

# CENTRAL GOVERNMENT PANEL NEWSLETTER

ISSUE NUMBER TEN

**October 2002**



## INTRODUCTION

Welcome to the tenth newsletter for finance practitioners and CIPFA members working in central government. This issue contains information about a seminar *Recent Developments in Central Government Finance*, CIPFA's response to the Treasury's consultation on the revised *Green Book*, the Public Servants of the Years Awards 2003, the 2003 Cliff Nicholson Award and an education and training update. Finally, there is some information about the Central Government Panel and about the Public Management and Policy Association (PMPA).

## SEMINAR ON RECENT DEVELOPMENTS IN CENTRAL GOVERNMENT FINANCE

CIPFA held a one-day seminar '*Recent Developments in Central Government Finance*' in September. Ninety delegates attended. Speakers included David Watkins, Ciaran Martin and Chris Butler from HM Treasury and Nick Sloan and Des Blake from the National Audit Office. Martin Sinclair, Assistant Auditor General at the National Audit Office and Chairman of CIPFA's Central Government Panel, chaired the seminar.

David Watkins from the Treasury gave an overview of current developments in central government accounting. He saw the main issues as:

- implications for central government of FRS17 on Retirement Benefits
- the need to bring accounting guidance together
- executive agencies in the 21<sup>st</sup> century
- the trading fund review

Future issues are likely to include:

- SuperRAM: resource accounting implementation changes management
- revenue recognition
- the effects of bringing the timetable forward – financial reporting needs to be more closely related to routine monthly reporting

- international accounting convergence and the effect on UKGAAP.

Des Blake's session covered the current developments in greater detail and looked at how the new system has revolutionised UK government financial reporting and management. The public sector is now in line with best accounting practice. Financial and performance management have been enhanced, as has accountability. Government accounts are now produced more quickly, are "cleaner" and have had minimal qualifications, though the NAO does still expect some qualifications. The full benefits of resource accounting management will be more apparent from 2003/04.

Ciaran Martin's presentation focused on public spending: its context and the structures. Public spending in the current year amounts to £418 billion or 40% of national wealth, some £130 per week for every man, woman or child in the UK. This level of public spending is set to rise to £511 billion in 2005/06 – 41.8% of national wealth.

David Watkins' afternoon presentation covered the Whole of Government Accounts (WGA) programme. The aims of the programme are:

- producing GAAP-based WGA for 2005/06 – though recent developments in local government may mean that this is delayed a year
- improving information management through joined-up reporting
- better internal reporting in order to improve the information available *to* government
- better external reporting in order to improve the information available *on* government.

The WGA publication target is 2003/04 for central government, after 'dry runs' for 2001/02 and 2002/03. Central government comprises the departments and the non-departmental public bodies. The publication target for the remaining bodies, an estimated 1600 local authorities, national health service trusts and public corporations, is 2005/06,

again with dry runs for the two preceding years.

David summarised the current state of WGA implementation as:

- significant progress made to date
- benefits already being realised
- there is still a long way to go.

Nick Sloan, speaking on performance management and measurement, showed very graphically the challenges of measuring performance: diagrams mapping the overseas Trade Services' export process showed 13 linked processes and one on the pilot training process illustrated some 50 factors affecting it.

Modelling and planning facilitate communication with stake-holders on:

- selecting priorities
- setting targets
- securing local commitment
- translating high level targets into meaningful service delivery measures.

They also provide a spur to risk management, act as a base for good reporting, provide an instrument around which to consolidate knowledge and learning and give managers confidence to act on emerging performance information.

Developments in performance measurement in central government are likely to lead to a significantly greater role for accountants. They will be the ones to extend developments in financial accounting into management accounting and to ensure that financial systems and monitoring expertise are brought to bear on performance systems. Accountants are expected to have a greater financial input to modelling and "what if" scenarios and to exercise an organisation-wide view and tradition of professional standards to promote coherence in performance management.

In his session on corporate governance, Chris Butler set out how the accountability aspects of corporate governance principles apply now to central government. The Dear Accounting Officer letter that introduced the Statement on Internal Control (SIC) was aimed at securing a

culture change. Two key principles imported from the private sector are:

- Principle D2: The board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets
- Principle D2.1: The directors should, at least annually, conduct a review of effectiveness of the group's system of internal control and report to shareholders that they have done so. The review should cover all controls.

The SIC should summarise the process that has been applied in reviewing the effectiveness on internal control. A range of processes, eg, procedures for identifying objectives and key risks, the role of the audit committee etc.

Good corporate governance involves adequate risk management. New issues for management here are:

- identifying and managing risk
- determining how many risk registers are required
- assessing the adequacy of control arrangements
- establishing the infrastructure for reporting
- identifying building blocks for the statement
- gathering evidence for external audit
- the role the audit committee.

## TREASURY CONSULTATION ON REVISED "GREEN BOOK"

CIPFA has responded to the Treasury's recent invitation to comment on the revised guidance on Appraisal and Evaluation in Central Government or *Green Book*. CIPFA welcomed the review of the Green Book as timely in the light of the significant public investment in public services underway and planned for the future. In CIPFA's view, the desire to see an improvement in public services requires robust and comprehensive guidance on project appraisal and practical guidance on the steps involved and the revised Green Book provides

comprehensive guidance that is readily accessible for the specialist and non-specialist alike. Newsletter readers may be interested to know that CIPFA has also issued guidance in this area in the form of a publication: *'Making the right choices – A practical guide to Project appraisal'*.

The Treasury's consultation document raised some complex and potentially controversial issues. CIPFA's response includes detailed comments on three main areas: the discount rate, PFI projects, and taxation. The full text of the response is available on the CIPFA website at [www.cipfa.org.uk/panels/centgov/news](http://www.cipfa.org.uk/panels/centgov/news).

CIPFA's publication *'Making the right choices – A practical guide to Project appraisal'* can be ordered online from the CIPFA Shop at [www.cipfa.org.uk](http://www.cipfa.org.uk).

## EDUCATION AND TRAINING UPDATE

### CIPFA exams becoming modular

CIPFA students will now be able to split their exams between two exam sittings. The new system is being implemented from September 2003, in time for the June 2003 exams. CIPFA's Education and Training Committee recognised that studying styles have changed and that people need more flexibility. The majority of CIPFA students now have full-time jobs. An increasing number are funding themselves through CIPFA courses, and all of them have to juggle work, study and family life.

Now, instead of applying more pressure by encouraging people to do one level of the qualification per year, the new system will mean students can take it at their own pace if they prefer.

Further information can be obtained from Andrew Ross on 020 7543 5678.

## PUBLIC SERVANTS OF THE YEAR AWARDS NOMINATIONS INVITED

Nominations are invited for the Public Servants of the Year Awards 2003. Twenty five people have now picked up a Public Servant of the Year Award – ten from 2001 and fifteen from

2002. The event has come a long way from its modest beginnings. The 2003 Awards are again supported by CIPFA, the Cabinet Office and the Office of Government Commerce and are sponsored by a host of organisations. This year's judges are:

- Rabbi Julia Neuberger, Chief Executive, King's Fund
- David Bell, Office of Her Majesty's Chief Inspector OFSTED
- Baroness Dean, Chair of the Housing Corporation
- Dame Rennie Fritchie, Commissioner, Office of the Commission for Public Appointments
- Sir Michael Lyons, Chair, INGLOGOV, Birmingham University
- Michael Peters, Chief Education Officer, London Borough of Lambeth
- Roger Singleton, Chief Executive, Barnardo's
- Victor Smart, Writer and Journalist
- Sir John Stevens, Commissioner, Metropolitan Police
- Dr Wendy Thomson, Prime Minister's Adviser on Public Services Reform, OPSR.

The awards seek to recognise the achievements of those who work in the public services. The Government expects the public service to become a learning organisation and the awards are designed to help the process of improvement by giving wide publicity to the very best achievements. The judges will be looking for individuals in their own unique environment and circumstances who have overcome hurdles to realise their achievements, and who have made a difference to their sphere of activity through their own personality, commitment and ability.

The awards are open to all those working in the public services at all levels and in all organisations. There are fourteen awards categories:

### **Cross-sector**

- Breaking new ground – for innovation
- Inspiring success – for leadership
- Raising the Standard – front-line workers

- Nothing is impossible – for turn-round management
- Making a difference to people - for social inclusion
- Working together – progress through partnership
- On Board – for a non-executive’s contribution

#### **Sector categories**

- Central government
- Local government
- Housing
- Education
- Health
- Uniformed service

There is also a finalists’ award for Outstanding Public Servant.

For details of how to sponsor an award contact:  
Peter Wright, Tel 020 7543 5731  
Email: peter.wright@publicfinance.co.uk

## 2003 CLIFF NICHOLSON AWARD

The CIPFA Audit Panel is also inviting entries – for the 2003 Cliff Nicholson Award for innovation and excellence in public sector audit. All sectors (health, local government, central government, HE/FE, etc) can enter and the only eligibility requirement is that one member of the internal audit team who did the work must be a CIPFA member or student member. To assist potential entrants in coming up with an entry the Audit Panel has produced a document detailing the characteristics of highly marked entries. Briefly these include:

- Clarity – logical flow from objectives through methods and results to conclusions
- Originality – demonstrating use of new techniques, new applications for old techniques, expanding the scope of audit and raising its profile within the organisation
- Content – appropriate methods used, appropriate conclusions drawn, use of comparatives

- Impact – clear and evidenced benefit to the organisation and potential application to the wider public sector.

Recent winning and short-listed entries, demonstrating many of the above characteristics, have covered topics such as health and safety audit, clinical governance in the NHS and the audit of partnerships. Entries on these and other issues are welcome and feedback is given to all entrants after the presentation of the award at the Audit Conference, which for 2003 will be held in Chester from 30 April to 02 May. The winners get one free delegate place, including accommodation, at the conference.

Entry forms and the characteristics of highly marked entries document are available to download at the Audit Panel website. Alternatively these can be obtained from Marc Teiman (020 7543 5680) or Phil Little (020 7543 5874).

## AUDIT AND PENSIONS PANEL DISCUSSION FORUMS

The CIPFA Audit and Pensions Panels have launched new discussion forums on their respective websites. The aim of these is to provide additional channels of communication, both between the audit/pensions communities and the Panels but also within those communities as a means of sharing ideas and good practice or seeking advice on particular issues.

Both forums include an “Ask the Panel” section where questions can be posed direct to the Panels. This section will be monitored daily and we will attempt to post answers as soon as possible! To gain access to the forums simply follow the links on the websites and click on the registration button. Once registered you will be emailed a password, which will enable you to post entries. Any comments, ideas or queries relating to the forums should be directed to Phil Little (020 7543 5874 or philip.little@cipfa.org).

## CIPFA'S CENTRAL GOVERNMENT PANEL AND PUBLIC SECTOR BENCHMARKING

The Central Government Panel generally meets four times a year and is responsible for all financial management and policy issues that affect central government. The Panel's most recent meeting, on 9 October, included a presentation from Ken Watling of the Public Sector Benchmarking Service (PSBS). The PSBS grew out of a partnership between HM Customs and Excise and the Cabinet Office and was launched in February 2001. The PSBS aims to:

- encourage the exchange of information and knowledge in the public sector
- promote learning through sharing and
- increase the availability of benchmarking and good practice

Its services include:

- a helpdesk giving information and advice supported by research to promote performance improvement
- a network of contacts at home and abroad in the public, private and voluntary sectors
- databases of information on good practice from the UK and around the world
- opportunities for learning and sharing information amongst communities of practice
- guidance material – as hard copy or online.

The range of services covered by the PSBS to date is impressive. It includes many areas of interest to most public sector organizations: staff recruiting, CCTV, debt management, diversity, sick leave, staff surveys, career management, body armour, staff welfare, HR software, website content, knowledge management, call centers and estate management. PSBS has also taken on more specialist areas, such as asylum, adoption, child protection, hoax 999 calls and drugs.

To find out more about the Public Sector Benchmarking Service, visit their website at: [www.benchmarking.gov.uk](http://www.benchmarking.gov.uk).

The Central Government Panel's current members are:

Martin Sinclair (Chairman)	National Audit Office
Andy Anderson	Audit Scotland
Barry Atkinson	Formerly Customs & Excise
Brian Baverstock	Scottish Funding Councils for Further & Higher Education
Phil Butlin	Department for Work & Pensions
John Codling	Department for Work & Pensions
Paul Connew	KPMG
Alistair Cook	Passport & Records Agency
Chris Cooper	Civil Service College
Heather Cousins	Northern Ireland Office
Sharon Davies	National Assembly for Wales
Christina Earl	Ministry of Defence
Steve Heminsley	Inland Revenue
Wil Huntley	The Environment Agency
Curtis Juman	Department of Trade and Industry
Lesley Lodge (Secretary)	CIPFA
Terry Price	Sport England
Chris Richards	HM Treasury
Mike Suffield	National Audit Office
Chris Welford	Electoral Commission
Steve Will	National Air Traffic Services Ltd

PUBLIC MANAGEMENT AND POLICY ASSOCIATION (PMPA)

The PMPA offers managers and policy makers in the public services a range of opportunities to keep abreast of and debate cross cutting issues. Recent developments have included:

- Caroline Mawhood's report *Accountability and performance improvement – are they complementary?* was published by the PMPA in July
- Also in July, Robert Hazell and Meredith Cook of UCL presented a very practical lecture setting out the key issues that managers need to consider in preparing for the implementation of the Freedom of Information Act. This will be reported in a future PMPA Review (sent free to members).

This Autumn sees a programme of lectures looking at social inclusion. The first event looked at the *Role of the Voluntary Sector in Public Service Delivery* and was delivered on 22 October by Stuart Etherington, Chief Executive, National Council for Voluntary Organisations. The next on 28 November will focus on *Neighbourhood renewal and welfare to work: the social and economic case for being bolder* by Mike Stewart, Director, Centre for Economic and Social Inclusion.

PMPA will also be publishing shortly a completely revised and updated edition of Andrew Massey's popular report *The state of Britain: a guide to the public sector*. Many Departments and organisations found the 1999 edition a useful addition to their staff induction

and training materials. Bulk purchase orders should be addressed to Helen Carter, CIPFA, 3 Robert Street, London WC2N 6RL. PMPA's new website ([www.pmpa.co.uk](http://www.pmpa.co.uk)) gives up to date programme details and includes an 'Open Forum' with articles and news.

## JOINING IN

Further information on joining the PMPA is available from Sandra Harper at CIPFA, 3 Robert Street, London WC2N 6RL. Tel: 020 7543 5679; fax 020 7543 5695; email: [sandra.harper@cipfa.org](mailto:sandra.harper@cipfa.org)

## CONTACTS AND USEFUL LINKS

If you have any comments or suggestions regarding this Newsletter or the work of the Central Government Panel, please contact Lesley Lodge, Finance and Policy Manager, 3 Robert Street, London WC2N 6RL or email on [lesley.lodge@cipfa.org](mailto:lesley.lodge@cipfa.org)

For further information on CIPFA's activities, click onto the CIPFA's website at [www.cipfa.org.uk](http://www.cipfa.org.uk) There is a separate section for the work of the Central Government Panel and for each of CIPFA's other Panels and you can purchase CIPFA publications online.