AUDIT SCOTLAND

Performance management and planning audit

Corporate level audit: 2000/2001

This document provides guidance on the corporate level PMP Audit for 2000/2001.

The guidance explains in detail what the audit will cover, what the council should do in preparing for the audit, and how auditors should undertake the work.

The guidance is for use by staff involved in the corporate audit and by auditors.

It is important that council staff involved in the PMP Audit and auditors familiarise themselves with the content of this guide and follow the approach set out.

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1.   Introduction to the PMP Audit

Best Value in Scotland

Best Value has been progressing in Scottish Councils since late 1997. The Best Value Task Force set out the attributes of a Best Value council in its final report[1]. These have now been fully accepted in principle by Scottish Ministers[2].

Central to these is the requirement for a council to put in place a performance management and planning framework (PMP), Best Value (service) reviews and public performance reporting (PPRg).

Attributes of a Best Value council:

- Commitment to Best Value and acceptance of 4 key principles (accountability, ownership, continuous improvement, transparency).
- Political and senior management leadership.
- Performance management and planning framework (PMP).
- Programme of service reviews.
- Public Performance Reporting (PPRg).
- Commitment to equality issues.

(Task Force final report, para 1.6)

The purpose of Best Value is to ensure that councils provide services that meet the needs of their customers and citizens and provide value for money. They must also demonstrate that they are accountable and delivering continuous improvement. Performance management and planning (PMP) is a means to help achieve these objectives by establishing clear standards and targets for all activities, identifying where and how improvements can be made, and reporting on performance.

Background to the corporate level PMP Audit

The external auditors appointed by the Accounts Commission have been used to monitor progress by councils in implementing Best Value.

The first PMP Audit was carried out in 1999/00 and covered three service areas in each council. Each of those services agreed a set of improvement actions that they would undertake to improve their PMP framework. Auditors will be following up to see what progress has been made. An overview report of the findings from that audit will be available from Audit Scotland in October 2000. For PMP2 (covering 2000/01), a further three service areas will be audited in each council.

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[1] Best Value in Local Government: Long Term Arrangements – final report of the Best Value Task Force, 1999
[2] Best Value in Local Government: next steps. Scottish Executive June, 2000

However, whilst Best Value will be experienced by the public primarily through the services they receive, the way in which the council as a corporate entity supports the development of a PMP framework makes a significant impact on what is achieved at service level. Also, there are some aspects of the Best Value framework that should be carried out at a corporate level (eg supporting and monitoring Best Value reviews). For these reasons, a corporate element has now been added to the PMP Audit for 2000/01. Some aspects of PMP previously covered at service level (eg three year budgeting) have been taken into the corporate audit.

This means that for 2000/01 there will be three components to the PMP Audit in each council:

- a service level PMP2 Audit carried out in three services in each council.
- a corporate level PMP2 Audit.
- the follow-up audit of implementation of the improvement actions identified by the three (PMP1) services audited last year.

This audit guide deals with the corporate level PMP2 Audit. It must <u>not</u> be used for the service level PMP2 Audit.

This audit guide is for use by both auditors and the staff who have to complete a PMP Audit submission. The guide explains what the audit involves, how it is carried out, and the roles of the council and the auditor. It also provides detailed guidance on what will be audited, and the information required by the auditor from the council in its submission.

Separate audit guides are available from Audit Scotland for carrying out the service level PMP2 Audit and the follow-up audit of PMP1 improvement actions.

Copies of all PMP Audit guides are available on the Audit Scotland web site:

www.audit-scotland.gov.uk

Future of Best Value

The Executive issued its response to the final report of the Best Value Task Force in June 2000. It invited further views on a range of the issues raised by the Task Force, but in essence, the main conclusions of the Task Force were supported. It is possible that legislation will be introduced in 2001/2 to provide a statutory base for Best Value, an approach that was called for by the Task Force. It is important therefore that councils continue to strive to implement a PMP framework as a major contribution to achieving Best Value.

Audit Objectives   The PMP Audit has three main objectives:

- to provide independent, external assurance that the council is making progress on implementing a performance management and planning (PMP) framework
- to help identify good practice and areas of concern
- to ensure that the council and its services are planning for improvement.

The audit will assess:

- the extent to which the council has in place arrangements to support and monitor the introduction of a PMP framework across all services
- whether improvement actions have been identified to address areas of weakness, for which there will be a follow-up audit in subsequent years.

What the audit Involves   There are five main stages to the corporate audit:

1. Council staff provide the auditor with a submission. This will comprise a council profile, and for each PMP criterion:
   - background information
   - a completed self-assessment template
   - a list of improvement actions.
2. The auditor reviews the submission, checks evidence and provides feedback to the council.
3. Any amendments to the self-assessment and improvement actions are agreed.
4. The auditor submits a report to the Chief Executive.
5. The auditor follows-up progress on implementing improvement actions in subsequent years.

2. The PMP2 Corporate Level Framework

Scope

The corporate audit does not aim to provide a comprehensive coverage of the corporate management of a council. Instead, it focuses on a small number of criteria that are generally recognised to be important in supporting the development of a PMP framework. The audit is not prescriptive in terms of setting out <u>how</u> something should be done. It leaves wide discretion to each council to develop its own approach. The criteria for auditing at corporate level are set out in Figure 1. The full details of the criteria are set out in the second half of this audit guide.

Figure 1: The PMP2 corporate criteria

1. Clear leadership for a Best Value approach is provided by elected members, the Chief Executive and the senior management team.

2. We have an effective corporate framework for planning and budgeting.

3. We manage our Best Value reviews effectively.

4. We have an effective approach to public performance reporting.

Format of this guide

The audit guide is structured around the four criteria. Under each criterion, there are the following sections:

- **What the submission should include**
  This sets out what should be included in the submission. It should contain explanatory text to support the self-assessment made by the council. The submission should also make clear what evidence would be available **if required by the auditor** to validate the assertions being made. In some cases, the council is also asked to provide examples of documentation as part of its submission.

- **Key features of a Best Value council**
  This describes the features of good practice that might be expected. The features described have been drawn up in consultation with councils. The terminology used may not match that used in a particular council, but the underlying ideas should be applicable. The self-assessment template detail reflects the key features.

- **Context**
  Where relevant, additional contextual information is provided to explain the background to that criterion.

- **Self-assessment template**
  Self-assessment templates for each criterion are provided. Council staff should complete all the templates. The auditor will review these self-assessments against the background information and any other evidence.

- **Improvement actions**:
  The council is asked to identify any improvement actions it intends to take to improve its PMP framework under each criterion. There is no presumption that there will be actions under each criterion. The council must prioritise what it feels it can realistically deliver. The auditor will review the extent to which the improvement actions relate to the self-assessment and the basis for prioritising these actions.

3. Additional notes on completing the audit

This section sets out the learning points from last year's PMP Audit and provides additional general suggestions that will help to ensure that the audit is of a high standard and is completed efficiently.

Evidence based

It is an important feature of the PMP Audit that it is evidence based. This means that when the council prepares its submission, it should be mindful of the fact that it should be able, **if required**, to provide evidence to support the claims made. The evidence may be in the form of documents, or gathered through discussions with staff or observation. The audit will not require evidence to be produced simply for the sake of the audit but will draw upon evidence that it would be reasonable to expect managers to have for their own purposes. The submission should make clear in specific terms what evidence could be made available to support the self-assessment. To ensure clarity, councils may find it helpful to provide a list of supporting evidence for each of the criteria.

In order to avoid unproductive effort, the council does not need to provide the evidence with its submission (except where specifically required to do so in the guidance). The auditor will indicate which evidence she/he wishes to review having studied the submission. However, the council should ensure that the evidence is readily to hand if it cites it in its submission.

Auditors will strike a balance between the range of evidence they may wish to see, and the depth to which they will wish to go. The starting assumption will be that evidence-based claims made in a submission are accurate. The auditor will check evidence for a sample of material statements in the submission to satisfy her/himself that this is the case. Where it is not the case, then evidence checking will have to be increased.

Evidence checking will be carried out on a sample basis. Auditors will be assessing whether an approach is in place, and how extensively it is being applied. The council should aim to maximize the extent to which the same evidence can be cited to support judgments across a number of the criteria.

Getting behind the paperwork

Both the council and auditors should aim to identify where evidence other than documentation can be provided to support the submission and the audit. In particular, auditors should consider where direct observation or discussions with staff or service users could be used to test claims made in the submission. The aim should be to show that the approaches and achievements identified in the submission are actually happening 'on the ground'.

Using evidence already gathered for other assessments

If the council has already gathered relevant information or evidence as part of **an evidence-based** assessment for a recognized quality model (such as EFQM, IIP or ISO 9000-9004), it can cross-reference its PMP2 submission to the completed model documentation. There is no need to rewrite the information, although it should ensure that the evidence cited adequately addresses the detail of the PMP criterion and self-assessment template. The council must ensure that the cross-reference to the quality model assessment is sufficiently detailed to allow the auditor to easily source the required information (i.e. a document, page and paragraph reference must be given). The quality model documentation should also, of course, be passed to the auditor if it is cited as the evidence. **The council should ensure that the evidence cited is still fully representative of current practice.**

Focusing on achievement not compliance

The 'key features' part of the audit guide sets out what are generally agreed to be sound approaches to the PMP framework. However, it is possible that the council has developed an approach that delivers the same end result but is different from that set out in this guide. If that is the case, and there is supporting evidence, then this is entirely acceptable and should be assessed as such.

Briefing for the auditor

Feedback from last year's audit suggests that time can be saved by arranging a briefing session by the council for the auditor when it is ready to hand over its submission. This will allow the council to set its submission in context and help the auditor gain a fuller understanding more quickly of the council's overall approach to Best Value. **It is strongly recommended that this is done.**

The briefing should focus on providing auditors with the background knowledge to appreciate the submission. **It should not aim to go through the detail of the submission.** Following the briefing, the auditor will review the submission and arrange further meetings as necessary to follow up detailed queries.

Some services and auditors last year found it useful to pre-arrange a second meeting so that, having reviewed the background information and self-assessment, the auditor could clarify any points of detail quickly before starting the evidence checking. In any case, it is essential that an ongoing constructive dialogue takes place between the auditor and the council during the course of the audit.

Improvement actions

As mentioned above, the council is also asked to provide **as part of its submission** a list of actions it plans to undertake in order to improve its overall PMP approach. The actions should relate to areas for improvement identified in its self-assessment as well as through other work (e.g. Best Value reviews). The actions might relate to:

- improving the approach under any of the criteria
- improving the extent to which the approach is being used throughout the council
- integrating the approach more into everyday practice
- improving how the approach is reviewed and how lessons are applied.

Selecting improvement actions

It is likely that review work, as well as the audit, will result in the council identifying a large number of potential improvement actions that it could undertake. In many cases, the number of actions will be greater than can be realistically undertaken at one time, in which case the council should be able to show that it has assessed what it can realistically undertake and has prioritised those actions that it believes are most important.

Linking the corporate and service PMP Audits

Auditor
The corporate PMP Audit will provide a good understanding of the council's overall approach to PMP. This will provide a valuable context for the service level PMP submissions. The corporate and service audits should therefore be undertaken as an integrated package of work. The audit report for the corporate audit should incorporate any findings from the service level PMP Audits that have implications for corporate level action.

Staff completing the corporate audit should also familiarize themselves with the service level PMP2 Audit guidance so that they can identify when information about corporate approaches may inform the service level audit. They should also consider any corporate issues identified through the first PMP Audit.

Councils should ensure that during the course of the overall PMP Audit there is continuing close dialogue between the corporate centre, the three services being audited this year and those services subject to a follow-up audit. This will ensure that collective or common issues relevant to the audit are dealt with efficiently. Each council should agree with its auditor the extent to which corporate staff wish to be involved in the service level audit meetings.

In order to support an integrated view of the three audits, the overall timetable for the audit set out on the following pages covers both corporate and service level audits.

Using the audit to support performance

The overwhelming feedback from services that were audited last year was that the audit was hard work and challenging but ultimately productive and useful for the service. It provided an opportunity for managers to stand back and review their service and benefit from an external, independent and constructive challenge. A positive attitude from staff completing the audit helped to produce the most productive outcome. The same result should be obtained with the corporate audit.

The average time input from a service for the PMP1 audit was 10 days, almost half taking around 5 days or less. The corporate audit covers a smaller number of criteria and the time taken for the submission should be correspondingly less.

Maximising the usefulness of the audit by avoiding slippage

A number of audits experienced significant slippage last year, with the result that there was sometimes severe pressure on services and auditors to review submissions and prepare reports by the deadline.

As a result, many audits were not formally completed until March or later. This meant that the council was not able to use the results of the audit to inform its thinking as it finalised its service plans for the approaching new financial year.

It is strongly suggested therefore that the council and auditors agree and meet deadlines that allow agreement to be reached on the PMP2 Audit findings by the end of February at the latest. **A suggested timetable is set out below.**

4.   Key stages of the audit: summary

Getting started

June 2000	1. Council selects and notifies the three services selected for PMP2 Audit. 2. Auditor checks that this has been done and arranges dates for set-up meetings and briefings (strongly recommended) in September.
Mid August	3. PMP2 material sent to auditors and councils.
29th August 30th and 31st August	4. Workshop for Auditors on PMP2 Audit. 5. Workshops for councils on PMP2 Audit.
September	6. Auditor meets with council (corporate and services) to agree dates for briefings and receipt of submissions for each PMP Audit. Contact people agreed. **It is strongly suggested that these dates are agreed at a meeting attended by all services being audited and the corporate centre.** The following key dates should be agreed with each part of the council being audited as part of PMP2: • the date by which it will hand the completed submission to the auditor • the date by which the auditor will notify managers of any concerns with the submission and what evidence is required • the date by which the evidence will be provided • the date by which the auditor will formally meet relevant corporate staff to provide feedback on the audit and finalise findings • the date by which the audit report will be submitted. Regular and timely contact should be maintained during the course of the audit. 7. The auditor should agree with the services audited last year when they will provide a report on implementation of the improvement actions agreed as part of last year's audit. 8. Details of the overall timetable should be sent by the auditor to Performance Audit at Audit Scotland using the template provided.

Main audit

Mid Sept – end Dec	9. Service areas and corporate staff prepare submissions. The timescale allows for phasing of the submissions (ideally with the corporate submission first as it will provide a useful overview). **However, it is crucial that if there are any delays in the corporate submission being produced, this does not delay services making their submissions.** Phasing the submissions should help to prevent a bottleneck developing. Suggested phasing: • Corporate submission – by end of October **latest**. • Two service submissions – by end of October **latest**. • Third service submission – by end of November **latest**. It is important to avoid a situation where all the submissions are given to the auditor late in the audit cycle. 10. Separate briefings held for each PMP2 Audit (recommended) and submissions passed to auditor.

	11. Main audit work carried out:
	
	• Auditor checks that all documentation has been completed for each of the PMP Audits.
	• Auditor clarifies any areas of doubt or ambiguity and obtains any additional information to address gaps in the submission.
	• Auditor notifies corporate level as to what evidence will be required.
	• Evidence provided and checked.
	• Auditor notes potential areas of concern re approach, deployment, improvement actions.
	• Auditor makes any revisions to templates as a result of audit work.
	• Auditor reviews list of proposed improvements submitted by the service to check that:
	
	    i. the planned improvement actions relate to the submission and to the audit findings.
	    ii. the improvement actions are framed in SMART terms.
	    iii. the improvement actions appear to be realistic

	• Auditor identifies any suggestions for changes in the improvement actions. • Auditor provides relevant managers with a copy of his/her assessment of the templates and a note of issues for discussion. A meeting is arranged with relevant managers to discuss and agree findings. Auditor provides an agenda that will be the basis for discussion. This will enable managers to look through the auditor's initial comments before the meeting so that they have time to consider their response to the auditor's initial conclusions.
End of February latest	12. Auditor agrees with relevant corporate staff findings and conclusions and the list of improvement actions against which the corporate/service's progress will be formally audited in future years.
End of February latest	13. Auditor follows up improvement actions from PMP1 audit and reports to each service. Agrees any areas of concern and further action.
End of March latest	14. Auditor finalises reports for services and CEO (latter incorporating the corporate audit, corporate issues arising from the PMP2 service level audits, and concerns arising from the follow up of PMP1 improvement actions).
	15. Auditor copies documentation to Performance Audit at Audit Scotland.

Audit support Audit support will be provided by Performance Audit at Audit Scotland.

- Alan Neilson   0131 624 9936
- Derek Stewart   0131 624 9938
- Mik Wisniewski   0131 624 9937

Performance Audit will be tracking the progress of the audit and may contact Auditors and councils to discuss the audit. The aim of these discussions will be to assess whether the audit is progressing as anticipated.

A detailed quality review of the audit will be undertaken by Audit Scotland HQ.

5. Completing the submission

The following should be provided as the submission:

- A council profile.
- Background information for each criterion.
- Completed self-assessment templates for each criterion.
- A list of improvement actions under each criterion and an accompanying self-assessment.

Council profile

As part of the documentation for the corporate level, the council should provide the following background information to the auditor as part of its submission:

1. Description of senior management structure.
2. Description of political structure showing decision-making and scrutiny arrangements.
3. A copy of the council's corporate plan or strategy.

Background information

For each criterion, staff should provide background information covering the topics indicated in the guide and complete the self-assessment template (see below).

The purpose of the background information is to provide a context to support your self-assessment. **Council staff are required to produce a short summary report addressing all of the bullet points listed under the heading "the submission should include" under each criterion. The report should also provide a list of sources of evidence to support the submission, cross-referenced against the self-assessment template.**

Completing the templates

If possible, the electronic version of the audit guide should be used to complete the self-assessment templates. An electronic version of the guide and a separate computer file containing just the templates in Microsoft Word is available from the auditor. They can also be downloaded from Audit Scotland's web site (www.audit-scotland.gov.uk). Computer files with the completed documentation can then be passed to the auditor.

The templates cover features that relate to what might be expected in a 'best value council'. For each of the 'features', you are usually asked to make an assessment of the council's approach, and the extent to which the approach is actually being used across the council.

For the 'approach', a range of options is usually given from A to E. The meaning of the options is shown below. It is repeated as a "scorecard" in Annex B.

A	There is no approach or there is little or no evidence of an approach.
B	There is limited evidence of some elements of an approach.
C	There is clear evidence that there is an approach but the approach is generally ad-hoc. There is little or no structured or consistent basis to the approach; it tends to be generally reactive; it is not integrated into everyday practice; its application may be irregular and inconsistent; there is little or no information to show whether the approach is working.
D	There is clear evidence that there is a structured and systematic approach that is generally applied consistently and according to agreed and understood principles; it is proactive where applicable; the approach is applied regularly and as frequently as required; there is some evidence to show whether the approach is working; however, there is little or no evidence that the approach itself has been reviewed to improve it.
E	As for D but the approach is also clearly integrated into everyday working practice. There is clear evidence that the approach is achieving its objectives and is working. There is also clear evidence that the effectiveness of the approach is kept under review and changes and improvements to the approach are made as necessary as a result of review.

The descriptions should be treated as indicative rather than as precise comprehensive descriptions of your approach. Please select the option that best describes the general approach in your service for each feature in the templates. Add any commentary you feel is necessary to qualify the option if required. Where other options are provided in a template, the terms should be self-evident. When using the electronic version, it is suggested that you delete those options that are not appropriate. **If an element of a criterion is not applicable to your service, enter 'N/A' with a brief explanation as to why this is the case.**

Where you are asked to make an assessment of the extent to which the approach is **actually used** throughout the council, the options are usually:

Some	Up to about 40% of the council
Half	Between about 40% and 60%
Most	Between 60% and 90%
All	Over 90%

Again, the options should be treated as indicative, not as precise measures.

Completing the improvement actions box

Indicate briefly in the box marked 'improvement actions', any actions under that criterion that you intend to take to improve your approach and/or deployment. These will be set out in detail in annex A at the end of this guide.

There is no presumption that improvement actions should be identified for every aspect of the approaches in the self-assessment template, nor indeed, for every criterion. The council will have to prioritise what it can realistically undertake. However, you should be able to offer a clear rationale for the choice of improvement actions.

Completing the innovative practice box

If councils feel that elements of their work would be of particular interest to others as examples of innovative or successful practice, details can be provided in this box. The details should include:

- a description of the work/approach
- rationale for its selection as innovative or successful practice
- a contact point for further information.

Note to auditors
Review the council's self-assessment and note any areas where you feel the background information and evidence you have checked do not support the council's assertions. Include any commentary to support where you feel the assessment should be changed.

At the end of each criterion, please complete the boxes that ask for a summary and assessment of the evidence that you reviewed. Please note that there is no presumption that you will have checked evidence for every part of the self-assessment. There is also a box to record any comments and areas of concern that you have under that criterion. These comments and your notes on the self-assessment will form the basis for discussion with corporate staff and your report.

Following your review of the background information, the self-assessment templates and the evidence, check if the improvement actions relate to the areas of concern identified and to likely priorities. If no improvement actions have been identified for a criterion, check if that seems defensible in terms of priorities. Be prepared to challenge the council.

Auditors should also complete the shaded boxes which follow the templates under each criterion.

1. Clear leadership for a Best Value approach is provided by elected members, the Chief Executive and the senior management team.

The submission should include:

- A description of <u>how</u> the council has developed its approach to Best Value.
- Documentation that sets out that approach.
- A description of how the approach has been communicated to staff.
- An assessment of the extent to which staff across the council understand the approach and what it means for them.
- An assessment of the extent to which that approach is clearly and explicitly reflected in the council's strategies and plans.
- Examples of changes that have taken place over the last two years in the way the council operates that reflect Best Value in practice.
- A list of sources of evidence.
- Completed self-assessment using the template.
- A list of improvement actions.

Features of a Best Value council

The CEO and senior managers have translated Best Value into a clear set of expectations for the council. Those expectations reflect core Best Value principles such as: consulting with stakeholders; designing services to meet customer needs; continuous improvement; getting the best cost/quality balance; equality; and public accountability and responsiveness. Those expectations are expressed in terms that provide a clear direction for staff and are communicated widely. The language used is relevant to staff. Staff are involved in developing those expectations to ensure ownership.

Feedback is gathered to ensure that the communication has been effective.

It is clear that these Best Value expectations inform all aspects of the council's strategies and operational plans. Elected members provide consistent support for a way of working for the council that will deliver Best Value.

Context

The Task Force final report identified leadership from elected members and senior management as a key requirement for Best Value. Councils generally have identified that pursuing Best Value requires a culture change. It is overwhelmingly the case that culture change needs clear leadership from the top.

Self-assessment Template 1	
Features	**Assessment**
1. The council promotes a clear approach to the key elements of Best Value, including:	
a) Involving stakeholders in determining priorities, service standards and targets.	A B C D E The approach is being applied across: some/ half / most / all of the council.
b) Designing services around customer needs.	A B C D E The approach is being applied across: some/ half / most / all of the council.
c) Achieving continuous improvement.	A B C D E The approach is being applied across: some/ half / most / all of the council.
d) Getting the best cost/quality balance.	A B C D E The approach is being applied across: some/ half / most / all of the council.
e) Equality (covering, for example, access, responding to diversity, and inclusion).	A B C D E The approach is being applied across: some/ half / most / all of the council.
f) Public accountability through effective and open reporting of performance.	A B C D E The approach is being applied across: some/ half / most / all of the council.
g) others (please specify).	A B C D E The approach is being applied across: some/ half / most / all of the council.
2. Elected members are fully involved in formulating the council's approach to Best Value.	A B C D E Covering: none / some / half / most / all members

3.	Elected members have agreed the approach.	Yes / no.
4.	Staff are involved in formulating the council's approach to Best Value.	A B C D E Covering: none / some / half / most / all staff.
5.	The council's approach to Best Value has been communicated systematically throughout the council in terms that are relevant to the audiences and that set out clear expectations about a Best Value way of working.	A B C D E It has been promoted to: none / some / half / most/ all staff in the council.
6.	The approach is clearly reflected in the council's corporate plans and strategies.	No clear links/ some links/ most elements of the approach evident/ comprehensive links.
7.	The council has made progress on all attributes of Best Value.	There is clear progress on: none / some / most / all attributes of Best Value.

Improvement actions

Managers completing the self-assessment: please summarise here any improvement actions that the council intends to take to address any of the issues identified under this criterion.

Evidence

The auditor should summarise here her/his assessment of the adequacy of the evidence that was available to support the submission and audit evaluation.

The service <u>identified</u> evidence to support (none / some/ half / most/ all) of its submission.

Documentary evidence was checked in relation to prompts (   ) and overall was found to be satisfactory/unsatisfactory.

The following non-documentary evidence was used:

Additional comments on evidence base:

Auditor notes	Summarise any key areas for concern based on your findings for this criterion. These may relate to the council's self assessment, the evidence base, or the improvement actions	
Areas of concern		Justification for inclusion

Auditor: Do you have any other comments (in addition to those above) in relation to this criterion for discussion with the CEO?

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Auditor and council staff: please summarise any examples of innovative or successful practice that you feel would be of interest to other councils:

2. We have an effective corporate framework for planning and budgeting.

The submission should include:

- A description and assessment of how the council involves its stakeholders in making its choice of strategic priorities.
- A summary and assessment of how the council ensures that services address the council's corporate priorities.
- A summary and assessment of how resources are matched to corporate and service level priorities.
- A description and assessment of how progress in addressing corporate priorities is monitored.
- A description and assessment of how service/business plans are used across the council to guide action and monitor progress.
- A summary of progress towards multi-year planning and resource allocation.
- Examples of any improvements in the overall planning and budgeting process that have been achieved over the last 2 years and how these have helped the council achieve Best Value.
- A list of sources of evidence.
- Completed self-assessment template.
- A list of improvement actions.

Features of a Best Value council

A Best Value council understands the value of developing a shared vision for its communities, and does this through working with all key stakeholders and partners. The vision is based, as far as possible, on an analysis of the problems facing communities, and their wishes and aspirations.

The council understands that for that vision to have any impact, it must be translated into specific actions that will usually be carried out by services. These actions must therefore be contained within service plans and properly resourced.

There will therefore be a process that brings together member priorities, strategic analysis at corporate and service levels, inputs from partners and communities, core values, and a realistic assessment of resources, to determine service priorities and objectives for the council.

Service priorities and corporate priorities are consistent and are stated in terms that give clear guidance for action. Indicators that allow progress to be assessed are formulated as part of the planning process.

The council ensures that service plans reflect these priorities and are agreed by members. Plans are kept under review, revised where necessary and progress is monitored regularly by senior managers and members.

Services are given the information they need to cost their plans. A framework for multi-year planning and budgeting is being developed, so that financial and service implications of current decisions are appreciated when service plans are agreed.

Self-assessment Template 2	
Task	**Commentary**
8. The council's overall strategic priorities are informed by a good understanding of the needs of its communities.	A B C D E For: some / half / most / all priorities
9. There is a systematic approach to ensure that wherever possible, consultation exercises are coordinated or combined to ensure cost effectiveness.	A B C D E Covering: some / half / most / all service areas
10. There is a systematic approach for ensuring that information from consultation is available to all services as appropriate.	A B C D E for: none/ some/ half / most/ all appropriate
11. The council has a systematic approach to incorporating equalities (eg access, inclusion, responding to diversity) issues into its priorities.	A B C D E Across: some / half / most / all relevant services
12. The council has a systematic approach for working with other key organisations to agree respective roles and approaches for 'joined up' working.	A B C D E Covering: some / half / most / all joint working
13. Services' contributions to addressing corporate priorities are clearly spelled out..	A B C D E Covering: some / half / most / all services
14. The council matches its resources to its priorities, on a multi-year basis. It is clear how resources are being directed towards priority objectives	A B C D E For 1 year only / for ___ years
15. The council's corporate priorities are set out in a document in terms that allow progress to be monitored.	No / qualified no / qualified yes / yes Please add explanation:
16. Elected members are engaged effectively in formulating and agreeing the document.	A B C D E
17. The document is kept up to date to reflect changes in priorities.	A B C D E

18. Senior management regularly receive information that allows them to monitor progress in addressing the council's priorities.	A B C D E Covering: some / half / most / all of the priorities
19. Members are kept informed of progress in addressing the council's priorities.	A B C D E
20. Service planning and plans are used effectively across the council to set priorities and monitor progress.	A B C D E Across some / half / most / all relevant services

Improvement actions

Managers completing the self-assessment: please summarise here any improvement actions that the council intends to take to address any of the issues identified under this criterion.

Evidence

The auditor should summarise here her/his assessment of the adequacy of the evidence that was available to support the submission and audit evaluation.

The service <u>identified</u> evidence to support (none / some/ half / most/ all) of its submission.

Documentary evidence was checked in relation to template prompts (   )
and overall was found to be satisfactory/unsatisfactory.

The following non-documentary evidence was used:

Additional comments on evidence base:

Auditor notes	Summarise any key areas for concern based on your findings for this criterion. These may relate to the council's self assessment, the evidence base, or the improvement actions	
Areas of concern		Justification for inclusion

Auditor: Do you have any other comments (in addition to those above) in relation to this criterion for discussion with the CEO?

Auditor and council staff: please summarise any examples of innovative or successful practice that you feel would be of interest to other councils:

3. We manage our Best Value reviews effectively

The submission should include:

- A description of the respective roles of the corporate centre and services in selecting and managing a programme of Best Value reviews, assuring quality, and monitoring progress.
- A description of how the council's overall program of reviews is determined and managed.
- A description and assessment of how the council ensures that reviews are rigorous and challenging.
- An assessment of the impact made so far by the programme of Best Value reviews.
- An assessment of when the council will have completed its first round of Best Value reviews for all activities.
- A summary of any improvements that have been made to the management of the overall review program.
- A summary of the following information:
  - ➢ All Best Value reviews planned for the next 12 months.
  - ➢ All Best Value reviews currently under way with expected completion date (ie report submitted).
  - ➢ All Best Value reviews completed with a summary for each of the changes/improvements recommended and agreed, and extent to which these have been realised.
- A list of sources of evidence.
- Completed self-assessment template.
- A list of improvement actions.

Important Note: This criterion looks at the way the overall programme of reviews is selected and managed, and how the quality of reviews is monitored. Councils vary in how they have approached these tasks. Some carry out much of this work at a corporate level, whilst in others it is largely carried out by each service.

Corporate staff should indicate if any of the tasks in this criterion are carried out solely at service level. **This should be done at the initial meeting between the auditor and contact staff for corporate and service levels. The council and the auditor should then ensure that service level staff address these tasks as part of their submission.**

Key features of a Best Value council   A Best Value council will manage and support the review program as well as ensuring that individual reviews are carried out rigorously. It distinguishes between Best Value reviews that should be scoped so as to open up the possibility for radical change and improvement, and on-going smaller scale continuous improvement projects. Both are undertaken.

Reviews may take as their focus a service, a geographical area, a community of interest, a cross-cutting issue, a function (eg procurement), a structural issue (eg area office network), etc. Whatever the mix of reviews, the council will ensure that all activities are covered

at some point.

The scope of a Best Value review will be wide enough to allow it to contribute to covering all areas over 5 years, and will provide potential for exploring alternative forms of provision. Reviews should be scoped, prioritised, and resourced on an intelligence-led basis. That is, the focus, scope and priority of the reviews in the program will have regard to the strategic issues facing the council, known performance issues, and to an initial assessment of the potential benefits that might be expected from a review given what is known about current problems and comparative providers/councils.

Carrying out reviews takes valuable time and energy. The opportunity cost is high. Therefore a council takes steps to match the investment in a review to potential benefits. The greater the scope and complexity and potential for improvement, the more resources are devoted to the review. Where an initial evidence-based assessment shows acceptable performance and little scope for alternative approaches, then resourcing and timescales reflect that fact. Reviews are integrated into the service's work (eg they are included in service plans) to ensure that they are achievable within available resources.

Reviews are focused on finding the best way for the council to meet the needs of its communities. Techniques are used appropriate to address the 4 Cs (challenge, consult, compare, compete) rigorously.

Implementing a review's recommendations requires staff time and commitment. So implementation is integrated into the planning process so that recommendations for action are reflected in fully costed service plans.

Corporate guidance is provided that sets out the expectations that a review must meet. The guidance covers, among other things, how the 4 Cs are to be addressed, how option appraisal should be used and evidenced, and how to match investment to scale, complexity and potential benefits. An element of independent challenge is incorporated during the review and at the end.

There is a structured approach to setting up a review team to ensure that its members have the required skills, and have access to any specialist skills that will be required. Time to participate in the review is formally recognized and allowed for. Training is provided to enable the team to perform effectively.

A corporate approach is taken to ensuring that training in core skills (eg project management, leading and working in teams, problem solving, analytical and consultancy techniques, report writing, presentation skills) is provided for review team members. A coordinated approach is taken to providing specialist skills (eg through internal consultancy or support arrangements).

There is a clear reporting framework for reviews which involves senior management and elected members. Each report includes background information, detailed analysis, and well-argued recommendations, which allow informed decision making to take place.

The review program as a whole is monitored by senior management.

Members are kept informed of progress of the reviews and of implementation of accepted recommendations.

Context

"A council delivering Best Value should have a rigorous approach to analysing service delivery mechanisms and processes; this means demonstrating that the council has actively considered innovative ways of delivering services".

(Best Value Task Force)

Over a 5-year period, each council is required to subject all of its services to a challenging review that encompasses the 4 Cs. Fundamentally, the purpose is to challenge whether a service should (continue to) be provided, and how it should be provided to achieve the greatest contribution to council priorities. A review should normally therefore involve some form of option appraisal to review whether there are alternative means for securing the service or a particular set of benefits that would deliver a better cost/quality balance. An open-minded approach is required.

Best Value reviews are usually service based, though some councils have chosen to focus a Best Value review on a client group, a key strategic issue, or a specific function (such as procurement). Whatever the initial scope of the review, it is still important that the review ultimately gets down to what will be done and how, and that the 4 Cs are then brought into play. Findings from previous audits suggest that in some councils many reviews have been focused at a detailed small scale operational level. Whilst these are often valuable and identify scope for improvements, they do not provide much scope for radical challenge of policy or approach that is inherent in a Best Value review. Another consequence of that approach has been an unmanageably large number of small scale reviews each year. Slippage can be significant, and the scope for innovative improvements may be limited.

Best Value reviews are one of the key drivers of improvement. It is for this reason that the greatest attention has been focused on this area in the PMP corporate review.

Self-assessment Template 3	
Task	**Commentary**
21. The council has a systematic approach to determining its overall programme of Best Value reviews to ensure that: a) reviews cover significant topics that provide scope for challenge b) reviews address areas of strategic concern for the council and its communities c) reviews are prioritised on a rational basis with particular attention given to areas where performance/customer satisfaction is poor d) all services will be reviewed over a 5 year period.	A B C D E (for a-d as a whole) For: some / half / most / all Best Value reviews
22. The review program is agreed by elected members.	Yes / no At corporate and/or service level
23. The council has a systematic approach for ensuring that all Best Value reviews are rigorous and address the 4 Cs, e.g: a) competitiveness is demonstrated as appropriate. b) competition is applied as appropriate c) option appraisal is applied as appropriate. d) current policies and approaches are challenged explicitly and justified if retained. e) detailed analysis of current performance is done. f) the service finds others to learn from g) clear recommendations are made based on analysis and evidence. h) cost reduction, reprioritizing, quality improvement and new investment are clearly addressed as appropriate. i) meeting future demands is clearly addressed. j) proper account is taken of the views of stakeholders in analysis and developing recommendations. k) equality issues are addressed (eg access, inclusion, diversity).	A B C D E (for a-k as a whole) Applied in: some / half / most / all reviews

24. An element of independent challenge is incorporated both during and at the end of a review.	A B C D E Applied in: some / half / most / all reviews
25. The council has a systematic corporate approach for ensuring that review teams have the necessary skills and knowledge.	A B C D E Applied in: some / half / most / all reviews
26. There is a systematic corporate approach to the provision of specialist skills and support from central support services (eg consultancy, HR, internal audit, finance, research, organisational development, etc).	A B C D E Applied in: some / half / most / all reviews
27. There is a systematic approach for ensuring that lessons learned from reviews (including how to carry out effective reviews, are shared across the council).	A B C D E Applied in: some / half / most / all reviews
28. The council has a systematic approach for ensuring that the investment in time, staff, and use of techniques etc are commensurate with the scope, complexity and potential for improvement.	A B C D E Applied in: some / half / most / all reviews
29. The overall review process and associated policies have been approved by elected members.	No / qualified no / qualified yes / yes
30. Elected members have a clear role in challenging reviews and agreeing review conclusions.	No / qualified no / qualified yes / yes
31. Senior management systematically monitor the progress and impact of the overall review program, covering, for example: progress of current reviews and slippage; progress against the overall 5 year timetable; implementation and impact of recommendations accepted from completed reviews. Action is taken to address areas of concern.	A B C D E
32. Senior management monitor the quality of reviews on a systematic basis. Action is taken to address areas of concern.	A B C D E

33. Members are kept informed of the progress and impact of the Best Value review programme. Action is taken to address areas of concern.	A B C D E

Improvement actions

Managers completing the self-assessment: please summarise here any improvement actions that the council intends to take to address any of the issues identified under this criterion.

Evidence

The auditor should summarise here her/his assessment of the adequacy of the evidence that was available to support the submission and audit evaluation.

The service identified evidence to support (none / some/ half / most/ all) of its submission.

Documentary evidence was checked in relation to template prompts (   ) and overall was found to be satisfactory/unsatisfactory.

The following non-documentary evidence was used:

Additional comments on evidence base:

Auditor notes	Summarise any key areas for concern based on your findings for this criterion. These may relate to the council's self assessment, the evidence base, or the improvement actions	
Areas of concern		Justification for inclusion

Auditor: Do you have any other comments (in addition to those above) in relation to this criterion for discussion with the CEO?

Auditor and council staff: please summarise any examples of innovative or successful practice that you feel would be of interest to other councils:

4. We have an effective approach to public performance reporting

The submission should include:

- An overview of the council's approach to public performance reporting.
- An assessment of the extent to which the council's approach to PPRg meets the 'best features' set out below, including in particular, an assessment of the extent to which the council's approach will allow stakeholders to form a balanced picture of the council's overall performance.
- An assessment of when PPRg will have been implemented fully across the council.
- Examples of documentation that illustrate PPRg.
- A list of sources of evidence.
- Completed self-assessment using the template.
- A list of improvement actions.

Key features of a best value council

A best value council uses public performance reporting to ensure that its communities, citizens, customers and other stakeholders are aware of its plans, its priorities and the services that are available. The council ensures that services tell their stakeholders what standards of service they can expect and report back on performance and plans for improvement.

The council has identified what information stakeholders need in order to form a view on the achievements of the council. It presents this information in a form that people find useful. The content of PPRg is easy to understand and concise and includes:

a) Information on what services the council provides, what people can expect of them, and how people can get access to them.

b) Information on what the council has learned from consultation about what matters to its stakeholders and what it is doing to respond to these concerns.

c) Information that shows how the council is working with other bodies to best meet the needs of its communities.

d) Information that allows the public to see that the council is spending its money wisely and achieving value for money on behalf of its communities. It shows clearly that the council is eliminating waste, focusing on priorities, achieving value for money, and doing things that work.

e) Trend information, comparative information, and performance against targets or benchmarks to help stakeholders assess how well the council is performing.

f) Information on what the council is doing to improve its performance and impact, what targets it has for improvement if any, and what improvements have been achieved since it last reported.

In terms of <u>its approach</u> to PPRg, the council:

g) Has clearly identified what information will be provided at service level and corporate level respectively.
h) Generates information for PPRg as part of its management information systems.
i) Has identified which part of the council is responsible for providing what information.
j) Conveys this information via media that make it easy for people to find out what they want to know.
k) Presents the information in a clear, easy-to-understand and concise form.

Context

Councils are responsible for spending significant amounts of public money to provide services that are important to the public. They must account for how they are using that money to benefit their communities. They must show that they are addressing the issues that matter to people, that they are achieving results, and that they are cost-effective.

Within the Best Value framework, public performance reporting (PPR) was defined as a key element in making this accountability work.

The Task Force guidance on PPRg set out a 'menu' of likely topics for reporting. The same broad range of topics is covered in the PMP Audit.

Self-assessment Template 4	
Task	**Commentary**
4. The council has a systematic approach for ensuring that the approach to PPRg across the council meets the 'features' (g to k) set out above for all services.	A B C D E
35. The council's approach to PPRg will ensure that stakeholders can easily access the following information:	
a) Information on what services the council provides, what people can expect of them, and how people can get access to them.	no / qualified no / qualified yes / yes
b) Information on what the council has learned from consultation about what matters to its stakeholders and what it is doing to respond to these concerns.	no / qualified no / qualified yes / yes
c) Information that shows how the council is working with other bodies to best meet the needs of its communities.	no / qualified no / qualified yes / yes
d) Information that allows the public to see that the council is spending its money wisely and achieving value for money on behalf of its communities. It shows clearly that the council is eliminating waste, focusing on priorities, achieving value for money, and doing things that work.	no / qualified no / qualified yes / yes
e) Trend information, comparative information, and performance against targets or benchmarks to help stakeholders assess how well the council is performing.	no / qualified no / qualified yes / yes
f) Information on what the council is doing to improve its performance and impact, what targets it has for improvement if any, and what improvements have been achieved since it last reported.	no / qualified no / qualified yes / yes

36. The information provided by the council allows stakeholders to form a clear view of its overall performance.	No / qualified no / qualified yes / yes

Improvement actions

Managers completing the self-assessment: please summarise here any improvement actions that the council intends to take to address any of the issues identified under this criterion.

Evidence

The auditor should summarise here her/his assessment of the adequacy of the evidence that was available to support the submission and audit evaluation.

The service identified evidence to support (none / some/ half / most/ all) of its submission.

Documentary evidence was checked in relation to template prompts ( ) and overall was found to be satisfactory/unsatisfactory.

The following non-documentary evidence was used:

Additional comments on evidence base:

Auditor notes	Summarise any key areas for concern based on your findings for this criterion. These may relate to the council's self assessment, the evidence base, or the improvement actions	
Areas of concern		Justification for inclusion

Auditor: Do you have any other comments (in addition to those above) in relation to this criterion for discussion with the CEO?

Auditor and council staff: please summarise any examples of innovative or successful practice that you feel would be of interest to other councils:

Assessment of planned improvements

The submission should include:

- A completed Annex A which provides more detail for the improvement actions that have been listed under the criteria plus other improvement actions identified by the council through other work.
- A completed self-assessment template.

It is important to emphasise that a separate PMP action plan is **NOT** required. Instead, the PMP improvement actions should be incorporated into existing plans within the council. It is for the council to decide which plan is most appropriate. However, the council should set out clearly in (annex A) which of its plans the proposed action will appear.

Context
A key requirement under Best Value is that a council should be pursuing continuous improvement. Having completed its assessment of its existing PMP framework, the council is therefore asked to set out the improvements they plan to make to that framework. The council is also asked to self-assess these proposed actions against the features in template 5.

Audit task
The audit task in relation to the planned improvements are:

- check that the proposed improvement actions relate to the council's own PMP submission and to the audit findings
- check that the improvement actions are framed in SMART terms
- to verify the self-assessment in template 5.

In subsequent years, the Auditor will report on the council's progress in completing these actions. It is therefore important that planned improvements meet the SMART criteria.

Auditors should draw on their overall knowledge of the council as well as that gained through the PMP Audit. Significant areas of weakness identified in other audit work, which relate to PMP criteria but were not identified in the submission, should be raised for discussion. Auditors may wish to suggest that improvement actions should be identified by the council in relation to these weaknesses.

Self-assessment template 5	
Features	**Assessment**
37. The improvement actions address the main areas of concern identified through the PMP Audit.	No / qualified no / qualified yes / yes
38. The council has a systematic approach to prioritizing its improvement actions to address the most important areas of concern.	A B C D E
39. The improvement actions are realistic.	Yes / No Auditor: based on your audit knowledge, is there anything to indicate that it is unlikely that the council will be able to implement all the actions it has identified in the timescales set out? Yes / No
For each of the planned improvements.	
40. The description of the planned improvement is sufficiently precise to enable a judgment to be made as to whether it has been achieved.	Yes/No
41. It is clear why the planned improvement has been chosen.	Yes/No
42. The improvement is clearly based on the council's review of its existing PMP framework.	Yes/No
43. It is clear which PMP criteria the improvement relates to.	Yes/No
44. There are clear statements about what the improvement is intended to achieve.	Yes/No
45. The improvement is intended to primarily benefit:	1) The services received by the customer 2) The management of the council 3) A mix of the two
46. The improvement has clear intermediate milestones detailed.	Yes/No
47. Each of these milestones indicates what will have been achieved and by when.	Yes/No

47. There are clear statements about how the council intends to measure the success of this action.	Yes/No 43
As Auditor, I confirm this action can be audited next year.	

Yes/No

Annex A: List of improvement actions: Corporate PMP Audit

Council _____   Contact: _

_____

1. Description of the planned improvement.	2. Why has this improvement been chosen and which PMP criteria does it relate to?	3. What is this improvement intended to achieve? This should be both specific and measurable.	4. What are the key project milestones for this improvement? These should detail both relevant actions and timescales.	5. How will you know whether the improvement has achieved what it was meant to?	6. In which of your plans (e.g. service plan) is this improvement detailed?
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
etc.					

Notes on completion of Annex A (list of improvement actions)

1. **The proposed action should be described clearly and in sufficient detail so that it can be readily understood.**

An action such as:

"*To revise the corporate plan*"

is too vague and general and would require further detail of which parts of the plan were to be revised and in what way. A clearer and more auditable description of the action might be:

" *To revise the corporate plan to clarify the contributions of each service (in SMART terms) to addressing the council's overall priorities*".

2. **There should be a clear explanation as to why this action has been chosen in terms of its importance, relevance and priority.**

3. **There should be a clear connection between the council's PMP submission and the improvement action.**

4. **The improvement action should also be cross-referenced to specific PMP criteria (it may be linked to more than one).**

5. **There should be specific statements about what the improvement is actually intended to achieve.**

Such statements should not be a description of the activities that are planned but should indicate what the improvement is intended to change or deliver.

An example such as

"*to introduce improved PIs across the council*"

would be inadequate by itself. A clearer and more auditable statement might be:

"*To develop a set of internal PIs which will enable the council to improve its performance monitoring and control*"

6. **It should also be clear whether the improvement is intended primarily to improve the service received by the customer (internal or external) or whether it is intended to improve the management of the council.**

Annex B – PMP2 Audit Corporate Level "Scorecard"

A	There is no approach or there is little or no evidence of an approach.
B	There is limited evidence of some elements of an approach.
C	There is clear evidence that there is an approach but the approach is generally ad-hoc. There is little or no structured or consistent basis to the approach; it tends to be generally reactive; it is not integrated into everyday practice; its application may be irregular and inconsistent; there is little or no information to show whether the approach is working.
D	There is clear evidence that there is a structured and systematic approach that is generally applied consistently and according to agreed and understood principles; it is proactive where applicable; the approach is applied regularly and as frequently as required; there is some evidence to show whether the approach is working; however, there is little or no evidence that the approach itself has been reviewed to improve it.
E	As for D but the approach is also clearly integrated into everyday working practice. There is clear evidence that the approach is achieving its objectives and is working. There is also clear evidence that the effectiveness of the approach is kept under review and changes and improvements to the approach are made as necessary as a result of review.

The descriptions should be treated as indicative rather than as precise comprehensive descriptions of your approach. Please select the option that best describes the general approach in your service for each feature in the templates. Add any commentary you feel is necessary to qualify the option if required. Where other options are provided in a template, the terms should be self-evident. When using the electronic version, it is suggested that you delete those options that are not appropriate. **If an element of a criterion is not applicable to your service, enter 'N/A' with a brief explanation as to why this is the case.**

Where you are asked to make an assessment of the extent to which the approach is **actually used** throughout the council, the options are usually:

Some	Up to about 40% of the council
Half	Between about 40% and 60%
Most	Between 60% and 90%
All	Over 90%

Again, the options should be treated as indicative, not as precise measures.

Performance Audit: The Management Studies Unit (MSU)

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The Management Studies Unit Mission

We aim to be a centre of excellence for encouraging continuous improvement in the management of Scottish councils.

We will achieve this through the audit of management arrangements and by promoting good practice.

We will be customer driven, innovative and work in partnership with councils, auditors and other bodies.

We aim to ensure that we have the skills and knowledge necessary to achieve this.

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Measuring up to the best: A manager's guide to benchmarking

Getting to know you: building and using an information portfolio - A guide for service managers

Shorten the Odds: A guide to understanding and managing risk

Can't get no satisfaction? Using a gap approach to measure service quality

The map to success: Using process mapping to improve performance

These can be downloaded free of charge from the Audit Scotland web-site:

www.audit-scotland.gov.uk