

Regional public accounts committees

Technical paper

This is the fourth edition of a technical paper first published in 2013. It acts as a companion piece to our paper on “systems governance”, which places regional PACs in the context of the broader English devolution governance framework.

Centre for Governance and Scrutiny

July 2024

77 Mansell Street, London E1 8AN

info@cfgs.org.uk / @cfgscrutiny

About the Centre for Governance and Scrutiny

CfGS exists to promote better governance and scrutiny, both in policy and in practice. We support local government, the public, corporate and voluntary sectors in ensuring transparency, accountability and greater involvement in their governance processes.

Governance and scrutiny are essential for the successful working of any organisation. Now, more than ever, trusted decisions are needed. We believe that decisions are better made when they are open to challenge and involve others – whether that’s democratically elected representatives, those affected by decisions, or other key stakeholders.

At the heart of better governance and scrutiny are the right behaviours and culture. Our work champions these relational aspects and designs the structures to support them, leading to more effective decision-making and improved outcomes for organisations and people.

<https://www.cfgs.org.uk/>

Acknowledgments

We thank everyone who helps us in our thought leadership, contributing so generously to continual development of best practice in the scrutiny sector.

Contents

Introduction	3
Our regional PAC proposal: why it is needed, what it will deliver, how it will work	3
Why is it needed?	3
What will it deliver?	5
How will it work?	6
How would PACs be supported, and where would their powers come from?	9

Introduction

The new Government has committed to introduce an English Devolution Bill, and to taking action on governance in combined authority areas. There is an important role in this landscape for regional Public Accounts Committees – bodies which can knit together governance and accountability across a place, reflecting the partnership focus that will be necessary in order to deliver against Government’s cross-cutting missions.

In a partnership environment, following the “public pound” and understanding where public investment has an impact is difficult. This is a trend that we identified when, in 2013, we first developed the idea of “local Public Accounts Committees” – locally-led bodies with a responsibility to knit together accountability and responsibility for outcomes across a “place”. Since then, we have published a short series of discussion papers developing and refining this idea – and inviting comment.

The devolution plans of the new Government and our developing thinking on accountability and governance for combined authorities (and others at sub-regional level) have caused us to revisit the issue, and to critically interrogate whether the model is one that makes sense in the context of moves to “mission-led” government. The wider environment relating to this public policy direction is explored in “Governance and devolution: challenges for a new Government” (CfGS, 2024).

Our regional PAC proposal: why it is needed, what it will deliver, how it will work

Why is it needed?

Assurance on value for money (VfM) in public spend is at the heart of this agenda and is the challenge which we designed local PACs to solve. Our conception of VfM encompasses the need to secure environmental and social value from investment and is framed around the need to promote sustainability and equality – at a micro level, ensuring that local partners are pulling together in considering the complex needs of individuals who may fall between the cracks between institutions, and at the macro level, where big cross-partnership plans for growth and economic development have to have regard to the needs of everyone, particularly those who are less able to speak out in their own interests. It is an approach which is inherently informed by a mission-led approach to government.

A big part of this is about bringing modern ideas of equality and social value to bear on the way that we traditionally conceive of “value for money” – it is about developing a mindset where there is consistency about how the impact of public spend is understood.

Regional PACs would be one part of a wider governance solution that focuses on the need to create a culture of collaboration at local level, and a framework for that collaboration which regional PACs would themselves “curate”. The model reflects a need for more systemic action to tackle systemic problems. Individual institutions are increasingly poorly placed to tackle these big issues.

The agenda of the new Government has added to the urgency of this challenge.

For us, it remains the case that some of the big questions that need answers are:

- How are services funded, and how is that funding overseen?
 - Funding for local services comes from a huge range of different sources. A regional PAC can help to unpick and understand how spending is joined up so as to make a difference to local people’s lives;
 - A vast range of different organisations, in the public, private and voluntary sector, are involved in service delivery. Relationships are based on a complicated web of contracts and agreements, many of them subject to minimal public scrutiny and hidden from view because of commercial confidentiality. While devolution frames some of this agenda, there is a wider partnership landscape beyond devolution deals and settlements with combined authorities that has an influence and impact on what those institutions will be doing;
 - A failure to join up service design and delivery leads to funds being directed towards areas of acute need, without meaningful investment in prevention. More upstream investment – as suggested by the knitting-together of service design and delivery in the 2008-10 Total Place pilots – is a clear priority.

- How are decisions made, and by whom?
 - Decision-making in partnership often happens in private and/or informally, in ways that are unpredictable and difficult to understand. There needs to be a way to systematise that process within a clear, transparent framework;
 - Recent trends are moving towards making this kind of governance – across partners – more complex. This messiness is an inherent feature of public service delivery and we need a model of governance that leads into it – as opposed to thinking that we can undertake structural reforms that will, someone, make systems clean, simple and streamlined;

- How can we therefore have confidence that services are value for money – and that partners have a shared understanding of what “value for money” means?

We do not consider that a regional PAC would immediately hold an operational role relating to audit, although it could play a role in ensuring that strategic risks are identified and acted upon. Government will shortly be taking forward existing plans for the establishment of

ARGA. There may be a space in due course for regional PACs to act as a “local” systems leader on audit, alongside ARGA at national level – bolstering and supporting the audit functions of individual institutions at local level.

What will it deliver?

The importance of culture

A regional PAC would engage head-on with the challenge of the governance of complexity, and with the way that this complexity can be harnessed to align partners with the Government’s missions. To be effective in doing this it would need to focus not on the structures of partnerships, the legal relationships between partners or the way that performance and delivery are “formally” managed, but on culture.

Culture is critical to value for money, and to the shift in thinking involved in differentiating between the needs of individual institutions and the outcomes they can deliver and the idea of “public spend” across a space in its totality.

In this paper we suggest a framework for regional PACs which emphasises that they are locally led but based on a national framework of powers, with a narrow and well-defined role (focused on culture and mindset) that complements other local actors.

They will exist to act – to identify, act and report on risks, to knock heads together, to give local organisations, Government, and local people the confidence and assurance that public services are properly joined up, and to shine a light on novel delivery methods which might currently sit outside the governance systems of any one organisation. They are about promoting a culture of innovation, learning, sharing and openness – between partners, and between partners and the public.

We will know that regional PACs are effective when local partners and partnerships work in ways that reflect a culture of openness and accountability and are driven to engage with a wide range of others – including local people. Practically, the outcomes for a successful PAC would be:

- Assurance, for Government and for local people, on partners’ work to deliver against Government’s missions, devolution deals and Local Growth Plans.
- More easily identifiable local leaders, and more understandable systems of accountability between partners. This is what a regional PAC would do by curating / caretaking the frameworks that bind those partners together.
- A more understandable process for policy development – backed up through robust and consistent data collection and sharing across the area (see below).

- Provision of ways for the public to influence decisions, policy, and performance at the right time. This involves partners together having consistent systems for public involvement and engagement on key issues and decisions at all levels of decision-making.
- Assurance on the way that organisations individually and collectively establish whether public expenditure is value for money – including how matters relating to sustainability, quality and social value are taken into account.

The importance of data and information

One of the principles that underpins effective partnership working is the sharing of information, and the use of that information to plan and design services.

Public bodies have in recent years taken a number of approaches to how they think about drawing this data together. Developments in technology have made the accretion of data easier, but it is often still help within organisational and institutional silos. A case in point is OFLOG – this new institution will, we understand, gather data and information relating to the health, financial viability and service outcomes of local government – but as we have seen, local government are one of many actors.

Rather than a top down and prescriptive model for data management, we prefer a model that is more collaborative. Its publication enables anyone to analyse it and to reflect on its meaning – a democratising of data and information where different interpretations of spending, and the impact of spending, can be subject to public debate and scrutiny. This suggests something similar to the promise of “armchair auditors” from over a decade ago, but a strong local PAC would frame and focus this local accountability in a way that the 2010 localism agenda was unable to.

A regional PAC would need individuals who understand the challenges and opportunities arising from data and information and the increased opportunities provided by technology to draw conclusions from it (often in real time). A regional PAC would itself need a robust way to draw together, sift and understand information in order to carry out its work – the amount of data produced and available locally is colossal, and it would be very easy for a PAC to drown in it. PACs will need to be able to take a more discriminating approach, using data to underpin how work is prioritised as well as to challenge the design and delivery of services.

How will it work?

The duties and powers

In order to deliver the outcomes we have talked about – both improvements to culture and to the way that local partners use information, alongside bringing a forensic approach to value

for money to bear on local services, a regional Public Accounts Committee would be a body with the following duty:

To hold to account the delivery of public services by organisations working together across a locality, and to investigate the value for money of those services.

(This was the central purpose that we identified for local PACs in our earlier discussion papers – we consider this to be unchanged, although we would note our slightly more expansive description of “value for money” as well as our renewed focus on culture as a driver for these PACs’ work).

This is a role which – in practice – will be anchored in areas’ devolution settlements but which is likely to go beyond those settlements. As such, we are keen to emphasise the regional PACs should not be seen as institutions established as part of the wider framework for devolution, but bodies with a broader remit across public services at large – knitting devolution and its objectives into that wider landscape.

The regional PAC would not look at the day-to-day activities of individual organisations – which have their own, existing governance arrangements. It would however need to be aware of the roles, duties and work of those organisations, using that insight to look at the way these individual organisations interact. In particular, it would examine the way that both “value for money”, and Government missions, are used as a driving force to align the priorities of different bodies delivering public services.

Because of this regional PACs would be “strategic” institutions but we recognise that operational matters – where they are complex, reveal serious local shortcomings and demand a cross-partnership response – may well need to be investigated¹. The ability of regional PACs to be able to do this – constructively, in support of institutional accountability arrangements, and with a high public profile – will we think be critical to success.

There might, for example, be an expectation that some broader, systemic issues identified through the governance systems of individual organisations might be “escalated” to the PAC. The PAC could also provide support and advice to those engaged in non-executive activity in the local area – a resource, or host, for local accountability across the place.

Meaning of “public services” and “value for money”

Our description of the duty demands that we explain the meaning of these words:

- **Public services** are services delivered with support from public money. Rather than the powers of a regional PAC being limited to some named organisations (or limited to focus on the terms of devolution deals, of Local Growth Plans), this would see it having the freedom to follow the “public pound” around a local place – across all sectors. We consider that getting the definition right – and accepting that it involves certain

¹ This is why we have suggested, below, that they should hold “enter and view” powers.

institutions being subject to this form of public accountability in a way that they will not have previously been used to – is an important part of success. For example, it suggests the possibility/likelihood that certain activities carried out by Government Departments could be subject to regional PACs, at least insofar as the impact of their local activities go. There is a difference we think between “public services” (services directly funded by taxation and/or subject to statutory provision, in some way) and services of a public nature, like utilities, which are paid for by customers and largely in private hands.

- **Value for money** we have already explained as having a focus on social value and the culture of collaboration as much as economy, efficiency and effectiveness.

Possible powers

- **“Enter and view”** – similar to powers held by Local HealthWatch. “Enter and view” is about giving a regional PAC the right to directly inspect and investigate public services, to speak to those in receipt of those services, and those delivering them. This would need to be managed in such a way as respects the individual sovereignty of the organisations concerned.
- **Rights of access to papers and documents** held by any organisation delivering, commissioning or otherwise directing public services in the local area. This right would need to be broadly expressed to be meaningful, but we think it might need to be subject to agreement at local level subject to a permissive national framework.
- **Rights to require people to attend and answer questions.** This right would need to be carefully expressed and proportionately applied. The focus of evidence-gathering sessions in public – to which witnesses would presumably be invited – would need to be on partnership and cross-cutting issues (especially those relating to value for money) rather than specific service issues. There is a risk that the regional PAC, in taking evidence like this – especially in respect of high-profile issues – would be seen as directly holding to account institutions and individuals for operational delivery.
- **A power to require a specified response to recommendations.** This would be a power similar to that held by local overview and scrutiny committees.
- **A (limited) oversight role on local audit.** The audit needs of different kinds of organisation are likely to themselves be very different. We do not propose that a regional PAC might undertake an “area-wide” audit in addition to these activities – it would be counter-productive and costly. However, the PAC could review the outcome of those audit exercises, review associated risks, identify instances where risks are shared, and make recommendations accordingly. In this way we consider that the regional PAC could exercise a local “systems leadership” role on audit, mirroring that which will (in due course) be provided for in the form of the Audit Reporting and Governance Authority (ARGA).

- **Support for improvement.** While we do not consider that the regional PAC should have a permanent role in the scrutiny of individual organisations, we do consider that it should have such a role on a temporary basis. Primarily, this would be where when service failure (or the serious risk of service failure) has occurred or is occurring, and increased oversight and improvement support is necessary – this support/oversight could be co-ordinated, and provided, by the regional PAC. (We are conscious that there is a wider context for local government here relating to the Best Value regime – we consider that what we propose here would have a complementary role to that currently provided through the BV and intervention regime, as it currently exists and as it may evolve in the future).

How would PACs be supported, and where would their powers come from?

Practical operation

Operating models and funding

In the short term, we think that the best model for establishing regional PACs is for them to be hosted by an existing local organisation. This might be a council, or a combined authority, or some other body. In legislation this might be a “baseline” model of operation. It is worth noting that even if hosted by a CA it would be important to recognise that regional PACs would not be “local government” bodies – they would be independent and separate. They would not be “owned” or seen as part of the bodies hosting them.

For the regional PAC to take a forensic approach towards VfM and partnership working would require the appointment of people with expertise in finance, accountancy and public policy, and with expertise in these matters across a range of local bodies.

We think that there are two models for officer support to regional PACs:

- Regional support, with some national assistance. Here, a national hub – perhaps part of the NAO - could exist and could be a home for specialist support on which the officer teams of regional PACs could draw. Individual regional PACs would have small staff teams but would not need to ensure that all of their specialist needs were met in that place;
- A wholly independently resourced regional PAC with its own dedicated secretariat. This would be more expensive than the model above.

Resourcing would also need to account for the payment of an allowance to members.

Possible annual costs for these models are difficult to assess. Previous work on the regional PAC model suggests that costs would start at around £250,000 per year, per PAC. Initial setup costs would sit on top of this.

It should go without saying, but local PAC meetings would need to happen in public. Although they would not be local government institutions we think that the meeting rules for local authorities in the Local Government Act 1972 probably provide a useful (and familiar) framework for them.

Membership

We think that the membership of a regional PAC should be as follows:

- A mix of non-executives from local authorities and other local organisations, probably with a majority of elected councillors.
- Co-opted experts who have specialist knowledge and/or an independent person (appointed in the same way as the independent person on an audit committee).

The regional PAC would probably need to establish time-limited task groups to carry out some of its duties. For this reason, it would work best if its members numbered between 12 and 15.

There would need to be agreement about issues such as the length of membership term for members of the regional PAC.