Best Value toolkit: Planning and resource alignment

AUDIT SCOTLAND

Contents

Introduction

The Audit of Best Value

"Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement"

The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers.
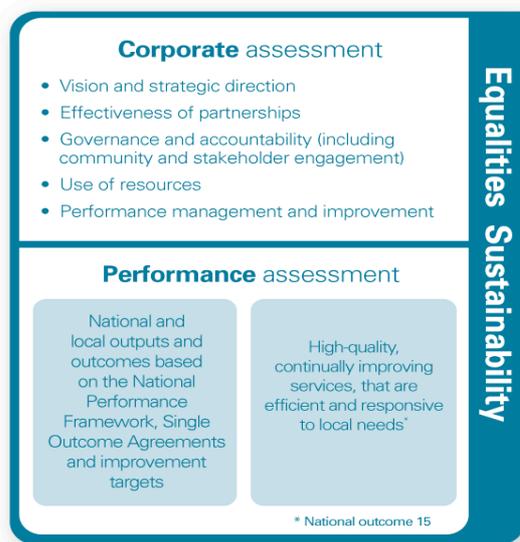
Best Value has already been a powerful force for improved performance and accountability in local government, and it will play an important role in supporting the Concordat and the development of Single Outcome Agreements between the Scottish Government, councils and their partners, and in streamlining and coordinating the scrutiny of public services. It also has the potential to underpin the National Performance Framework and the 'management scorecard' elements of Scotland Performs.

On behalf of the Auditor General and the Accounts Commission, Audit Scotland has identified a set of principles that form the basis for a consistent approach to the audit of Best Value across the public sector, although its application will differ to reflect factors such as the different accountability regimes and reporting arrangements in place in different sectors. This will enable us to apply a consistent set of expectations across all the bodies that we audit, and to reflect and support the reality of partnership working between organisations.

The Best Value toolkits are a key part of the practical application of the BV audit. They provide an evaluation framework that will help auditors to reach robust judgements on how public bodies are delivering Best Value. However, they cannot generate Best Value judgements on their own. They cover only part of the process. Judgements about Best Value also involve consideration of service standards and performance, outcomes and how effectively continuous improvement is being achieved. The framework through which the various elements of the Best Value audit are brought together to arrive at an overall conclusion on the extent to which an organisation is achieving Best Value is outlined below:

Exhibit 1

Framework for a BV audit of a public body

Corporate assessment
- Vision and strategic direction
- Effectiveness of partnerships
- Governance and accountability (including community and stakeholder engagement)
- Use of resources
- Performance management and improvement

Performance assessment

National and local outputs and outcomes based on the National Performance Framework, Single Outcome Agreements and improvement targets

High-quality, continually improving services, that are efficient and responsive to local needs*

* National outcome 15

Equalities Sustainability

Source: Audit Scotland

As the diagram demonstrates, Audit Scotland's approach to the audit of Best Value entails both corporate assessment and performance assessment elements. The former focuses on how an organisation plans and conducts its business and manages its resources while the latter looks at the quality of those services and the outcomes for service users.

Audit Scotland is committed to ensuring that Best Value auditing across the public sector adds value to existing arrangements, is risk-based and builds on our existing knowledge of individual public bodies, and that of our scrutiny partners. Specifically we aim to:

- report on the delivery of outcomes for people who use services

- protect taxpayers' interests by examining use of resources

- put an increasing emphasis on self assessment by public bodies with audit support and validation

- work collaboratively with other scrutiny bodies to ensure our work is aligned and prevent duplication.

The Best Value toolkits

The Best Value toolkits are a series of audit diagnostics, which will help reviewers to establish the extent to which public bodies' arrangements are designed to achieve, and are actually delivering, Best Value. They have been developed to support the corporate assessment process around the five corporate assessment areas noted in Exhibit 1, and the two cross-cutting themes of equalities and sustainability. However, as each toolkit also incorporates a series of questions on the impact of the area under review, they will also provide some evidence to support the assessment of service performance and outcomes.

The Best Value toolkits have been developed as audit tools in consultation with specialist practitioners, and representatives of public bodies and professional groups.

The toolkits take the form of structured key questions, with a matrix of possible levels of performance, ranging from basic to advanced practice. The matrices cannot of course capture all of the ways in which a public body may address the requirements of Best Value, so there is clearly scope for auditors to exercise balanced judgement and for public bodies to respond flexibly in demonstrating how the key areas of challenge are addressed. Individual evaluations are made about the level a public body has attained in each question or area. However, these have not been weighted and it is not intended that these be used to determine an overall scoring for any toolkit. They are designed to contribute to sound professional judgements, not to replace them.

Using the toolkits

The toolkits are designed for application by Audit Scotland's auditors when carrying out Best Value audits of public bodies. In practice, the toolkits will be applied as part of an audit process, whereby the auditor makes enquiries, seeks supporting information and forms conclusions based on the evidence obtained.

Audit Scotland recognises that bodies may find the toolkits helpful in carrying out general organisational reviews or specific service reviews and are therefore available in the Audit Scotland website www.audit-scotland.gov.uk. It should be stressed however that public bodies using the toolkits do so at their own discretion. The toolkits are designed principally as audit tools that are part of

Audit Scotland's overall Best Value audit methodology and are not expressly produced for self-assessment purposes.

Any organisation using the toolkits to inform their own corporate or service-based self-evaluation processes will need to consider the local context when applying them, and also the indicative rather than conclusive nature of the findings when interpreting the results. The toolkits were designed to elicit contextual information and provide evidence for arriving at professional audit judgements. They are not intended to be, and cannot be, used in a "tick-box" fashion.

The Best Value toolkits are generic in nature, in that they are not specific to any one type of public body or to any one sector and are designed so that they can be applied to all public bodies. Auditors will require to be sensitive to the differences between organisations both in terms of different sectors and varying scales of operation.
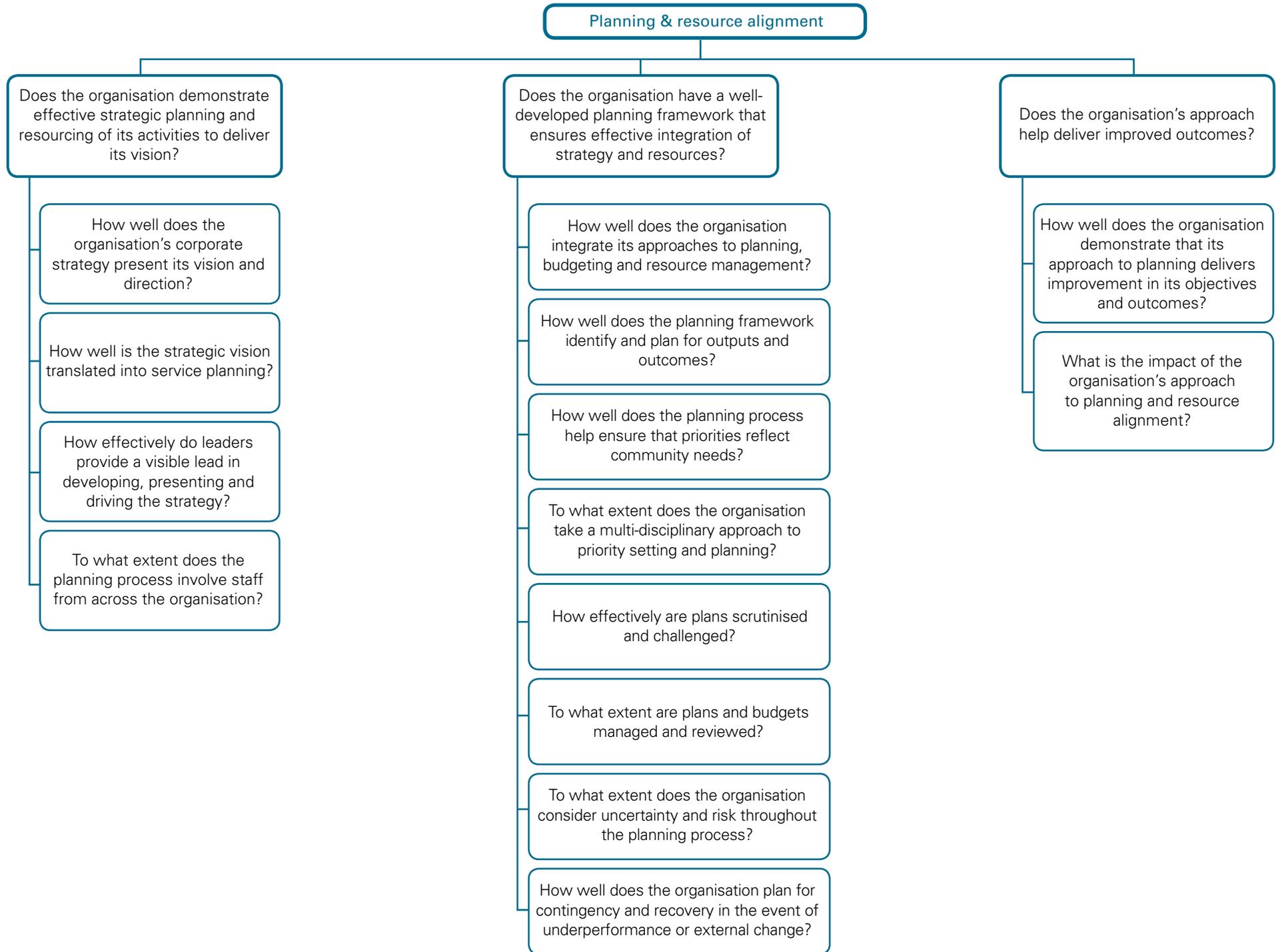
This toolkit forms part of a suite of audit products that will be applied, over time, to support a structured, evidenced based, judgment on an organisation's approach to the use of the resources with which it has been provided and its achievement of Best Value.

Auditors' evaluations

The toolkit takes the form of a series of questions based on identified good practice. It then offers four sets of descriptors, these being:

Does not meet basic requirements	An organisation may not yet demonstrate the basic practice level in any particular category.
Basic practices	Minimum acceptable standards, which would be sufficient to allow an organisation to demonstrate sound performance.
Better practices	As basic, with some elements of good or even best practice, but not on a consistent basis.
Advanced practices	Consistently demonstrating good or best practice and contributing to innovation.

Best Value toolkit: Planning and resource alignment

Planning & resource alignment

Does the organisation demonstrate effective strategic planning and resourcing of its activities to deliver its vision?

- How well does the organisation's corporate strategy present its vision and direction?
- How well is the strategic vision translated into service planning?
- How effectively do leaders provide a visible lead in developing, presenting and driving the strategy?
- To what extent does the planning process involve staff from across the organisation?

Does the organisation have a well-developed planning framework that ensures effective integration of strategy and resources?

- How well does the organisation integrate its approaches to planning, budgeting and resource management?
- How well does the planning framework identify and plan for outputs and outcomes?
- How well does the planning process help ensure that priorities reflect community needs?
- To what extent does the organisation take a multi-disciplinary approach to priority setting and planning?
- How effectively are plans scrutinised and challenged?
- To what extent are plans and budgets managed and reviewed?
- To what extent does the organisation consider uncertainty and risk throughout the planning process?
- How well does the organisation plan for contingency and recovery in the event of underperformance or external change?

Does the organisation's approach help deliver improved outcomes?

- How well does the organisation demonstrate that its approach to planning delivers improvement in its objectives and outcomes?
- What is the impact of the organisation's approach to planning and resource alignment?

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	Better practices	Advanced practices
1. To what extent does the organisation demonstrate effective strategic planning and resourcing of its activities to deliver its vision?			
1.1 How well does the organisation's corporate strategy present its vision and direction?	Strategy gives clear indication of links with community plan, single outcome agreement and external partners' strategies and priorities. Strategy presents priorities and SMART objectives and clearly states what the organisation would like to achieve over a specific time period. Strategic vision and direction is clearly communicated to customers, stakeholders and external partners in the organisation's strategic documents and communications media such as website and publications.	Strategy gives a clear indication of fit with national, regional and local policy priorities and identified outcomes. Strategy clearly expresses priorities and SMART objectives relating to outcomes and states what the organisation would like to achieve over a specific time period. Strategy considers context in outlining key themes and priorities. Strategy refers but makes less reference to human, physical, information resources.	Strategy demonstrates consideration of future scenarios at local, regional and national levels. Strategic risk management is applied to, and is evident in, the strategy. Strategy clearly sets out how all resources (financial, human, physical, information) are to be deployed and developed in delivering priorities and outcomes.
1.2 How well is the strategic vision translated into service planning?	Strategic vision and direction is communicated clearly to staff from across the organisation through media such as website/intranet and internal publications. Staff are generally aware of overall strategic vision. Service plans clearly reflect strategic vision and identify the links between service and strategic objectives. Most service plans generally follow guidance on make-up and role of plans. Organisation articulates how service plans and cross-cutting plans and programmes relate to one another, but there is scope for better integration and more effective inter-relationships.	The strategy discusses implementation and the operational processes that will support this. Staff are generally aware of their individual contribution to overall strategic vision. Service plans use the strategic vision and objectives as a basis for priority setting and decision-making. Strategic aim, objectives and identified outcomes are communicated across the organisation so that all staff, stakeholders and external partners are aware of and can articulate the links between service plans and the overall strategy. Robust process is in place to review adherence of service plans to guidance.	Strategic and service plans are clearly integrated and coherently communicate how the organisation intends to deliver expectations and priorities. Staff demonstrate commitment to their service objectives and how these contribute to the overall strategic vision. There is a clear causal relationship between the delivery of priorities and decision-making at service level have and review of priorities at strategic level. A robust approach to ensure frequent wide-ranging review of guidance and approach to service planning is in place.

	Basic practices	Better practices	Advanced practices
1.3 How effectively do leaders provide a visible lead in developing, presenting and driving the strategy?	Senior members and officers can clearly articulate the priorities for the organisation and how these inform the strategy and provide direction to the organisation. Senior members and officers articulate how they drive the strategy. Senior members and officers articulate an understanding of the national and local context in which their organisation sits. Senior officers and members both have an input – and demonstrate a commitment - to planning processes. Senior officers and members can clearly articulate their respective roles in planning processes. Senior members and officers work mainly with corporate staff to agree strategic priorities and future direction. Senior members and officers communicate key messages to service staff, stakeholders and external partners.	Senior members and officers articulate how continuous improvement applies to the strategy. Senior members and officers articulate an understanding of a shifting context in which their organisation sits. Senior officers develop the strategic vision, key themes and strategic priorities for the organisation and work with corporate and service staff in developing the strategy document. Senior members and officers clearly articulate the role of all stakeholder groups such as staff, external partners and communities in the planning process. Senior members and officers regularly review progress against the strategy and work with service and finance managers to drive strategy forward. Senior members and officers communicate strategic vision and priorities to customers.	Senior members and officers show how continuous improvement has been applied to, and improved, the strategy. Senior members and officers work with service staff and other stakeholders (including partners and communities) to discuss priorities, context and resources from an early stage in the strategy development process. Senior members and officers work with corporate and service level managers, including finance managers, to discuss strategy implementation and to ensure strategic priorities are reflected in service plans and resource allocation. Senior members and officers work with external partners to disseminate key messages within partner organisations.
1.4 To what extent does the planning process involve staff from across the organisation?	Staff have limited involvement in the process, it is thus seen as largely a 'top-down' process. Corporate and service managers are involved in developing service plans and work together to agree priorities, objectives, outcomes, timescales and resource requirements. Corporate and service managers communicate service priorities to service staff and discuss implementation of plans.	Staff are engaged in the process but there is scope for more involvement. Corporate and service level staff are involved in the planning process from an early stage. Managers discuss strategic priorities and service challenges with staff and feedback is reflected in the planning and budgeting process.	Formal structures are in place to ensure staff have interactive involvement in planning processes.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	Better practices	Advanced practices
2. Does the organisation have a well-developed planning framework that ensures effective integration of strategy and resources?			
2.1 How well does the organisation integrate its approaches to planning, budgeting and resource management?	Strategic plans at corporate and service levels make reference to the medium term financial strategy. Strategy considers input requirements, outputs and outcomes in line with budget settlements. Corporate and service level planning and budgeting processes use set of shared assumptions based on the budget settlement and local conditions. Senior members and officers have good knowledge and understanding of the budget settlement and the impact of financial constraints on operational aspirations and achievement of outcomes. Corporate and service managers articulate how constraints and priorities affect each other. The budgeting process, though linked to the planning process, is seen essentially as a top down process driven by the finance function. The budget settlement informs the financial objectives and delivery of service and strategic objectives. Corporate level managers clearly communicate the budget settlement implications and constraints to service level managers. End year financial reports and feedback from service managers are used to inform the future budget allocation.	Strategic plans at corporate and service levels influence, and are influenced by, the medium-term financial strategy. Medium term financial strategy makes links to resources beyond financial resources (ie human, physical, information). The organisation's financial management processes enables it to test that its strategic goals are sufficiently ambitious and that its delivery plans are realistic. The budgeting process – and its relationship with planning – is a collaborative process involving the finance function and services, but there is more scope for greater involvement within services.	The organisation regularly reviews its planning and budgeting cycles to review their effectiveness, particularly the 'in-year' process. The organisation integrates its strategic, service and financial planning to ensure that it allocates resources (financial, human, physical, information) to meet current and future objectives and priorities. Medium term financial strategy is articulated widely in terms of finance and other resources such as human, physical, and information. Strategic plans at corporate and service levels are integrated with resource. Budgeting processes are collaborative and integrated throughout the organisation.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	Better practices	Advanced practices
2.2 How well does the planning framework identify and plan for outputs and outcomes?	Plans are based upon clearly stated inputs and outputs.	Organisation articulates the relationship between outputs and strategic outcomes, and this is demonstrated in its plans. Organisation demonstrates a clear rationale for the baselines used to help define outcomes.	Organisation has a well developed infrastructure in place to analyse and review the external environment and ensure that this drives planning processes.
2.3 How well does the planning process help ensure that that priorities reflect community needs?	Planning processes use customer feedback, complaints and community consultation information to inform priorities. Planning processes use feedback from external partners to inform priorities. Customers are consulted at an early stage in the planning process in order to identify key priorities and resource needs.	The planning process is citizen and customer driven and is based around the outputs and outcomes that they need. The organisation demonstrates how community engagement processes relate to planning processes.	The organisation demonstrates how community engagement has helped shape its organisational objectives which are expressed as outcomes.
2.4 To what extent does the organisation take a multi-disciplinary approach to priority setting and planning?	Roles of corporate centre, finance function and services are clearly and widely understood in planning process, but with scope for more formal collaborative arrangements. Planning framework encourages regular engagement of financial and service staff during planning process. Service, finance and policy staff are involved in planning and review activities. Finance managers have a good outward facing style and understand the needs of operations managers.	Some formal collaborative arrangements in place to bring together corporate centre, finance function and services in planning process. Processes are in place to ensure service and financial staff work together to develop plans and identify key priorities. Service managers have a good understanding of internal financial management and reporting processes. All finance staff have a good awareness and understanding of operational issues and service cost structure and engage with service staff at various stages throughout the planning and budgeting cycle.	Organisation has an established framework that considers policy priorities, risks, outputs, outcomes and timescales. This provides a sound basis for multi-disciplinary teams to discuss and agree priorities and resource allocation. Organisation provides training to non-finance staff on the principles of public expenditure, financial accounting and good financial management, to support joint working.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	Better practices	Advanced practices
2.5 How effectively are plans scrutinised and challenged?	Members have good opportunity to scrutinise plans. Members approve budget and examine its implications for the strategic priorities, outcomes and service plans at the start of the financial year. Senior members and officers review in-year operational and financial reports, challenge results, and pose questions covering efficiency, economy and effectiveness. Members review end-year budget reports and provide challenge on key areas.	Members have good opportunity for challenging plans as they are developed. Senior members and officers challenge end year reports and discuss implications on future budgets with corporate and service staff. Organisation has a well developed challenge element built into its budgeting process and involves specific techniques (eg zero based reviews or activity reviews) that look at introducing changes or new approaches.	Members' role in the challenge and scrutiny of plans is widely understood as a partnership with officers and is reviewed regularly. Organisation shows how it continuously reviews its approach with a view to improving it.
2.6 To what extent are plans and budgets managed and reviewed?	Management reports cover performance in relation to both inputs and outputs, but not in an integrated way. Operations managers review plans and budgets on a regular (ie at least quarterly and annual) basis. Managers clearly track estimated vs actual spend and make adjustments in activity where required. Operations managers are fully aware of the financial picture and the implications on delivering strategic outcomes.	Organisation has a shared framework for progress monitoring and reporting that is used by financial and non-financial staff. Management reports bring together information in relation to performance against resources. Management reports articulate resources in terms beyond finance (ie human, physical, information). Systems in place allow operations managers to review plans and budgets on a 'real time' basis. Managers are aware of the unit cost of delivery and this informs the review of plans and budgets at the operational level.	Management reports provide a rounded picture of performance against resources and include risk and contingency implications. Systems in place allow 'real time' review activity to be done in an integrated way at strategic and operational levels.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	Better practices	Advanced practices
2.7 To what extent does the organisation consider uncertainty and risk throughout the planning process?	Risk analysis has a limited role in the budget and planning process. Long term strategic planning informs budget preparation and early identification of risks. Senior members and officers are aware of risks and associated actions.	Risk analysis is built into the budget and planning process. Risks are identified and logged at an early stage in the planning process. Risk analysis examines threats as well as opportunities. Senior members and officers clearly articulate the implications of strategic risk on the organisation's plans.	Risk analysis is carried out on a cyclical basis to ensure new and changed risks are not missed. Risks are identified and logged and key actions are identified, assigned and monitored where necessary. Risk analysis is regarded as an integral part of the planning process. Risks are identified and quantified so that the cost of addressing the risk is known at an early stage. Senior members and officers clearly articulate how the organisation manages and responds to strategic risk in relation to its plans.
2.8 How well does the organisation plan for contingency and recovery in the event of underperformance or external change?	The organisation considers future policy development and implications during the planning and in-year monitoring processes. The organisation is able to demonstrate the size and nature of available contingencies.	The organisation considers a number of future scenarios and the implications of each on inputs, outputs and outcomes.	Option appraisal and scenario planning are used systematically to examine possible future policy developments and associated implications on inputs, outputs and outcomes. Contingencies are considered and formally recorded.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX - PLANNING AND RESOURCE ALIGNMENT

	Basic practices	**Better practices**	**Advanced practices**
3. Does the organisation's approach help deliver improved outcomes?			
3.1 How well does the organisation demonstrate that its approach to planning delivers improvement in its objectives and outcomes?	The organisation articulates how its plans influence actual outcomes.	The organisation demonstrates clear links between actual outcomes and its plans, and these are reflected in the plans themselves.	The organisation demonstrates how actual outcomes have been improved by its plans. The organisation demonstrates how its plans influence partners' plans in delivering improved outcomes.
3.2 What is the impact of the organisation's approach to planning and resource alignment?	The organisation's performance reports show that it is generally meeting its objectives, and where these objectives have not been met, it has processes in place to revisit the objectives.	The organisation's performance reports show that it is generally meeting its objectives and these are helping to deliver improved outcomes to communities.	The organisation is improving outcomes and can show how it is 'stretching' future intended outcomes in conjunction with its stakeholders.

Best Value toolkit:
Planning and resource alignment

If you require this publication in an alternative format
and/or language, please contact us to discuss your needs.

You can also download this document at:
www.audit scotland.gov.uk

AUDIT SCOTLAND