

## Briefing Paper

# The CIPFA Manifesto: 'Better Ideas, Better Public Services'

September 2009

***"Good financial management should be in the bloodstream of organisations from the boardroom at the centre to the most distant front-line outpost".***

The Chartered Institute of Public Finance and Accountancy (CIPFA) have recently published their manifesto outlining their ideas for change within our democracy ahead of the expected General Election in 2010.

The CIPFA manifesto aims to give free and open ideas of what the government should do, do better and stop doing. Within this manifesto CIPFA have outlined some of the challenges that face whichever party wins the forthcoming election.

These challenges include;

- Learning the lessons of the global financial crisis and ensuring that they are effectively addressed.
- Managing the economy and ensuring that recovery is both swift and sustainable.
- Implementing a medium and long term strategy to restore the public finances to good health.
- Responding to the crisis of confidence arising from the MP's expenses scandal and regaining public trust in the country's politicians.

An important part of the CIPFA manifesto focuses on the fundamental question of how we are governed and how the public's money is managed and controlled. It seems that unless such a question is openly resolved in full view to the public then any change of government and political players will leave the accountability, trust, and confidence within our democratic system (all aspects that we want to see) remaining elusive.

CIPFA have made 42 recommendations that aim to explore the ways in which the United Kingdom can be under a system of better governance and financial management to support the delivery of better public services.

CIPFA considers that the decision making of our Government must change. They believe that ill considered policies are not exposed until significant timescales have elapsed, with serious problems arising from this causing havoc within the system.

Significant resources may have been consumed with little or no return and accountability may be blunted because of the inevitable turnover of personnel. This with some just cause results in the public becoming increasingly more cynical of decisions being made in future.

CIPFA considers that it is fundamental that steps are taken to minimise the risk of implementation of poorly designed policies. CIPFA suggest that Government can learn from good practice in the private sector where market research and rigorous product development techniques help inform the design of new products and services. This coupled with disciplined evaluation has helped in the private sector to show continuous improvement.

From this, recommendations 10-14 suggest that new Government policies should be accompanied by a detailed statement expressing what outcomes are expected including a qualified statement of expected costs, incomes and savings. Also, new policies should explain when the success of the policy will be judged and how it will be measured.

Further to this, it is suggested that more policies post implementation should be subjected to formal reviews. With the reviews being undertaken by independent parties, focusing in particular on whether expected outcomes have been achieved and if not achieved yet, if it is realistic to expect them to be achieved.

The reviewers should be able to recommend amendments or repeal of relevant legislation or regulations as appropriate based on their findings.

CIPFA propose that similar reviews and disciplines should apply to pilot schemes. With the pilot schemes being used to trial policy responses which may have the potential for far wider application.

Also, when these pilot schemes are being established the Government should routinely publish the planned time table of the trial and arrangements for formal review and public reporting of results. Pilot schemes should not be allowed to peter out nor be rolled out for widescale adoption without the discipline of rigorous and methodical evaluation.

The belief of CIPFA is that establishing a culture of good financial management is also vital to the success of the party that wins the next General election and to the success of the county in ending the recession.

Better financial information, rigorously compiled and routinely published – to support the decisions taken by Ministers, Departments and all types of public service organisations seems to be the way forward for government.

Too frequently important decisions appear to be taken casually, as though they are cost-free or because costs can be accommodated within existing budgets. In no way does this demonstrate that these decisions constitute value for money or good use of taxpayers' resources. Recommendations 26-31 (as listed at end of this briefing paper) attempt to address this problem.

Recommendations 26-31 suggest that good financial management should start in Parliament where all legislation should be fully costed. It should also be a powerful influence on the cultures of all public bodies, it being said within the manifesto; "Good financial management should be in the bloodstream of organisations from the boardroom at the centre to the most distant front-line outpost".

Politicians and public servants alike should be driven by the aims of delivering excellent service, meeting real needs and securing the best possible value for the taxpayers' money and as CIPFA suggest they should be constantly testing performance by rigorous benchmarking, questioning and seeking ways to improve productivity and ways to save money in all aspects of the organisation's activities.

The role of the Chief Financial Officer is also considered by CIPFA who suggest that he or she must be a key member of the leadership team in all public services organisations, helping to deliver and implement strategy and to resource and deliver the organisation's objectives sustainably and in the public interest.

The manifesto goes on to say that he or she must be actively involved in and able to bring influence to bear on all material business decisions to ensure that they are consistent with the organisation's financial strategy and that immediate and long term implications, opportunities and risks are fully considered.

Critically, the Chief Financial Officer must lead the promotion and delivery of good financial management by the whole organisation, so that public money is safeguarded and used appropriately, economically, efficiently and effectively at all times.

Capturing real efficiency and productivity gains is another issue that CIPFA have looked at and made reference to in their manifesto of reforms. Taxpayers are naturally enthusiastic about public service efficiency but they are also sceptical of claims of huge efficiency savings, especially if their personal experiences are of rising taxation and charges.

The public need to be able to see clearly not only how much has been saved by a particular initiative but crucially, how those resources are being used. Are they being used to reduce taxation or charges for example or to create a new higher quality service.

Recommendations 32 and 33 address these questions and how CIPFA feel they should be resolved. CIPFA suggest that explicit signposting in the published budgets and annual reports of public bodies would help.

Further to this they say organisations should be expecting efficiency savings which are not captured and explained in the budget in terms of future use to be regarded with a high degree of scepticism.

The information that is given is also critically important for better decision making. Where initiatives have been taken, often involving upfront investment to improve productivity. Organisations must be systematic and rigorous in measuring the change in performance which is actually achieved and comparing that result with the assumptions made in the business case that justified the investment.

All of these points made in the CIPFA manifesto also relate to the openness which seems lacking in our politics and Government today. If citizens and communities feel that the systems and processes of government are open and transparent they are more likely to have confidence in decision making. Conversely, if systems seem complex and impenetrable, decisions are more likely to be regarded with suspicion and mistrust.

CIPFA considers that a great deal of complexity in government seems unnecessary. It comes from the silo-nature of Whitehall Departments and public service organisations. Faced with a common challenge each unit will develop its own unique solution, when a more logistical and cost effective approach would be to be to develop a single solution for use across many or all units.

To the public this creates confusion and at best an unfavourable first impression, at worst it feeds an irrevocably negative stereotype.

After the General Election it is expected that new ministers will go to their departments to make a variety of decisions with the aim to show action and dynamism ahead of an intense media commentary.

However, CIPFA fears that in this haste real opportunities to refine and join up proposals across government will be missed. More pointless complexity in all areas of the system will layer up on already confusingly complex arrangements.

The answer to this as CIPFA see things is clear: "less haste more care". They suggest that the UK needs the Government to avoid unnecessary complexity, to work much more corporately and to take to heart the critically important challenge of simplifying government.

One important strand of the simplification process in the manifesto is that it should be about a much more disciplined and selective approach to announcements made by Ministers. They suggest that there should be fewer populist initiatives to address short term events or criticisms or to appease the interests of any particular small pressure groups.

Instead, CIPFA proposes much more emphasis on a small number of clearly defined and communicated medium/long term strategic objectives and a remorseless focus on the public interest and best use of public money.

CIPFA also say that avoiding over-centralisation is a way to simplify the government machine. They advocate more decision making being given to local public bodies where it would be more visible and accessible to citizens and better able to reflect local needs and circumstances.

Local decision making should be the natural order; central decision making should be adopted only when there is a compelling case for this model in the public interest. Recommendations 7, 8 and 9 cover these issues and offer solutions.

Listed below are the recommendations made by CIPFA in their Better Ideas Better Public Services Manifesto:

1. Parliament should play no part whatsoever in setting MP's remuneration and expenses schemes.
2. MP's pay and expenses should be determined by a new independent commission.
3. Members of the commission should be appointed in a way which assures complete independence from Government, Parliament and the political parties.

4. There should be no special tax concessions associated with MP's remuneration and expenses.
5. In the interests of complete transparency all MP's expense claims should be made publicly available online.
6. Expenditure on MP's remuneration and expenses should be subject to a full independent annual audit.
7. Policy proposals and legislation should be developed in a more connected corporate way to avoid unnecessary complexity and ensure that opportunities are taken to 'join-up' across government.
8. Government should aim to develop a new discipline around Ministerial announcements emphasising a small number of clearly defined and communicated medium/long term strategic objectives and a remorseless focus on serving the public interest and securing value for public money.
9. Government should guard against over centralisation. Local decision making – closer and more accessible to citizens – should be the natural order; central decision making should be adopted only when there is a compelling case to do so in the public interest.
10. Government should look to develop more effective methods of pre-legislative scrutiny and testing of new policies with the involvement and assistance of users of services and other experts.
11. Market research and product development techniques and rigorous evaluation should be used to help design and continuously improve new products and services.
12. New policies should routinely be accompanied by a detailed statement of expected outcomes including estimated costs, income and savings.
13. More policies should be routinely subjected to independent post-implementation review. Reviewers should compare and report actual and expected outcomes and have the power to recommend amendment or repeal of relevant legislation or regulations.
14. Pilot schemes and initiatives should also be accompanied by statements of expected outcomes. Government should also routinely publish the planned timetable of the pilot trial and arrangements for review and public reporting of results. Pilots should not be allowed to peter out nor be rolled out to wide scale adoption without the discipline of rigorous and methodical evaluation.
15. All public bodies should engage and involve citizens and users of public services in order to tailor services effectively to meet their needs.

16. Public bodies which share the same consumers should work closely together to ensure a coherent, joined-up response to views and feedback.
17. In the interests of both service improvements and efficiency Government should aim to develop and implement streamlined standardised systems and processes where possible across different parts and tiers of the public services.
18. Citizens and users of service should be actively engaged in discussions about the range and quality of services provided by public bodies and about how services can be improved and made more efficient. They should be given every opportunity to help to identify and eliminate practices which represent poor use of public money.
19. All Public Bodies should routinely make clear information available to the public about the decision making process which underpin their policies and services.
20. Targets should be used in a considered way to encourage consistent standards and practice where appropriate and to help set user expectations and ensure a positive user experience. Target setters should systematically monitor for unintended adverse impacts on other priorities and risks.
21. Government should reintroduce clear fiscal rules to guide its management of the public finance as soon as possible.
22. Government should commit to a firm timetable for publication of whole of government accounts (WGA) – fully consolidated financial statements for all public expenditure – for 2009/10.
23. At the earliest opportunity WGA should be prepared on a basis which is compliant with International Public Sector Accounting Standards (IPSASs) in order to enable comparability with the financial statements of other governments.
24. The Management Commentary provided with WGA should report performance against the fiscal rules with a clear reconciliation to the audited WGA results. It should also include clear summary information on long term fiscal sustainability.
25. All public bodies are encouraged to consider use of the accounting for sustainability connected reporting framework to report performance on key aspects of sustainability.

26. Decision making by Government and public bodies should be informed by better financial information. Legislation should be fully costed. Major policy changes such as those involving major reorganisations of public bodies should be preceded by the publication of a detailed, fully costed business case.
27. Government should practice and promote good financial management with the aim of financial management becoming a powerful influence on the cultures of all public bodies.
28. Boards of public bodies should take particular interest in the mechanisms for ensuring that good financial management is practiced throughout the organisation.
29. The Chief Financial Officer must be a key member of the leadership team in all public service organisations, actively involved in and able to bring influence to bear on all material business decisions. He or she must lead the promotion and delivery by the whole organisation of good financial management.
30. All public servants should be encouraged to strive continuously for value for money improvement. Lots of small actions can make a big difference.
31. Contracts with external suppliers should incorporate an expectation of continuous value improvement.
32. Public bodies should be systematic and rigorous about measuring the results of initiatives to improve efficiency and productivity. They should make clear explicit statements about savings anticipated (and achieved) by different efficiency and productivity initiatives and their intended future use.
33. Information about efficiency and productivity gains should be reported publically in the published budgets and annual reports of public bodies with explicit signposting of plans for their future use.
34. Public bodies should work with partner agencies in pursuit of improved collective performance which will lead to better services and/or better value for money.
35. Public bodies should recognise the barriers and difficulties which inhibit effective partnerships working. They should discuss those difficulties with partners and agree specific mechanisms such as the joint appointment of an independent 'change leader' to overcome them.
36. All public bodies should be granted the power to work in partnership with other similar bodies in the public interest, providing that one member of the consortium has the legal powers to undertake the particular venture in question.

37. Local authorities should be granted a power of general competence enabling them to enter into any venture which is intended to be beneficial to citizens and communities.
38. All public bodies should have a duty to consider, publish and consult on the impact of their policies and decisions on other public agencies.
39. Government should take particular care to ensure that its own actions do not impair and undermine the fundamental importance of accountability arrangement for local services to local communities. For localism to succeed local accountability arrangements must be healthy and vibrant.
40. Government should discontinue the practice and repeal the legislation which enables capping of local authority budgets.
41. Revaluation of domestic properties for council tax purposes should be triggered automatically at five year intervals.
42. Government should establish a panel of independent experts to provide oversight and give detailed advice on all funding distribution formulae, and to comment publicly on the fairness and appropriateness of such methodologies adopted by government.

AWICS Ltd are holding a series of regional seminars on Budgets and Financial Management in the public sector for non-financial people in venues around England during September 2009. These will cover all aspects of budgeting and financial management including reference to the CIPFA manifesto. The presenter will be Adrian Waite. More details are available on our website at: [http://www.awics.co.uk/RegionalSeminars/ViewCourse/budgets\\_and\\_financial\\_management\\_09](http://www.awics.co.uk/RegionalSeminars/ViewCourse/budgets_and_financial_management_09)

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