

## **Joint Committee on Housing, Planning and Local Government**

Local Government Finance – An Examination of the Funding Model: Discussion on 9 November 2017

### **Presentation by Pat McLoughlin, Chairman of NOAC (National Oversight and Audit Commission)**

As this is the first time I have as Chairman of NOAC appeared before you, I would like to thank the Committee for its invitation. NOAC is honoured to be present today and welcomes this important first engagement, which we hope will continue.

NOAC was established in July 2014 under the Local Government Reform Act 2014 to provide independent oversight of the local government sector. Its functions are wide ranging, involving the scrutiny of performance generally and financial performance specifically, supporting best practice, overseeing implementation of national local government policy and monitoring and evaluating implementation of corporate plans, adherence to service level agreements and public service reform by local government bodies. A Government Minister may also request that NOAC prepare a report relevant to its functions on any specified aspect of local government.

NOAC publishes annual local authority Performance Indicators and composite Public Spending Code Quality Assurance Reports. It has published update reports on the implementation of the recommendations of the 2011 Local Government Efficiency Review and Shared Services projects, a review of the adequacy of the local authority 2015–2019 Corporate Plans, reports on Rates Collection and the Financial Performance of Local Authorities 2013-2015, studies of local authority performance of their statutory functions in relation to the private rented sector and of the management and maintenance of their housing stock and a Survey of Local Authority Tenants' Experience and Satisfaction (undertaken as part of the housing management and maintenance study).

NOAC operates mainly by sub-groups, including a Financial Performance Sub-Group, set up to oversee different aspects of its work, each consisting of 3-4 members out of NOAC's total current membership of 10 people. NOAC does not have a separate executive and its

secretariat is provided by the Department of Housing, Planning and Local Government (currently 2 staff). Its 2017 workplan includes a best practice showcase event later this month in collaboration with the CCMA and a customer service project consisting of a desktop exercise involving all local authorities. It also involves a workshop today with relevant customer service personnel from a selection of authorities. NOAC has commenced compiling profiles of each local authority based primarily on the material in its own reports to date and meetings with the Chief Executives, but also to include information provided by the authorities themselves outlining the particular context within which they each operate.

As indicated above, NOAC's role in relation to local government policy is to oversee how the national policy is implemented by local government bodies. NOAC does not have a function of providing input to the development of policy for the sector. When it comes to financial performance, NOAC's role is to scrutinise performance of any local government body in respect of the financial resources available to it, and that scrutiny includes in relation to value for money. NOAC carried out a review of local authority rates collection performance because this is a significant revenue source for the sector. It reviews the reports by the Local Government Audit Service (LGAS) of their annual audits of the local authority Financial Statements and follows up on selected aspects raised in those reports. It reviews also value for money reports produced by the VFM Unit of the LGAS. Regular meetings are held between NOAC and the Director of the LGAS and NOAC has a good working relationship with the Director and her team.

NOAC would not have any expertise on the components of the local government funding model and how it operates in practice. It performs its functions within the funding system that exists and has, to date, looked at only a few aspects of local authority financial performance. NOAC's focus is on how efficiently local authorities utilise their funding rather than on how they are funded in the first place. I hope the Committee will appreciate that this is the context in which I will be pleased to participate in today's discussion.