

Best Value in Public Services

Guidance for Accountable Officers

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BEST VALUE IN PUBLIC SERVICES

GUIDANCE FOR ACCOUNTABLE OFFICERS

This document is issued by Scottish Ministers to provide Guidance for Accountable Officers on the duty to ensure that arrangements are in place to secure Best Value in public services.

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SECTION 1 - OVERVIEW

PURPOSE OF THE GUIDANCE

1. This guidance explains the duty of Best Value and the characteristics of a Best Value organisation. It has been prepared to assist Accountable Officers of Public Bodies covered by the Scottish Public Finance Manual ([SPFM](#)). The Guidance replaces previous Guidance published in 2006¹. Separate guidance is available for Local Authorities on their statutory duty of Best Value².

2. The duty of Best Value has been in place since 2002 and this guidance has been refreshed both to reinforce the importance of the duty and to better reflect the context of public services working in partnership to deliver improved outcomes for the people of Scotland. The refreshed guidance also reflects learning from experience of delivering Best Value across the public sector over the last few years and in particular the work undertaken to inform future approaches to auditing Best Value in local government (Best Value 2 or “BV2”³).

3. The approach to Best Value in this guidance is intended to support Accountable Officers and, where appropriate, Board Members (and the organisations which they serve) in focusing on (i) continuous improvement which will help ensure sustainable economic growth for the people of Scotland and (ii) delivery of the outcomes required of all public services as articulated in the [National Performance Framework](#). Details of specific roles and responsibilities is at Annex A.

4. This guidance is intended to be of use across the range of Scotland’s Public Bodies, recognising that they comprise a diverse range of organisations of varying size, functions and responsibilities and with different accountability and governance requirements.

5. The guidance specifically recognises the importance of partnership working and joint delivery of outcomes - it enables Accountable Officers to consider in a consistent way what is currently happening in their organisations and those that they work in partnership with, in order to deliver their required outcomes.

THE DUTY OF BEST VALUE

6. The duty of Best Value, as set out in the SPFM, is:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between

¹ “Best Value in Public Services – Guidance for Accountable Officers”, “Best Value in Public Services Secondary Guidance to Accountable Officers”, “Best Value in Public Services: Self Assessment Questionnaire” and related toolkits - Performance Management, Equalities, Sustainable Development and Joint Working.

² <http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/14838/localgovernment>

³ <http://www.audit-scotland.co.uk/work/bestvalue2.php>

quality and cost; and, in making those arrangements and securing that balance,

- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

7. The SPFM sets out nine characteristics of Best Value which Public Bodies are expected to demonstrate. Each of the original 9 Best Value characteristics in the SPFM remain equally relevant now. However, the nature of these characteristics has evolved in light of the changing context within which Public Bodies have operated since 2007. In moving forward and refreshing this guidance, the Scottish Government has deemed it appropriate to focus on 5 generic and 2 cross-cutting themes which now define the expectations placed on Accountable Officers by the duty of Best Value. This is also in line with the approach being taken on Best Value as it applies to Local Authorities (“Best Value 2”).

8. This refreshed guidance, therefore, regroups the Best Value characteristics in a way which both emphasises the connections between the characteristics and assists partnership working between Public Bodies and their partners (including where appropriate Community Planning Partners) as they deliver their outcomes. The five themes are:

- Vision and Leadership;
- Effective Partnerships;
- Governance and Accountability;
- Use of Resources; and
- Performance Management.

The guidance also identifies the two cross-cutting themes which a Best Value organisation should fully embrace across all the activities by which they deliver their outcomes. These cross-cutting themes are:

- Equality; and
- Sustainability.

8. Best Value ultimately is about creating an effective organisational context from which Public Bodies can deliver their key outcomes. It provides the building blocks on which to deliver good outcomes by ensuring that they are delivered in a manner which is economic, efficient, sustainable and supportive of continuous improvement. It also provides a common framework for continuous improvement across public services in Scotland.

IMPLEMENTING THE DUTY OF BEST VALUE

9. Scottish Ministers expect all Accountable Officers of the Scottish Administration and Accountable Officers of other Public Bodies to comply with the duty of Best Value placed upon them. Compliance with the duty of Best Value (as described in the SPFM) is an auditable requirement and subject to scrutiny under the terms of section 22(1)(c) of the Public Finance and

Accountability (Scotland) Act 2000 (“the PFA Act) for any organisation subject to audit by the Auditor General for Scotland.

10. Audit Scotland undertakes audits as required by the Auditor General for Scotland. The flexible and proportionate approach being taken to auditing Best Value in Public Bodies is described in “[Auditing Best Value in central government bodies](#)” and “[Auditing Best Value in the NHS](#)”. The clear focus is on adding value to existing arrangements, increasingly relying on self-assessment and using a wide range of evidence which has been gathered for a variety of purposes.

11. In essence, compliance with the duty of Best Value requires Public Bodies to take a systematic approach to self-evaluation and continuous improvement. Achieving and demonstrating continuous improvement in performance and outcomes (by whatever means is seen as appropriate by the individual body) is a core requirement for all Public Bodies.

12. The guidance therefore identifies the themes which an organisation needs to focus on in order to deliver the duty of Best Value. The guidance is not prescriptive of the approach which should be taken, nor does it specify process. It does not seek to create a “one-size fits all” approach but rather it provides detail on what organisations should be aiming for and also points to related support and guidance material.

13. Each organisation can determine the route by which it intends to achieve Best Value and arrive at its identified improvement goals. The strategic focus should be on achieving continuous improvement in performance and outcome. Whatever strategy is agreed on by the individual Accountable Officer and, where appropriate, their Board, it should show clearly how the organisation will demonstrate the relevant characteristics, ensure continuous improvement across all activities and deliver improved performance and outcomes.

14. It is the successful outcome of the effort that matters, rather than the detail of the processes. There are already a number of business management, improvement or change frameworks available to an individual organisation. The Best Value approach can incorporate specific approaches such as the European Foundation for Quality Management ([EFQM](#)), the Public Services Improvement Framework ([PSIF](#)) and other relevant disciplines such as benchmarking. Irrespective of what approach is chosen, a Best Value organisation will be able to demonstrate through its usual assurance and self-assessment processes how the Best Value attributes and practices are embedded within the way it works.

15. Implementation of Best Value should be appropriate and proportionate to the priorities, operating environment, scale of business and the nature of the body’s business and should be implemented accordingly. However, in considering the necessary scale and proportionality of its approach to ensuring Best Value, bodies should also consider comparisons within the wider public sector, rather than only within their usual public sector “family”. A

“small” body in one sector may actually be quite large when compared with Public Bodies in another sector.

6 QUESTIONS ABOUT PERFORMANCE

16. The Scottish Government has identified 6 questions, which Accountable Officers of Public Bodies might find useful in applying Best Value. The questions stem from the early work of its Performance Board, and will be used initially in setting standards for the Scottish Government’s activities.

Strategic

1. Do we have a policy narrative that is simple, clear, and evidence-based; and which enables leaders, decision makers, stakeholders and staff to champion and embed a performance culture?
2. In driving for improved outcomes, are we prioritising the performance improvements likely to have the greatest impact?

Implementation

3. Is there clear and shared understanding throughout the organisation about how performance improvement is going to be secured locally and reliably?
4. Do we have measures in place (supporting our narrative) that will demonstrate, openly and transparently, whether performance is improving quickly enough to meet our annual and long term improvement goals?

Continuous Improvement and Learning

5. Are we sparking creativity and innovation; finding and systematically spreading the best outcomes, practices and ideas; and learning from what works?
6. Do we have capacity and capability to deploy when performance is slow or weak?

CONTEXT FOR THE GUIDANCE

17. This guidance is part of the guidance for Public Bodies provided by the Scottish Government and other relevant organisations. It takes account of the changed context within which Public Bodies have operated since 2007. In particular:

- all of Scotland’s public services are now expected to align their activity towards supporting the Government’s Purpose and National Outcomes; and
- having a shared Purpose and set of National Outcomes means there is both the opportunity and expectation that public bodies will work together in pursuit of shared priorities

This guidance will be kept under review and any comments on it can be sent to the Public Bodies Policy team at publicbodiesunit@scotland.gsi.gov.uk

SECTION 2 – BEST VALUE THEMES

BEST VALUE THEMES

17. Previous versions of the Best Value guidance were structured around the nine characteristics for Best Value as listed in the SPFM. This refreshed guidance groups these into five themes and two cross-cutting themes. This change reflects the experience of applying Best Value across the Scottish public sector over the last few years and the context within which Public Bodies now work. The five themes, and the relationship to the Best Value characteristics as listed in the SPFM, are:

- **Vision and Leadership** (*SPFM – “commitment and leadership”, “responsiveness and consultation” and “sound governance at a strategic and operational level”*);
- **Effective Partnerships** (*SPFM – “joint working” and “responsiveness and consultation”*);
- **Governance and Accountability** (*SPFM – “responsiveness and consultation”, “commitment and leadership” and “accountability”*);
- **Use of resources** (*SPFM – “sound management of resources” and “use of review and options appraisal”*); and
- **Performance Management** (*SPFM - “Sound governance at a strategic and operational level” and “responsiveness and consultation”*).

18. The two cross-cutting themes which a Best Value organisation should fully embrace across all of its activities are:

- **Equality** (*SPFM – “Equal Opportunities arrangements”*); and
- **Sustainability** (*SPFM – “A Contribution to Sustainable Development”*).

19. Any organisation with a duty of Best Value must be able to demonstrate a focus on continuous improvement in performance around each of these themes and the delivery of outcomes. The themes are illustrated in Diagram 1 (overleaf) and are described in turn in this section.

Diagram 1 – Best Value themes



VISION AND LEADERSHIP

The “Vision and Leadership” theme focuses on how a Best Value organisation achieves an open and inclusive leadership style, with a clear vision and sense of purpose, securing continuous improvement and improved outcomes with transparent, accountable processes and robust governance.

This maps to SPFM listed characteristics: “commitment and leadership”, “responsiveness and consultation” and “sound governance at a strategic and operational level”

OVERVIEW

A Best Value organisation will have in place a clear vision and strategic direction for what it will do to contribute to the delivery of improved outcomes for Scotland’s people, making Scotland a better place to live and a more prosperous and successful country. The strategy will display a clear sense of purpose and place and be effectively communicated to all staff and stakeholders. The strategy will show a clear direction of travel and will be led by Senior Staff in an open and inclusive leadership approach, underpinned by clear plans and strategies (aligned to resources) which reflect a commitment to continuous improvement.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- that Executive and Non-Executive leadership are involved in setting clear direction and organisational strategy (sensitive to the context in which the organisation is working) and that there is a mechanism for internal scrutiny (by both Executive and Non-Executive leadership) of performance and service outcomes.
- that strategic priorities are agreed, reviewed and updated on a regular basis and that leaders communicate the strategy to all staff and stakeholders and ensure that it is translated into meaningful actions and outcomes.
- that overall strategic priorities are informed by a good understanding of the needs of the organisation’s stakeholders, [the Scottish Government Strategic Objectives](#) and how the individual Public Body is making a contribution to sustainable development.
- that Executive and Non-Executive leadership and senior managers have developed a vision of how Best Value contributes to achieving effective outcomes for the organisation and that this is communicated clearly in relevant corporate and operational documents.

- that both the setting of priorities and the assessment of performance are undertaken transparently and openly.
- that Executive and Non-Executive leadership ensure accountability and transparency through effective performance reporting for both internal and external stakeholders and that there is a willingness to be open to external scrutiny, for example, through formal external accreditation tools.
- that Executive and Non-Executive leadership demonstrate a commitment to high standards of probity and propriety and that the organisation has, and implements, appropriate codes of conduct for all staff, directors and trustees.

Operational

- that the organisation has a strategy with realistic and achievable objectives and targets which are matched to their financial, asset base and other resources and which is explicitly translated into clear responsibilities for implementation.
- that statements, strategies and plans clearly show a systematic approach by the organisation towards risk management.
- that there are clear statements about how the organisation is working with partner organisations to provide joined up services that meet stakeholder and community needs in the most effective manner, including through Community Planning Partnerships where relevant.
- that there are mechanisms within the organisation to develop leadership skills and that Executive and Non-Executive staff in leadership roles have the key skills and exhibit the behaviours which make them highly effective.
- that there is an explicit and systematic approach to integrating continuous improvement into everyday working practices and involving all staff in developing the organisation's approach to Best Value.
- that the interdependencies between different activities and outcomes are recognised and effective co-ordination and alignment is actively championed by senior management.

EFFECTIVE PARTNERSHIPS

The “Effective Partnerships” theme focuses on how a Best Value organisation engages with partners in order to secure continuous improvement and improved outcomes for communities, not only through its own work but also that of its partners.

This maps to SPFM listed characteristics: “joint working” and “responsiveness and consultation”

OVERVIEW

A Best Value organisation will show how it, and its partnerships, are displaying effective collaborative leadership in identifying and adapting their service delivery to the challenges that clients and communities face. The organisation will have a clear focus on the collaborative gain which can be achieved through collaborative working and community engagement in order to facilitate the achievement of its strategic objectives and outcomes.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- an organisational culture which recognises the value of working with wider stakeholders and partners to achieve more effective and sustainable policy development, better services and customer-focused outcomes.
- that leaders and senior managers actively encourage opportunities for formal and informal partnerships, including through joint use of resources and joint funding options, where this will offer scope for improvement in outcomes, as well as continuous improvement in organisational performance.
- that the organisation is clear about the intended outcomes and likely impacts of partnership working and that it has identified, and is sensitive to, the needs of the potentially different communities it and its partners serve.
- that partnerships plans are informed by engagement with stakeholders and the communities affected by the work of the organisations involved in the relevant partnership.
- that partnership plans have agreed a set of measures and targets to track progress and can clearly demonstrate (and regularly reports on) the impact of, and the outcomes from, any partnership working.
- that where the partnership is involved in joint delivery, governance arrangements include:

- (a) agreeing appropriate respective roles and commitments and areas of collective responsibility;
- (b) integrated management of resources where appropriate;
- (c) effective monitoring of collective performance; and
- (d) joint problem-solving and learning.

Operational

- that, where appropriate, the organisation participates effectively in Community Planning Partnerships and other joint working initiatives, working openly to agreed objectives, performance management and reporting mechanisms and integrating these into local planning mechanisms to deliver outcomes.
- that leaders address impediments and barriers which inhibit integrated approaches to joint funding and joint management of activities with internal and external partners and undertake appropriate engagement (including with the Scottish Government) where this would help promote more effective use of resources and better value for money.
- that the organisation seeks to explore and promote opportunities for efficiency savings and service improvements through shared service initiatives with partners.

GOVERNANCE AND ACCOUNTABILITY

The “Governance and Accountability” theme focuses on how a Best Value organisation achieves effective governance arrangements, which help support Executive and Non-Executive leadership decision-making, provide suitable assurances to stakeholders on how all available resources are being used in delivering outcomes and give accessible explanation of the activities of the organisation and the outcomes delivered.

This maps to SPFM listed characteristics: “responsiveness and consultation”, “accountability” and “commitment and leadership”

OVERVIEW

A Best Value organisation will be able to demonstrate structures, policies and leadership behaviours which support the application of good standards of governance and accountability in how the organisation is improving efficiency, focusing on priorities and achieving value for money in delivering its outcomes. These good standards will be reflected in clear roles, responsibilities and relationships within the organisation. Good governance arrangements will provide the supporting framework for the overall delivery of Best Value and will ensure open-ness and transparency. Public reporting should show the impact of the organisations activities, with clear links between the activities and what outcomes are being delivered to customers and stakeholders. Good governance provides an assurance that the organisation has a suitable focus on continuous improvement and quality. Outwith the organisation, good governance will show itself through an organisational commitment to public performance reporting about the quality of activities being delivered and commitments for future delivery.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- that it has developed a corporate plan which is focussed on the successful delivery of outcomes, takes account of statutory responsibilities and is translated into specific actions to be carried out at both corporate and operational levels to achieve those outcomes.
- that plans, priorities and actions are informed by an understanding of the needs of its stakeholders, citizens, customers and employees.
- that decision-making processes are open, transparent and clearly based on evidence that can show clear links between the activities and the outcomes to be delivered to customers and stakeholders.
- that the approach to Public Performance Reporting approach is balanced, enabling the discharge of statutory requirements together with provision of

concise, relevant and accessible reporting of information that is useful for the public and other stakeholders, including information on use of financial resources.

- that where delivery is through others, a robust framework of corporate governance is in place to manage that delivery which sets out roles and responsibilities, objectives and outcomes and a process for performance and risk management and reporting.
- that the organisation has a framework for planning and budgeting that includes detailed and realistic plans linked to available resources together with an effective system for financial stewardship and reporting in order to achieve the organisation's goals, ensure appropriate financial governance, deliver high-quality and efficient services and ensuring continuous improvement in both performance and delivery of outcomes.

Operational

- that organisational budgets and other resources are allocated and regularly monitored to ensure that they are not only delivering agreed objectives but also (crucially) outcomes in a manner which is keeping a suitable balance between cost, quality and price in making the best use of public resources.
- that the organisation has a robust framework of corporate governance to not only manage delivery of, and reporting on, outcomes but also provide assurance (using quantitative as well as qualitative indicators) to relevant stakeholders that there are effective internal control systems in operation. This includes compliance with the SPFM and other relevant guidance which may reasonably be regarded as proper arrangements for this purpose.
- that it ensures that its approach to external accountability is supported by its governance arrangements, including an Outcomes Based Approach⁴ continually improving the clarity of reporting structures, responsiveness and accessibility for all stakeholders.
- that the organisation regularly conducts review and option appraisal processes of all areas of work that are rigorous and transparent and develop improvement actions which are clearly described, readily understood, clearly explained in terms of importance, relevance and priority and demonstrably integrated into the organisation's management arrangements.
- that the organisation has developed and implemented an effective and accessible complaints system in line with all relevant Scottish Public

⁴ <http://www.scotland.gov.uk/Topics/Government/public-bodies/OutcomesBasedApproach>

Services Ombudsman ([SPSO guidance on complaints handling processes](#))⁵.

- that the organisation has in place appropriate mechanisms for ensuring that it is aware of citizen, customer, partner and stakeholder views, perceptions, and expectations so that these can inform its actions including its improvement actions.

⁵ <http://www.valuingcomplaints.org.uk/>

USE OF RESOURCES

The “Use of Resources” theme focuses on how a Best Value organisation ensures that it makes effective, risk-aware and evidence-based decisions on the use of all of its resources.

This maps to SPFM listed characteristics: “sound management of resources” and “use of review and options appraisal”

OVERVIEW

A Best Value organisation will show that it is conscious of being publicly funded in everything it does. The organisation will be able to show how its effective management of all resources (including staff, assets, information and communications technology (ICT), procurement and knowledge) is contributing to delivery of specific outcomes.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- that it is making the best use of public resources (including employees, ICT, land, property and financial resources) based on evidence and intelligence-led – keeping a considered and appropriate balance between quality, sustainability and cost.
- that leaders and managers regularly review the management of resources across all activities, including their impact on outcomes.
- that the organisation ensures that it has the organisational capacity to implement its plans makes full use of its staff and that any relevant statutory and professional responsibilities of its staff are appropriately supported through an appropriate policy of Continuous Professional Development (CPD).
- that all employees are treated as a key strategic resource and are supported (by an appropriate combination of approaches, ideas and techniques) in actively managing how they bring further learning to their role and add value to the Public Body.
- that it has a strategy for procurement and the management of contracts (and contractors) which treats procurement as a key component in achieving its objectives and outcomes.
- it has regard to obligations under [State Aid](#) rules⁶.

⁶

http://www.stateaidscotland.gov.uk/state_aid/SA_HomeView.jsp?p_applic=CCC&p_service=Content.show&pContentID=323&

- it is aware of the need to conduct its business in a manner which demonstrates appropriate competitive practice.
- that it maintains an effective system for financial stewardship and reporting in order to ensure appropriate financial governance as well as provide evidence to support continuous improvement.
- that it has in place a systematic approach to risk management in relation to the organisation's resources which is cascaded as appropriate throughout the organisation.
- that there is a robust information governance framework in place that ensures proper recording and transparency of all the organisation's activities and supports appropriate exploitation of the value of the organisation's information.

Operational

- that the interdependencies between different activities and outcomes are recognised, that organisational budgets and other resources are allocated and regularly monitored to ensure that they are delivering agreed objectives and outcomes and effective co-ordination and alignment is actively championed by senior management in making the best use of public resources.
- that the organisational procurement processes are economic, sustainable in the longer-term, efficient and ensure the outcomes of efficient contract management and comply with the SPFM and other relevant guidance which may reasonably be regarded as proper arrangements for this purpose.
- that the organisation has evaluated and assessed opportunities for efficiency savings and service improvements, including through joint funding, joint management of activities with internal and external partners and sharing initiatives with partners.
- that the organisation ensures that all employees are managed effectively and efficiently, that they know what is expected of them, their performance is regularly assessed and they are assisted in improving.
- that the contribution of staff to ensuring continuous improvement is supported, managed, reviewed and acknowledged by effective management.
- that fixed assets including land, property, ICT, machinery and vehicles are managed efficiently and effectively and that asset bases are aligned appropriately to organisational strategies.

PERFORMANCE MANAGEMENT

The “Performance Management” theme focuses on how a Best Value organisation embeds a culture and supporting processes which ensures that it has a clear and accurate understanding of how all parts of the organisation are performing and that, based on this knowledge, it takes action that leads to demonstrable continuous improvement in performance and outcomes.

This maps to SPFM listed characteristics: “sound governance at a strategic and operational level” and “responsiveness and consultation”

OVERVIEW

A Best Value organisation will ensure that robust arrangements are in place to monitor the achievement of outcomes (possibly delivered across multiple partnerships) as well as reporting on specific activities and projects. It will use intelligence to make open and transparent decisions within a culture which is action and improvement oriented and manages risk. The organisation will provide a clear line of sight from individual actions through to the National Outcomes and the National Performance Framework. The measures used to manage and report on performance will also enable the organisation to provide assurances on quality and link this to continuous improvement and the delivery of efficient and effective outcomes.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- that leaders champion the use of performance management (including self assessment) as a key means for achieving improvement. Leaders lead by example in proactively managing performance and talking publicly about improving performance.
- that it has in place effective approaches to performance management, (which includes the use of baseline assessments, external comparison and improvement tools and techniques) through which performance issues (including the benchmarking of corporate services with other Public Bodies⁷) can be identified, monitored and addressed to ensure continuous improvement and identification of opportunities to improve efficiency and effectiveness.
- that clients, citizens and other stakeholders are involved in developing indicators and targets and monitoring and managing performance.

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<http://www.scotland.gov.uk/Topics/Government/PublicServiceReform/efficientgovernment/benchmarking>

- that the organisation links Performance Management with Risk Management to support prioritisation and decision-making at Executive level and support continuous improvement.
- that performance is systematically measured across all key areas of activity and that a performance management framework for the organisation extends throughout the structures of delivery in order to ensure effective governance and accountability and enable public performance mechanisms which track delivery outputs and outcomes through to high level objectives.
- that the organisation's performance management system is based on a culture of constructive challenge that is effective in addressing areas of underperformance, identifying the scope for improvement, agreeing remedial action, sharing good practice and monitoring implementation.

Operational

- that performance management is seen as part of the day job – integral to the way in which all staff operate. There is learning across the organisation on how to improve performance with time and opportunities explicitly made available to do so.
- that the performance management system is sufficiently flexible to allow for any necessary differences across the organisation and encourage wide ownership of performance management.
- that performance is reported upon systematically to staff and management, Executive and Non-Executive leadership, users and the public.
- that the information provided through public performance reporting allows stakeholders to compare performance against:
 - objectives, targets and service outcomes;
 - past performance;
 - improvement plans;
 - where relevant, the performance of other bodies; and
 - allows stakeholders to make a reasonable and informed judgement on how the organisation is likely to perform in future.
- that information provided in each case is relevant to its audience and clearly shows whether strategic and operational objectives and targets are being met.
- that reports are honest and balanced, and include information about what improvements are required during the forthcoming period.

CROSS-CUTTING THEME – SUSTAINABILITY

This section should be read in conjunction with “Public Bodies Climate Change Duties: putting them into practice”, guidance on the public bodies duties set out in the Climate Change (Scotland) Act 2009

The “Sustainability” theme is one of the two cross-cutting themes and focuses on how a Best Value organisation has embedded a sustainable development focus in its work.

This maps to SPFM listed characteristic: “A contribution to sustainable development”

OVERVIEW

The goal of Sustainable Development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations⁸. Sustainability is integral to an overall Best Value approach and an obligation to ‘act in a way which it considers is most sustainable’ is one of the three ‘public bodies duties’ set out in section 44 of the Climate Change (Scotland) Act 2009.

The duty to act sustainably placed upon Public Bodies by the Climate Change Act will require Public Bodies to routinely balance their decisions and consider the wide range of impacts of their actions, beyond reduction of greenhouse gas emissions and over both the short and the long term.

The concept of ‘sustainability’ is one which is still evolving. However, five broad principles of sustainability have been identified as:

- promoting good governance;
- living within environmental limits;
- achieving a sustainable economy;
- ensuring a stronger healthier society; and
- using sound science responsibly.

Guidance from Scottish Ministers. (“Public Bodies Climate Change Duties: putting them into practice”) assists Public Bodies in their response to the Climate Change Act duties⁹. In examining how an individual public body responds to climate change duties, the guidance will suggest a degree of “proportionality” in recognition of the fact that Public Bodies’ responses to climate change is likely to be proportionate to their level of influence on it. However, the guidance will also encourage Public Bodies, as well as reducing

⁸ As articulated in “UK Shared Framework: Principles for Sustainable Development”
<http://www.sd-commission.org.uk/pages/our-principles.html>

⁹ “Public Bodies Climate Change Duties: putting them into practice” - guidance required by part 4 of the Climate Change (Scotland) Act 2009
<http://www.scotland.gov.uk/Resource/Doc/340746/0113071.pdf>

their own emissions and promoting sustainability within their own organisations, to lead by example and promote climate change action more widely.

Individual Public Bodies may wish to consider comparisons within the wider public sector, rather than within their usual public sector “family”. This will assist them in getting an accurate gauge of their true scale and level of influence, as well as a more accurate assessment of the potential impact of any decisions they choose to make.

A Best Value organisation will demonstrate an effective use of resources in the short-term and an informed prioritisation of the use of resources in the longer-term in order to bring about sustainable development. Public bodies should also prepare for future changes as a result of emissions that have already taken place. Public Bodies will need to ensure that they are resilient enough to continue to deliver the public services on which we all rely.

An organisation subject to the existing Best Value duty is already required to demonstrate, amongst other characteristics, that robust arrangements are in place to monitor the achievement of outcomes (possibly delivered across multiple partnerships or through contracts) as well as reporting on specific activities and projects.

Sustainability will therefore require reporting through appropriate public performance reporting systems. Where such mechanisms do not exist, individual Public Bodies will (within the relevant guidance) be free to determine how best to report them, in line with Best Value principles set out earlier in this guidance.

In addition, certain Public Bodies¹⁰ will also be aware of a requirement for the mandatory inclusion of sustainability reports within the Annual Reports and Accounts of affected bodies from the 2011/12 financial year. (These reports are to cover performance against sustainability targets for greenhouse gas emissions, waste minimisation and management and the use of finite resources, and their related expenditure). Further detailed guidance will be prepared in due course and more information can be obtained from the Climate Change Duties Guidance site¹¹.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- how it is making a contribution to sustainable development by actively considering the social, economic and environmental impacts of activities

¹⁰ These are defined as Spending bodies accountable to the Scottish Parliament funded from the Scottish Consolidated Fund

¹¹ “Public Bodies Climate Change Duties: putting them into practice” - guidance required by part 4 of the Climate Change (Scotland) Act 2009
<http://www.scotland.gov.uk/Topics/Environment/climatechange>

and decisions both in the shorter and longer term, underpinning the principles of:

- *promoting good governance*
actively supporting effective participative system of governance in all levels of society – engaging people’s creativity, energy and diversity;
- *living within environmental limits*
respecting the limits of the planet’s environment, resources and biodiversity – to improve our environment and ensure that the natural resources needed for life are unimpaired and remain so for future generations;
- *achieving a sustainable economy*
building a strong, stable and sustainable economy which provides prosperity and opportunities for all, and in which environmental and social costs fall on those who impose them (polluter pays) and efficient resource use is incentivised;
- *ensuring a strong, healthy and just society*
meeting the diverse needs of all people in existing and future communities, promoting personal well-being, social cohesion and inclusion, and creating equal opportunity; and
- *using sound science responsibly*
ensuring policy is developed and implemented on the basis of strong scientific evidence, whilst taking into account scientific uncertainty (through the precautionary principle) as well as public attitudes and values.

Operational

- Diagnostic questions to assist public bodies in equipping themselves to devise procedures for ‘sustainability-proofing’ their decision-making processes, and to balance social, economic and environmental impacts (amongst others) in assessment of policies and strategies will be available in the Public Bodies Climate Change Duties Guidance available in 2011.

CROSS-CUTTING THEME – EQUALITY

This section should be read in conjunction with guidance on the UK Equality Act 2010 which will become available in 2011.

The “Equality” theme is one of the two cross-cutting themes and focuses on how a Best Value organisation has embedded an equalities focus which will secure continuous improvement in delivering equality.

OVERVIEW

Equality is integral to all our work as demonstrated by its positioning as a cross-cutting theme. Public Bodies have a range of legal duties and responsibilities with regard to equality. A Best Value organisation will demonstrate that consideration of equality issues is embedded in its vision and strategic direction and throughout all of its work.

The equality impact of policies and practices delivered through partnerships should always be considered. A focus on setting equality outcomes at the individual Public Body level will also encourage equality to be considered at the partnership level.

EVIDENCE

An organisation working to secure Best Value will be able to demonstrate:

Strategic

- that it meets the requirements of equality legislation, has a culture which encourages equal opportunities¹² and is working towards the elimination of discrimination.
- that Executive and Non-Executive leadership and senior managers recognise the diversity of their customers and stakeholders, engage in an open, fair and inclusive dialogue to ensure information on services and performance is accessible to all and commit to contribute to the achievement of equal opportunities in all it does.
- that the organisation ensures that all members of staff are informed of the organisational commitment to, and objectives for, equality outcomes and that the contribution by the organisation to the achievement of equality outcomes is reflected throughout the corporate processes.

¹² the meaning of “equal opportunities” is set out in L5 Schedule 5 to the Scotland Act 1998, namely, “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 beliefs”;

Operational

- that the organisation reflects in its planning, design and continuous improvement of services that different groups within the community have different needs, which must be taken into account to allow them to access those services.
- that equality is mainstreamed into all the processes.
- that the organisation can demonstrate that all leaders and senior officers within the organisation are committed to considering the needs of equality groups in their policies, functions and services, where relevant.
- that the organisation, wherever relevant, collects information and data on the impact of policies, services and functions on different equality groups to help inform future decisions and that it engages with and involves equality groups to improve and inform the development of relevant policy and practice.
- that as part of the Performance Management approach the organisation regularly measures and reports their performance in contributing to the achievement of equality outcomes.

ROLES AND RESPONSIBILITIES IN BEST VALUE

THE ROLE OF THE SCOTTISH MINISTERS

1. Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of individual Public Bodies. Public Bodies are required to comply with relevant guidance issued by the Scottish Ministers, including any in relation to compliance with the principles of Best Value and the reporting of performance.

THE ROLE OF THE PRINCIPAL ACCOUNTABLE OFFICER

2. The Public Finance and Accountability (Scotland) Act 2000 (the PFA Act) sets out the rules for spending money, accounting requirements, accountability of officials and auditing arrangements. Section 14 of the Act makes provision for the appointment of the Permanent Secretary as the Principal Accountable Officer for the Scottish Administration and sets out specific functions. The Principal Accountable Officer is responsible for the overall assigned budget and the consolidated accounts of the Scottish Government and in general charge of the Scottish Administration.

3. The Principal Accountable Officer for the Scottish Administration has a responsibility to designate Accountable Officers for Public Bodies under sections 15(1) and (3) of the PFA Act. The first category is for parts of the Scottish Administration and secondly for other bodies; in the second case, the *accounts* of these other bodies are required by statute to be audited by, or under the control of, the Auditor General for Scotland. The Auditor General for Scotland is wholly independent and is held accountable through the Scottish Parliament for how Audit Scotland carries out the audit of public bodies in the first and second categories. (Annex C has more detail)

4. The responsibilities of these Accountable Officers are essentially those determined by the Principal Accountable Officer and are set out in either the "[Memorandum to Accountable Officers for Parts of the Scottish Administration](#)" or the "[Memorandum to Accountable Officers for Other Public Bodies](#)", as appropriate. These Memoranda are published in the [Accountability section of the SPFM](#).

THE ROLE OF THE PORTFOLIO ACCOUNTABLE OFFICER

5. The role of Portfolio Accountable Officers within the core Scottish Government with regard to Public Bodies is addressed in the Accountability section of the SPFM and the Memorandum to Accountable Officers for Parts of the Scottish Administration.

6. Under the terms of the SPFM, Portfolio Accountable Officers within the Scottish Government are responsible for putting in place appropriate "framework documents" for all relevant bodies setting out accountability

arrangements and other relevant matters, including those relating to compliance with the principles of Best Value.

THE ROLE OF THE CHAIR OF A PUBLIC BODY BOARD

7. The Chair of a Public Body Board (where a Board exists) is appointed by the Scottish Ministers. The Chair of the Board of a Public Body is personally responsible to the Scottish Ministers for ensuring that the Public Body's policies and actions support the wider strategic policies of the Scottish Ministers and that there is probity in the conduct of the body's affairs. There are a number of other responsibilities, which are set out in the relevant guidance for Public Bodies¹³ and also the Model Management Statement/Financial memorandum in the SPFM¹⁴.

THE ROLE OF THE BOARD MEMBERS OF A PUBLIC BODY BOARD

8. Where Board Members of a Public Body (where a Board exists) have been appointed by Scottish Ministers (and are not operating solely in an advisory capacity) then those Board members have corporate responsibility for ensuring that the Public Body complies with any statutory or administrative requirements for the use of public funds.

9. In addition the guidance on Best Value in the SPFM imposes a corporate responsibility on the Boards of Public Bodies to promote the efficient and effective use of staff and other resources by the bodies concerned in accordance with the principles of Best Value. This responsibility for Best Value remains with individual Board Members when they are also members (by virtue of their original Board membership) on relevant subgroups of the Board, Standing Committees and other relevant engagement mechanisms.

10. There are a number of other responsibilities of relevance to the duty of Best Value, such as duties under the UK Equality Act 2010, both at a corporate level as a Board and as individual Board members. Further details on these are set out in the relevant guidance for Public Bodies.

THE ROLE OF THE CHIEF EXECUTIVE AS ACCOUNTABLE OFFICER

11. The Chief Executive of a public body has accountability to the Board for the overall organisation, management and staffing of the organisation. As well as advising the Board on strategy, the Chief Executive must devise and implement appropriate management structures and processes as well as ensuring the organisation has the necessary resources to deliver the strategy and outcomes agreed by the Board¹⁵.

¹³ "On Board – A Guide for Board Members of Public Bodies in Scotland"
<http://www.scotland.gov.uk/Topics/Government/public-bodies/On-Board>

¹⁴ "Model Management Statement/Financial memorandum for Executive NDPBs", Accountability – Annex 3, Scottish Public Finance Manual, <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/Accountability/modelmsfm>

¹⁵ "On Board – A Guide for Board Members of Public Bodies in Scotland"
<http://www.scotland.gov.uk/Topics/Government/public-bodies/On-Board>

12. In addition to these executive management roles, the Chief Executive of a Public Body is normally designated by the Principal Accountable Officer as the body's Accountable Officer in accordance with sections 14 and 15 of the PFA Act. Under section 15(6) of the PFA Act, Accountable Officers (designated by the Principal Accountable Officer) are **personally** answerable to the Scottish Parliament for the exercise of their functions.

13. As the Accountable Officer for the Public Body the Chief Executive is therefore **personally** responsible for propriety and regularity in the management of the public funds for which they have charge and for ensuring that resources are used economically, efficiently and effectively.

14. The Accountable Officer has a number of specific responsibilities: these are set out in [Memorandum to Accountable Officers for Other Public Bodies](#) including ensuring that arrangements are in place to secure Best Value. The Scottish Ministers expect all Accountable Officers (whether within the Scottish Administration or Public Bodies) to comply with the duty of Best Value placed upon them.

15. Members of the Board (including the Chair) should not give the Chief Executive instructions which conflict with the latter's duties as the Accountable Officer of the Public Body in question. In accordance with section 15(8) of the PFA Act, an Accountable Officer has particular and personal responsibility to ensure that, where they consider that any action that they are required to take (from whatever source) is inconsistent with the proper performance of their duties as an Accountable Officer, they obtain written authority from the Scottish Ministers/Board, as appropriate, before taking the action in question.

THE ROLE OF THE "SPONSOR" DIRECTORATE

16. In relation to Public Bodies the relevant Directorate in the core Scottish Government will be the main conduit for engagement, with support from the Scottish Government Public Bodies Policy Division and others as appropriate.

OTHER USEFUL MATERIAL

AUDIT SCOTLAND – BEST VALUE TOOLKITS

Audit Scotland has developed 18 Best Value toolkits to help their auditors form judgements when carrying out Best Value reviews or audits of public bodies. The toolkits take the form of structured key questions, with a matrix of possible levels of performance, ranging from basic to advanced practice.

The toolkits are not prescriptive as they recognise there are many ways in which different organisations achieve Best Value. Each toolkit is designed to be used either in its entirety or selectively. They may also be useful to Public Bodies in thinking through their own approaches to self-evaluation and continuous improvement. Further information can be obtained from the Audit Scotland website at: <http://www.audit-scotland.gov.uk/work/toolkits/about.php>

EFQM EXCELLENCE MODEL

The [EFQM Excellence Model](#) was developed by the European Foundation for Quality Management (EFQM). It is widely used as a framework for continuous improvement activity by private, public and voluntary sector organisations.

PUBLIC SERVICE IMPROVEMENT FRAMEWORK

The [Public Service Improvement Framework](#) (PSIF) is a self-assessment framework which enables organisations to conduct a comprehensive review of their own activities and results.

AUDIT SCOTLAND - POLICY DOCUMENTS

Audit Scotland: Priorities and Risk Framework - A national planning tool for 2010/11 NHS Scotland audits

http://www.audit-scotland.gov.uk/docs/health/2010/prf_1011_health.pdf

Audit Scotland: Auditing Best Value in central government bodies

http://www.audit-scotland.gov.uk/docs/corp/2009/bv_audit_best_value_central_gov.pdf

Audit Scotland: Auditing Best Value in the NHS

http://www.audit-scotland.gov.uk/docs/corp/2009/bv_audit_best_value_nhs.pdf

BENCHMARKING OF CORPORATE SERVICES

The Benchmarking process collects data from the Scottish Government, its Executive Agencies and NDPBs to allow the analysis of the relative efficiency and effectiveness of their corporate services.

<http://www.scotland.gov.uk/Publications/2010/06/Benchmarking2008>

SUSTAINABILITY

Sustainability Reporting: A Public Services Perspective (2010), CIPFA

GLOSSARY OF KEY TERMS
(which are not explained elsewhere in the guidance)

Accountable Officer

The Permanent Secretary is the Principal Accountable Officer (PAO) for the Scottish Administration by virtue of the Public Finance and Accountability (Scotland) Act 2000. Accountable Officers are personally answerable to the Parliament for the exercise of those functions determined by the Principal Accountable Officer.

The essence of the Accountable Officer's role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable and for the economic, efficient and effective use of all available resources. The functions of Accountable Officers designated by the PAO are set out in the "Memorandum to Accountable Officers for Parts of the Scottish Administration" and the "Memorandum to Accountable Officers for Other Public Bodies".

Auditor General for Scotland and Audit Scotland

The Auditor General for Scotland is a Crown Appointment who is independent of the Scottish Ministers and reports to the Scottish Parliament. The Auditor General for Scotland does not scrutinise local authorities, police boards or fire and rescue boards (that role is carried out by the Accounts Commission). Public Bodies that the Auditor General for Scotland scrutinises include:

- the Scottish Government;
- government agencies, e.g. the Prison Service, Historic Scotland;
- National Health Service (NHS) bodies;
- further education colleges;
- Scottish Water; and
- Non-departmental Public Bodies (NDPBs) and others, e.g. Scottish Enterprise.

Audit Scotland helps the Auditor General for Scotland by investigating, on their behalf, various aspects of how Public Bodies work. The Auditor General for Scotland is responsible for how Audit Scotland performs.

Community Planning

Community Planning has a key role in improving public service delivery in Scotland, placing communities at the heart of decision-making, leading to healthier, safer, more vibrant communities. Building upon a tradition of partnership working, Community Planning aims to:

- make sure people and communities are genuinely engaged in the decisions made on public services which affect them; allied to
- a commitment from organisations to work together, not apart, in providing better public services.

Efficient Government

The Scottish Government is dedicated to ensuring that all public services work with maximum efficiency to deliver maximum benefit to the people of Scotland. Efficient Government supports sustainable economic growth and improved quality of life by delivering improved public services.

Public Bodies should identify opportunities for efficiency improvements as part of their annual corporate and business planning processes and include these in an efficiency plan along with the arrangements for measuring, monitoring and reporting efficiency savings. They should also have efficiency performance indicators such as the cost per unit/service which allows them to continually monitor the efficiency of their operations and quality indicators that can be used to demonstrate that claimed efficiencies have not impacted adversely on services.

National Outcomes

[Fifteen National Outcomes](#) describe what the Government wants to achieve over the next ten years, articulating more fully the Scottish Government Strategic Purpose¹⁶. They help to sharpen the focus of government, enable Scottish Government priorities to be clearly understood and provide a clear structure for delivery.

Public Bodies

The term “public bodies” covers a wide and diverse range of organisations of varying size and responsibilities. Further information on Public Bodies in Scotland is available on the Scottish Government website using this link – <http://www.scotland.gov.uk/topics/government/public-bodies/>

Public Service Reform

The Scottish Government’s core purpose is to create a more successful Scotland with opportunities for all through increasing sustainable economic growth. Scotland’s Public Bodies play a vital role in the delivery of public services which benefit and assist individuals and businesses.

The Government believes strongly in the ethos, value and importance of public services and their continuous improvement for the benefit of the people of Scotland. [National Outcome 15](#), within the Scottish Government’s [National Performance Framework](#), states the Government’s aim to ensure that “our public services are high quality, continually improving, efficient and responsive to local people’s needs”.

Scottish Public Finance Manual

[The Scottish Public Finance Manual](#) (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control.

¹⁶ To focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.



**The Scottish
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