



Manchester City Council

Use of Resources and Data Quality 2008

25 November 2008

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1 Executive Summary

Background and purpose of the report

- 1.1 Under the Audit Commission's Code of Audit Practice we are required to reach a conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').
- 1.2 We described in our Annual Report to those Charged with Governance (September 2008) the areas of audit work that provide us with the assurance that contributes to our annual VFM conclusion. This report sets out our findings from two of these pieces of work:
- our assessment of the Council's Use of Resources, using the Audit Commission's five themes and key lines of enquiry ('KLoE') criteria
 - our assessment of the Council's Data Quality management arrangements, using criteria prescribed by the Audit Commission.

Key messages

- 1.3 The Council has made improvements in its Use of Resources arrangements during 2007/08 to demonstrate improved performance in three of the five themes - financial reporting, financial management and value for money. Arrangements for financial standing remain robust and internal control is developing and adequate overall. The theme scores for 2007 and 2008 are summarised in the table below.

Use of Resources theme	2007 score	2008 score
Financial reporting	1	2
Financial management	2	3
Financial standing	3	3
Internal control	2	2
Value for money	2	3

Explanation of scores			
1	Inadequate - below minimum standards	2	Performing adequately - meeting minimum requirements
3	Performing well - above minimum requirements	4	Performing strongly - standard setting performance

- 1.4 The main area for further improvement is development of internal control and governance arrangements, including risk management and internal audit. The Council is working to implement agreed action plans and it will be important for the Council to be able to demonstrate good progress on implementation this year.
- 1.5 Further details of work to support our 2008 Use of Resources assessment are given in section two.
- 1.6 We have assessed the Council's Data Quality management arrangements as being at minimum requirements or above and our Data Quality spot-check work confirmed that five of the six indicators audited were fairly stated.
- 1.7 Whilst the Council has made some progress in developing its management arrangements through, for example, the Data Quality Strategy and Principles, we have identified a number of areas where the Council could improve its arrangements including further training and support to ensure that existing good practice is spread throughout the Council.
- 1.8 Further details of work to support our Data Quality conclusions are given in section three.

Way forward

- 1.9 As the Council is assessed as performing adequately or above in all areas of the Use of Resources assessment and because we have already agreed action plans for key areas requiring improvement, we have not made any further Use of Resources recommendations in this report.
- 1.10 However, there have been significant changes to the Use of Resources assessment criteria for 2009, as part of the new Comprehensive Area Assessment. The new assessment framework is more demanding than the current one, is broader in scope and embraces wider resource issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on outcomes for local people. The KLoE are more strategic and focus explicitly on value for money achievements rather than processes.
- 1.11 Therefore, in reporting areas for development identified from our 2008 assessment, we have highlighted those where it will be important for the Council to demonstrate effective arrangements in 2009.
- 1.12 We will continue to work with the Council during the year to help prepare for the 2009 Use of Resources assessment.
- 1.13 We would like to take this opportunity to remind the Audit Committee of the need to monitor implementation of the Data Quality recommendations arising out of this report (see Appendix A).

Use of this report

- 1.14 This report has been prepared solely for use by the Council to discharge our responsibilities under the Audit Commission Code of Audit Practice and relevant auditing standards and should not be used for any other purpose. No responsibility is assumed by us to any other person.
- 1.15 This report includes only those matters that have come to our attention as a result of performance of the audit. An audit of Use of Resources is not designed to identify all matters that may be relevant to those charged with governance. Accordingly the audit does not ordinarily identify all such matters.

Acknowledgements

- 1.16 We would like to record our appreciation for the co-operation and assistance provided to us by the Council's management, officers and members during the course of our audit.

Grant Thornton UK LLP
25 November 2008

2 Use of Resources

Introduction

- 2.1 In carrying out our audit work we comply with the statutory requirements governing our duties, set out in the Audit Commission Act 1998, in accordance with the Code of Audit Practice (the Code). The Code requires us to issue a conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in the use of its resources.
- 2.2 The overall conclusion that we issued, in September 2008, was that the Council has adequate arrangements for ensuring value for money in its use of resources. This was derived from the conclusions that we reached on the Council's management arrangements in a number of areas. We described the components of the use of resources conclusion and reported key messages in our Annual Report to those Charged with Governance.
- 2.3 We summarise in this section matters arising from our Use of Resources key lines of enquiry ('KLoE') assessment for 2008.

Approach to the audit

- 2.4 The assessment was carried out between July and October 2008. We reviewed the Council's arrangements against eleven KLoEs within the five themes prescribed by the Audit Commission.
- 2.5 Our work was based on review of the Council's self assessment and supporting evidence, meetings with senior management and other key officers. We also considered and updated the findings from our local risk based use of resources work carried out during the year and from our September 2008 value for money conclusion.

2008 KLoE scores

- 2.6 We have concluded our 2008 KLoE assessment and submitted the scores to the Audit Commission for national quality control. We expect these scores to be confirmed by the Audit Commission in late November, prior to them being formally released on 8 December.
- 2.7 The 2008 KLoE scores, with comparative 2007 scores, are shown in the table overleaf.

Theme and KLoE	Score 2007	Score 2008
Financial reporting		
Annual accounts	1	2
External accountability	2	2
	1	2
Financial management		
Medium term financial planning	2	3
Managing performance against budgets	2	2
Managing assets	2	3
	2	3
Financial standing	3	3
Internal control		
Managing significant business risks	2	2
Maintaining a sound system of internal control	2	2
Ensuring probity	3	3
	2	2
Value for money (VFM)		
Current achievement of VFM	2	3
Managing and improving VFM	2	2
	2	3

2.8 The key findings in each of the themes, and areas for improvement, are set out below.

Financial reporting

Annual accounts

2.9 The Council made notable improvements in arrangements for production of the 2007/08 accounts, and has evidenced an improved score from inadequate arrangements last year to a level 2 score this year.

2.10 By proactively engaging with us, and seeking to correct accounting treatments from previous years, the Council managed to significantly reduce the number of errors in the draft accounts presented for audit.

- 2.11 As reported in the Annual Report to those Charged with Governance, we were impressed by the quality of the Council's working papers, the responsiveness to our audit queries and the willingness to make amendments and improve the clarity of the accounts by processing suggested presentational adjustments.
- 2.12 Although the nature of amendments to the accounts precluded the Council from achieving a level 3 score this year, the improvements in the Council's closedown procedures provide the Council with a strong basis for further improving the quality of its accounts, and performance on this assessment, in the future.

External accountability

- 2.13 In terms of external accountability, the Council has made some improvements in the range of information made available to stakeholders. The most notable development has been the production of a 2007/08 annual report which will be made available to the public shortly.
- 2.14 The annual report has not been informed by public consultation, as the public had not expressed any opinions when previous attempts to engage on this topic were made. The Council has therefore tried to be proactive in publishing an annual report this year to stimulate interaction with the public.
- 2.15 To improve the annual report in the future the Council should publish this earlier in the year, preferably at the same time as the annual accounts, to provide readers of the report with timely information. The Council should also ensure that the report is available in a variety of formats in order to comply with current equalities legislation.
- 2.16 'Preparation of accounts' and 'publishing reports' are key components in the 2009 Use of Resources assessment (KLoE 1.3). It will remain important for the Council to:
- continue to improve the quality of its annual accounts and effectively implement revised accounting requirements, including those brought about by changes to the SoRP and the forthcoming introduction of International Financial Reporting Standards (IFRS)
 - do more to demonstrate that it has published information in accessible formats appropriate to comply with duties under the equalities legislation
 - consolidate summary financial information within the annual report and ensure that this is distributed in an accessible way to all relevant stakeholders.

Financial management

Medium term financial planning

- 2.17 The Council has made progress in embedding business planning arrangements this year. 2007/08 was the second year of the Council's new business planning approach and this has resulted in our assessment increasing in this area from level 2 to level 3.

- 2.18 The business plans inform the Medium Term Financial Strategy (MTFS) which is aligned to the overall Council budget. There is a clear 'golden thread' running from the Council's corporate plans to the business planning process and the MTFS. There are also some examples of good practice including the Gateway process which provides challenge to all service business plans to make sure these reflect the Council's objectives set out in the Corporate Plan.
- 2.19 These business planning processes are now becoming well embedded in the Council, demonstrated through devolution of the budget planning and setting process from the central finance team to the Heads of Service. Subsequent monitoring of these self owned plans has also improved accountability. Services with less well developed business plans are being actively managed through targeted improvement training.

Managing performance against budgets

- 2.20 Overall the council is improving arrangements for managing performance against budgets, most notably by continuing to develop the flexibility of reporting arrangements through the capabilities of SAP and through some good examples of reporting on non financial information.
- 2.21 For 2007/08, the Council's score has remained at level 2 because improvements need to be embedded within routine reporting arrangements and be used consistently across all areas of the Council. This includes ensuring that monitoring information is linked to operational activity indicators that explain budgetary performance.

Managing assets

- 2.22 Significant progress has been made in developing arrangements for managing assets, with some areas of good practice, leading to an improved assessment score of 3.
- 2.23 The Council has developed a corporate landlord function which oversees strategic asset management. This function has led a major exercise to map the asset base of the Council across all geographic areas, including other public sector buildings which can potentially be used for service provision. This exercise has highlighted areas where there is an absence of suitable facilities for service delivery and services have been able to develop individual asset management plans which include plans with public sector partners to deliver services to areas efficiently.
- 2.24 The Council has improved the quality of information supporting its assessment of the backlog maintenance requirement. The Council's revised asset management plan will reflect this improved information, which will be used to support the business planning process and individual service asset management plans.
- 2.25 The Council has also provided evidence of investment and disposal option appraisal where whole life costing is routinely used which is a development on previous arrangements.

- 2.26 'Integrated financial planning,' 'medium to long term financial planning,' 'financial governance and leadership,' 'financial monitoring and forecasting' and 'managing assets effectively to achieve VFM' remain as key components in the 2009 Use of Resources assessment (KLoE 1.1, 1.3 and 3.2).
- 2.27 The Council will wish to continue to develop its financial management arrangements and ensure that these are integrated with other corporate processes, consider the service and financial plans of key partners and stakeholders and demonstrate how arrangements are leading to improved outcomes.

Financial standing

- 2.28 There have been no significant changes to the prior year assessment and we have again assessed the Council at level 3.
- 2.29 The Council continues to have sound financial standing with reserves being in line with plans set out in the medium term financial strategy. The budget for 2007/8 contained an assumed contribution from the General Reserve of £3.8m. The actual outturn position was a contribution to the General Reserve of £7.6m, representing an under spend across all budgets of £11.4m. The City Treasurer explained the main reasons for this underspend in an outturn report to members.
- 2.30 Treasury management arrangements remain robust and the Council was not affected by the recent collapse of Icelandic banks.
- 2.31 Debt collection rates have improved during 2007/08 and the Council has procedural guidance in place across all main areas of income. Stretch targets for debt recovery are in place for all material income categories. Good progress has been particularly noted in the recovery of outstanding sundry debt which has reduced by 16% on the previous year.
- 2.32 'Managing spending' forms part of KLoE 1.1 in the 2009 assessment. We will continue to assess the Council's financial standing but with an increased forward looking focus on management of financial balance along with the delivery of strategic priorities.

Internal control

Managing significant business risks

- 2.33 In our June 2008 report on the Council risk management arrangements, we concluded that the Council has made reasonable progress in implementing a system of risk management, coming from inadequate arrangements three years ago. There is evidence of improved awareness of risk, and risk registers have now been developed, and are maintained, for all areas of the Council's activities. The arrangements are sufficient to support a continued level 2 assessment.

- 2.34 We identified a number of areas where the Council needs to further develop its arrangements including:
- ensuring that risks are being managed and controlled by departments throughout the year, through regular maintenance of risk registers
 - demonstrating consideration of risk when making key decisions and initiating major projects
 - developing procedures, registers, training, corporate support and partnership risk management.
- 2.35 Following completion of the risk management SIP, the Council has begun to implement the agreed action plan and we understand that good progress is being made with the revised risk management methodology, senior management review of risks and monitoring of departmental risks.

Maintaining a sound system of internal control

- 2.36 We have assessed the Council's arrangements for maintaining a sound system of internal control as adequate (level 2). This remains at the same level as last year due to mixed performance, most notably reported issues of compliance with some CIPFA standards for internal audit, mitigated by positive developments in other areas of the Council's governance framework.
- 2.37 The Council developed its governance arrangements during the year, including:
- arrangements for producing the AGS, based on a new, structured system of assurance gathering
 - setting up a new Partnership Governance Framework (PGF), designed to identify all significant partnerships, create and maintain a central record of governance, financial, risk and performance management arrangements and assess how partnerships provide VFM.
- 2.38 However, the Council recognises that further work is required to develop and embed these arrangements in 2008/09.
- 2.39 In June 2008, we concluded that that Internal Audit does not fully comply with the CIPFA Code of Practice for Internal Audit. We identified a number of improvement opportunities and agreed an action plan with management. The highest priority actions are for the Council to formally clarify the role and function of Internal Audit, within an integrated framework of governance, and finalise and resource an agreed structure.
- 2.40 We are pleased to note that the Council is now beginning to make progress in addressing the reported issues in internal audit. We will continue to assess progress against the agreed implementation plan.

Ensuring probity

- 2.41 Arrangements for anti-fraud and corruption and promotion of good conduct continue to be developed at the Council and there is a relatively strong anti-fraud culture apparent throughout the organisation. There have been no significant instances of fraud reported and the standards committee has not reported any significant breaches of codes of conduct.
- 2.42 The preventative arrangements at the Council, such as the whistle-blowing policy and anti-fraud and corruption policy are given prominence on the Council's intranet site. These arrangements have been strengthened further through the recent development of a Governance Handbook for Leaders which had included the development of guidance documents which have been made available to all staff via the intranet.
- 2.43 In 2007/08 the internal audit department, whilst not delivering on core systems work, undertook a programme of anti-fraud work which had been based upon an assessment of the main risk areas to which the Council may be exposed. Arrangements continue to be strong in relation to benefit fraud prevention and the National Fraud Initiative.
- 2.44 As such, the Council continues to be assessed at level 3.
- 2.45 'Principles of good governance,' 'ethical framework and culture,' 'partnership governance,' 'risk management,' 'counter fraud and corruption' and 'system of internal control' remain as key components in the 2009 Use of Resources assessment (KLoE 2.3 and 2.4).
- 2.46 We will continue to assess the Council on these and other aspects of internal control but with an increased focus on the effectiveness and outcomes of arrangements, including the demonstration of a strong and improving culture of governance, conduct, risk management and internal control.

Value for money

Current achievement of VFM

- 2.47 We assessed the Council as improving to a level 3 in the achievement of VFM on the basis of improved performance in key priority areas, for the level of spend, when compared to similarly deprived authorities, as well as comparatively strong resident satisfaction and low Council Tax.
- 2.48 The Council works closely with its partners to deliver economic and community development, which is a key priority within the Community Strategy. In view of the low base due to historic deprivation challenges the Council is making good progress in key areas such as planned population growth, economic regeneration and community cohesion. Manchester has improved on the Index of Multiple Deprivation (IMD) from 2nd to 4th most deprived authority, which is an overall sign of improving outcomes.

- 2.49 Overall, in the Council's priority areas, comparative performance matches or is better than expected for the level of spend, compared to similarly deprived authorities. There has been a marked improvement in year in children's services, albeit from a low base, following service reorganisation and the generation of significant efficiencies.
- 2.50 For non-priority areas, there is some good performance but some areas of weaker performance. Generally, performance is mixed in non-priority areas.
- 2.51 Satisfaction with the Council is high, with 35% of User Satisfaction performance indicators in the top quartile. This has increased from 22% in 2003/04 and is significantly higher than any of the core cities (20% average) and the third highest for similarly deprived authorities (22% average).
- 2.52 In 2008-09, the Council's average band D Council Tax (including parish precepts) is 8th lowest of the 36 metropolitan authorities and, at 2.5%, the annual increase is 9th lowest. Council Tax increases for the last 9 years have been below inflation.

Managing and improving VFM

- 2.53 The Council is strengthening its arrangements for managing and improving VFM. There is some good practice including service transformation and efficiency savings supported by the Manchester Improvement Programme (MIP). Business planning processes are starting to be developed to require VFM analysis by each Head of Service, based on a number of VFM pilot studies.
- 2.54 The Council has good arrangements for reducing costs when necessary and has made significant efficiency savings through procurement. The Council invests in underperforming services and is successful in its strategic use of external funding.
- 2.55 The Council works well with partners to improve services for diverse communities but there is scope to further work to design services to best deliver VFM in outcomes. Data Quality and IT arrangements are developing but there is scope for further improvement.
- 2.56 Whilst there are some good practice initiatives, such as those noted above, arrangements for managing and improving VFM on a Council wide basis are still developing. We have therefore assessed the Council as a retained, but stronger, level 2 score.
- 2.57 There is no distinct VFM KLoE in the 2009 Use of Resources assessment as arrangements for, and achievement of, VFM will be measured across all of the KLoEs. The Council will, therefore, need to continue to demonstrate that it is improving VFM for the local community.

Use of resources 2009

- 2.58 From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.
- 2.59 The assessment will use the Audit Commission's current four point scale and there will be clear expectations around the demonstration of improved outcomes in order to perform well.
- 2.60 Further details of the 2009 framework can be found at Appendix B.

3 Data Quality

Introduction

- 3.1 Producing data, which is fit for purpose, should not be an end in itself, but an integral part of a body's operational, performance management, and governance arrangements. Organisations that put Data Quality at the heart of their performance management systems are most likely to be actively managing data in their day-to-day business, and turning that data into reliable information.
- 3.2 Auditors' work on Data Quality supports the Audit Commission's reliance on performance indicators in its service assessments for CPA and this will continue to be the case with the introduction of CAA from 2009.

Approach to the audit

- 3.3 We use the Audit Commission's three stage approach to the audit of Data Quality, summarised in the table below:

Stage	Description
1	<p>Management arrangements</p> <p>A review to determine whether proper corporate management arrangements for Data Quality are in place, and whether these are being applied in practice. The findings contribute to our VFM conclusion.</p>
2	<p>Analytical review</p> <p>An analytical review of a specified selection of performance indicator results for the year, and selection of a sample for testing based on risk assessment.</p>
3	<p>Data Quality spot checks</p> <p>In-depth review of a sample of performance indicators, most of which are used in CPA, to determine whether arrangements to secure Data Quality are delivering accurate, timely and accessible information in practice.</p>

Key management arrangements findings

- 3.4 We have assessed the Council's management arrangements as being at minimum requirements or above in each of the five areas covered by our assessment. Key messages are set out overleaf.

Governance and leadership

- 3.5 The Council has improved arrangements through the implementation of the Data Quality Strategy, supported by the Data Quality Principles for Performance Management, which was issued in March 2008.
- 3.6 Further opportunities to strengthen arrangements exist, including:
- reporting of issues in relation to Data Quality to those charged with governance
 - incorporating Data Quality into the performance appraisal process
 - formally defining corporate objectives for Data Quality and linking these to business objectives
 - incorporating Data Quality plans within the Corporate Plan for the Council
 - incorporating Data Quality within corporate risk management procedures.

Policies

- 3.7 The implementation of the Data Quality Strategy has strengthened the Council's policy documentation. The Council recognises the need for departments to embed the practices set out in this documentation, drawing on existing good practice within the Council to ensure consistent application.

Systems and processes

- 3.8 The Council has adequate arrangements in place, using the Performance Information Management System to collect, record, analyse and report corporate performance information. Following the implementation of the Data Quality Strategy and Data Quality Principles for Performance Management, the Council is reviewing the procedures for data sharing and validation of partner data.
- 3.9 We identified some weaknesses in the processes to capture performance information and calculate indicators. Some indicators reviewed in our spot check work required data cleansing and additional resource input to generate accurate outturn information.
- 3.10 Further opportunities to strengthen arrangements exist, including:
- reviewing systems used to capture performance information and ensuring data input is "right first time" rather than relying on data cleansing of information
 - testing key controls within fundamental systems.

People and skills

- 3.11 The development of staff and skills continues to progress well. The formalised Data Quality Principles for Performance Management document sets out responsibilities for Data Quality across the Council and staff have resource available through the intranet to support them in their role. Two well attended training sessions were held following publication of the document.
- 3.12 Further opportunities to strengthen arrangements exist, including:
- setting and assessing relevant staff against Data Quality targets and standards
 - developing an ongoing Data Quality training programme to consistently reinforce good practice.

Data use and reporting

- 3.13 Data use and reporting continues to develop well across the Council. Reported information is available to appropriate staff and regularly used within performance reporting.
- 3.14 The reporting of key performance data within business plans is currently being strengthened through the next phase of business planning, including the introduction of the national indicator set. Further, plans are in place to improve the way the Council uses data to manage and improve the delivery of services through monitoring progress against the key performance information within departmental business plans.
- 3.15 The Council should continue to implement these improvements, which will bring together financial, performance and risk information to provide a comprehensive assessment of performance issues for the Council.

Key spot-check findings

- 3.16 Following our management arrangements and analytical review work, we selected a sample of six indicators, in line with the Audit Commission guidance. Key findings from these spot checks are included in table overleaf.

Performance indicator	Assessment	Summary comments
<p>Average time for processing new claims for housing and council tax benefits</p> <p>Speed of processing change in circumstances for housing and council tax benefit claims</p> <p>Local street and environmental cleanliness</p> <p>Percentage of total private sector homes vacant for more than 6 months</p> <p>Repeat Homelessness</p>	<p>Fairly stated</p>	<p>The Council generally operates a good system for recording the information for compilation of these indicators.</p> <p>Our testing identified some weaknesses, which did not materially affect the reported outturn for the indicators.</p> <p>We identified some areas for improvement, including implementing formal senior management review and reducing the need for data cleansing and additional resource input to generate accurate outturn information.</p>
<p>Proportion of non decent homes</p>	<p>Reservation</p>	<p>This indicator is reserved as the Council did not have sufficient evidence to support the calculation.</p> <p>Whilst we understand that there is a new system in place for calculating this indicator, the Council should assure itself that it has sufficiently robust arrangements in place to prevent future reservations.</p>

Next steps

- 3.17 In Appendix A we have included recommendations for the most significant areas where improvement is required. We have shared a more detailed explanation of our findings with management to assist with the all suggested improvements.
- 3.18 The Audit Committee should monitor implementation of the recommendations referred to in this report.

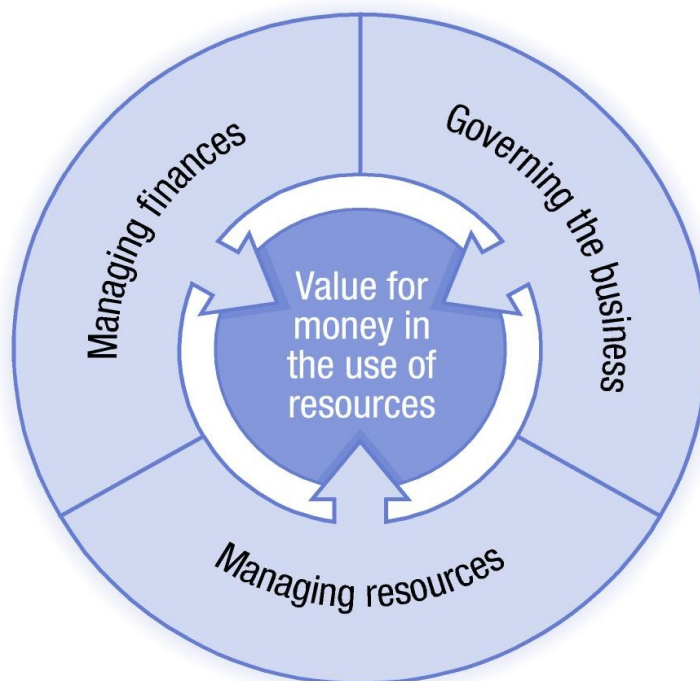
Appendix A Action Plan

Recommendation	Management response	Implementation details
The Council should review systems used to capture performance information to ensure that data input is "right first time" and does not require significant manual adjustments to produce reliable and accurate information.	Agreed.	Forid Meah 31 March 2009
The Council should implement arrangements to ensure compliance with Data Quality principles and procedures through regular training and support for staff and managers involved in the preparation of key performance information.	Agreed.	Forid Meah 31 March 2009

Appendix B Use of Resources from 2009

The use of resources assessment forms part of the joint inspectorates' framework for Comprehensive Area Assessment (CAA), which takes effect from 2009. The inspectorates, including the Audit Commission, propose that CAA will consist of two assessments - of the area and of the organisations in an area. The area assessment will look at how well local public services are delivering better results for local people against local priorities and how likely they are to improve in future.

From 2009, the use of resources assessment considers how well organisations are managing and using their resources to deliver better value for money and better and sustainable outcomes for local people. The assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. The three themes are illustrated below.



The new use of resources assessment framework is more demanding than the previous assessment. It is broader in scope and embraces wider resources issues such as people and workforce planning, and the use of natural resources. It also places more emphasis on outcomes of local people. The KLoE are more strategic and focus much more explicitly on value for money achievements rather than processes. The KLoEs in each of the three themes are set out in the table overleaf.

Managing finances	Governing the business	Managing resources
1.1 Financial planning and financial health	2.1 Commissioning and procurement	3.1 Natural resources
1.2 Understanding costs and performance	2.2 Data Quality and use of information	3.2 Asset management
1.3 Financial monitoring and reporting	2.3 Good governance and ethical behaviour	3.3 Workforce planning
	2.4 Risk management and internal control	

Each theme comprises of a number of underlying KLoE which are common to all organisations subject to a use of resources assessment under the CAA. This promotes consistency and demonstrates that all organisations within and CAA area are assessed in the same way and to the same standards.

The use of resources assessment will use the Audit Commission's current four point scale with 4 representing the highest level of performance, as follows:

Level	Performance and principles implicit in the KLoEs
1	<p>Inadequate</p> <p>Below minimum acceptable levels of performance. Consistent with an "except for / qualified" use of resources conclusion.</p>
2	<p>Performs adequately</p> <p>Consistent with established professional practice, meeting statutory requirements, operating effectively.</p> <p>Sufficient to address the KLoE demonstrating, for example: organisational leadership and commitment, partnership working, appropriate capacity and skills, informed by priorities with supporting action plans as appropriate.</p> <p>Arrangements that achieve minimum accepted levels of performance.</p>
3	<p>Performs well</p> <p>Implemented effective arrangements that are forward looking and proactive in developing improvement opportunities and include more sophisticated measuring and assessment techniques.</p> <p>Outputs and outcomes demonstrate effective arrangements that have the intended impact, and where appropriate show evidence of effective partnership working.</p> <p>Evidence of performing consistently above minimum acceptable levels and achieving value for money.</p>

Level	Performance and principles implicit in the KLoEs
4	Performs excellently Demonstrating innovation or best practice. Demonstrating strong outcomes for the community including through partnership working. Evidence of performing well above minimum acceptable levels and achieving excellent value for money.



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