continues to operate as a part of the Department rather than as an independent body, and if so, what are those risks?

Abi Brown: I think there is always a risk if potentially there is the view that whatever is carried out has to be reflected back to Ministers or potentially there is the ability of Ministers to influence what happens. To give credit to the current chief exec and the previous chairman, they have had a very good response to that question whenever they have been asked it—to be honest, they have been asked it pretty much every time I have been in the room with them, probably at least 15 times over the last 12 months—but I think it is too much to expect two individuals to carry the weight of that. I think our preference would ideally be to see Oflog as an independent organisation, for their own credibility as well as, of course, the challenge that it presents to local authorities in relation to the view that a Minister could have said, “I think you should go and visit X Council.”

Trevor Holden: Lord Morse said, when he spoke to you previously, “It is...important for us to” be “visibly independent.” I think it is really important for the sector to see that, so that Oflog can have a conversation down but can also have a conversation up. The corporate plan was referenced previously to say, “Well, we won’t be lobbying.” There is a difference between lobbying and identifying a trend back into Government and saying, “Actually, this service or this area is underfunded and needs something to be done.”

I think the Secretary of State—no, actually, the report, the letter, refers to the “spirit of independence”, and when I was prepping, I was reminded of a conversation with my long-since-departed father, who said, when I was a young man, “I want you to be really independent. I want you to do all these things”—right up to the time that I wanted to come in too late or that I needed a motorbike. Oflog will be seen as independent to a point, and that point will be controlled by the Department. That will not do it any good; ultimately it will not help the Department; and it will not help drive the sector-led improvement that we are looking for.

Keith Stevens: I agree. An independent chair is seen as more credible, I think. Of course, Lord Morse was really helpful. I had many conversations with him, and he learned more, I think, about parish and town councils. He was unaware of some of the issues we had. He also thought we were

funded through our colleagues in the LGA, but unfortunately, as I pointed out, that was not the case—sorry to keep mentioning funding. Yes, I think to be seen by the public to have an independent chair makes it very credible.

Q158 **Andrew Lewer:** Do you think that local authorities will be more comfortable sharing information with Oflog than with the Department directly, given that Oflog's purpose is to signal for the Department to take action, if necessary, in any case?

Keith Stevens: Again, in the meetings I have been at with Oflog, it has always been stressed that it is not collecting information to use to chastise councils; it is there to try to find the trends and what is needed. I think that is the important issue.

Trevor Holden: There has been much conversation from previous speakers about that system leader role. I think that lends itself to having to be independent. Equally, I think that local governments would be much more open in conversations were they speaking to an independent regulator—first, because they have to, and secondly, because they are about fixing the problem rather than trying to avoid intervention.

Abi Brown: I think it is worth making the point again that the information that has been used by the Data Explorer is not new information—it is data that is already published and that has been reused through there. I think it would be interesting to see what would happen if they were to request specific data, which would obviously then create a burden on local authorities.

On the points that my two colleagues have made, I think it is important that they are seen as being independent, particularly when it comes to soft intelligence as well. Clearly, we collect a huge amount of it as the LGA, but as previous witnesses talked about, it is about that openness to want to share challenges. Not all local authorities are closed when they face a challenge, are they? They are very open about it and I think your response to that can be quite different depending on who you are speaking to.

Q159 **Andrew Lewer:** How is Oflog, in a situation where it hears that things are really serious and that there are massive problems, not going to tell the Government or keep it quiet?

Abi Brown: I don't think it is about not telling the Government or keeping it quiet.

Q160 **Andrew Lewer:** Why doesn't it just tell the Government directly then?

Abi Brown: To go back to Trevor's example earlier with the food hygiene inspector, sadly, we find ourselves in a position where there are some local authorities that are potentially not doing the right thing at the moment. How do we step into that space around doing that?

Trevor Holden: The point at which that conversation takes place, or should take place, is when we have been unable to resolve this and we



now need to trouble Government with it, because that might lead to intervention. There is a point where that does happen, but having an independent regulator gives you space to try to fix the problems before they need to bother busy Ministers or busy civil servants because they are below their radar at that stage.

Q161 **Chair:** Coming on to the question of the chair, Amyas Morse had to stand down, so we are going to have another interim chair. Would you want the new interim chair to adopt the same approach?

Abi Brown: Absolutely. Lord Morse was very open and very enthusiastic to come in to speak to the sector.

Trevor Holden: We are very supportive of Lord Morse, Josh and the current direction of travel. The terms of reference for that job are going to be really interesting, but we would absolutely support someone in the same guise. Equally, we would welcome the opportunity, if this Committee thought it appropriate, for it to be an appointment through a Sub-Committee and for sector representatives to be able to support you in that journey.

Q162 **Chair:** We are having discussions with the Secretary of State about the way in which a chair should be appointed, and there are different models. One is that the Secretary of State does the appointment, which is what has happened so far. The second is a traditional one where the Secretary of State does the appointment but there is then a confirmation hearing with the Select Committee—the local government ombudsman follows that route, for example. There is a third way where the Office for Budget Responsibility and the Treasury Select Committee actually do the appointment rather than the Chancellor. Do you have views about how independence should be demonstrated by the method of appointment?

Trevor Holden: This is the first time I have run into those three options, so I do not know whether to phone a friend or ask the audience. Given the level of interest that your Committee has taken in this area and the evidence that you have gathered, the opportunity for you to participate in that process, your option 2, sounds like the most logical. I am given to understand—this is way beyond my level of knowledge—that if there were to be a Sub-Committee, you would be able to invite representatives of local government to support you in that process. We would welcome the opportunity to do that.

Chair: I think that would be a new format that would have to get some approval. Normally, Select Committees do not invite others, except other Members of Parliament, to join them in the processes. But never say never—there are always new ways of doing things, as I think we all learn in political life. Is there anything else you want to add about the independence of the chair going forward?

Thank you all very much for coming and giving evidence to the Committee. This is an important subject that may have not captured the imagination of the public yet, or indeed the imagination of all councils, but it is something that, if properly done, can lead to improvement in the way



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in which local government performs and the services that you deliver. It is an issue that we will produce a report on, having listened to the Minister next week. Thank you very much.