Service Level Performance Management and Planning Audit

Audit Guide

2001/02

Audit Scotland
Performance Audit
August 2001

www.audit-scotland.gov.uk

This document provides guidance on the service level Performance Management and Planning (PMP) audit for 2001/2002.

This audit guide is for use by both auditors and council 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 service in its submission.

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

Copies of all PMP audit guides are available on the Audit Scotland web site and from the external auditor.

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Section 1. Introduction to the PMP audit and Best Value

Purpose of the PMP audit

The PMP audit provides services with an opportunity to stand back and evaluate how well they are implementing a Best Value approach. The audit is based on a self-assessment by the service. The main purpose is to provide a structured way in which a service can identify where it needs to improve.

Over the last two years, 192 services have completed the audit. The overwhelming feedback is that the audit is challenging and requires time, but is worth it. It helps a service to put together a set of high impact improvement actions/projects, and so helps the service pursue continuous improvement as required under Best Value.

The PMP audit has itself been improved year on year based on the feedback from councils.

The PMP audit framework

The PMP3 audit framework covers the attributes identified by the Best Value Task Force in its final report. It does this by asking services to assess themselves under 10 broad criteria that cover key elements such as leadership, consultation, Best Value reviews, asset management, financial control, continuous improvement, performance monitoring, and public performance reporting (Exhibit 1). The full details of the criteria are set out in section 4 of this audit guide.

Exhibit 1: The PMP3 criteria

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

2. We understand and respond to the needs, expectations and priorities of our stakeholders.

3. We carry out effective Best Value reviews.

4. We have detailed and realistic plans for achieving our goals.

5. We make best use of our people.

6. We make best use of our assets.

7. We have sound financial control and reporting.

8. We actively support continuous improvement.

9. We monitor and control our overall performance.

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

Audit objectives

The PMP audit has four main objectives:

- to provide a structured framework for helping a service to assess its PMP framework, identify areas for improvement, and select a set of high priority improvement actions/projects
- to provide independent, external assurance that the audited service is making progress in implementing a PMP framework
- to help identify good practice for dissemination
- to ensure that a service is planning for continuous improvement

What the audit involves

There are six main stages to the PMP service audit:

1. Audit Scotland distributes audit documentation to councils and auditors, and runs training events for all those involved.
2. The service provides the auditor with a PMP submission.
3. The auditor reviews the submission, checks a sample of evidence, checks whether the proposed improvement actions/projects have a clear rationale, and provides feedback to the service.
4. Any amendments suggested by the auditor to the self-assessment and improvement actions/projects are discussed, and where appropriate, agreed.
5. The auditor submits a report to service managers and the Chief Executive.
6. The auditor checks on the progress made in implementing the improvement actions/projects and achieving Best Value in subsequent years.

Audit coverage for 2001/2 (PMP3)

For 2001/02 there will be three components to the PMP audit in each council:

- a service level PMP3 audit carried out in two services in each council. Each council agrees with its auditor which services will be covered.
- a follow-up of the corporate and service level audits carried out in 2000/01 (PMP2).
- further follow-up as necessary of the 1999/01 audit (PMP1).

This audit guide deals with the service level PMP3 audit. A separate guide is available for the follow-up audits of PMP1 and PMP2.

The Best Value framework 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 (Exhibit 2)[1]. These were fully accepted in principle by Scottish Ministers and have provided the framework for the development of Best Value by Scottish councils.

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

Exhibit 2: 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 of a high quality 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. A performance management and planning (PMP) framework helps to achieve these objectives by establishing clear standards and targets for all activities, identifying where and how improvements can be made, and reporting on performance.

An essential part of a Best Value approach is the inclusion of action designed to achieve the mainstreaming of equalities issues within service planning and management. When establishing objectives, standards and targets and identifying improvements, consideration must be given to how an inclusive approach to meeting the needs of different sectors of the community can be achieved. Annex A provides some background to equalities issues in general and the specific requirements that are likely to flow from the Race Relations

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[1] Best Value in Local Government: Long Term Arrangements – final report of the Best Value Task Force, Scottish Executive,1999

Amendment Act. Within the PMP audit, however, the issue of equalities is treated in its widest sense. Managers should refer to Annex A for guidance on how equalities is treated within the PMP audit.

It is anticipated that a Bill will be published during the coming Autumn dealing with Best Value, community planning, and other matters. It is likely that the overall approach that will be set out will build on the existing approach. It is important therefore that councils continue to strive to implement a PMP framework as a major contribution to achieving Best Value.

Format of this guide

- Section 2 provides additional guidance on carrying out the audit. These notes build on the experience of previous years' PMP audits and provide tips on how to make the audit an efficient and helpful process.

- Section 3 provides an overall summary and suggested timetable for the audit.

- Section 4 provides the detail of what is required for the audit submission and the self-assessment templates.

- Section 5 deals with how the service uses the PMP audit to support continuous improvement.

Section 2. Completing the audit

This section provides guidance 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 the service's self-assessment is evidence based. Relying on anecdote and assertion is not sufficient. This means that when the service prepares its submission, it should be mindful of the fact that it should be able, **if required**, to provide evidence to support its self-assessment. The evidence may be in the form of documents, or gathered through discussion with staff and service users or through direct observation. The submission should **list** the evidence that **could** be provided to substantiate the self-assessment.

Not all evidence needs to be in documentary form as long as it is reliable. Evidence does not have to be exhaustive in its detail: it does need to be reliable, relevant and sufficient. A key word is 'proportional' – as long as there is sufficient reliable evidence to support the self-assessment, then that is satisfactory. The service does not need to be able to document every detail of its approach. Recording procedures and documentation will be expected to be appropriate and proportionate to the scale of the organisation, activity and risk.

After the auditor has reviewed the submission, he/she will ask the service to provide selected items of evidence for checking. The service should ensure that where it has listed evidence as being available if required, then it is readily to hand if the auditor should require it.

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 auditor's starting assumption will be that evidence-based claims made in a submission are accurate and reliable. Where the sample of evidence checked indicates that this is not the case, then evidence checking may be increased.

For many of the prompts in the self-assessment, there will need to be evidence that covers whether an approach is in place, and how extensively it is being applied. **Services should aim to maximise the extent to which the same evidence can be cited to support judgments across a number of the criteria.**

Getting behind the paperwork

Both services and auditors should aim to identify where evidence other than documentation can be provided to support the submission. In particular, auditors should consider where direct observation or interviews 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 service has already produced **an evidence-based** assessment for a recognised quality model (such as EFQM, IIP or ISO 9000-9004), it can draw upon that material in its PMP submission. Where the assessment can be shown to have been rigorously and independently validated, the auditor should be able to place reliance upon the relevant material with little or no additional work. This will reduce the work for both service and auditor. The service must ensure that it cross-references the quality model assessment/evidence to the PMP self-assessment**.** The quality model documentation should be passed to the auditor together with an explanation of how it was validated for accuracy. **The service should ensure that the quality model assessment still fully represents its current practice.**

Focusing on achievement not compliance

Section 4 of the audit guide sets out for each of the 10 criteria what are generally agreed to be sound approaches to the PMP framework. However, it is always possible that a service 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, the service should discuss its approach with the auditor to ensure that the audit assessment is a fair reflection of its practice.

Briefing session for the auditor

Feedback from previous years provides strong evidence that time can be saved by each service holding a briefing session for the auditor when the service is ready to hand over its submission. This will allow the service to set its submission in context and help the auditor gain a fuller understanding more quickly of the service's overall approach to Best Value. **It is strongly recommended that this be done. Dates for the briefing should be arranged as soon as possible following the start of the audit.** The session would also provide a good opportunity for the service to explain its use of other assessment frameworks (eg EFQM) if it wants the auditor to place reliance upon related documentation.

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

Last year some services and auditors found it useful to pre-arrange a second meeting so that, having reviewed the submission, 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 continues between the auditor and the service during the course of the audit.

Corporate actions

Sometimes, in order to improve service performance under one of the 10 criteria, action is required at a corporate level. Where this is the case, the service should identify what it thinks is required at a corporate level in the 'areas for improvement' section.

Auditor: where these issues appear to be material please record them in your report for discussion with the Chief Executive and note whether the council intends to take any action.

Selecting improvement actions/projects

The audit asks the service to note 'areas for improvement' under each of the 10 criteria. The service then has to prioritise those areas and identify what improvement actions/projects it will undertake (section 5 provides guidance on this stage). It is likely that the audit and other review work will result in the service identifying a large number of potential areas for improvement. In many cases, the number of areas will be greater than can be realistically addressed at one time. The service should be able to show that it has assessed what it can realistically undertake and has prioritised those areas that it believes are most important. Auditors will wish to satisfy themselves that there is a sound basis for the selection. Section 5 provides more guidance on selecting and auditing the improvement actions/projects.

Linking corporate approaches and service PMP audits

Auditors - Last year's PMP2 corporate audit will provide a good understanding of the council's overall approach to PMP. The audit report should be read in preparation for the PMP3 service audit as well as for following up the PMP2 corporate audit improvement actions. Auditors should also ensure that they receive a briefing from relevant corporate staff on any developments that have taken place in the corporate approach to PMP. This will provide a context for understanding the service submissions.

Some of the areas covered in the PMP audit (eg people management, asset management, financial management) are likely in most councils to be heavily influenced by corporate guidance and approaches. Where relevant, this should be identified in the service submission. **However, the service will still be expected to show in its own submission and self-assessment how corporate guidance is actually being applied in the service.**

Completing the audit efficiently and effectively

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 auditors and staff completing the audit helped significantly to produce the most productive outcome for the service.

Experience from previous years shows that a team approach is a productive way to prepare the audit submission. It spreads the workload, helps to ensure a balanced view, and also acts as a development opportunity for the staff involved. Preparing the submission was found to increase staff awareness of Best Value. The least effective approach involved a single senior manager preparing the submission, or delegating the task to a 'policy' officer. This approach significantly reduced the learning and developmental opportunities for the service.

An effective way of managing the team approach was as follows:
- **Identify and notify the staff who are best placed to complete different sections of the submission (it may be useful to have overlap in the coverage of criteria to ensure balance)**
- **Arrange a briefing session to ensure everyone is clear about what is required and distribute the audit documentation. Set a date for a meeting to agree the submission**
- **Staff individually read the audit guide and each completes their section(s)**
- **The team meets to discuss the assessments and arrive at a consensus**
- **One person uses the results of the consensus meeting to complete a final submission to hand to the auditor**

Minimising staff time for the audit

Previous years have also shown that around half of the initial submissions were not adequate for audit purposes. This resulted in significant delays as auditors had to request further information. Is was also inefficient for services as they had to rework their submissions. Services should therefore ensure that their submissions address all the prompts set out in section 4 of the audit guide. An example of a good submission will be provided to all services undertaking the audit. Services are urged to look over the example and aim to meet a similar standard.

Previous experience has shown that there are very significant differences in the time it takes services to prepare their submission. Estimates of the total staff time required have ranged from around 10 to 70 days. Good submissions have been produced in less than 20 days. **Some services have spent a disproportionate amount of time on the submission. This can lead to a perception that the audit is not cost-effective. Services should manage the process to keep the time input to a reasonable level.**

Maximising the usefulness of the audit by avoiding slippage.

A number of audits experienced significant slippage last year, with some audits not completed until well after the deadline of the end of March. This meant that the service was not able to use the results of the audit to inform its thinking as it finalised its service plans for the forthcoming financial year. There is a danger that this reduces the value of the audit for the service.

The delays were mainly in the following areas:

- Auditors and councils failing to get the audit under way as soon as possible following the training sessions for council managers and auditors in August
- Services failing to hand over the submission by the agreed date
- Inadequate submissions leading to significant reworking and delays
- Services failing to respond promptly to the auditor's requests for evidence
- Councils failing to clear draft reports from the auditor quickly
- The auditor failing to complete their review of the submission and report by the agreed dates.

It is strongly suggested that services and auditors agree and meet deadlines that allow verbal agreement to be reached on the PMP3 audit findings by the end of February at the latest, with reports submitted by end of March. **A suggested timetable is set out in section 3.**

Section 3. Key stages of the audit: summary

Getting started

June 2001	1.	Each council selects and notifies the auditor and Audit Scotland of the two services selected for PMP3 audit.
	2.	Auditor checks that this has been done and arranges dates for set-up meetings (strongly recommended) in September.
Mid August	3.	PMP3 material sent to auditors and services.
28 & 30 August 2001	4.	Workshops for councils on PMP3 audit
31 August 2001	5.	Workshop for auditors on PMP3 audit
October	6.	Setup meetings takes place between auditor and services. Attendees will need to include representatives for: the two PMP3 services, PMP2 service and corporate audits last year; PMP1 service audits. It may be more efficient to arrange one meeting for PMP3 services and a separate meeting for all others who are carrying out a follow up audit. It is suggested that a corporate contact person also attends the PMP3 meeting. The meetings provide an opportunity to go through the audit process, clarify any points of difficulty, and agree dates for briefings and receipt of submissions for each part of the PMP audit. Agree who the main points of contact will be for each service, corporate level, and audit team.

The following key dates should be agreed with each service being audited:

- the date by which it will hand the completed submission to the auditor (strongly suggested that this is no later than **mid November for PMP3 services, and mid December for PMP1 and PMP2 follow up audits.**).
- the date by which the auditor will notify managers of any questions they have arising from their review of the submission and what evidence is required to be provided.
- the date by which the evidence will be provided
- the date by which the auditor will formally meet relevant staff to provide feedback on the audit and finalise findings (**end of February at the latest)**
- the date by which the final audit report will be submitted **(end of March at the latest)**.

Regular and timely contact should be maintained during the course of the audit.

Key stages of the Audit

<table>
<tr><td></td><td colspan="2">7. Details of the overall timetable agreed with each service should be sent by the auditor to Performance Audit at Audit Scotland by 12 October 2001.</td></tr>
<tr><td colspan="3">Main audit</td></tr>
<tr><td>Sept – mid Nov latest</td><td>8.</td><td>Service staff prepare submissions.</td></tr>
<tr><td></td><td>9.</td><td>Auditor reviews last year's PMP2 corporate audit report.</td></tr>
<tr><td>Mid November latest</td><td>10.</td><td>Separate briefings held for each PMP3 audit (recommended) and submissions passed to auditor</td></tr>
<tr><td></td><td colspan="2">11. Main audit work carried out:

• Auditor checks that the submission is complete
• Auditor clarifies any areas of doubt or ambiguity in the submission and obtains any additional information to address gaps.
• Auditor notifies service as to what evidence will be required.
• Evidence provided and checked.
• Auditor notes potential areas of concern re approach, deployment, improvement actions/projects.
• Auditor notes any revisions to templates that will be suggested as a result of audit work.
• Auditor reviews list of proposed improvements submitted by the service to check that:

    i.   there is a clear rationale for the selection.
    ii.   the results from the PMP audit have been taken into consideration in selecting the actions
    iii.   the improvement actions/projects are framed in SMART terms and are capable of being audited.
    iv.   the improvement actions/projects, taken as a whole, appear to be realistic

• Auditor identifies any suggestions for changes in the improvement actions/projects.
• Auditor provides services 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.</td></tr>
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End of February latest	12. Auditor agrees audit findings with relevant staff, including the list of improvement actions/projects against which the service's progress will be formally audited in future years.
End of February latest	13. Auditor follows up improvement actions from PMP1 and PMP2 audit and reports to each service/corprate. Agrees any areas of concern and further action.
End of March latest	14. Auditor finalises reports for services and CEO (latter incorporating the corporate PMP2 follow-up audit, corporate issues arising from the PMP3 service level audits, and issues arising from the follow up of service level PMP1 and PMP2 improvement actions).
	15. Auditor copies documentation (submissions, audited templates and reports) to Performance Audit at Audit Scotland.

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

- Alan Neilson (0131 477 1234)
  aneilson@audit-scot.gov.uk
- Irene Coll (0131 477 1234)
  icoll@audit-scot.gov.uk)

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.

Section 4. Completing the submission

The following should be provided to the auditor as the submission:

- A service profile.
- Completed self-assessment templates and background information for each of the 10 criteria.
- An improvement agenda
- Key documentation as described in various criteria

  - Service's mission, vision, strategies, service plans (as available) (criteria 1 and 4)
  - A completed consultation exercise (criterion 2)
  - A completed Best Value review (criterion 3)
  - Two financial monitoring reports for senior management (criterion 7)
  - Two financial monitoring reports for members (if different) (criterion 7)
  - Two performance monitoring reports for senior management (criterion 9)
  - Two performance monitoring reports for members (if different)(criterion 9)
  - Public performance report(s) **or** Best Value Achievement Report (criterion 10)

Each of these is now described in more detail.

Service profile

The service being audited should provide the following background information to the auditor:

1. Gross revenue budget for the service being audited.
2. A summary of the main activities carried out/services provided.
3. Number of staff (total number rather than FTE).
4. The organisational structure for the service.
5. The reporting line for the service to the council's senior management structure.
6. A description of the process and structure whereby elected members oversee the performance of the service.

Self-assessment templates and background information

The following is required for each of the 10 criteria:

- A completed self-assessment template
- Background information to support the self-assessment
- A list of evidence that could be provided if needed to support the self-assessment
- A list of areas for improvement

An example of a good submission from the PMP2 audit will be provided to services and auditors for guidance. (NB There are some changes to the PMP3 templates from those used last year)

Completing the templates

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 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 contain a number of prompts covering features that might be expected in a 'best value service'. For each of the prompts you are usually asked to make an assessment of the service's approach, and the extent to which the approach is being used across the whole service (the 'deployment' of the approach).

For the 'approach', an assessment of A –E should be made using the definitions set out below. The "scorecard" at Annex B reproduces the scoring system for ease of use during the self-assessment.

A	- We have a systematic approach to the topic covered by the prompt. - This includes getting the approach understood by all those who have to use it and getting it deployed routinely and consistently across the service as required. - We also systematically assess and review our approach to ensure that it's effective. - We can show that we introduce improvements when necessary and that these are implemented.
B	- We have a systematic approach to the topic covered by the prompt. - This includes getting the approach understood by all those who have to use it and getting it deployed routinely and consistently across the service as required. - We do <u>not</u> have a systematic approach to assessing and reviewing our approach.
C	- We have a systematic approach to the topic covered by the prompt. - We <u>don't</u> have a systematic approach to making sure that it is understood by all those who have to use it and getting it deployed

	• routinely and consistently across the service as required. • We also do <u>not</u> have a systematic approach to assessing and reviewing our approach.
D	• We have an approach to the topic covered by the prompt, but it is generally ad-hoc rather than systematic. • It is not documented or is poorly documented[2]. • We <u>don't</u> have a systematic approach to making sure that it is understood by all those who have to use it or getting it deployed routinely and consistently across the service as required. • We also do <u>not</u> have a systematic approach to assessing and reviewing our approach.
E	• We do not have anything that could be regarded as an approach, or we can't provide any evidence that we have.

The descriptions in A – E should be treated as indicative rather than as precise comprehensive descriptions of your approach. Please select the option that best describes the situation in your service for each prompt in the templates. Add any commentary you feel is necessary to qualify the option if required.

Where other scoring options are provided in a template, the terms should be self-evident. **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 the options for response are 'no/ qualified no/ qualified yes/ yes', please provide a short explanation if the 'qualified' responses are selected. This may be provided through discussion with the auditor when reviewing the overall submission.

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

None	No evidence of the approach being used
Some	Up to 40% of the service covered
Half	Between 40% and 60% of the service covered
Most	Between 60% and 90% of the service covered
All	Over 90% of the service covered

Sometimes the relevant variable is not the 'service', but staff or reviews, etc. This is made clear in the templates. Again, the options should be treated as indicative, not as precise measures. The reason for assessing deployment is that it can help to identify improvement actions/projects. For example, where you find that you have a systematic good approach but it is deployed in only part of the service, then an improvement action would be to increase the extent to which it is deployed.

When completing the electronic templates, services should underline and bold their selection. Do not delete text in the templates.

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[2] For example, the documentation does not adequately explain what should be done and how it should be done, with the result that staff would not be able to apply the approach consistently without further information.

Completing the 'areas for improvement' box

Indicate briefly in the box marked 'areas for improvement', any aspects of your service where the PMP self-assessment indicates that improvement is required. You should include only issues that are material. You should describe the area for improvement in a way that makes clear what needs to improve and why, and what the improvement would be (ie what is the gap that has to be closed between the current situation and what is required). When you have completed the 10 criteria, you should then review all the areas for improvement listed to identify which are the most important. You will then need to identify the improvement actions and projects that you believe will have the biggest impact in terms of closing the gaps. These will then have to be balanced against other improvement actions/projects that the service is already committed to in order to arrive at a final set of highest priority areas for improvement that are realistic and deliverable. Section 5 asks for details of these improvement actions/projects. Separate guidance is available which provides ideas on how this task might be accomplished.

Completing the innovative practice box

If services 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 service's submission and note any areas where you feel the background information and evidence you have checked do not support the service's self-assessment.

In particular, note where there are low gradings or qualified no/yes responses and explore these further through discussion with the service. Check whether there are issues that should be reflected in the 'areas for improvement', and possibly, if material, in the final selection of improvement actions/projects.

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 staff and your report.

Note to services
The background information asked for should be kept concise. Its purpose is to provide the auditor with an indication of the service's approach and a feel for whether the self-assessment is grounded in fact. Further detail can be provided through supplementary documentation, discussion, observation etc.

Criterion 1: Clear leadership for a Best Value approach is provided by elected members, the Service Head and the senior management team.

The submission should include:

- A copy of the service's mission, vision, strategy and service plan (as available).
- An assessment of the extent to which the core features of Best Value are reflected in the above documents and day to day operation of the service.
- A summary of how members, staff and other key stakeholders (eg partners, suppliers, service users) have been involved in developing the service's approach to Best Value.
- A summary and assessment of how the service's management team functions (size, frequency of meetings, typical agenda).
- A summary of how Best Value has been promoted to staff and an assessment of the extent to which staff across the service understand the approach and what it means for them in practical terms.
- A list of sources of evidence.
- Completed self-assessment using template 1.
- A list of areas for improvement.

Features of a Best Value service

Best Value is widely acknowledged to require a culture change in the way that public services have traditionally been managed and provided. Culture change requires strong and consistent leadership that sets out a clear vision of what is expected and supports people in making changes. It requires an inclusive approach to developing a direction that produces a sense of ownership and ensures that the new direction really does meet the needs of service users and the wider community.

The Head of Service and senior managers have therefore developed an explicit vision and direction for their service that integrates Best Value expectations into everyday practice. Those expectations embody the core Best Value principles such as: providing services designed to meet community and customer needs; continuous improvement; getting the best cost/quality balance; promoting equalities; and public accountability and responsiveness. They are expressed in terms that provide a clear direction for staff, and are communicated widely and consistently. The language used is relevant to staff.

Relevant members have been fully engaged in this process and provide consistent support for the approach. The views of staff and other key stakeholders have been taken into account in formulating the approach

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The functioning of the management team (MT) is critical in terms of providing a collective and cohesive leadership for achieving Best Value. The MT must take a collective approach to formulating and reviewing both the strategic and operational performance of the service, making sure that the two are closely linked and are progressing. It must continually review that the service's capacity matches its commitments and make adjustments as required. Its agenda must show that it is both proactive as well as reactive. The MT will review its own performance to ensure that it works effectively as a team (eg open communication, team working skills) and that there is effective two-way communication with staff and elected members.

Senior managers are personally and actively involved in communicating the vision and strategy for the service to staff and other stakeholders. They do this so that staff understand fully what Best Value involves and how it underpins everything the service does.

Senior managers and members monitor developments to assess whether their vision for the service is being realised in a way that integrates Best Value into everyday practice.

Self-assessment template 1	
Features	**Assessment**
1. The service has a a) vision[3] b) mission[4] c) strategy d) service plan	a) no/ qualified no/ qualified yes/yes b) no/ qualified no/ qualified yes/yes c) no/ qualified no/ qualified yes/yes d) no/ qualified no/ qualified yes/yes
2. All senior managers provide consistent, active visible leadership throughout the service that supports the delivery of a Best Value service	No/ qualified no/ qualified yes/ yes
3. Senior management has an explicit and systematic approach for integrating Best Value principles into everyday practice across the service.	A B C D E
4. The approach covers the following broad areas: a) an inclusive approach to involving stakeholders in determining priorities and service standards and targets. b) designing services to meet customer needs. c) achieving continuous improvement. d) assessing and selecting service options to get the best cost/quality balance. e) equality (covering, for example, access, inclusive consultation, responding to diversity, monitoring of service usage, development of equalities performance targets and indicators). f) securing accountability through effective internal and external performance reporting.	a) no/ qualified no/ qualified yes/ yes b) no/ qualified no/ qualified yes/ yes c) no/ qualified no/ qualified yes/ yes d) no/ qualified no/ qualified yes/ yes e) no/ qualified no/ qualified yes/ yes f) no/ qualified no/ qualified yes/ yes

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[3] A vision sets out where the service sees itself in 3 –5 years time. It may embody core values that the service sees as fundamental.

[4] A mission statement sets out what the fundamental purpose of the service is. This purpose should be reflected in its operational and strategic objectives and monitoring information.

5.	The service's management team provides clear strategic and operational leadership to the service.	No/ qualified no/ qualified yes/ yes
6.	The service's management team has reviewed its own effectiveness in the way it deals with its business and provides clear leadership to the service.	No/ qualified no/ qualified yes/ yes
7.	The MT has assessed whether staff feel that it provides clear strategic and operational leadership for the service	No/ qualified no/ qualified yes/ yes
8.	Relevant elected members[5] are actively involved in formulating, promoting and supporting the service's approach to Best Value.	No/ qualified no/ qualified yes/ yes Covering: none / some/ half/ most/ all relevant members
9.	There is a systematic approach for involving staff in formulating the service's approach to Best Value.	A B C D E Covering: none / some / half / most / all staff.
10.	Senior managers communicate the service's approach to Best Value systematically throughout the service in terms that are relevant to staff and 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
11.	The approach to Best Value is clearly reflected in the service's vision, mission, strategies and service plan(s).	No clear links between approach and documents/ some links/ most elements of the vision evident/ comprehensive links.

Areas for improvement

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[5] Those members with a direct responsibility for overseeing the service area's performance

Evidence

Auditor: please summarise your 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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement

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 service managers?

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

Criterion 2: We understand and respond to the needs, expectations and priorities of our stakeholders.

The submission should include:

- A summary and assessment of how the service uses consultation, market research etc to ensure that its activities are geared to meeting the needs of its communities and customers. *Consultation should be interpreted in its widest sense to include all approaches involving stakeholders.*
- An assessment of the cost-effectiveness of the service's approach to consultation.
- Examples of how the findings from consultation have been used in the planning, design, and improvement of services.
- Documentation relating to one completed consultation exercise.
- A list of sources of evidence.
- Completed self-assessment using template 2.
- A list of areas for improvement.

Features of a best value service

Best Value requires services to develop a customer/citizen focus. A best value service is responsive to the needs of its communities, citizens, customers and other stakeholders, and its plans and priorities are demonstrably based on such an understanding. It makes sure that it involves stakeholders in helping to identify policy and service priorities, including service availability, the standards of service to be delivered, and improvements that are required. Approaches to consultation may involve community forums, citizens' juries, focus groups, customer panels, surveys and other methods. Whatever approaches to consultation are adopted, the service ensures that methodologies are inclusive and allow representation from all sections of the community.

The service has identified its key stakeholders for its main areas of activity. These may include: citizens, service users (internal and external), elected members, the business community, the voluntary and independent sectors, suppliers, government, interest groups, staff, partner organisations, inspection and audit bodies. Reaching non-users is important, since non-users often include the most excluded groups and those most likely to experience discrimination.

The service is clear about why it is consulting, it targets relevant stakeholders, and it employs cost-effective approaches to consultation. Stakeholders feel that they have genuine opportunities to make their voice heard and that the service listens to, and takes account of, their views. The service can show how it has used the results of this work in

planning, designing and improving services. It routinely provides feedback to stakeholders that were consulted to explain what decisions have been taken and why. It reviews its approach to consultation to see how it can be improved.

The service also ensures that is assesses customer satisfaction on a regular basis and uses the information to maximise service quality.

Self-assessment template 2	
Features	**Assessment**
12. The service has built consultation into its regular service planning cycle.	A B C D E for: none/ some/ half / most/ all parts of the service.
13. A systematic approach to identifying who to consult and how to reach them is evident.	A B C D E for: none/ some/ half / most/ all consultation activity.
14. Equalities is built in systematically to the approach to consultation.	A B C D E for: none/ some/ half / most/ all consultation activity.
15. Information on user satisfaction with services is regularly and systematically gathered and used to improve services.	A B C D E for: none/ some/ half/ most/ all activities.
16. Information and ideas on how services can be improved is systematically gathered from other stakeholders and used.	A B C D E for: none/ some/ half/ most/ all activities.
17. There is a systematic approach for co-ordinating consultation exercises and sharing information (as appropriate) within the service/council/ other bodies.	A B C D E for: none/ some/ half/ most/ all activities.
18. Consultation exercises have clear objectives.	Never/ sometimes/ usually/ always
19. Consultation exercises result in clear recommendations for action (including maintaining the status quo where appropriate) that are implemented.	Consultation exercises: never/ sometimes/ usually/ always result in clear recommendations for action. The recommendations are: never/ sometimes/ usually/ always implemented.
20. The service systematically reviews its approach to consultation to ensure value for money.	A B C D E

Use the following template to assess the sample consultation exercise documentation

Consultation exercise assessed: …………………………………………..

Self-assessment template for one consultation exercise	
Features	**Assessment**
21. There were clear (SMART) objectives for this exercise in terms of what the service was seeking to find out.	No / qualified no / qualified yes / yes
22. There was a clear rationale as to why this particular method of consultation was being used.	No / qualified no / qualified yes / yes
23. There was a clearly defined audience/group of participants.	No / qualified no / qualified yes / yes
24. There was a clear rationale as to why they were chosen.	No / qualified no / qualified yes / yes
25. The consultation exercise reached its intended audience.	No / qualified no / qualified yes / yes
26. The resource requirements/implications of the consultation exercise were clearly set out when it was planned and agreed.	No / qualified no / qualified yes / yes
27. There were clear recommendations as a result of the exercise.	No / qualified no / qualified yes / yes
28. These have been implemented.	No / qualified no / qualified yes / yes
29. The service has assessed whether the exercise demonstrated value for money (looking at the overall benefit of the exercise against the costs/resources/time required).	No / qualified no / qualified yes / yes

Areas for improvement

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.

A sample of evidence was checked and overall was found to be satisfactory/unsatisfactory.

Any comments on the evidence base:

Auditor notes

Summarise any key areas for concern based on your findings for this criterion. These may relate to the service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Examples of policies/strategies/service provision processes that eliminate barriers to participation by members of equalities groups would be particularly welcome.

Criterion 3: We carry out effective Best Value reviews.

The submission should include:

- A summary of how the service's program of reviews is determined and managed.
- A summary and assessment of how the service ensures that reviews are rigorous and challenging.
- A summary of the Best Value review programme, including: reviews completed, reviews ongoing with expected completion date, and remaining programme.[6]
- An assessment of the impact including on equalities mainstreaming, made so far by your Best Value reviews (if this information is included in your Best Value Achievement Report for criterion 10, please just cross refer).
- A 'terms of reference/scoping' report and final report for one completed Best Value review.
- A list of sources of evidence.
- Completed self-assessment using template 3.
- Areas for improvement.

Where corporate guidance or approaches exist on any of the bullet points listed above, the submission should refer to that guidance and provide copies. However, the background information and self-assessment should still be completed to show how the corporate approach is actually being applied within the service.

Key features of a Best Value service

Best Value reviews rigorously assess what the activity is aiming to achieve, whether it is still required, and whether is will continue to meet future needs. It evaluates which options are available and which will ensure that customers receive the highest quality of service possible within the resources available. Options may include, for example: improved in-house service, reconfiguring, joint working, partnership, externalisation, transfer, ceasing provision, or some variation or combination of these options (Annex D gives background information on these options). Decisions on using the market, with or without an in-house bid, will be transparent and justified on Best Value grounds.

There is a structured and documented approach to the evaluation of options. Where a developed market exists for an activity, full consideration is given to the use of market testing or open competition. The service supports an open-minded approach to finding out what will work best in the local context.

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[6] Where services are covered by corporate or cross cutting reviews, please give the details of the review and explain which of the service's operational activities will be covered in that review.

The selection of an option takes into account service quality, cost and sustainability, as well as strategic objectives. Political and managerial judgment may also be involved. The evaluation process makes clear what these criteria were and how they were applied in reaching a decision.

A Best Value service will pay attention to both the overall management and support of the review program as well as ensure 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/efficiency type reviews (see criterion 8). Both are undertaken.

Reviews may take as their focus a policy, a specific service, a geographical area, a community of interest, a cross-cutting issue, a function (e.g. procurement), a structural issue (e.g. area office network), etc. Whatever the mix of reviews, the service will ensure that all its activities are covered at some point, and that the 4 Cs (consult, challenge, compare, compete) are applied in a relevant and systematic manner.

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 service, known performance issues, and an initial assessment of the potential benefits that might be expected from a review given what is known about current problems and comparative providers. This should include an assessment of the extent to which the existing service has integrated equalities issues.

Carrying out reviews takes valuable time and energy. The opportunity cost is high. Therefore a service 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, documented assessment shows acceptable performance and little scope for alternative approaches, then resourcing and timescales for a review reflect that fact. Reviews are included in service plans to ensure that they are programmed within available resources.

Reviews are focused on solving problems and finding improvements. Techniques are used as appropriate, not as ends in themselves. Benchmarking of performance data, processes and overall approaches is carried out with partner organisations that have been selected as relevant.

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. Where reviews result in recommendations for action that will require a number of years to implement, they are incorporated within a multi-year planning and budgeting framework so that the longer-term resource commitments are clear.

Review teams are given guidance 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 in the review to scale, complexity and potential benefits. The guidance may be corporate or specific to the service.

The service ensures that review teams are properly trained and that an element of independent challenge is incorporated during the review and at the end.

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

The review programme is project managed. Senior management monitor progress of the overall programme and impact of individual reviews.

Quality assurance/control processes (QA/QC) are used to ensure that reviews are rigorous, genuinely explore options, address the 4 Cs, and result in tangible improvements. There is a demonstrable commitment to ensuring that services are competitive with realistic alternatives. The QA/QC processes ensures that action is taken timeously where a review is not robust, lacks direction, becomes irrelevant, or is not on course to complete its remit in the agreed timescale. Lessons on conducting effective reviews are learned and shared across the service/council.

Context

The Best Value Task Force guidance required every council to subject all of its activities to a challenging review that encompasses the 4 Cs (challenge, consult, compare, compete). The initial expectation was that all activities would be covered over a 5-year period, The purpose of a Best Value review is to establish whether a particular service should (continue to) be provided, and how it should best be provided to deliver the

best cost/quality balance whilst supporting the council's priorities. Reviews should also cover activities that have been externalized or are provided through partnering arrangements.

Best Value is not prescriptive as to how needs and expectations should be met or how services should be provided. However, there is a clear expectation that the best cost/quality balance is obtained. This requires services to have a clear view on their comparative performance (where applicable) and assess the scope for realistic improvement. Often, therefore, a key part of the review should involve some form of option appraisal to review alternative means for securing the service or a particular set of benefits. The appraisal should include an assessment of the impact of each option on equalities issues. An open-minded approach is required. Where an option appraisal is not conducted, there must be a clear rationale put forward to justify why other options were not considered at all.

There is evidence to suggest that in some councils, some Best Value reviews have been focused at too low a level. The result is a large number of small-scale operational reviews that have limited scope to consider radical or innovative improvements. Slippage also tends to be significant and the overall impact of the significant staff effort may be limited.

Self-assessment template 3	
Features	Assessment
30. The service has a systematic approach to determining its overall programme of Best Value reviews	A B C D E
31. The program of reviews is designed to ensure that: a) reviews cover significant topics that provide scope for challenge and improvement b) reviews address areas of strategic concern for the service and its stakeholders c) reviews are prioritised on a rational basis with particular attention given to areas where performance/ customer satisfaction is poor d) reviews are rigorous and address the 4 Cs e) all areas of the service will be reviewed over a 5 year period.	a) No/ qualified no/ qualified yes/ yes b) No/ qualified no/ qualified yes/ yes c) No/ qualified no/ qualified yes/ yes d) No/ qualified no/ qualified yes/ yes e) No/ qualified no/ qualified yes/ yes

32. Elected members agree the review program.	No / qualified no / qualified yes / yes
33. The service has a quality assurance process that ensures that reviews are rigorous and challenging.	A B C D E Applied to none/ some/ half/ most/ all reviews
34. The service's approach ensures that the timescale, staff input, use of techniques etc during a review are commensurate with the scope, complexity and potential for improvement.	No / qualified no / qualified yes / yes Applied to none/ some/ half/ most/ all reviews
35. Membership of a review team is formally recognized by line management in terms of duties and time allocation allowed for relevant staff to participate.	No / qualified no / qualified yes / yes
36. Best Value reviews are included in the service plan.	No / qualified no / qualified yes / yes
37. The management team systematically monitors <u>progress</u> of the overall review program.	A B C D E

38. Monitoring includes the following elements:
  a) Regular update of the progress of ongoing reviews
  b) Ensuring that completed reviews are reported timeously
  c) Ensuring that recommendations accepted by members are actioned
  d) Reviewing the impact of implementation
  e) Reviewing priorities in the programme of remaining reviews.
	a) No / qualified no / qualified yes / yes
	
	b) No / qualified no / qualified yes / yes
	
	c) No / qualified no / qualified yes / yes
	
	d) No / qualified no / qualified yes / yes
	
	e) No / qualified no / qualified yes / yes

39. The management team monitors the <u>quality</u> of reviews on a systematic basis. Action is taken to address areas of concern.	A B C D E
40. Relevant members are systematically kept informed of the progress and impact of the Best Value review programme.	A B C D E

41. There is a systematic process whereby elected members have a clear role in	
a) challenging review findings	a) No / qualified no / qualified yes / yes
b) scrutinising the impact of the review on equalities groups	b) No / qualified no / qualified yes / yes
c) agreeing review conclusions.	c) No / qualified no / qualified yes / yes
42. The Best Value review report submitted for the audit is representative of the quality of review work undertaken generally within the service.	No/ qualified no/ qualified yes/ yes

Please complete the remainder of this template for a completed Best Value review. If the review has not yet been completed, address those parts of the template that relate to progress to date. If no Best Value reviews have yet been started in this service area, please indicate when the first review is scheduled to start.

Self-assessment template for a Best Value review (using the reports provided in the submission)

Activity/service area reviewed…………………………………………………

OR: no review work has yet started. Scheduled start is:…………………….

43. A full proposal was provided for the review which included the following information:	
a) the scope of the review and the business case for selecting that topic	a) no/ qualified no/ qualified yes/ yes
b) an initial assessment of the current situation	b) no/ qualified no/ qualified yes/ yes
c) areas for potential challenge and exploration	c) no/ qualified no/ qualified yes/ yes
d) an indication of scope for improvement or innovation	d) no/ qualified no/ qualified yes/ yes
e) a project plan of the tasks to be carried out, which match the scope, scale and importance of the review	e) no/ qualified no/ qualified yes/ yes
f) a timescale for the review	f) no/ qualified no/ qualified yes/ yes
g) an assessment of resources required for the tasks	g) no/ qualified no/ qualified yes/ yes
h) any training and support, including knowledge of equalities issues, that will be required by the team and how it will be provided	h) no/ qualified no/ qualified yes/ yes

i)	a reporting timetable including interim and final reporting;	i) no/ qualified no/ qualified yes/ yes
44.	The review covered the following areas:	
	a) an analysis of past and current performance, including comparators wherever possible and performance against the service's own targets.	a) no/ qualified no/ qualified yes/ yes
	b) the competitiveness of the activity was analysed, where applicable.	b) no/ qualified no/ qualified yes/ yes
	c) systematic option appraisal, including an equalities impact analysis, was used to explore other policy choices and delivery options.	c) no/ qualified no/ qualified yes/ yes
	d) account was clearly taken of the informed views of stakeholders (particularly users, potential users, and staff) in developing options and recommendations.	d) no/ qualified no/ qualified yes/ yes
	e) an element of independent challenge was incorporated both during and at the end of a review.	e) no/ qualified no/ qualified yes/ yes
	f) benchmarking of performance and processes was used as appropriate.	f) no/ qualified no/ qualified yes/ yes
45.	The review considered:	
	a) whether the service should continue	a) No / qualified no / qualified yes / yes
	b) if so, the level and way in which it should continue	b) No / qualified no / qualified yes / yes
	c) who should deliver the service.	c) No / qualified no / qualified yes / yes
46.	Staff on the review were given the training and support needed to complete the review successfully.	No / qualified no / qualified yes / yes
47.	A full range of options was identified and evaluated (see Annex D)	No / qualified no / qualified yes / yes
48.	If the answer to prompt 66 is **No,** which relevant options were not reviewed?	List:
49.	A clear rationale for not considering these options was given in the final review report to elected members.	No/ qualified no / qualified yes / yes
50.	Clear appraisal criteria for choosing between options were identified at the outset.	No / qualified no / qualified yes / yes

51. All options were reviewed in terms of both cost and quality.	No / qualified no / qualified yes / yes
52. The review report was: a) concise, clear, and readable b) contained clear preferred options or recommendations based on analysis, including equalities impact, and evidence.	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes
53. The review recommendations were clearly set out and reported to members.	No / qualified no / qualified yes / yes
54. There was a clear evidence-based justification for the recommendations.	No / qualified no / qualified yes / yes
55. The report clearly set out the short/medium/long-term benefits and improvements for communities and customers that were expected as a result of the recommendations.	No / qualified no / qualified yes / yes
56. The report included an equalities impact assessment	No / qualified no / qualified yes / yes
57. The report clearly set out the short/medium/long-term resource implications of the recommendations, including: a. revenue budget commitments b. operational efficiency c. opportunities for reprioritising within existing resources d. workforce issues e. investment requirements.	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes c) No / qualified no / qualified yes / yes d) No / qualified no / qualified yes / yes e) No / qualified no / qualified yes / yes
58. The report clearly set out the short/medium/long-term a. measures and targets for future performance b. arrangements for **monitoring and reporting** on the success of the recommendations	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes
59. A concise evaluation of each option was reported to members.	No / qualified no / qualified yes / yes
60. The review recommendations were:	Adopted/ Modified/ Rejected by members
61. The recommendations that were accepted have been implemented.	No/ some/ half/ most/ all
62. The expected improvements have been achieved.[7]	No/ some/ half/ most/ all

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[7] A description of the actual improvements should be given in Criterion 3 background information or in the Best Value Achievement Report under criterion 10.

63.	If the answer to prompts 61 is other than **yes**, is there a clear timetable for full implementation?	No / qualified no / qualified yes / yes
64.	Members were involved in the review process (other than agreeing the final report).	No / qualified no / qualified yes / yes

Areas for improvement

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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 4: We have detailed and realistic plans for achieving our goals.

The submission should include:

- A list of the plans produced by the service.
- A copy of the council's community plan and corporate strategy.
- A summary and assessment of the process used to ensure that the service plan reflects priorities set out in the council's community plan and corporate strategy/plan.
- A summary and assessment of how the service anticipates future changes in stakeholder's needs and expectations and reflects these in its plans.
- A summary and assessment of how the service works with other relevant organisations to ensure a 'joined-up' approach to meeting customer and community needs, including mainstreaming equalities issues.
- A summary and assessment of how the service matches its commitments to its capacity so that its plan(s) are realistic and deliverable.
- An assessment of the use made of multi-year planning and budgeting.
- A summary and assessment of how the service communicates its plans to, and ensures ownership by, staff.
- A summary and assessment of how the plan is revised during the year to keep it relevant.
- A summary and assessment of how progress against the plan is monitored.
- A list of sources of evidence.
- Completed self-assessment using template 4.
- A list of areas for improvement.

NB where the items mentioned above involve a corporate process, the service should include in its submission an assessment of whether the corporate process is effective from the service's point of view and where there are areas for improvement.

Key features of a best value service

Clear and concise plans are essential in a best value service. Plans integrate service priorities with those set out in the council's community plan and corporate strategies. The service plan provides a framework for all activities carried out by the service: it sets out what the service intends to do and why, whom it is serving, what it aims to achieve, performance standards and targets to be met and the resources involved. The plan sets out a realistic resourced set of activities with clear objectives.

The service listens to stakeholders as it formulates its plans to ensure that it is responding to the needs and priorities of its communities.

Plans provide the basis for guiding decisions and action, and for holding the service to account. Managers and members periodically review achievements against the plan. Achievements should cover all important areas of the service's performance (a suggested set of headings is provided in criterion 9).

The plan is kept under review and revised as necessary to reflect changes in priorities, objectives or resources. Changes are recorded and communicated to stakeholders.

Although a service may have to produce more than one plan, the service makes sure that these are internally consistent and produced as part of a single planning and budgeting process. This ensures that they are all mutually achievable within given resources.

Some of the service's goals and objectives may involve working with other organisations: health boards and trusts, social landlords, enterprise agencies, fire and police services, voluntary sector agencies, etc. A best value service ensures that such partner organisations are aware of each other's plans and have understood and agreed their respective roles in contributing to these. The broad role, contribution and responsibility of each organization is agreed. There are arrangements for clearly identifying the extent to which these roles and /responsibilities are being met and the progress being made towards achieving the identified objectives.

A best value service ensures that its plans are clearly based on the resources it has available. Resources will include finances, people, assets and information. The service knows what resources are available and ensures that they are applied to the right activities. Service plans have been properly costed and budgeted and are realistic and achievable given the available resources.

A best value service also looks ahead to understand how stakeholder needs and expectations may change in the future. Changes might relate to the demography of the area, the social or cultural environment, the local economy, legislation, and local or national political priorities. There may be others.

Such analysis ensures that the service proactively plans to respond to those changing needs. The results and service implications of such analysis are fed back to all managers who are engaged in planning so that they ensure their plans take such factors into account.

The service ensures that decision makers are aware of the future financial implications of commitments set out in its plans. It also ensures that it plans ahead to match resources to its longer term strategic objectives. It does this through developing multi-year planning and budgeting. Longer term strategic changes in service delivery are reflected in these multi-year plans.

Within the service, there are mechanisms for ensuring that the commitments set out in plans are translated into specific tasks for teams and individuals to undertake and these are communicated clearly and effectively. Management knows whether staff understand the plan and associated tasks.

Context

Best Value emphasises the importance of "sound strategic and operational management". In its summary report on the audit of management arrangements (*Planning for Success, August 1998*) the Commission indicated that in some councils service planning needed to be improved.

Most services now have service plans. However, there are still continuing problems in the following areas:
- integrating corporate and service priorities.
- integrating policies and resources
- ensuring that plans are realistic
- plans not actually used as a management tool
- achieving sustained commitment within the organisation to what is in the plan.

Self-assessment template 4	
Features	Assessment
65. The service ensures that all its plans are consistent with each other.	A B C D E Covering: none/ some/ half/ most / all plans
66. The service has a systematic approach for ensuring stakeholders' views are taken into account in formulating its plan(s).	A B C D E for none/ some/ half/ most/ all activities.
67. The service has a systematic approach for identifying future needs and building its response into its service plans.	A B C D E for none/ some/ half/ most/ all activities.

68.	The service has a systematic approach for working with partner organisations to ensure a joined up approach to meeting the needs of its customers and communities. This includes: a) agreeing respective roles and commitments b) integrated management of resources where appropriate c) effective monitoring of collective performance d) joint problem solving	A B C D E a) No/ qualified no/ qualified yes/ yes b) No/ qualified no/ qualified yes/ yes c) No/ qualified no/ qualified yes/ yes d) No/ qualified no/ qualified yes/ yes Covering: none/ some/ half/ most/ all partner organisations
69.	Commitments in the plan are systematically translated into clear responsibilities for implementation.	A B C D E For none/ some / half / most / all areas of the plan.
70.	The service ensures that staff know what is in the plan and what it means for them.	A B C D E none / some / half / most / all staff are aware of the plan and its implications for them.
71.	Senior managers systematically review progress against the plan and document and communicate any revisions to ensure that the plan remains current.	A B C D E For none/ some / half / most / all areas of the plan.
72.	There is a systematic process for keeping relevant elected members informed of progress against the plan and of the need for any revisions.	A B C D E For none/ some / half / most / all areas of the plan.
Based on the service/business plan provided, please complete the remainder of the template		
73.	The plan is comprehensive in that it covers all activities for that service.	No/ qualified no/ qualified yes/ yes
74.	The plan clearly sets out what the service intends to achieve (in SMART terms).	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all activities
75.	The plan clearly integrates priorities set out in the council's community plan and corporate strategy as appropriate	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all activities
76.	The plan includes analysis to show how demand will change and how the service will respond.	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all activities

77.	The plan shows clearly how the service is working with major partner organisations to provide joined-up services that meet customer and community needs.	No/ qualified no/ qualified yes/ yes
78.	The plan shows that equalities issues have been taken into account in the way services are being planned, marketed, delivered and evaluated.	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all activities
79.	The plan clearly sets out performance standards and targets to be achieved for all major areas of activity.	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all activities
80.	The plan sets out in terms of specific initiatives how the service will pursue continuous improvement, including its programme of Best Value reviews.	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all parts of the service
81.	The plan covers more than one year where necessary to show longer term shifts in provision and priorities.	No/ qualified no/ qualified yes/ yes Please specify time period covered: …….years (…………to …………..)
82.	The commitments in the plan are matched to financial and other resources.	No/ qualified no/ qualified yes/ yes For no/ some/ half/ most/ all parts of the service

Areas for improvement

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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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

Any additional comments on the evidence base:

Auditor notes

Summarise any key areas for concern based on your findings for this criterion. These may relate to the service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 5: We make best use of our people.

The submission should include:

- A summary and assessment of how the service ensures it has the people it needs to deliver its plans.
- A summary of how equalities issues are built into workforce planning and management.
- A summary of how the service ensures that staff know what is expected of them.
- A summary and assessment of how staff are helped to improve their performance.
- A summary and assessment of the service's approach to assessing and managing the morale and motivation of its staff.
- A list of sources of evidence.
- Completed self-assessment using template 5.
- A list of areas for improvement.

Key features of a best value service

Staff are treated as a key strategic resource. A best value service makes sure that it has the organisational capacity to implement its plans and that it makes full use of the abilities of its staff. The service therefore explicitly relates its staffing requirements to its strategic and operational objectives in terms of numbers, skills, knowledge, deployment, structure, etc.

A best value service ensures that all staff are managed effectively and efficiently. Managers communicate service priorities and objectives to staff and ensure that those objectives are translated into tasks that teams and individuals undertake. Staff know what is expected of them, their performance is regularly assessed and they are assisted in improving their performance. Management monitor the morale and motivation of their staff and take action to address problems. Staff feel that they are valued and that their skills and knowledge are used effectively and to the full.

The service has a systematic approach for identifying and managing risks in relation to workforce matters. This may cover such issues as health and safety, business continuity, and public safety.

(NB This criterion deals with strategic aspects of staff. Actual people performance is addressed in criteria 9).

Self-assessment template 5	
Features	**Assessment**
83. The service has a systematic approach for ensuring that its people resources match what is required to deliver its commitments.	A B C D E For no/ some/ half/ most/ all parts of the service
84. Where gaps are identified, timely action is taken to close any gaps.	No/ qualified no/ qualified yes/ yes
85. The service's approach to training is clearly informed by an assessment of where there are skills/ knowledge/ performance gaps (including those relating to the integration of equalities requirements).	A B C D E For no/ some/ half/ most/ all parts of the service
86. The service has a systematic approach to evaluating its training to ensure that it is achieving the desired impact.	A B C D E For: No / some / half / most / all training
87. There is a systematic approach for translating service objectives into actions/tasks for members of staff.	A B C D E For no/ some/ half/ most/ all staff
88. A systematic approach is used for communicating objectives and performance expectations to staff.	A B C D E For no/ some/ half/ most/ all staff
89. A systematic process is used for providing feedback to staff on performance and agreeing action to improve performance.	A B C D E For no/ some/ half/ most/ all staff
90. Senior managers systematically assess the state of morale, satisfaction and motivation of staff.	A B C D E For no/ some/ half/ most/ all staff
91. Where problems with morale, satisfaction or motivation are identified, appropriate action is taken.	No/ qualified no/ qualified yes/ yes
92. There is a systematic approach for taking equalities issues into account in the planning and management of the workforce	A B C D E For no/ some/ half/ most/ all parts of the service Covering: age; gender; race; disability; (please delete those that do not apply)
93. There is a systematic approach for ensuring that the service makes full use of the skills and knowledge of its staff	A B C D E For no/ some/ half/ most/ all staff

94. There is a systematic approach to risk management in relation to workforce matters	A B C D E For no/ some/ half/ most/ all parts of the service

Areas for improvement

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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 6: We make best use of our assets.

The submission should include:

- A summary and assessment of how the service's asset base is matched to what is required to deliver the service's objectives.
- A summary and assessment of the service's approach to managing its assets to achieve Best Value.
- A summary and assessment of how the service's approach to procurement supports Best Value.
- A summary of how senior management monitor asset management.
- A list of sources of evidence.
- Completed self-assessment using template 6.
- A list of areas for improvement.

Key features of a best value service

A Best Value service matches its asset base to its objectives in terms of suitability. Key assets could include infrastructure, land, property, vehicles, plant, equipment, materials, information and communications technology (ICT). Increasingly, the knowledge and intellectual capital within the service are also being seen as a key asset that should be managed to improve the service provided.

The service ensures that assets are managed efficiently and effectively, looking at factors such as availability, accessibility, utilisation, cost, condition, depreciation, etc. Redundant or under-used assets are disposed of or released for additional use wherever possible. The full cost of the asset base is reflected in the cost of activities. Full life costing is usually used.

The service uses an asset management approach for its key resources so that a longer term strategic approach is taken to matching assets to objectives in a way that secures value for money and continuous improvement. Senior management takes a close interest in asset management issues.

The service has a procurement strategy that ensures that it treats procurement as a key component in achieving its objectives as well as finding the most cost-effective method for securing the quality of assets/services it needs.[8] Sustainability of performance as well as resources is taken into account in procurement.

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[8] Forthcoming guidance from the Scottish Executive on strategic procurement and option appraisal will be available later in 2001.

Where particular assets are managed at a corporate level, the service acts as an informed client to secure an effective service from corporate staff.

The service has a systematic approach to risk management in relation to its assets.

(NB This criterion deals with strategic aspects of asset management. Actual resource performance is addressed in criteria 9).

Self-assessment template 6	
Features	**Assessment**
95. The service has a systematic approach to matching its asset base to what is required to deliver its objectives.	A B C D E Covering: none/ some / half / most / all key assets
96. The service has a systematic approach to managing the following key assets to achieve value for money and continuous improvement: a) Infrastructure b) Land c) Property d) Vehicles, plant, equipment e) ICT f) Materials/supplies g) Knowledge and intellectual capital	a) A B C D E b) A B C D E c) A B C D E d) A B C D E e) A B C D E f) A B C D E g) A B C D E
97. The service has a systematic approach to procurement to support achievement of the service's objectives and deliver Best Value.	A B C D E
98. The service has a systematic approach to risk management for its asset base	A B C D E For none/ some/ half/ most/ all major assets

Areas for improvement

Evidence

The auditor should summarise here his/her 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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 7: We have sound financial control and reporting

The submission should include:

- An summary of how the service ensures effective financial control.
- Two recent and consecutive financial monitoring reports to senior management
- and elected members.
- Two recent and consecutive financial monitoring reports to budget holders.
- A list of sources of evidence.
- Completed self-assessment using template 7.
- A list of areas for improvement.

Key features of a best value service

Elected members and senior managers regularly review the financial health of the service. Monitoring reports show the budgetary position and allow the reader to see clearly whether it is being controlled. Variances in overall spend or spending priorities are clearly identified and action is taken to either correct or agree them and make adjustments. Reports also show that previously agreed actions have been taken and are having the desired impact in terms of controlling the overall budget.

Budget holders have been identified and have clear responsibilities. They receive adequate and timely information to enable them to manage their budgets and performance. Effective action is taken to deal with under- and over-spends. The service provides training and support to ensure that budget holders have the necessary skills for managing budgets. Monitoring reports are prepared on a full accruals basis.

Management have assured themselves that there is an effective control environment within the service (eg financial regulations are followed, money is spent on authorised activities, budgets are controlled, opportunities for fraud are minimised).

Context

In its summary report on the audit of management arrangements (*Planning for Success, August 1998*) the Commission indicated that there was room for improvement in budgetary control in some councils

Self-assessment template 7	
Features	**Assessment**
99. There is a systematic approach to monitoring and controlling the service's overall financial position.	A B C D E Covering: none/ some / half / most / all areas of activity
100. There is a systematic approach for ensuring that an effective financial control environment exists throughout the service.	A B C D E
Based on the financial monitoring reports submitted please complete the remainder of the template.	
101. Reports show: a) expenditure and, where relevant, income, to date. b) variance against projected spend/ income to date using, where appropriate, budget profiling. c) projected outturn (expenditure and, where relevant, income).	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes c) No / qualified no / qualified yes / yes
102. There is an accruals basis for reporting.	No / qualified no / qualified yes / yes
103. Reports highlight major variances (both under and over spends) to direct attention to where action may be required.	No / qualified no / qualified yes / yes
104. Monitoring takes place to ensure that the agreed actions are effective.	No / qualified no / qualified yes / yes
105. Variances result in documented and agreed actions at appropriate management level.	No / qualified no / qualified yes / yes
106. Reports enable the reader to make a clear judgment about the service's overall financial performance	No / qualified no / qualified yes / yes

Areas for improvement

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.

A summary of evidence was checked and overall was found to be satisfactory / unsatisfactory.

Additional comments on the evidence base:

Auditor notes

Summarise any key areas for concern based on your findings for this criterion. These may relate to the service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 8: We actively support continuous improvement

The submission should include:

- A summary and assessment of the key activities the service has taken to support continuous improvement. These may cover such things as:

    - the service's approach to developing performance information that provides a rounded picture of the service's achievements (see criterion 9), including an equalities dimension
    - the extent to which the service has identified, reviewed and improved its key processes
    - how the service learns from its own experience and from others
    - the extent to which knowledge about good practice is identified and shared across the service
    - the extent to which staff are engaged in achieving continuous improvement
    - how the service works with its customers and potential customers, suppliers and partner organisations to secure continuous improvement.

- A list of sources of evidence.
- Completed self-assessment using template 8.
- A list of areas for improvement.

NOTE: This criterion covers general activities for supporting continuous improvement that are additional to specific Best Value reviews. The latter are covered in Criterion 3.

Key features of a best value service

Senior managers provide clear support for continuous improvement. They encourage a culture where staff feel comfortable in challenging current practice. Individuals are encouraged to share knowledge and learn from others. Identifying good practice and sharing information is not simply left to chance, but is managed systematically.

The service understands the need for relevant performance information and the use of targets to support continuous improvement, and is actively developing measures for its own use. The information covers a balanced range of aspects of performance (more detail is given in criterion 9).

It knows what the key processes are that determine whether its services deliver customer centred cost-effective services. It reviews these processes to make sure they are as good as possible.

The service has a broad and structured approach to learning from other organisations. It compares its performance, what it does, and how it does it. It finds other organisations that it can learn from, not just those that are similar to it.

It makes sure that staff have the skills and knowledge and time to review their performance and take part in improvement activities.

Service users and other key stakeholders can often make a valuable contribution to helping to identify how services can be improved at both a strategic and detailed operational level. The service has a systematic approach to involving them in the search for continuous improvement.

Suppliers and partner organisations can have a direct and considerable impact on the quality of service delivered to the service's customers. In terms of equalities mainstreaming, the RRAA makes the service responsible for ensuring that suppliers and partner organisations comply with its requirements. More generally, services should consider the impact on equalities of partner and supplier operations. For these reasons, the service works with those organisations to ensure that collectively they achieve continuous improvement.

Context

There has been some indication that in some councils the view has emerged that continuous improvement is to be achieved solely through the mechanism of Best Value reviews.

This is too narrow a view. Best Value reviews should be at a strategic level and should, of course, drive improvement. However, there will also be scope for supporting the search for continuous improvement more generally, often on a smaller scale, across all activities. This criterion asks for details of how this type of activity is being supported.

There is also evidence that some services have concentrated too much on data benchmarking exercises rather than on a broader approach to learning from others.

Self-assessment template 8	
Features	**Assessment**
107. The service has a systematic approach for developing and using appropriate performance information to support continuous improvement.	A B C D E Covering: none/ some / half / most / all parts of the service
108. The service has identified and reviewed its key processes[9] that enable it to deliver customer- centred value for money services.	The service has identified: none / some/ half / most/ all key processes It has reviewed: none / some / half / most/ all of those processes
109. The service has a systematic approach to learning from its own experience	A B C D E
110. The service has a systematic approach to learning from other organisations	A B C D E
111. Learning opportunities have been established with:	Similar services / other council services / voluntary sector / private sector
112. The service chooses organisations because they are known to demonstrate good practice	No / qualified no / qualified yes / yes
113. The service's approach to learning from other organisations includes comparing: a) how things are done operationally (ie processes and approaches) b) actual performance c) overall strategies	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes c) No / qualified no / qualified yes / yes This work takes place: only within Best Value reviews / more generally
114. The service can show clear positive results from learning from others (examples should be included in the Best Value Achievement Report under criterion 10).	No / qualified no / qualified yes / yes
115. The service has a systematic approach to enable staff to share knowledge about effective practice.	A B C D E Covering: none/ some / half / most / all parts of the service

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[9] See '*The Map to Success*', Audit Scotland, 2000

116. The service ensures that its staff are kept up to date in terms of knowledge about good practice in their field.	A B C D E Covering: none/ some / half / most / all staff
117. The service has a systematic approach to giving staff the opportunity and skills needed to review and improve their own area of activity.	A B C D E Covering: none/ some / half / most / all parts of the service This activity takes place: only within the context of Best Value reviews / more generally
118. The service systematically uses feedback from customers to improve services.	A B C D E Covering: none/ some / half / most / all parts of the service
119. The service systematically works with partner organisations to achieve continuous improvement.	A B C D E Covering: none/ some / half / most / all partners
120. The service systematically works with key suppliers to achieve continuous improvement.	A B C D E Covering none/ some / half / most / all key suppliers

Areas for improvement

Evidence

The auditor should summarise here his/her 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

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 9: We monitor and control our overall performance.

The submission should include:

- An overview and assessment of the service's approach to performance monitoring and internal reporting.
- A completed template A.
- Sufficient number of performance monitoring reports provided to senior <u>managers</u> to show the range of information that is provided over a reporting period.
- Sufficient number of performance monitoring reports (where different from those for managers) provided to <u>members</u> to show the range of information that is provided over a reporting period.
- A list of sources of evidence.
- Completed self-assessment using templates 9 and A.
- A list of areas for improvement.

Key features of a best value service

A best value service has a rigorous performance monitoring system in place. It has identified a broad range of measures that covers all important aspects of performance. Information is reported clearly and in a timely manner. Steps are taken to ensure that information is accurate, relevant and reliable. Trend information is used to help assess how the service's performance is changing. Comparative information is used to help identify scope for improvement.

Senior managers and members review the information regularly and use it to control performance.

Context

Previous audits have shown that performance monitoring and reporting continues to be an area of weakness in many services.

Purpose of Template A

The purpose of the template is to provide an overview of the main indicators used by the service to manage its performance. The aim is to show the extent to which the service has available a set of information that covers all the important aspects of its operations. The underlying approach adopted in the template is that of the <u>balanced scorecard</u>[10].

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[10] See The Measures of Success, Audit Scotland, 2000

Using a balanced scorecard

The idea of a balanced scorecard is that a service should consider a broad range of performance information rather than focus on just one or two measures or categories of measure (for example, cost reduction or efficiency). Any service will have to be successful across all aspects of its performance to succeed.

Four broad headings are suggested for assessing performance:

- Stakeholder impact (covering policies, customers and external relations)
- Resource use
- Internal management processes
- Learning and development

Not all of these will be relevant for all services. A service is free to use other broad headings if it wishes, but it should ensure that its own headings cover at least the same sorts of issues as suggested.

Completing Template A

The service should list the main performance information/indicators it uses to monitor and improve its performance, grouped under either the broad headings suggested, or its own if preferred. Indicators may be quantitative or descriptive. Some may be expressed as ratios (eg unit costs and efficiency measures), percentage achievements (eg against a target, utilization factors), etc. Each service should determine the measures that are important for it.

For illustration only, possible measures that could be applicable under the suggested headings are set out below. However, each service will need to determine the particular measures that are applicable for it.

Stakeholder impact

Policy impact
These measures will show what difference the service is making in terms of solving problems or delivering benefits for the community and citizens. Achievement will usually relate to the service's mission and strategic objectives, and should also show how the service is contributing to objectives set out in the community plan or the council's corporate strategy. Those objectives should be informed by a good understanding of what the important issues are for citizens and communities.

Examples might include measures relating to broad issues such as health, environment, equalities, inclusion, sustainability, regeneration, crime reduction, transportation, learning, environmental quality, etc. Other measures will relate to specific service objectives such as a reduction in substance misuse, increase in participation in sporting activities, etc. Some measures should relate to the service's mission to show whether it is fulfilling that mission. Measures might relate to the policy impact upon particular groups (eg; elderly, children, ethnic minorities, women) or geographical areas. Improvements in contributing to the delivery of corporate and community planning objectives should be reported here.

Customer focus

These measures will relate to service users more specifically. They may include measures relating to customer satisfaction, numbers of customers, retention/repeat usage, waiting times or service times, appointments kept or missed, complaints, perception of service quality, etc. Improvements in service reliability, arrangements for consultation, market research, and feedback could also be reported here. Some aspects of the impact of equalities could be reported here (eg improved access, improved take up of services)

External relationships

For many services, the way in which they work with other organizations will have a major impact on their effectiveness. As partnership working to tackle cross-cutting issues and provide 'joined up services' becomes ever more important, so better performance in working collaboratively will become essential. This section provides an opportunity to describe improvements made in these working relationships. It should also be possible to show also how these improvements are benefiting customers and communities.

Resource use

These measures will relate to the more traditional issues of resource and asset use. They will include things such as the economy and efficiency with which assets are acquired and used, including reductions in waste. Measures relating to the cost/quality balance of assets would be reported here. Improvements in procurement generally could be reported here. Measures relating to staff performance (for example, productivity, absence information, % contact hours, etc) could be reported here. Financial performance should also be reported here, including improvements in cost reduction and cost effectiveness (using unit cost, whole life cost, etc), improvements in the funding base, and achievements in terms

of the management of capital programmes and projects.

Internal management processes

This section provides an opportunity to report on improvements made to the way in which the service organises and manages itself. Improvements in political management and scrutiny arrangements could be included here. Improvements to structure and core business processes could be included. It is the quality of the service's internal management processes that produce the results reported under the other headings.

Whilst these are improvements to internal processes and approaches, the service should be able to show how these improvements will ultimately benefit customers and/or communities.

Learning and development

This section allows the service to report on the steps it is taking to ensure that it has the capacity to continue to learn and improve its performance. These could relate to, for example, improvements in staff training and qualifications, results from Best Value reviews, improvements in the review process including the development of performance information, the use made of the PMP audit and other improvement techniques (for example, the EFQM, IIP), etc. Again, it should be possible to show the link between these improvements and ultimately a benefit for customers and communities.

Note 1: Often it will be possible to report a measure under more than one heading. Do not duplicate measures. The aim of a balanced scorecard is to provide a check that important areas of performance have not been neglected.

Note 2: <u>It is not necessary to list every indicator used by the service</u>. The aim is to show that senior managers have indicators for all the important aspects of their service's performance. The service should include in template A only those indicators that it regards as vital to senior managers and members to assure themselves that the service is performing well across the board. Information provided in statutory returns and statutory performance indicators should only be included if they meet this criterion.

Note 3: Where the service being audited covers a number of distinct activities, it will usually be clearer if a separate template is completed for each broad area of activity.

Note 4: A balanced set of performance measures should provide a foundation for the service's public performance reporting or Best Value Achievement Report (covered in criterion 10).

Note 5: Internal support services should interpret the categories as appropriate for their situation.

If the information is to be useful to managers and members, it must be reliable, accurate and reported regularly. The service is therefore asked to assess some aspects of the quality of the information gathered for each indicator by completing the columns in the template. The columns cover the following criteria:

Ac	Accuracy – has the system used to produce the information been audited to ensure the data is of acceptable accuracy and consistency? Please put 'Y' (yes) or 'N' (no).
Age	How up to date is the information? Please indicate in months the typical gap between the information being available to management and the end of the period it covered.
Tr	Trend – is trend information available to management? Please indicate either 'N' (no) or the number and unit that is reported (e.g. 3Y for 3 years, 12M for 12 months).
Co	Comparative data – is comparative data available to management? This may be against family groupings, national averages, benchmarking partners, etc. Please indicate 'Y' (yes) or 'N' (no).
Ta	Targets. Is performance reported against targets or standards? Please indicate 'N (no), 'L' (a local target or standard), or 'Na' (a national target or standard).
Mo	Monitoring – what is the frequency with which this information is monitored by management, expressed in months.

Template A: Main indicators used to monitor and control performance

Service area: _____

	Ac	Age	Tr	Co	Ta	Mo
Policy impact						
Indicator 1 (Description of indicator/information)						
Indicator 2 (Description of indicator/information)						
Etc. (insert additional rows as required)						
Customer Focus						
(as above)						
External Relationships						
(as above)						
Resource Use						
(as above)						
Internal Management Processes						
(as above)						
Learning And Development						
(as above)						
Please add further rows as necessary						

Self-assessment template 9	
Features	**Assessment**
121. The service uses indicators that cover all key aspects of performance and all major areas of activity, including equalities mainstreaming.	No / qualified no / qualified yes / yes For: None / some / half / most / all parts of the service
122. In general, the information:	
a) is accurate	a) no / qualified no / qualified yes / yes
b) is up to date	b) no / qualified no / qualified yes / yes
c) includes trends where relevant	c) no / qualified no / qualified yes / yes
d) includes comparators where relevant	d) no / qualified no / qualified yes / yes
e) uses targets where relevant	e) no / qualified no / qualified yes / yes
f) is monitored regularly.	f) no / qualified no / qualified yes / yes
122. Senior management has a systematic approach to monitoring the service's performance.	A B C D E Covers: none / some / half / most / all parts of the service
123. Senior management has a systematic approach to taking action on the basis of performance information to address areas of concern and monitoring that improvement has taken place.	A B C D E Covers: some / half / most / all parts of the service
124. There is a systematic approach to keeping members informed of the service's performance.	A B C D E
Please assess the monitoring reports on the following features. **NB: Some information may be reported to managers and members only on an exception basis and so may not have figured in any reports if the circumstances have not warranted it. In that case, please base your assessment on whether the appropriate information is monitored at lower levels in the organisation and would be provided if applicable.**	

125.	The reports for *managers* show clearly whether the service:	
a)	is meeting its strategic and operational objectives and targets.	a) No / qualified no / qualified yes / yes
b)	is meeting users' and community needs.	b) No / qualified no / qualified yes / yes
c)	has sound financial performance.	c) No / qualified no / qualified yes / yes
d)	is managing its resources well	d) No / qualified no / qualified yes / yes
e)	is managing its people well	e) No / qualified no / qualified yes / yes
f)	is managing its internal processes well	f) No / qualified no / qualified yes / yes
g)	is investing in its capacity to improve	g) No / qualified no / qualified yes / yes
h)	is managing its external relationships to achieve good performance	h) No / qualified no / qualified yes / yes
i)	is achieving continuous improvement.	i) No / qualified no/ qualified yes/ yes For: None/ some / half / most / all parts of the service
126.	The reports for *managers* clearly identify areas of success, supported by data and analysis.	No / qualified no / qualified yes / yes
127.	The reports for *managers* clearly identify areas where performance is poor, supported by data and analysis.	No / qualified no / qualified yes / yes
128.	The reports for *managers* show clearly what action has been taken in relation to concerns highlighted in previous reports	No / qualified no / qualified yes / yes
129.	The reports for *members* show clearly whether the service:	
a)	is meeting its strategic and operational objectives and targets.	a) No / qualified no / qualified yes / yes
b)	is meeting users' and community needs.	b) No / qualified no / qualified yes / yes
c)	has sound financial performance.	c) No / qualified no / qualified yes / yes

d)	is managing its resources well	d) No / qualified no / qualified yes / yes
e)	is managing its internal processes well	e) No / qualified no / qualified yes / yes
f)	is managing its people well	f) No / qualified no / qualified yes / yes
g)	is investing in its capacity to improve	g) No / qualified no / qualified yes / yes
h)	is managing its external relationships to achieve good performance	h) No / qualified no / qualified yes / yes
i)	is achieving continuous improvement.	i) No / qualified no/ qualified yes/ yes For: some / half / most / all activities
130.	The reports for *members* clearly identify areas of success, supported by data and analysis.	No / qualified no / qualified yes / yes
131.	The reports for *members* clearly identify areas where performance is poor, supported by data and analysis.	No / qualified no / qualified yes / yes
132.	The reports for *members* show clearly what action has been taken in relation to concerns highlighted in previous reports.	No / qualified no / qualified yes / yes

Areas for improvement

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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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Criterion 10: We have an effective approach to public performance reporting.

The submission should include:

- A summary and assessment of how the service provides information on its services, and how it takes account of equalities issues in its approach.
- A summary and assessment of how the service provides information on its performance, and how it takes account of equalities issues in its approach.
- Completed self-assessment using templates 10 and B.
- A Best Value Achievement Report **or** PPRs if applicable.
- A list of sources of evidence.
- Areas for improvement.

Key features of a best value service

A best value service uses public performance reporting (PPRg) to ensure that its communities, citizens, customers and other stakeholders are aware of its plans, its priorities and the services that are available. The service tells its stakeholders what standards of service they can expect and reports back on its performance and plans for improvement.

The service has identified what information stakeholders need in order to form a view on the achievements of the service. It recognises that different sections of the community will have different needs in terms of getting information and responds accordingly. It presents information in a form that people find useful. The content of PPRg is easy to understand and concise and includes:

- information on what services it provides, what people can expect of them, and how people can get access to them
- information that provides a rounded picture of the service's performance
- information on what the service has learned from consultation about what matters to its stakeholders and what it is doing to respond to these concerns
- information that shows how the service is working with other bodies to best meet the needs of its communities
- information that allows the public to see that the service is spending its money wisely and achieving value for money on behalf of its communities. It shows clearly that the service is focusing on priorities, achieving value for money, and doing things that work (drawing on the balanced scorecard of measures set out in criterion 9)
- trend information, comparative information, and performance against targets or benchmarks to help

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stakeholders assess how well the service is performing.

In terms of its approach to PPRg, the service;

- generates information for PPRg as part of its management information systems (see criterion 9)
- has identified which part of the service is responsible for providing what information
- conveys this information via media that make it easy for people to find out what they want to know
- presents the information in a clear, easy-to-understand and concise form.

Support services that have only internal customers within the council should also provide similar information to their internal stakeholders, and should complete the template in so far as it is relevant to their situation.

Context

Within the Best Value framework, public performance reporting (PPRg) was defined as a key element in promoting accountability.

The Task Force guidance asked councils to identify its key stakeholders as a first step. The information to be provided fell into two main categories: information on the services available and how they could be accessed, and information on performance in meeting user and community needs, and achieving value for money and continuous improvement. It was envisaged that much of the actual reporting of information would be carried out at service level.

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

Self-assessment template 10	
Features	**Assessment**
133. The service has identified key stakeholders for PPRg.	No / qualified no / qualified yes / yes For: None / some / half / most / all parts of the service
Information about service provision.	
134. The service provides *service users* with information (where relevant) on: a) what they can expect from the service b) eligibility criteria c) how, when and where to access the service d) charges e) service standards and targets.	a) No / qualified no / qualified yes / yes b) No / qualified no / qualified yes / yes c) No / qualified no / qualified yes / yes d) No / qualified no / qualified yes / yes e) No / qualified no / qualified yes / yes For: None / some / half / most / all parts of the service
Approach to PPRg	
135. The service has a systematic approach for identifying and using the best means of communicating its PPRg information to its stakeholders.	A B C D E
136. The service has systematically addressed equality issues in providing information about its activities.	A B C D E
Information on performance	
137. The service provides information to the public[11] that shows how well it is: a) meeting its key objectives (as set out in relevant strategy / service plans) (see criterion 4) b) meeting user and community needs (see criterion 2)	a) no / qualified no / qualified yes / yes b) no / qualified no / qualified yes / yes

[11] For internal support services, the word 'public' in the templates should be interpreted as 'internal customers'

c) achieving cost control, efficiency savings and value for money (see Criteria 5, 6, 7 and 9)	c) no / qualified no / qualified yes / yes
d) pursuing continuous improvement (see Criteria 1, 3 and 8).	d) no / qualified no / qualified yes / yes (where only some of the service's activities are covered in the information, report a 'qualified yes' and list the main activities where information is missing)
138. The information is presented to the public in a concise and understandable way.	No / qualified no / qualified yes / yes
139. Effective use is made of trend information where relevant to show the public how performance is changing.	not at all / sometimes / usually / always
140. Use is made of comparative information where relevant to show the public how the service compares to others.	not at all / sometimes / usually / always
141. Targets for performance and improvement are set and made public where relevant.	not at all / sometimes / usually / always
142. The service reports back on whether it met previous targets for performance and improvement.	not at all / sometimes / usually / always
143. The service reports back on what it has learnt from consultation exercises and how it will use those findings.	not at all / sometimes / usually / always
144. The key results and impact of Best Value reviews and other continuous improvement work (including PMP, EFQM, etc) are reported.	not at all / sometimes / usually / always

Best Value Achievement Report

All services have been applying a Best Value approach since late 1997, following the guidance produced by the Best Value Task Force. This approach has included a commitment to continuous improvement and providing user-focused cost-effective services.

The audit asks the service to provide a Best Value Achievement Report (BVAR)(template B). This is a concise evidence-based summary of what the service has achieved over the last three years or so. This is the information that will be of most interest to the public. For the BVAR, it is not important what has prompted these achievements or whether they started before the Best Value policy.

Improvements may relate to providing a better service for customers, achieving a better policy impact for citizens more generally, reduced costs, greater efficiency, and so on. The improvements may have come about through a variety of means, including Best Value reviews, government policy, use of quality models, responding to feedback from users, benchmarking studies, etc.

It is recommended that the BVAR is structured around the same broad headings that the service used for template A.

Link between BVAR and a Public Performance Report

If the service's public performance report(s) covers some or all of the ground required in the BVAR, then the PPRg material can be submitted instead, supplemented if necessary. If the service has not yet implemented PPRg, then the BVAR will provide a good foundation for it. If other documents contain the required information, then those documents can be submitted rather than preparing a BVAR.

Completing the BVAR (template B).

Improvements could have occurred over a range of issues or aspects of the service. A balanced scorecard approach is therefore suggested, using the same categories as used by the service in setting out its key performance measures in criterion 9 (template A). This will help to provide a rounded picture of the service's achievements (or highlight where little action has taken place). The default categories are:

- Stakeholder impact
    - policy impact
    - customer focus
    - external relationships
- Resource use
- Internal management processes
- Learning and development

The service is free to change these if it wishes (as described in criterion 9).

The service is asked to summarise <u>tangible improvements</u> that have been achieved over the last few years under each of the categories it uses. Sometimes the same improvement could be listed under more than one heading, or different aspects of the same improvement may relate to different categories. It is not critical how improvements are divided up among the categories. The purpose of using the categories is simply to help the service to consider the different aspects of improvement that may have occurred so that a balanced overall picture is provided.

For each broad improvement, the service should identify what information it has used to decide that there has been an improvement and what evidence could be provided **if required** to support the claim. In general, the description of achievement should make use of trends, comparative information, and performance against targets wherever possible. Please portray this information graphically if preferred. **For services that have completed an EFQM assessment, this report is similar in purpose to the results sections of EFQM.**

If this information is already available in a service's PPRg or is available in a selection of separate reports or other assessments, then those documents may be provided to the auditor instead (supplemented if necessary by the list of evidence).

If template B is used, the report should be no more than 6 A4 pages of text, plus any supporting graphs.

Template B: Best Value Achievement Report

Council…………………………………………………….

Service……………………………………………………..

Period covered   ……………………… to …………………………….

Policy Impact

- Brief description of achievement #1
- The information used to assess that there has been an improvement
- Evidence that could be made available if requested by the auditor

- Brief description of achievement #2
- The information used to assess that there has been an improvement
- Evidence that could be made available if requested by the auditor

(For as many achievements as relevant)

Customer Focus

(as above)

External Relationships

(as above)

Resource Use

(as above)

Internal Management Processes

(as above)

Learning And Development

(as above)

(NB Use other headings if preferred)

Areas for improvement

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.

A sample of evidence was checked and overall was found to be satisfactory / unsatisfactory.

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 service's self assessment, the evidence base, or the areas for improvement.

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 service managers?

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

Section 5. Improvement agenda

The service submission should include:

- A completed Template C that provides detail of the service's improvement agenda. (Separate guidance is available on selecting improvement actions/projects)
- A completed self-assessment template 11 .

Introduction

Under Best Value, services are required to be pursuing continuous improvement. The service is asked to provide as part of its submission details of its improvement agenda using template C. **The term** '**improvement agenda' is used to describe the set of improvement actions/projects that the service has selected for implementation.**

The improvement agenda will be dynamic and must therefore be managed. New priorities may arise that have to be added to the improvement agenda. But if the improvement agenda is to remain matched to the service's capacity to deliver, then other adjustments will also be required. Existing commitments will have to be postponed, slowed down, or deleted, or additional capacity will be required.

Improvements might be grouped under the broad categories suggested in criterion 9 for the balanced scorecard:

- Improving stakeholder impact
  - Improving policy impact
  - Improving customer service
  - Improving external relationships
- Improving resource use
- Improving internal management processes
- Improving learning and development

Improvement actions/projects may be designed to address particular issues arising from the PMP self-assessment, for example:

- improving the approach under any of the criteria to get better results
- improving the extent to which the approach is deployed throughout the service
- integrating the approach more into everyday practice
- improving the capacity to assess and review the approach and apply the lessons learned

Whatever approach is used, the objective is the same: the improvement agenda should contain a set of improvement actions or projects that:

- have been positively identified as priorities because of their potential impact

- have been selected because they will deliver the required results
- provide balanced coverage of the various aspects of the service's performance
- are realistic and deliverable when taken as a whole
- are properly resourced
- are managed to completion

Templates C and 11 ask for details of the improvement actions/projects and for a self-assessment of the process used to select them.
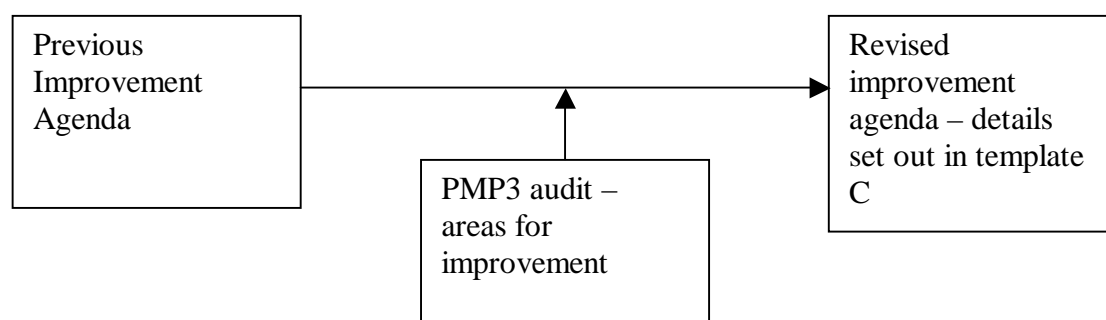
Template C uses a 'gap analysis' approach to encourage a focus on what is desired as a result of the improvement actions/projects. It asks the service to describe briefly the current situation that needs to be improved, the desired situation at some future point, and the actions/ projects that it will undertake to close the gap.

In the following year, the service will be asked to assess the extent to which it was successful in closing the gaps it prioritised. In that assessment, there will be provision for recording where actions/projects that were planned have been dropped or delayed because of changes in priorities.

How the PMP audit fits into the improvement agenda

Continuous improvement is a permanent feature of life, which means that at any point in time the service will have an improvement agenda that will contain a number of improvement actions/projects that are at various stages of completion.

Having completed the PMP audit, a number of 'areas for improvement' will have been identified. Some of the areas for improvement will be issues that the service is already aware of and is addressing through its improvement agenda. Others may be new issues, in which case the service will have to decide whether they are sufficiently important to bring into the improvement agenda. If the answer is yes, it will then have to decide how it will make room for these new issues – will other improvement actions/projects be postponed or dropped? Or will additional capacity be made available?

```
┌─────────────────┐                              ┌─────────────────┐
│ Previous        │                              │ Revised         │
│ Improvement     │─────────────────────────────▶│ improvement     │
│ Agenda          │            ▲                 │ agenda – details│
│                 │            │                 │ set out in      │
│                 │            │                 │ template C      │
└─────────────────┘   ┌────────┴────────┐        └─────────────────┘
                      │ PMP3 audit –    │
                      │ areas for       │
                      │ improvement     │
                      │                 │
                      └─────────────────┘
```

There is no presumption that all the areas for improvement identified through the audit will be addressed. Indeed, it is unlikely that this would be realistic. The service must therefore show that is has a sound basis for selecting those areas for improvement that it regards as priorities compared to the existing improvement agenda. These additional priorities will then have to be integrated into a revised

improvement agenda. Separate guidance provides some ideas on how this process can be managed.

It is important to emphasise that a separate PMP action plan is **NOT** required. Instead, the PMP improvement actions/projects should be incorporated into the service's existing improvement agenda. The specific improvement actions/projects that make up the improvement agenda should appear in the service plan or lower level action plans. This will help to ensure that continuous improvement is integrated into everyday practice rather than being seen as an add-on.

Audit task

The audit task in relation to the planned improvements is to verify the self-assessment in template 11.

Auditors should draw on their overall knowledge of the council as well as that gained through the PMP audit when verifying templates C and 11. 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/projects should be identified by the service/council in relation to these weaknesses.

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

Self-assessment template 11	
Features	**Assessment**
145. The service has a systematic approach to identifying and maintaining its improvement agenda.	A B C D E
146. The improvement actions/projects address the main areas of concern identified through the PMP audit.	No / qualified no / qualified yes / yes If no, please give details
147. If the answer to 146 is no, this is because the service has identified other more important improvement actions/projects.	No / qualified no / qualified yes / yes Please give details
148. The service has a systematic approach to matching its improvement agenda to its capacity to undertake the improvement actions/projects. This ensures that the improvement agenda is realistic and deliverable.	A B C D E Auditor: based on your audit knowledge, is there anything to indicate that it is unlikely that the service will be able to implement all the actions it has identified in the timescales set out? Yes / No

149. Timescales have been set for implementing each of the improvement actions/projects, including intermediate milestones where implementation is over a significant period	No / qualified no / qualified yes / yes For none/ some/ half/ most / all improvement actions/projects
150. The service is clear about what each of the improvement actions/projects is designed to achieve.	No / qualified no / qualified yes / yes For none/ some/ half/ most / all improvement actions/projects
151. Measures have been identified for each action that will show whether the intended benefits have been achieved	No / qualified no / qualified yes / yes For none/ some/ half/ most / all improvement actions/projects
152. The service has monitoring in place to check that implementation is progressing as planned	No / qualified no / qualified yes / yes For none/ some/ half/ most / all improvement actions/projects
153. The service has monitoring in place to check that the actions/ projects will achieve/have achieved the intended results.	No / qualified no / qualified yes / yes For none/ some/ half/ most / all improvement actions/projects
154. Improvement actions/ projects have been integrated into the service's strategic and operational plans as appropriate	No / qualified no / qualified yes / yes For: no/ some/ half/ most/ all improvement actions/projects
As auditor, I confirm that the improvement agenda can be audited next year in terms of implementation of the improvement actions/projects and achievement of intended results.	Yes/ No If no, please give details.

Template C

Template C: Improvement agenda

Council _____

Service _____   Contact: _____

1. Brief description of the current situation that needs to be improved.	2. Brief description of what the improved situation will be.	3. Brief description of the improvement actions/projects that will be used to close the gap between 1 and 2.	4 Do you have arrangements to monitor progress and results (Yes/No)?	5. What are the key milestones for this improvement?	6. Which of the template A headings does the improvement action relate to[12]
1.					
2.					
3.					
4.					
5.					
6.					
7.					

[12] The purpose of this column is to prompt the service to check that it is addressing all aspects of its performance. The service is free to use other headings if it wishes

Template C

etc.

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Notes on completing template C

Column 1: The description should be brief but should clearly identify what it is about the current situation that is posing a problem and hence needs to be improved.

(eg we do not have a corporate risk management strategy for property and consequently have no effective approach to minimising the costs of vandalism to council property, especially schools)

Column 2: The description should make it clear what the improved situation will look like. It should be evident from the description what the criteria are that are being used to measure success.

(eg we have a property risk management strategy that allows us to target preventive measures on high risk properties. We have reduced the cost of vandalism suffered by those properties by x%)

Column 3. The proposed action/project should be described clearly and in sufficient detail so that its purpose can be readily understood. The actions/projects should be clearly focused on the improvement outcome rather than stating a general action, such as 'carry out a review'. Where there is existing knowledge about what action would be effective, then this should be stated.

(eg Set up a working group, comprising A B C departments, to devise a risk management strategy for all assets (set out anticipated date for completion of this phase in column 5). Include identification of high risk properties and develop action plans to reduce cost of vandalism by x% for those properties by (date in column 5). Design and implement monitoring arrangements to check progress (by date in column 5))

Column 4. It is essential that at the start of any improvement work, arrangements are put in place to check that progress is being made as planned <u>and</u> that the desired results are being achieved. This column provides a check to record that this has been done.

Column 5. Note key dates when milestones or completion is expected For large scale projects, break it into key phases and give target dates for each.

Column 6. The purpose of this column is to help the service determine whether overall the set of improvement actions/projects addresses a good balance of performance issues. The default headings from template A are suggested, but the service is free to use others if it wishes.

Annex A: Integrating equalities within the PMP audit process.

Definition

Mainstreaming equalities is defined as 'the integration of an equalities dimension into all policy planning, decision-making, implementation and evaluation'. The prompts relating to equalities that appear throughout the PMP audit are aimed at challenging whether equalities has been mainstreamed in this way. This point should be kept in mind in carrying out the audit.

Since the start of Best Value, mainstreaming equalities has moved from being part of good practice to a legislative requirement. This has been reinforced through the Scotland Act itself and a number of acts of the Scottish Parliament and also by the requirements of the Race Relations (Amendment) Act 2000. The RRAA greatly extends the scope of the Race Relations Act and sets out a range of comprehensive requirements for public bodies.

Ensuring compliance with legislative requirements must be reflected in the approach to Best Value.

Legislative Requirements

The Scotland Act states that:

"Equal opportunities" means the prevention, elimination, or regulation of discrimination between persons on the grounds of sex or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions."

The Scotland Act is important because it forms the basis for the work of the Scottish Parliament, which in turn has responsibility for the work of local authorities in Scotland.

In terms of non-devolved legislation, the key Acts that underpin equalities work are:

- the Disability Discrimination Act (1995);
- the Equal Pay Act (1975);
- the Human Rights Act (1998) ;
- the Race Relations Act (1976) and the Race Relations Amendment Act (2000);
- the Sex Discrimination Act (1975), extended to cover transsexuals in 1999;
- the Scotland Act (1998);
- the European Equal Treatment Directive 2000;
- the Children (Scotland) Act 1995;
- the Age Equality Commission Bill (2000).

The Race Relations (Amendment) Act 2000 (RRAA) received Royal Assent on 30 November 2000 and its main provisions came into force on 2 April 2001. The main provisions:

- outlaw race discrimination in all public functions - not just those previously covered by the Race Relations Act 1976; this includes private sector bodies to the extent that they are discharging public functions;
- place a general duty on specified authorities to promote race equality;
- give powers to Government to impose specific duties on public bodies to promote race equality and to the Commission for Racial Equality (CRE) to enforce those

Specific Duties under the RRAA

Scottish Ministers have power to impose specific duties on public authorities and other bodies with devolved functions.

Current thinking (as at July 2001) on the nature of specific duties to be imposed is set out in the February 2001 consultation paper. The specific duties are likely to require authorities to:

a) publish a **Race Equality Scheme** setting out how they intend to meet their obligations under the general duty and any other proposed specific duties to promote race equality which are relevant to it;

b) **assess** which **functions and policies are relevant** to the general duty, with regular subsequent reviews, e.g. three yearly;

c) set out arrangements for **assessing and consulting on the impact** on the promotion of race equality of policies it has adopted or is proposing for adoption;

d) set out arrangements for **monitoring for any adverse impact** on the promotion of race equality of policies it has adopted or is proposing for adoption;

e) set out arrangements for **publishing the results** of:

- assessments;
- consultations; and
- monitoring for any adverse impact on the promotion of race equality of policies;

required at c) and d);

f) set out its arrangements for ensuring **ethnic minorities have access to information and to services**;

g) set out arrangements for **training staff** on issues relevant to the duty to promote race equality.

Whilst these relate specifically to race, they provide a useful framework, interpreted as appropriate, for considering equalities more generally as set out in the Scotland Act definition.

Public sector as an employer

The proposal is that all public sector employers subject to the general duty should have a specific duty to **ethnically monitor staff in post and applicants for jobs, and promotion and training.** For public sector employers with **more than 150 full time employees will** have a specific duty to **ethnically monitor and analyse grievances, disciplinary action, performance appraisal, training and dismissals and other reasons for leaving.** There will also be a requirement to **publish annually the results of their ethnic monitoring** (using existing annual reporting systems wherever possible).

The Act gives the CRE the responsibility for preparing codes of practice to provide practical guidance to public authorities on how to fulfil their specific duties. Although these codes of practice will not themselves be enforceable, failure to follow the codes will be admissible as evidence in any legal proceedings.

If the legislative requirements are to be met, equalities mainstreaming must be reflected in formulating policy, setting service standards and performance targets, assessing performance and reviewing services.

Service Provision and equalities

The ultimate objective of mainstreaming is that any profile of service users matches the profile of its target community, unless there is a known and valid reason for it not doing so. It is important to note that it is the target population that is referred to, not the population in general. It is important, therefore, that in planing and delivering services, members and managers are clear about the sectors of the population that the service is aimed at, and that the specific requirements of those sectors have been taken fully into account. It is equally important that service planning has not inadvertently neglected sectors of the community and their needs.

As an example, an advice service might have a target community containing lone parents, disabled people and people from ethnic minority groups. A useful pointer on equalities is whether the use made of the service by these different equalities groups is proportional to their representation in the target community. If it is not, then the service provision may be failing to meet the needs of those groups within the target community. This could happen because the service itself is inappropriate, inaccessible, or not publicised in a way that makes it accessible to members of those groups. It is important to step back and view a service through the eyes of disabled people, women, lone parents with dependant children, black and ethnic minority people, older people and members of the Lesbian, Gay, Bisexual and Transgender (LGBT) communities. Consultation and market research would be required to answer questions such as the following:

- Is the service provided equally accessible to all parts of the community who need it?

- Can everyone be sure of receiving an equal quality of service?

- Can members of all community groups feel equally safe using the service?

- Will each of the various target groups receive a service that is appropriate to meet their needs?

- Has the service considered whether it has inadvertently failed to recognise some sectors of the community in the way it plans and delivers its services?

Finding the answers to these questions will help to shape the action required to make services inclusive, accessible and appropriate to needs.

Annex B – PMP3 audit service level scorecard

A	- We have a systematic approach to the topic covered by the prompt. - This includes getting the approach understood by all those who have to use it and getting it deployed routinely and consistently across the service as required. - We also systematically assess and review our approach to ensure that it's effective. - We can show that we introduce improvements when necessary and that these are implemented.
B	- We have a systematic approach to the topic covered by the prompt. - This includes getting the approach understood by all those who have to use it and getting it deployed routinely and consistently across the service as required. - We do <u>not</u> have a systematic approach to assessing and reviewing our approach.
C	- We have a systematic approach to the topic covered by the prompt. - We <u>don't</u> have a systematic approach to making sure that it is understood by all those who have to use it and getting it deployed routinely and consistently across the service as required. - We also do <u>not</u> have a systematic approach to assessing and reviewing our approach.
D	- We have an approach to the topic covered by the prompt, but it is generally ad-hoc rather than systematic. - It is not documented or is poorly documented[13]. - We <u>don't</u> have a systematic approach to making sure that it is understood by all those who have to use it or getting it deployed routinely and consistently across the service as required. - We also do <u>not</u> have a systematic approach to assessing and reviewing our approach.
E	We do not have anything that could be regarded as an approach, or we can't provide any evidence that we have.

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

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[13] For example, the documentation does not adequately explain what should be done and how it should be done, with the result that staff would not be able to apply the approach consistently without further information.

Annex C: Member involvement in Best Value

Introduction

Previous audits have led to a request for a brief summary of what expectations there are about member involvement in Best Value. The following section provides that guidance. It will have to be interpreted in the context of each council's political arrangements and control. This context will determine which members, and how many, will realistically be involved in the various aspects of Best Value.

Member involvement

Members should have been involved in discussions about what Best Value means, what the expectations are, and how these have been reflected in a service's mission, vision, strategies and plans. They should be involved in ensuring that their policy priorities are integrated with Best Value.

They should have agreed what the key measures of performance that are reported in template A (criterion 9). Members should support the investment required to generate the required information.

They should devote adequate time to considering performance on a regular basis, and ask for regular reports back on how the improvement agenda is progressing .

They should support the Best Value review program and take an interest in the reports. They should support the use of rigorous option appraisal.

Annex D: Choosing the Best Value option

Note: The following material is extracted from forthcoming guidance to be published by the Scottish Executive on Best Value, Procurement and competition. It is provided solely for the purpose of providing auditors with background information on the range of options that might be covered in a Best Value review (criterion 3)).

1.1. A 'wide' view of procurement allows local authorities to consider a range of procurement options. This section reviews the main options that can arise from a Best Value review, or other 'triggers' to action. It *describes* the main options that local authorities have developed and tested.

1.2. Nine options are described:
- Improved in-house service
- Reconfiguring
- Joint working
- Market testing the in-house service
- Partnership
- Externalisation
- Transfer
- Ceasing provision
- Hybrids

1.3. There will always be opportunities for new variations on the themes listed here, and there is certainly the possibility that an authority will choose to opt for more than one option for a particular service or activity. For each option there is a brief description, an outline of the sorts of evidence that would support the option, an outline of any evidence that would mitigate against it, and notes on implementation.

Improved in-house service

1.4. This is not the same as 'maintaining the status quo'. Even the 'best' service can be made more economical, more efficient, or more effective. As time passes what counts as 'best' will change as people's expectations change.

1.5. The improved in-house option is likely to follow from evidence that:
- The in-house team is already delivering economy, efficiency, and effectiveness at levels that match both local needs and external comparators;
- The in-house team has the capacity and capability to make the improvements necessary to meet *and sustain* performance at levels that will meet the authority's future targets;
- There is currently no market, or no appropriate market, for the service or activity;

- The risk of failure, or the impact of failure, is so high that the authority has to maintain a high level of control over the activity. Risks are managed better within the authority;
- The activity is so central, or core, to the purpose of the authority that any other option would seriously question the authority's ability to function as an organisation;
- The potential economies of scale, scope, or for investment, offered by other options are outweighed by the transaction and process costs of implementing those options;
- The authority has, or can generate, sufficient funds to meet future investment requirements;

Additionally, the (improved) in-house approach may be seen as a temporary solution while the authority prepares for the introduction of an alternative approach such as a partnership.

1.6. Sometimes local authorities might choose to develop a *new* in-house solution in response to a Best Value review, or contractor or market failure. The evidence that would support such an option includes:
- Existing service providers have consistently, or seriously, failed to meet the authority's requirements;
- The council agrees to take over responsibility for service provision from another public sector organisation as a result of *its* decision to choose an alternative service delivery option;
- A review has identified the need for a new service, or a gap in existing provision, for which there is a clear need.

1.7. The strongest argument against maintaining (or developing) an in-house provision is that there is another option that can deliver services and meet the authorities objectives more economically, efficiently, and effectively.

Reconfiguring

"Reconfiguring is altering the way services are delivered to improve quality and / or efficiency"[i] (Accounts Commission 1999 p1)."

1.8. Reconfiguring service management and delivery can be part of the 'in-house' solution. It can also be the first stage towards any one (or combination of) the other procurement options.

1.9. The Accounts Commission's guidance identifies reconfiguration as a means to improve service quality and/or efficiency. It can make service more accessible, release resources for service improvement, and/or increase service take-up[ii]. Reconfiguration includes:
- Co-locating different services with the same customer base (one-stop shops). This can be local authority services only (library and leisure centre as in Glasgow) or combined local authority services and other public agencies (Wychavon, an English District Council shares its main council office reception with the County Social Services Department and the local Police

station. Another of their one-stop shops includes a video link to the regional offices of the Ministry of Agriculture, Fisheries, and Food)

- Co-locating administrative head quarter functions (Health Board and Social Services in Dumfries and Galloway)
- Re-visiting the client contractor splits and organisation of contract service departments arising from CCT.
- Jointly managing support services (North Yorkshire audit partnership provides internal audit for the Districts, the County, and the Police Authority)
- Linking together previously fragmented activities to provide a seamless service (Putting cleaning, caretaking, security, reception, and property maintenance, into a property management of facilities management service) that can then be assessed in terms of the other procurement options.
- Jointly managing services delivered to the public (Trading standards in the rural English midlands organised on a partnership basis).

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│ reconfiguration      │                     │ reconfiguration?     │
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Joint working

1.10. Local authorities have a well-established history of making agreements with each other and with other public service organisations in order to achieve shared objectives. These agreements may be at the level of individual cases or they may involve the considerable resources involved in service delivery. One area in which joint working is well established is in procurement consortia or alliances for goods, some services, and some utilities.

1.11. Best value provides an opportunity to re-explore this area of service organisation. Local, and other, public authorities working *together* for *shared objectives* are not in the same relationship as clients and contractors. Joint working is an example of partnership). In any form of partnership it is necessary to negotiate and agree on the *relationship* between the organisations as well as the service targets they are working to achieve.

Social Work and Health – Joint working on Tayside
Perth and Kinross Council used *Invest to Save* funds to develop joint working `around Adult Care with Tayside Health Board, the Primary Care Trust, and (to a lesser extent) the Acute Care Trust. This is a 2½-year experiment with the local authority and the Health Board each investing £25million a year. The organisations retain their separate identities, reporting lines, and governance structures, but services will be more closely integrated under a 10-member on which local authority and health service are equally represented (plus two non-voting observers representing staff and users).
The approach chosen was 'obvious' as an experiment for improving service delivery especially as local research found that people *expected* local authority and health services to be well integrated. The partners are aware of possible problems and have adopted a consensus approach to dealing with issues.
The joint working experiment is being properly evaluated as each key stage is reached. The final evaluation will determine whether, and how, joint working continues.

Figure 0-1 Joint working on Tayside

1.12. Joint working can take three forms. Authorities can work together to design and run services or activities. They can work together to commission services or activities from third parties. Or the joint working may be a hybrid including a mixture of provision and commissioning.

1.13. Some of the opportunities for joint working in the public services are:
  * Working across organisational boundaries to provide integrated services (pooling resources with other authorities, transferring or delegating functions, or developing a single provider of integrated services);
  * Developing a wider range of approaches to fit particular circumstances:
    – Joint committees and boards;
    – Joint contracts with third parties
    – Joint support services;
    – Delegating functions and second or loan staff more effectively.

     – Making better use of public sector assets (exploiting their potential for one-

1.14. The main types of evidence that will support a move towards joint working:
- Willing partners;
- Consultation or other evidence indicating local people's desires for one-stop-shop approaches to service delivery;
- Spare capacity in human or other resources in the local authority or its potential partners;
- Benefits from pooling budgets and other resources that would not be realised if the authority was to continue acting independently;
- Shortages of specialist staff or other resources;
- Comparison evidence of the benefits of joint working for service delivery, service commissioning, or hybrid approaches.

Market testing in-house service

1.15. This is the approach most similar to CCT – because there is an in-house bid. Market testing is potentially a 'half-way' between improving in-house provision and externalisation. It is most likely to be a preferred option when:
- There is market interest in a market testing, or market interest can be stimulated
- There are doubts about the ability of the in-house team to develop and sustain improvements in value for money and service quality *without* the challenge of market testing;
- There are disagreements within the authority about whether the in-house option or externalisation will give best value: a market testing exercise may be used to give the in house team 'a chance';
- The authority has the skills and resources to put into an effective market testing exercise.

1.16. The types of information from the review that are likely to point to market testing as an option are:
- Inconclusive evidence of the competitiveness of the existing in-house service provider;
- Mixed evidence from other authorities about the long-term success of in-house or external suppliers for the service;
- A strong and active market with keen competition on price and quality;
- Mixed evidence about the ability of the in-house team's ability to respond to the challenge of new service requirements and improve to the standards, and within the timescale, planned by the authority.

1.17. There are also circumstances in which the review might suggest that *part* of a service should be subject to market testing (these circumstances may also indicate that part of a service should be externalised). The 'part' may be geographical (a particular area of the council); functional (market testing laboratory and analytical services to environmental health and consumer protection for example); or structural (market testing management or support

services). Information from the review that is likely to point to this approach includes:

- Pressure for innovation is counterbalanced by risk of failure – the council may consider testing an area of service as a 'pilot' with other areas benchmarked against the pilot's performance.
- A service includes areas that are less suitable for market testing (some regulatory work) or as strategic to the authority, but also includes support or technical activities for which there is an open and active market.
- Evidence from comparator authorities indicates that the key factor in service improvement has been a change in management.
- A few players dominate the market and the maintenance of at least one area in-house provides a 'cap' to prevent over-pricing. This may also be evidence to support part of a service being kept in-house.
- An otherwise strong and competitive service is let down by one element.

Partnership

1.18. The partnership option is an increasingly popular alternative to either keeping service in-house or to fully externalising them. The main problem with partnership working, however, is that the term has become loosened to include anything from a formal Partnership in which the partners share both the risks and benefits of the arrangement to a traditional contract with a 'partnership' tag attached to the publicity about the contract's signing.

1.19. Cipfa's Competitiveness Joint Committee[iii] suggests there are four types of partnership relevant to Best Value procurement:
- Executive partnerships which procure the goods, works, and services needed for the purposes of the partners.
- Advisory partnerships which exist to co-ordinate the partners' resources in the pursuit of commonly agreed objectives. These are not procurement in the narrow sense, but they are procurement in the wider sense. By co-ordination the partners get more value out their resources. These executive partnerships are joint working.
- Working arrangements based on communications and/or custom and practice- these are another example of joint working.
- Partnering contracts "which provide in various ways for an interactive relationship between clients and contractors. Neither party relies solely as too often they do with traditional contracts on compliance by the other with the written contract conditions"

1.20. Research on partnerships of all kinds reveals some consistent features that underline success:
- Shared, or similar, values and culture;
- Ground rules (agreement on the partners roles and responsibilities) from an early stage (this can be a contract);
- Organisations that understand how partnership working operates. In addition there should be *champions* for the partnership within each of the partner organisations;
- All partners must gain something from the partnership;

- All partners must contribute to the partnership;
- Agreement that partnership is 'the best way' to achieve objectives;
- Achievable objectives.

1.21. For partnerships to last there are a further five factors[iv]

1. There is interdependence between the partners. *Vertical* interdependence is that most commonly found through *contracts* where purchasing organisations are free to choose amongst providers.

2. There is greater efficiency from staying in partnership than from pulling out. In other words the partnership is at least as efficient as the main alternatives (setting up a new contract / relationship market, or bringing the service in-house Where there is efficiency, both parties have an incentive to keep the partnership going rather than to let it unravel.

3. A measure of 'security' or aversion to uncertainty binds the partners. This security is based on trust and leads both to partnerships and to altered market relationships (where there are 'preferred suppliers', or 'relational contracts' for example).

4. The legitimacy of the partnership may arise from external factors (the 'mandated' partnership) expressed strongly, or external factors expressed more weakly (permissive or enabling factors - 'authorisations'). A partnership is sustainable on the grounds of legitimacy because that legitimacy provides a defence against criticism or because that legitimacy is a 'currency' which can be used to strengthen the partnership's claims to roles, resources, and functions.

5. The adaptability of the partnership is its ability to react to changes in circumstances. Adaptability manifests itself in the partners' ability to maintain and adapt their relationship. Adaptability can be built-in to the relationship by deliberately leaving some aspects of the partnership unresolved at the start - forcing the partners to review and redefine the relationship. Adaptability can also provide the test for the continuing relevance of sustainability - the point at which change is so great that *new* collaborations or partnerships are required.

1.22. Partnering contracts are the most common form of 'partnership' that Best Value authorities will be involved with. The basis of the partnership is that of a client-contractor relationship. The winning contractor (chosen through competitive tendering – either with or without an in-house bid) is invited to sign a *partnering agreement* committing them to work with the authority rather than as an adversary. The Department of Trade and Industry and the Confederation of British Industry support an organisation called *Partnership Sourcing Ltd* that supports this type of arrangement.

1.23. Other (not exclusive) approaches to partnership working include:

- Joint ventures in which the local authority has a shareholding. The joint venture vehicle is joint owned by the authority and its partner(s). The partners have a share in the organisation's risks and benefits;
- Strategic contracts where the partners agree beforehand what sorts of work, activity, will best serve the client's interest and / or agree post-contract what elements of work will be done in-house, by contractors, or jointly

- Strategic sub-contracting where the main contractor is often an in-house team subcontracting specialist or 'peak' work to local suppliers
- Continuous improvement partnerships where *both parties* work to develop improvements in service delivery or cost effectiveness
- Regular review meetings at senior management level to review performance, and progress, and to plan for the future.

Externalisation

1.24.   With any approach to externalisation, the local authority maintains a client or commissioning role. The *service management and service delivery* becomes the responsibility of an external organisation. In most cases the external organisation is chosen through a process of competition. Externalisation is different from market testing because there is no in-house bid; it is different from transfer because the authority maintains its client role. However it overlaps with partnership and partnerships can arise out of externalisation exercises (when the contractor leads in creating a partnership) as well as being an objective of the client.

1.25.   A review team is likely to suggest externalisation of a service or activity when there is evidence that:
- In-house provision is demonstrably poor and improvements are impossible, unlikely, or too expensive;
- The marketplace offers 'products' which wholly or substantially meet the authority's requirements at lower cost than the alternatives;
- There will be *effective* competition because there are a sufficient number of potential bidders able to offer the *relationship* that the authority requires and the *service* the authority requires.
- Alternative providers can offer economies of scale, economies of scope, investment, or more effective management of risk;
- The process and transaction costs of externalisation do not exceed the benefits to be gained by externalisation.

1.26.   Externalisation can offer the local authority one, or more, of five types of benefit:
1. Economies of scope as commercial and not-for-profit organisations concentrate on their *specialisms* or areas of *expertise*. An organisation specialising in the care of elderly people may be able to deliver better value than one that delivers services to a range of client groups. Economies of scope may also come from the development of a team of specialists working with a number of different clients.
2. Economies of scale as commercial and not-for-profit organisations use their size and resources to cover variations in the level of work. A large organisation in the private sector, or a national non-profit organisation, may be better able to group resources (support services, supplies, assets, management) to support service delivery operations, than a local authority in-house team.
3. Innovation and investment as commercial and not-for-profit organisations develop and invest in more efficient technologies and techniques. Free of

local authority financial restraints, and more willing to take risks, the private and not-for-profit sectors may have an innovative 'product' or 'service' they can offer. This can range from new equipment, to care systems.

4. Effective management of risk where the risks associated with a service or project can be transferred to an organisation better able to carry them.

5. Access to investment and other funds that may not be available to the local authority. This is the rationale behind the Private Finance Initiative. Where investment and access to capital finance is seen as a key factor in the future development of services, a local authority should consider a PFI scheme as well as other market-based arrangements.

6. An opportunity to stimulate or influence market development. In specific instances, or in support of particular policies (community, social, and economic development), the Best Value review team could recommend that externalisation be used to *stimulate* market development. This could involve externalisation of specific tasks or be part of a hybrid approach (see below). It may also be part of wider programmes to support local community enterprise, and could involve intervention from development specialists as well as management of the procurement option.

Transfer

1.27. Transfer has some similarities with cessation. The authority ceases to be involved in provision of service. With cessation it may work out a minimum succession strategy with alternative suppliers. With transfer the service provision continues as a 'going concern' but with a totally separate organisation choosing how the service is managed and delivered. It is this that differentiates transfer from externalisation.

Transfer and Externalisation – what's the difference? The crucial differences are:	
Externalisation	Transfer
The local authority is the client. There is a contract for the services between the local authority and the service provider.	The service user is the client. The local authority has a residual role in regulating or influencing the service.
Example: A contractor manages the local authority's housing.	Example: The local authority's housing is transferred to an independent Registered Social Landlord.

Figure 2 Substitution and externalisation

1.28. A review team may suggest that transfer is an option when it finds one or more of the following:

- The market already provides the services or activities under consideration *in competition* with the local authority (leisure services, some care services, rented housing) and the authority can use *regulatory* instruments, *residual rights* or *non-contract mechanisms* to ensure that minimum standards are kept to.

- There are non-profit organisations with special skills or expertise able and willing to take over the management and delivery of services *on behalf of*

local communities or service users. *And* the authority is willing to enter into agreements with them that are *not* contracts for services.
- The authority can create a separate organisation to take over the service.

1.29. There are some important questions that must be answered:
- Does the authority have the power to transfer responsibility to a separate organisation? Where the authority has a statutory *duty* transfer is unlikely unless there is specific statutory permission or encouragement.
- Why is transfer more attractive that in-house provision or externalisation?
- What method of substitution is most appropriate?
- A not-for-profit trust or co-operative. This has been an option chosen by some authorities for social care services and for leisure services. Large-scale housing transfers are often made to non-profit organisations created specially for the purpose. In some cases the creation of a new non-profit organisation can be part the authority's community development plans. In other cases there may already be appropriate organisations.
- Trade sale to an organisation already active in the market. This could be appropriate if the service could be sold as a 'going concern'.
- Stock market flotation (least likely).
- Will the new arrangement be able to meet all needs? One of the basic arguments for the public provision of services is that the market is unable to meet the needs of disadvantaged groups. In considering substitution, your authority will have to assess how minimum standards, and anti-poverty policies will be applied. Grants, subsidies, or voucher schemes may be appropriate.
- Does substitution support other policy objectives? This can be an important factor particularly if there are cross-cutting themes (community development, economic and social regeneration) where a substitution approach (involving local community or business development) can make a substantial contribution.
- Can the substituted service exist without dependence on the local authority for grant or subsidy? If the answer is 'no', your authority should consider the other management options rather than substitution.
- Can statutory requirement and the authority's *service* objectives be met with only a regulatory or residual relationship? If the answer is 'no' your authority should consider the other options rather than substitution.

Cessation

1.30. This could be the most radical option: the local authority decides to cease a service or activity (or part of a service or activity).

1.31. The evidence is likely to point towards this conclusion includes:
- Little or no demand for the service from local people;
- Costs of provision outweigh any benefits;
- There are alternative providers of the service – and individuals using those providers would not be placed at a disadvantage;
- The activity makes no, or little, contribution to the council's policy or service objectives;

- No statutory requirement to make provision;
- No strategic requirement to make provision.
- The activity is a purely internal function that is no longer necessary.

1.32. Before making a decision to cease an activity, however, the authority needs to be sure that it has fully consulted actual and potential service users. There may be discrete or vulnerable groups in the community who rely on an apparently unused service. In that case the service may need marketing to increase take-up. There will also be important issues for negotiation with staff and their representatives. Cessation of an activity or service may lead to redundancies. The authority will need to follow employment law and good practice in deciding whether redundancies can be avoided, and how they will be managed if they are necessary.

Hybrids

1.33. CCT encourage local authorities to think of 'all or nothing' – the 'whole service solution'. The whole defined activity (or the percentage subject to competition in 'white collar' CCT) was treated as one unit. A hybrid approach simple recognises that the Best Value solution for an authority may involve a combination of approaches.

1.34. With Best Value it is possible to identify an alternative approach in which each service or activity is treated *appropriately*. The result may well be a 'hybrid' proposal for future service delivery. By their very nature, hybrids will be designed to suit the particular circumstances of each local authority service. The development and use of hybrid approaches will inevitably take more effort in preparation – this will have to be balanced against the Best Value service that your authority expects to achieve. Hybrids can also be a way of moving towards another option or approach over time – building a best value service in stages.

1.35. In fact there are hybrids already. Hybrids include
- The in-house professional practice supported by bought-in expertise for peaks of work or particular specialist skills;
- The Social Service Department working with a charity to provide specialist services for the elderly;
- Catering DSOs sub-contracting the preparation of some foods to ethnic minority businesses;

1.36. Hybrid approaches should be considered if:
- A Best Value review identifies clear areas of in-house strength in a service that is otherwise weak (e.g. a skilled, motivated, staff working with run down resources);
- The questions used to identify if another approach is appropriate reveal mixed answers (e.g. some risks can be transferred to the private sector – but others cannot);
- A service is made up of component parts that involve clearly different activities (e.g. bulk data processing and face-to-face advice);

- A service has to meet a range of different (and potentially conflicting) policy objectives (e.g.: maximising income v anti-poverty; providing a standard service v meeting the needs of different cultures);
- There is a risk of inappropriate market behaviour – residual in-house capacity can be used to 'regulate' the market, and encourage benchmarking.

[i] Accounts Commission (1999) *Better together? Making improvements by reconfiguring services.* Edinburgh: Accounts Commission ISBN 0-906206 68 6.
[ii] Appendix 2 of *Better together?* lists contact points for examples of reconfiguration.
[iii] CJC (2001) *The CJC Guide to Partnerships and Partnering* London: Cipfa Publications
[iv] Cropper S. (1996) "Sustainability" in C*reating Collaborative Advantage.* London: Sage