

**Public services**

**Consultation**

**November 2007**



# **Use of resources 2009**

Comprehensive Area Assessment consultation

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

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# 1

## Introduction

- 1 The government's White Paper, *Strong and Prosperous Communities*, published in October 2006, set out wide-ranging proposals for supporting the improvement of local services. It proposed giving local people more opportunities to influence the way local services are run, strengthening the way councils provide leadership, and encouraging all those involved in delivering local services to work together more effectively.
- 2 A key part of the White Paper's proposals is a new performance assessment framework, the Comprehensive Area Assessment (CAA). The key components of CAA will be:
  - for areas, a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set;
  - for councils, a joint inspectorate annual direction of travel assessment and an annual use of resources assessment;
  - for fire and rescue authorities, an annual direction of travel assessment and a use of resources assessment; and
  - for primary care trusts (PCTs) and police authorities, a use of resources assessment.
- 3 This consultation document deals solely with the annual use of resources assessment. It complements a separate consultation paper published jointly today by the Audit Commission, the Commission for Social Care Inspection, the Healthcare Commission, Her Majesty's Inspectorate of Constabulary, Her Majesty's Inspectorate of Prisons, Her Majesty's Inspectorate of Probation, and the Office for Standards in Education (Ofsted), which seeks views on the overall proposals for CAA. In addition to responding to this consultation on the Commission's use of resources proposals, you may also wish to comment on the joint inspectorate CAA proposals. The joint consultation paper and information about how to respond are available at **[www.audit-commission.gov.uk/caaconsultation](http://www.audit-commission.gov.uk/caaconsultation)**.
- 4 This consultation document on our approach to assessing use of resources at local authorities, PCTs, fire and rescue authorities, and police authorities:
  - sets out the background to use of resources judgements;
  - describes the factors that have guided the development of our proposals for use of resources in respect of the 2008/09 year, which will be the judgements delivered in the first year of CAA in autumn 2009;

- outlines our proposed new approach to use of resources including the detailed key lines of enquiry (KLOE) that we propose to use;
  - reports the steps that we will take following consultation; and
  - highlights the particular questions on which we would welcome views from respondents.
- 5 The Audit Commission has worked with the other inspectorates in developing these proposals, in order to establish a coherent, proportionate and joined-up assessment framework for public bodies. We will continue to work closely with them to ensure that use of resources judgements can better incorporate contributory work from all the inspectorates. For example, auditors will receive information from Ofsted about the use of resources in relation to children's services and from the new health and adult social care regulator in relation to social care and public health. Currently, the Commission works closely with the Healthcare Commission in developing and delivering Auditors' Local Evaluation (ALE) assessments of NHS bodies, within the Healthcare Commission's annual health check. We will continue to work very closely with the Healthcare Commission and its successor, both nationally and locally, in future, in accordance with the principles of the Healthcare Inspection Concordat.
- 6 Working together in this way with other regulators will reduce duplication and improve the quality and relevance of the assessment and promote a common understanding of the issues. However, use of resources judgements remain the statutory responsibility of the Audit Commission in accordance with section 47A of the Audit Commission Act 1998, as amended by the Local Government and Public Involvement in Health Act 2007 and responsibility for the contents of this consultation document rests with the Audit Commission alone.

## Responding to the consultation

- 7 We are consulting upon these proposals for use of resources assessments at this early stage in the CAA development cycle in order to provide you with as much notice as possible of our proposals, and ahead of the financial year to which they relate. During this period of consultation we will be trialling the assessment at a number of organisations in order to ensure that it is both robust and of value to organisations without being disproportionate, or administratively burdensome.

- 8 We welcome your responses to this consultation paper and the questions included at the end of this document. Please submit your comments using the online response form available from **[www.audit-commission.gov.uk/uorconsultation](http://www.audit-commission.gov.uk/uorconsultation)**. All other responses should be clearly headed 'UoR consultation' and sent by email to **[uor@audit-commission.gov.uk](mailto:uor@audit-commission.gov.uk)** or by post to:

Martin Evans  
Managing Director Audit  
Audit Policy & Practice  
Audit Commission, 1st Floor, Millbank Tower,  
Millbank  
London SW1P 4HQ.

Consultation on use of resources 2009 and the key lines of enquiry for 2009 will be open until **5pm on Friday 15 February 2008**. We regret that we will be unable to take account of late responses.

If you have any enquiries about this consultation, then please contact us at **[uor@audit-commission.gov.uk](mailto:uor@audit-commission.gov.uk)**. Telephone 0844 798 2353. Fax 0845 052 2612.

# 2

## Background

- 9 The use of resources judgement, currently known as ALE assessments for NHS bodies and police use of resources (PURE) for police authorities, is an Audit Commission judgement about how well local authorities, fire and rescue authorities, police authorities and NHS bodies, excluding foundation trusts, manage their financial resources to support their strategic priorities, improve services and deliver value for money.
- 10 In local government, judgements feed into the Comprehensive Performance Assessment (CPA), while at fire and rescue authorities judgements are one element of the Fire and Rescue Performance Framework. In the NHS, ALE judgements currently form the use of resources assessments for PCTs and trusts other than foundation trusts within the Healthcare Commission's annual health check. The Healthcare Commission will consult on how, in future, assessments will be used in the annual health check. At police authorities, use of resources judgements inform Her Majesty's Inspectorate of Constabulary's assessment on finance and resources as part of the Policing and Performance Assessment Framework.
- 11 Currently, auditors evaluate performance and make scored judgements each year on five key themes:
  - financial reporting;
  - financial management;
  - financial standing;
  - internal control; and
  - value for money.
- 12 Each theme is scored on a 1 to 4 scale, with a score of 4 being the highest. Auditors' individual scored judgements for each of the five themes combine to form a single overall judgement that applies to each organisation. This overall judgement is also scored on a 1 to 4 scale and is determined by the Audit Commission, using a set of rules relating to the sector.

- 13 Use of resources judgements are integrated fully with the work that auditors complete as part of the statutory audit. By law, auditors are required to be satisfied each year that organisations have made 'proper arrangements for securing economy, efficiency and effectiveness in the use of resources'. Under the Commission's Code of Audit Practice, auditors give a conclusion at each year's audit as to whether such 'proper arrangements' are in place in accordance with criteria specified by the Commission. Use of resources judgements define these criteria.
- 14 In reaching their professional judgement for the purposes of the statutory audit, auditors apply the relevant use of resources or ALE criteria that define a score of level 2. This represents the minimum requirements needed to support the view that 'proper arrangements' are in place. Where a body fails to achieve a score of level 2, auditors consider qualifying their value for money conclusion on the statutory audit. Integrating use of resources judgements with work on the statutory audit optimises, and avoids duplication of, auditors' work.
- 15 Use of resources judgements are an important part of current performance frameworks. They are recognised as a spur to stimulating improved performance, by challenging organisations to deliver better value for money, promote effective financial management and reporting, and establish high standards of governance and accountability. This is borne out by the results of recent assessments which show a marked improvement in performance. For example, in 2006 a third of councils achieved a higher score than in 2005 and there was a significant reduction in the number of councils not meeting minimum requirements. Performance of PCTs has also improved against a background of organisational change, with 20 per cent performing well and consistently above minimum standards in 2007, compared with 8 per cent in 2006. Those not meeting minimum requirements also reduced by 11 per cent. In 2006, 85 per cent of fire and rescue authorities performed either well or strongly in their use of resources, while 81 per cent of police authorities performed well in 2007 compared with 65 per cent in 2006.
- 16 For its part, the government welcomes use of resources judgements, and this is reflected by its policy commitments in the White Paper and subsequent provisions enacted in the Local Government and Public Involvement in Health Act 2007. Use of resources judgements will continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources in the new CAA framework that comes into effect from 1 April 2009.

- 17 But there are lessons to learn from, and improvements we can make to, our current approach, which some contend:
- presents a detailed and disproportionate approach, relative to the significant improvements in financial management and financial reporting that public bodies have made in recent years;
  - focuses more on the need for organisations to have the right systems, processes and procedures in place, rather than focussing on the resulting outcomes that those processes achieve; and
  - concentrates unduly on the use of financial resources, without giving appropriate weight to the use of other resources, such as human and natural resources.
- 18 The Commission has reflected carefully on these comments as we have developed our proposals for 2008/09. They have been some of the influencing factors that have guided the development of our proposed new approach, as described in the next section.

# 3

## Guiding factors

- 19 The factors that follow have particularly influenced the way in which we have developed our proposed approach to use of resources judgements for 2008/09:
- a) The approach to use of resources judgements should continue, as stated by the government in the White Paper, *Strong and Prosperous Communities*. The judgements should be expanded, however, to incorporate a number of issues specifically highlighted by the White Paper – for example, an organisation's commissioning and procurement capabilities (paragraph 6.52 of the White Paper) and performance in delivering increased efficiency (paragraph 7.61 of the White Paper).
  - b) The KLOE should be generic and applicable equally to all organisations subject to use of resources judgements under CAA (local government, police, fire and PCTs). This promotes consistency and demonstrates that all organisations within a CAA area are being treated in exactly the same way and to the same standards of rigour. The KLOE will be supported by guidance which interprets the KLOE and descriptors for each sector.
  - c) Use of resources judgements should in future be more broadly based than those of financial resources, and embrace wider resource issues such as people and information technology and the use of natural resources to reflect the national and global importance attaching to this issue.
  - d) Use of resources judgements should continue as an annual scored judgement drawn from the annual audit, but we need to recognise and build on the significant improvements made by organisations in the management of their resources by developing a more proportionate and mature approach to assessing performance that avoids undue administrative impact. At the same time, the KLOE should continue to stimulate continuous improvement in standards of performance, by 'raising the performance bar'. The level of performance that might have been expected to score at level 3 in the past might, where appropriate, become that necessary to score at level 2 in the future. This will challenge organisations to improve further, and provide an element of future proofing and continuity to the framework, reducing the amount of change needed to update the KLOE and descriptors year on year.
  - e) The KLOE that underpin auditors' judgements should, as the name implies, concentrate on the key questions. They should focus more on outputs and outcomes rather than on processes and be more strategic and less detailed.

- f) The KLOE are supported by descriptors of performance which should be used as an aid to the exercise of the auditors' professional judgement, and not criteria to be complied with rigidly.
- g) The KLOE and supporting descriptors should be based upon published best practice, standards and professional guidance, where available, such as the Commission's publication *World Class Financial Management*.
- h) The evidence available to auditors to inform their judgements should make better and more systematic use of the evidence that is relevant to the scored themes available from the inspectorates, and national organisations such as the Standards Board.
- i) The KLOE should give emphasis to the important issues of equality and equity, and assess the effectiveness of partnership working.
- j) The audit work needed to reach use of resources judgements for the purposes of CAA should be more fully integrated with the work undertaken by appointed auditors to deliver their value for money conclusion on the statutory audit. As a result, as now, the only additional audit work needed for use of resources judgements, beyond that already needed for reaching the value for money conclusion on the annual audit, is that necessary to reach a scored judgement in accordance with guidance issued by the Commission.

20 These factors have influenced the Commission to develop an improved approach to use of resources judgements, as described in the next section.

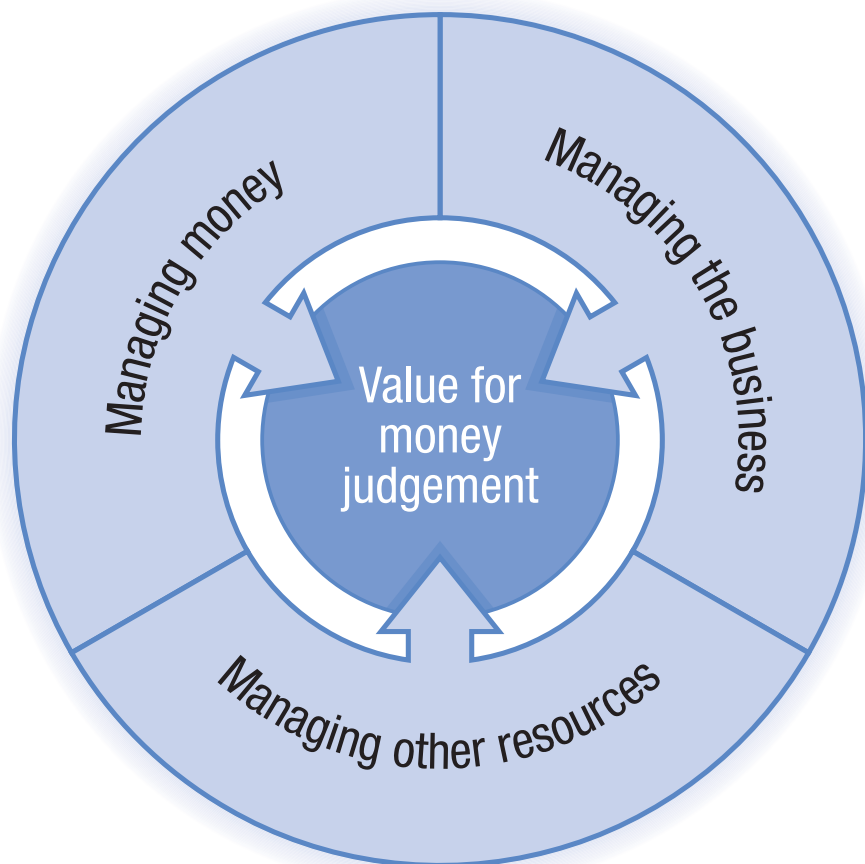
# 4

## Proposed approach

- 21 We have redesigned our approach to use of resources judgements in order to put value for money at the heart of the assessment and to emphasise the importance of organisations achieving improved value for money outcomes for local people. Our proposed approach to use of resources judgements from 2008/09 is illustrated in **Figure 1**. The key features of the proposed framework are outlined below.

**Figure 1**

**Proposed use of resources framework 2008/09**



## Overall judgement on value for money in the use of resources

- 22 There will be a single, annual judgement on value for money in the use of resources, which is scored and published in respect of each organisation. It will be a Commission judgement following a consistency review of the professional judgements reached by the local auditor. As now, the judgement will feed into different sectors' performance assessment frameworks.
- 23 The overall judgement will be based upon the evidence from three themes scored by the auditor on managing money, managing the business, and managing other resources (see below), and will give particular emphasis to the value for money outcomes being achieved. The components of value for money will be embedded throughout the KLOE. There will be a particular emphasis on efficiency in the managing money theme with a proposed KLOE focusing on understanding costs and achieving value for money. Value for money is also dependent on wider considerations than costs and performance. We propose reflecting this in the managing the business theme by looking at how commissioning services and procurement are used to improve efficiency and effectiveness in the achievement of better outcomes. We will also use the managing other resources theme to look at how organisations use their other resources more sustainably, effectively and efficiently to deliver their strategic objectives.
- 24 We are considering how best to develop our existing value for money profile tools in local government, police and fire to support the new judgements and reflect other changes in performance frameworks, such as the new national indicator set. We are committed to providing helpful tools and information to audited bodies and auditors to help support comparative assessment of costs and performance and effectively target our work. We will discuss with the Healthcare Commission the desirability of preparing a similar tool for PCTs. We welcome any comments on how our existing value for money tools can be improved.

## Three themes

25 There will be three scored themes, rather than five as at present:

- managing money;
- managing the business; and
- managing other resources.

### Managing money

26 We propose a single managing money theme replacing the three separate financial themes of the current approach. This theme will help organisations to improve how they manage their financial resources and will be aligned with the good practice highlighted in the Audit Commission's paper *World Class Financial Management*. It draws on our current assessment but places more emphasis on the extent to which organisations understand their costs and what these say about the achievement of value for money. Using the value for money profile tools that have been developed, it assesses how well costs compare with similar organisations, link to performance and have changed over time. The theme will assess how organisations use this information to support their decision making and to identify and secure efficiencies. It will also assess how effectively those affected by spending decisions are given the opportunity to understand and influence those decisions.

### Managing the business

27 The managing the business theme will assess the quality of leadership in bodies in setting clear priorities and arrangements for their effective delivery. It will incorporate important aspects of the current use of resources theme on internal control, risk management and counter fraud and will place new emphasis on current national priority issues such as those stated by *Strong and Prosperous Communities* including commissioning and procurement and working effectively with partners. Effective commissioning arrangements are fundamental to improving outcomes for local people and to giving local people more opportunities to influence the way local services are run. Good organisations focus more on how best to commission and design services that meet the needs of local people, while involving local people and providers in their commissioning processes. A well developed understanding of the supplier market helps organisations to utilise a broad range of providers and partners, best suited to providing particular services in an efficient way.

- 28 At PCTs, we recognise that, for this theme, there is a risk of some overlap with the assessment of core standards by the new health and adult social care regulator. We will work closely with the Healthcare Commission, its successor, and with strategic health authorities (SHAs), to ensure that our approaches are aligned, in order to minimise duplication and avoid imposing unnecessary burdens on PCTs.

## Managing other resources

- 29 The managing other resources theme will assess how organisations are using their natural, physical and human resources to support delivery of their priorities and to achieve value for money in a sustainable way. It will assess whether organisations have a strategic approach to minimising their impact on the environment, and how well they are tackling climate change. Asset management has a stronger strategic focus than currently and reflects best practice to manage assets strategically and optimise their use for the community. It will also assess how local government bodies are responding to their local communities when those communities make a case to take over the management or ownership of assets in order to deliver greater community benefit. As now, at PCTs where the asset base is insignificant, we propose that they should not be scored on that aspect. Effective workforce planning is a new area for the assessment but is seen as essential to ensuring efficiency and effectiveness in delivering services.
- 30 Each of the three scored themes will have scored KLOE (**Box A**).

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### Box A

#### Proposed scored themes and KLOE for 2008/09

##### Managing money

How effectively does the organisation manage its finances to deliver value for money?

- The organisation is in sound financial health
- The organisation plans its finances effectively to deliver its strategic priorities
- The organisation has a sound understanding of its costs linked to performance and achieves value for money in the delivery of services
- The organisation's financial monitoring and forecasting is timely and contributes to the effective management of its financial performance
- The organisation's financial and external reporting complies with requirements, is timely and meets the needs of users and local people

**Managing the business**

How well does the organisation govern itself, manage its business and commission services to deliver better outcomes for local people?

- The organisation has strong leadership with a clear vision and fosters partnership working to make better use of available resources
- The organisation uses performance management to ensure that it delivers its priorities and intended outcomes for local people
- The organisation commissions and procures quality services, tailored to local needs, to deliver sustainable outcomes and value for money
- The organisation has a robust approach to managing its risks and a sound system of internal control
- The organisation promotes and demonstrates ethical behaviour and manages the risk of fraud both for itself and working in partnership with others

**Managing other resources**

How well does the organisation manage its natural resources, physical assets, people and technology, to meet current and future needs and deliver value for money?

- The organisation is making effective use of natural resources
- The organisation manages its assets effectively and sustainably to help deliver its strategic priorities and service needs
- The organisation is forward looking as it plans, organises and develops its workforce and information technology to support the achievement of its strategic priorities

## Levels of performance

- 31 Auditors will reach their judgements by scoring each of the KLOE contained within the three themes. Scores will be on 1 to 4 scale as now. **Box B** provides a summarised description of performance at levels 2, 3 and 4 to support the judgements made against each KLOE. Level 1 is represented by a failure to meet the minimum requirements at level 2. In future, judgements will give a stronger emphasis to outcomes for local people and the delivery of value for money achievements. In addition, we have not defined descriptors of performance at level 4, which is a change from our previous practice. We believe that it is for individual organisations to demonstrate real innovation and excellence in performance, rather than the Commission pre-defining descriptors of performance which may be limiting.

### Box B

#### Summarised descriptions of performance levels

Level 2	Level 3	Level 4
Only at minimum requirements – adequate performance	Consistently above minimum requirements – performing well	Well above minimum requirements – performing strongly
Arrangements that are consistent with established professional practice and guidance and meet statutory requirements.	Implemented arrangements that: <ul style="list-style-type: none"> <li>- are more forward looking and proactive in identifying and developing improvements and opportunities and addressing challenge;</li> <li>- are more complex to operate for example through partnerships; and</li> <li>- include more sophisticated measuring and assessment techniques.</li> </ul>	Demonstrating innovation and best practice.
Arrangements that are sufficient to address the KLOE – for example, demonstrating leadership and commitment, a risk based strategy and supporting action plans, capacity and skills.	Outputs / outcomes demonstrate arrangements are effective including achievement of value for money.	Demonstrating strong outcomes for the community.
Effective arrangements which achieve minimum levels of performance.	Evidence of performing consistently above adequate performance and achieving value for money.	Achieving excellent value for money.

## Scoring

- 32 The overall organisation score for value for money in the use of resources, will be on the same 1 to 4 score and will be the numerical average of the theme scores, except where any scoring rules apply. Where averaging produces a score of less than a full number, the average score produced will be rounded up or down to the nearest full number for the purpose of the overall organisation score. For example:
- an organisation scoring 3, 3 and 2 on the three themes will have an average score of 2.66 and the overall organisation score will be rounded up to a score of 3; and
  - an organisation scoring 3, 2 and 2 on the three themes will have an average score of 2.33 and the overall organisation score will be rounded down to a score of 2.
- 33 The same approach will apply to how we score themes. For example:
- an organisation scoring 3, 3, 3, 2 and 2 on the five KLOE of the managing the business theme will have an average score of 2.6 and the theme score will be rounded up to a score of 3, except where any scoring rules apply.

## Scoring rules

- 34 As now, different scoring rules may apply to different sectors. Currently, for example, PCTs receive an overall organisation score of 1 where they score 1 in any one of the financial standing, financial management, or value for money themes. Similarly, there are rules about combining scores for individual KLOE into the theme score where particular KLOE carry more weight and are described as 'dominant KLOE'. We will consult in 2008 on the scoring rules under the CAA framework. For PCTs, we will also consult with the Department of Health and Healthcare Commission on the scoring rules to be applied.
- 35 Our preliminary thinking is that the scoring rules should include the following:
- where an organisation scores 1 for a theme, its overall organisation score for value for money in the use of resources will be restricted to no more than a score of 2, irrespective of the numerical average produced. For example:
    - an organisation scoring 1, 4 and 3 on the three themes will have an average score of 2.66 and ordinarily would have an organisation score of 3 as a result of the rounding up described above. However, a score of 1 in the managing money theme in this example will mean that the overall organisation score will be capped at a score of 2; and

- where an organisation scores 1 in two themes, its overall organisation score will be capped at a score of 1, irrespective of the numerical average produced. For example:
  - an organisation scoring 1, 1 and 4 on the three themes would ordinarily average a score of 2. However, a score of 1 in two themes will mean that the overall score will be restricted to a score of 1.

## Supporting guidance

- 36 Following the outcome of this consultation, the Commission will separately prepare and publish guidance in support of the KLOE. This guidance will promote a consistent approach to the assessment and will:
- provide guidance, where appropriate, on the way in which the KLOE should be interpreted in the context of the different sectors of local government, police, fire and rescue and the NHS; and
  - identify the published professional guidance and best practice that the KLOE draw upon in the context of the different sectors.

## Sharing learning

- 37 We aim to support organisations in improving their performance and an important part of this will be to share the learning from our assessments, by analysing the main messages about performance and publishing these with case studies. We will also share examples of notable practice that auditors identify and publish these on our website on a timely basis.

## Quality control, review and publication of scores

- 38 Use of resources judgements will be subject to quality control to ensure consistency across and between auditors. We will also promote consistency by providing training and support for auditors undertaking use of resources work.
- 39 As now, organisations can request a review of their overall use of resources score as this is an Audit Commission score. Requests for a review must be capable of affecting the overall use of resources score and be submitted by the organisation's chief executive. The request should set out why the body wishes to challenge the score and provide

evidence in support. The submission must be made within ten working days of the Commission notifying the organisation of its overall score.

- 40 We propose to continue to publish use of resources scores on our website. Publication will include the overall organisation score and the three theme scores. In addition, in response to requests from organisations and stakeholders for more information about performance, we are also proposing to publish scores for each of the 13 KLOE.

## Planning for use of resources work

- 41 Auditors will plan their use of resources work to ensure that it is proportionate to their assessment of an organisation's risks. Auditors will draw upon the evidence available from previous years' assessments, and from relevant work carried out by the inspectorates, and by others. By bringing together the evidence available from these sources, auditors will ensure that work is not duplicated and that new work is minimised. We anticipate that the first year of our new approach will require greater preparation and planning on the part of both organisations and auditors, which will reduce in future years as organisations and auditors become familiar with the new framework.

## Key lines of enquiry (KLOE)

- 42 The proposed KLOE for the three themes are in a separate document at [www.audit-commission.gov.uk/uorconsultation](http://www.audit-commission.gov.uk/uorconsultation).

# 5

## Next steps

- 43 We will trial the revised use of resources approach proposed in this consultation document at selected bodies over the next few months. This trialling will test the deliverability of the assessment which is likely to result in additional audit work at audited bodies. This additional work, which is necessary to meet the expanded scope of use of resources, is likely to increase audit fees for some organisations but we will require auditors to consider the extent to which additional work can, wherever possible, be substituted for existing audit work. The Commission will consult separately on its audit fee scales for 2008/09 at the end of November 2007.
- 44 Use of resources is only one element of the new CAA framework. As required by Ministers in their commissioning letter to the inspectorates responsible for developing CAA, the total cost of the new assessment framework will fit with the government's commitment to a one-third reduction in the cost of public service inspection by 2008. The inspectorates are also exploring the potential for further reductions beyond this.
- 45 Following the lessons we have learned from trialling and the responses received to this consultation document, we will finalise the methodology for 2008/09. We will aim to publish it by, or as close as possible to, 1 April 2008. The use of resources judgements that the Commission will make for 2008/09 by reference to the finalised methodology will be published in autumn 2009 as part of the overall reporting of CAA at that time.
- 46 During 2008 the Commission will prepare and publish guidance to support the assessment. This will supplement the KLOE and provide guidance on how the KLOE should be interpreted in the context of different sectors.
- 47 We will also work closely with the Healthcare Commission, and other key stakeholders such as the National Health Service Litigation Authority and SHAs, over the coming months in order to align our assessment frameworks and identify areas where, as now, we can place reliance on each other's work. In this way, we will minimise the risk of overlap and avoid imposing unnecessary burdens on PCTs.
- 48 If you have any further queries on this consultation document or on any aspect of the use of resources framework, please contact the Audit Commission on **uor @audit-commission.gov.uk** or contact your local appointed auditor.
- 49 If you have any queries on the joint CAA consultation paper also issued today, please contact **caa@audit-commission.gov.uk**.

# 6

## Conclusion

50 We consider that these proposals for use of resources judgements for 2008/09 will help organisations to deliver better value for money. They provide a good fit with the policy expectations for CAA, and reflect an up-to-date focus on best practice and key issues and priorities. They also fit well with the auditor's value for money conclusion required under the Code of Audit Practice. In particular, our proposals:

- emphasise that value for money is at the very heart of the new approach by making it absolutely clear that the published scored judgement is an assessment of value for money in the use of resources;
- give greater emphasis to value for money achievements and outcomes for local people, with less focus on processes;
- are wider in scope, assessing the use of resources in a broader way than previously, including the use of natural, physical and human resources in an appropriate and balanced way that supports value for money;
- ensure that all organisations within a CAA area are assessed according to the same rigorous framework and standards, while applying the KLOE in a proportionate way to reflect appropriate sector differences;
- focus on the key issues that ensure that resources are used effectively to support an organisation's priorities and improve its services; and
- continue to stimulate continuous improvement in performance by raising standards.

# 7

## Consultation questions

- 51 Please answer the following questions using the online response form at **[www.audit-commission.gov.uk/uorconsultation](http://www.audit-commission.gov.uk/uorconsultation)** to arrive no later than 5pm on Friday 15 February 2008. All other response should be clearly headed 'UoR consultation' and sent by email to **[uor@audit-commission.gov.uk](mailto:uor@audit-commission.gov.uk)** or by post to:

Martin Evans  
Managing Director Audit  
Audit Policy & Practice  
Audit Commission, 1st Floor, Millbank Tower,  
Millbank  
London SW1P 4HQ.

- 52 We intend to publish a summary report of the responses to the use of resources consultation in Spring 2008. Respondents may be named in this report although we will not link specific findings with individuals or organisations.
- 53 Please note that responses will automatically be considered as on the public record unless they are clearly marked as being confidential. Responses may be published or disclosed in accordance with access to information regimes such as the Freedom of Information Act 2000 and the Data Protection Act 1998. The Commission will make every effort to consult with you before disclosing any of the information should a request be received.

## General questions

- 54 Overall, do you broadly agree with the proposals set out in this document?

Yes  No

- 55 If not, please say why not.

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56 Do you agree with the factors that have guided the development of our new approach?

Yes  No

57 If not, please say why not and what other factors should guide the development.

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58 Do you agree that each organisation should receive a single scored judgement on value for money in the use of resources, which will be based upon the scores of three themes – managing money, managing the business and managing other resources?

Yes  No

59 If not, please say why not.

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60 Do you agree with the proposed scoring rules?

Yes  No

61 If not, please say why not.

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62 Do you agree with the proposal to publish scores for each KLOE?

Yes  No

63 If not, please say why not.

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## Questions on the key lines of enquiry for each theme

### Managing money

64 Are the KLOE and the evidence bullet points appropriate for this theme?

KLOE	Yes	No
1.1		
1.2		
1.3		
1.4		
1.5		

65 If not, please say why not and what alternatives you would suggest.

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66 Are the descriptors appropriate for each KLOE?

KLOE	Yes	No
1.1		
1.2		
1.3		
1.4		
1.5		

67 If not, please say why not and what alternatives you would suggest.

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### Managing the business

68 Are the KLOE and the evidence bullet points appropriate for this theme?

KLOE	Yes	No
2.1		
2.2		
2.3		
2.4		
2.5		

69 If not, please say why not and what alternatives you would suggest.

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70 Are the descriptors appropriate for each KLOE?

KLOE	Yes	No
2.1		
2.2		
2.3		
2.4		
2.5		

71 If not, please say why not and what alternatives you would suggest.

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## Managing other resources

72 Are the KLOE and the evidence bullet points appropriate for this theme?

KLOE	Yes	No
3.1		
3.2		
3.3		

73 If not, please say why not and what alternatives you would suggest.

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74 Are the descriptors appropriate for each KLOE?

KLOE	Yes	No
3.1		
3.2		
3.3		

75 If not, please say why not and what alternatives you would suggest.

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