ACCOUNTS COMMISSION

Making progress with Best Value

A national overview of the Performance Management and Planning (PMP) Audit 2000/2001

Contents

The Accounts Commission

The Accounts Commission is a statutory, independent body, which through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has five main responsibilities:

- securing the external audit
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- reviewing the management arrangements which audited bodies have in place to achieve value for money
- carrying out national value for money studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information which they are required to publish.

The Commission secures the audit of 32 councils and 34 joint boards (including police and fire services). Local authorities spend over £9 billion of public funds a year.

Audit Scotland

Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to both the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Audit Scotland prepares reports for local government on behalf of the Accounts Commission.

The Commission welcomes comments and enquiries about its reports. Comments on this report should be directed to one of the following people in Performance Audit at Audit Scotland, by telephone on 0131 477 1234, or by e-mail:

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Acknowledgements

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Errata

Making progress with Best Value: A national overview of the Performance Management and Planning (PMP) Audit 2000/2001 December 2001 and compendium of Good Practice

Renfrewshire Housing Management is wrongly included under the column headed "Little or no progress". Renfrewshire Housing Management should be included in the column headed "Some progress but substantial slippage. ***Exhibits 2 and 9***

South Ayrshire Council Information Services is wrongly included under the column headed "Little or no progress". South Ayrshire Council Information Services should be included in the column headed "Some progress but substantial slippage. ***Exhibits 2 and 9***

North Lanarkshire Council PMP2 service: 'Education (Primary Teaching and Learning)' should be labelled 'Education' as the PMP audit covered the whole service. ***Exhibits 3, 12; text in shaded box on p28; and Appendices 2 and 6.***

Stirling Council PMP2 service: 'Secondary Education' should be labelled 'Children's Services' (which covers early years and play services; primary, secondary and special education; as well as social work services for children and young people). ***Exhibits 3, 4, 12, 13; text in shaded boxes on pp 27, 28; and Appendices 2 and 6.***

Additional note

West Dunbartonshire PMP2 service: Education (Pre-5, Children and Families, Addiction) has since been renamed Education (Early Education and Childcare Services).

Executive summary

Introduction

Best Value was introduced in Scotland in 1997. It requires councils to provide high quality services that meet the needs of their customers and communities and achieve value for money. Councils must also demonstrate that they are accountable and delivering continuous improvement. The Scottish Executive is expected to introduce legislation in spring 2002 that will place a statutory duty on councils to deliver Best Value.

Best Value will not happen automatically – it requires councils to implement effective arrangements for planning and managing their performance. The Accounts Commission's Performance Management and Planning (PMP) audit assesses the extent to which councils have these arrangements in place[1]. The PMP audit is one part of the Accounts Commission's audit approach to Best Value, along with statutory performance indicators and value for money studies. Together, these elements give a rounded picture of the performance of councils and services. As Best Value develops, future reports will be able to demonstrate whether services are improving as well as how they are managed.

The PMP audit was first applied in 1999/00 (PMP1) in three services in each council. In 2000/01 the audit (PMP2) was applied in three more services in each council and also, for the first time, at a corporate level. Each council and service has received a report from its auditor setting out the detailed findings for its PMP2 audit. As part of the audit, councils agree with their auditor what improvements they will make to their arrangements for performance management and planning. Subsequent audits check on the progress made in completing those improvements.

The performance of some councils is also reviewed by statutory inspectorates. For major services, Audit Scotland has developed joint PMP/inspection methodologies with HM Inspectorates in education, police and fire and also with Communities Scotland, for housing services. Audit Scotland aims to develop joint working arrangements with other bodies.

Councils have selected a broad spectrum of services for the PMP audit, ranging from social work to environmental services and central services such as IT. The first two years of the PMP audit covered around 40% of Scottish councils' expenditure. This proportion is expected to rise to around 50% by the end of the third PMP audit.

This overview report summarises the findings of the PMP2 audit. It reviews the progress made by services audited in the first year (PMP1), together with the findings of the PMP2 corporate and service audits organised around a number of key Best Value themes (Exhibit 1).

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[1]   The PMP audit guides can be downloaded from Audit Scotland's website at www.audit-scotland.gov.uk

Exhibit 1: Key themes for reporting Best Value progress

This report groups the PMP2 audit findings around six themes that are central to Best Value.

- Promoting ownership of Best Value across the council
- Ensuring that services meet users' needs
- Achieving value for money and pursuing continuous improvement
- Managing service performance
- Being accountable to the public
- Integrating equalities into Best Value

Source: Audit Scotland

Reflecting the Accounts Commission's policy on highlighting individual councils in reports, this report names only high scoring PMP2 councils and services[2]. The information on which this report is based has been sent to councils to enable them to compare their position with the national picture and to pinpoint areas where they need to improve.

The Accounts Commission is committed to developing its approach to Best Value in the light of the forthcoming legislation to ensure that it continues to support councils' continuous improvement and provide external assurance of their Best Value progress.

Councils should continue to develop their performance management and planning arrangements to ensure they are well placed to respond to the forthcoming Best Value statutory duty.

Progress made by services audited in 1999/00

Ninety-six services were audited in 1999/00 (PMP1), and each service agreed with its auditor a set of actions to improve arrangements for performance management and planning. One year on, a third of services had substantially completed their improvements (Exhibit 2).

Half of the PMP1 services had made less progress in completing improvement actions than they had anticipated but had plans in place to recover from the slippage (Exhibit 2).

A fifth of services had made little or no progress with their improvements and had no recovery plans in place (Exhibit 2). It is of particular concern that eight of these services also had a relatively low score (less than 60%) in the original PMP1 audit:

- Aberdeen City – East Tullos Partnership
- East Ayrshire – Criminal Justice
- Comhairle nan Eilean Siar – Chief Executive's Office
- Highland – Council Service Points
- Inverclyde – Economic Development
- North Lanarkshire – District Courts
- Scottish Borders – Finance
- Shetland Islands – Economic Development.

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[2]   The PMP2 audit covered a sample of different services. For example, eight of the PMP2 services are in housing. To name poor performers from that small sample would be invidious, as the housing service in other councils may have performed better or less well on the audit criteria. It is appropriate to name any service included in the PMP1 follow-up audit, as they are audited against agreed improvement actions in all cases.

The findings on progress made with improvement actions should be interpreted with care. Services varied widely in how ambitious their improvement actions were in terms of both number and level of challenge. A high level of completion may reflect fairly easy targets, whereas a low level may mean that a service set over-ambitious targets. In addition, staff vacancies, organisational changes and/or the re-prioritisation of resources may have affected the level of progress made.

Some services will have made further progress since the audit was carried out. The 2001/02 audit (PMP3) will continue to monitor developments in PMP1 services.

Exhibit 2: PMP1 services' progress in completing their improvement actions

Nineteen services made little or no progress, including eight services that had a score of less than 60% (□) in the original PMP1 audit.

■ Overall score of 80% or more   ▣ Overall score of 60% or more and less than 80%   □ Overall score of less than 60%

	Little or no progress	Some progress but substantial slippage	Improvements almost or fully completed
Aberdeen City	□ East Tullos Partnership Project		■ School Meals □ Consumer Protection
Aberdeenshire *	Recreation Services		IT Services Environmental Health
Angus		□ Roads	■ Planning & Transport □ Environmental & Consumer Protection
Argyll & Bute		▣ Sheltered Housing	□ Estates Management □ Non-Domestic Rates
Clackmannanshire		□ Environmental Health	■ Chief Executive's Department ▣ Criminal Justice
Dumfries & Galloway	▣ Creditor Payments	▣ Home Care Services ▣ Economic & Community Development	
Dundee City		□ Dundee Contract Services □ Social Work	■ Libraries & Community Information
East Ayrshire	□ Criminal Justice	□ Grounds Maintenance □ Property Repairs	
East Dunbartonshire		□ Planning	▣ Environmental Health □ Criminal Justice
East Lothian		□ Personnel	▣ Housing □ Libraries
East Renfrewshire	▣ Community Resources	▣ Community Care	■ Housing
Edinburgh, City of		▣ Housing ▣ Leisure Development	□ Waste Management
Comhairle nan Eilean Siar	□ Chief Executive's Office ▣ Finance	□ Environmental Services	
Falkirk		■ Corporate Services ▣ Housing Services □ Social Work	
Fife		▣ IT Services □ Community Services	□ Cleansing & Waste Management
Glasgow City		▣ Cultural & Leisure Services	■ Direct & Care Services □ Financial Services
Highland	□ Council Service Points	□ Home Care	□ Food Safety
Inverclyde	□ Economic Development	▣ Legal Services ▣ Services to Children & Families	
Midlothian	▣ Residential Homes for Older People	□ Personnel	□ Building Cleaning
Moray		▣ Economic Development & Planning □ Environmental Protection □ Community Care	
North Ayrshire		▣ Housing	□ Criminal Justice ▣ Personnel
North Lanarkshire	□ District Courts	■ Housing & Property	▣ Catering Services
Orkney Islands	▣ Education	▣ Technical Services □ Piers & Harbours	
Perth & Kinross			▣ Roads, Transport & Architectural Services ▣ Planning & Development
Renfrewshire	■ Housing Management		■ Community Care ■ Finance (Accounting & Budgeting)
Scottish Borders	□ Finance	▣ Technical Services ▣ Leisure & Recreation	
Shetland Isles	□ Economic Development	□ Inter-Island Ferry Service	□ Construction Design Service
South Ayrshire	▣ Information Systems & IT Services ▣ Housing	□ Infrastructure Services	
South Lanarkshire	▣ Services to Older People	□ Environmental Health ▣ Housing	
Stirling		▣ Personnel ▣ Building Cleaning DSO	▣ Exchequer Services (Revenues)
West Dunbartonshire	▣ Grounds Maintenance	▣ Environmental Health	▣ Finance
West Lothian		▣ Development Control ▣ Property Services □ Occupational Therapy	

* PMP1 scores are not available.

Source: Audit Scotland

Findings from Year 2 of the PMP audit

A further 95 services were audited in 2000/01[3], together with a corporate audit in each council. The corporate audit looked at the council's approach to supporting and monitoring the development of Best Value across the council's services. The service audit concentrated on the application of performance management and planning arrangements in practice. The PMP2 audit set higher expectations than the previous year's audit in that it looked at both whether arrangements were in place and the extent to which they were systematically used.

Audit Scotland scored each council and service against the performance management and planning audit criteria. A score of 100% means that all the elements of effective performance management and planning arrangements were fully in place. A score of 80% represents a significant level of achievement, with 70% still representing good progress. Sixty percent has been taken as the level below which substantial improvements need to be made.

Overall, the services audited in 2000/01 scored higher than services audited in 1999/00, showing that councils continued to make progress in developing performance management and planning arrangements for Best Value. However, there are significant variations in progress among and within councils.

About half of councils and two fifths of audited services had a good number of the elements of effective performance management and planning arrangements in place, with a small number reaching a significant level of achievement (Exhibit 3). A third of councils and almost half of services were still some way behind the 'leaders'.

Exhibit 3: Councils and services that met a significant proportion of the audit criteria

Renfrewshire had its corporate function and two services in this category.

Council	Corporate audit	Service audit	
Angus	✔		
Argyll & Bute		✔	Personnel
Dundee City		✔	Architectural Services
East Dunbartonshire	✔		
City of Edinburgh	✔	✔	Catering & Cleaning DLO
Glasgow City	✔	✔	Education
North Lanarkshire		✔	Education (Primary Teaching & Learning)
Perth & Kinross	✔		
Renfrewshire	✔	✔	Administration (Corporate services)
		✔	Leisure Management
Stirling		✔	Secondary Education
West Lothian		✔	Housing

Source: Audit Scotland

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[3] Highland Council nominated its Education service for a PMP2 audit. However, the service was subject to a Quality Management in Education (QMIE) inspection conducted jointly by HM Inspectorate of Education and auditors appointed by the Commission. The inspection covered the issues that would have been dealt with in the PMP audit, which was therefore not progressed.

Exhibit 4: Findings from the PMP2 audit and areas for further development

Theme	Findings
1. Promoting ownership of Best Value across the council	**Leadership** ■ One-third of councils and half of services had not fully involved elected members in a systematic way in developing their approach to Best Value. ■ About 60% of services had not involved their staff in developing their approach to Best Value and around two-thirds did not ensure that staff understood what Best Value meant in practical terms for their work.
2. Ensuring that services meet users' needs	**Consultation** ■ Three-quarters of councils and half the audited services felt that they had based their priorities on a good understanding of the needs of their communities. ■ Around half of services systematically used consultation to obtain information on user satisfaction, future needs and how services could be improved. Fewer than half of them, however, routinely involved their customers in helping to set service standards. Nearly a third of consultation exercises failed to result in recommendations that were implemented. **Planning and budgeting** ■ Two-thirds of councils and a third of services did not systematically match their resources to their priorities. ■ Almost 60% of service plans did not show clearly how the service was responding to changes in users' demands and over a quarter did not set out clear objectives. About a tenth of services had established shared objectives and targets with their partners. ■ Fewer than half of services systematically ensured that the objectives set out in the plan were translated into clear responsibilities for staff for implementation. ■ A third of councils and three-fifths of services did not keep elected members informed of progress against their plans.
3. Achieving value for money and pursuing continuous improvement	**Best Value reviews** ■ Two-thirds of councils felt they were not systematic in pursuing the best balance between cost and quality in their services. ■ A third of councils and services did not have a systematic approach for ensuring that their Best Value reviews addressed the right topics. ■ Around half of the councils and services did not keep elected members informed of the progress and impact of the Best Value review programme. Fewer than two-thirds (60%) of services involved members in challenging a review's findings. ■ A fifth of the reviews did not look at the competitiveness of the activity. In almost a third of the service-level reviews, there was no systematic option appraisal to explore alternative policy choices or delivery options. Where options were considered, in around a quarter of cases, this did not include all the realistic options and in half of the reviews, there were no clear criteria for selecting the option that was chosen. ■ Around a third of service reviews had not looked at efficiency savings or the opportunities for reprioritising within existing resource levels. **Managing people and assets** ■ Three-fifths of services did not systematically provide feedback to staff on their performance. ■ About half of services considered that management of key assets could be improved and around a quarter considered that procurement could be better. **Continuous improvement** ■ Two-thirds of councils were systematically pursuing continuous improvement but two-thirds of councils did not consider they were systematic in pursuing the best balance between cost and quality in their services. ■ Fewer than half of services systematically used customer feedback to improve services. A similar proportion involved their partner organisations or suppliers in finding ways to improve performance. About half of services had established links with other organisations that they felt they could learn from.
4. Managing service performance	**Financial management** ■ Most councils and services had well developed financial performance monitoring systems. Only one council scored less than 60% on this aspect of the audit. **Performance monitoring** ■ A quarter of the reports for managers did not clearly identify where performance was poor and this figure rose to a third of the reports provided to elected members. ■ Senior managers in around half of services did not systematically monitor the service's performance. Fewer than two-thirds (60%) of services used targets or trend information to evaluate their performance and this dropped to under half (45%) that used other comparative information. Just over half of services systematically kept members informed of the service's performance. ■ Almost nine-tenths of the monitoring reports used by senior service managers covered financial performance. Three-quarters showed whether the service was meeting its strategic and operational objectives and targets. Two-thirds showed whether it was meeting user and community needs. A similar number reported on the management of assets and people. A comparable profile was found for the reports provided to elected members.
5. Being accountable to the public	**Public performance reporting** ■ About half of councils and services did not feel they had a systematic approach for communicating with the public about what they do and how well they are performing. The weakest areas were: – reporting back to the public on what had been learned from consultation – providing the public with information to demonstrate that the council was pursuing continuous improvement and achieving value for money (for example, reporting on the results of Best Value reviews).
6. Integrating equalities into Best Value	■ Around half the councils had not integrated equalities into the way in which the council's priorities were identified. ■ Just under half of services had a sound approach to dealing with equalities when conducting a Best Value service review. About a third of services' consultation exercises effectively reached 'hard to reach' groups. Just under half of services systematically considered how best to communicate with different sectors of the public, with only a fifth routinely identifing and using the best means of communicating with their various stakeholders.

Councils and services with high scores against the audit criteria	Areas for further development
Leadership Three councils had a high score; two* had a very high score: ■ Angus, City of Edinburgh*, Glasgow City*. 16 services had a high score; these five had a very high score: ■ Argyll & Bute Personnel; Glasgow City Education; Renfrewshire Admin Services (Corporate Services); Renfrewshire Leisure Management; West Lothian Housing.	■ Greater involvement of elected members and staff in leading and developing a Best Value approach. ■ Better communication to staff about practical implications of Best Value for their work.
Consultation 17 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; North Ayrshire IT; Renfrewshire Leisure Management. **Planning and budgeting** Seven councils had a high score; no council had a very high score: ■ Angus, City of Edinburgh, East Dunbartonshire, Fife, Glasgow City, Perth & Kinross, Renfrewshire. 15 services had a high score; these two had very high score: ■ Argyll & Bute Personnel; Renfrewshire Admin Services (Corporate Services).	■ Greater involvement of the community and customers in setting service priorities and standards, designing services and achieving improvements. ■ Matching commitments to resources and turning plans into action. ■ Enhanced integration of Best Value into corporate and service plans and into the everyday operation of the council. ■ More widespread setting of clear objectives. ■ Greater integration of joint partner objectives into service plans. ■ Better reporting of progress against plans to elected members.
Best Value reviews Nine councils had a high score; three* had a very high score: ■ Angus, Dundee City, East Dunbartonshire*, East Lothian, City of Edinburgh, Glasgow City, Orkney Islands, Perth & Kinross*, Renfrewshire*. 26 services had a high score; these four had a very high score: ■ City of Edinburgh Services for Older People; Glasgow City Education; Renfrewshire Admin Services (Corporate Services); Renfrewshire Leisure Management. **Managing people** 24 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; City of Edinburgh Catering & Cleaning DLO; Renfrewshire Admin Services (Corporate Services). **Managing assets** 18 services had a high score; these four had a very high score: ■ Angus Property Services; Argyll & Bute Personnel; East Lothian Transport Services; Perth & Kinross Financial Services. **Continuous improvement** 15 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; City of Edinburgh Catering & Cleaning DLO; West Lothian Housing.	■ Targeting of Best Value reviews on the right issues. ■ Improving identification and evaluation of competitiveness and service delivery options. ■ Ensuring reviews identify scope for efficiency savings. ■ Ensuring reviews identify options for reprioritisation within existing resource levels. ■ Improving capacity to learn from others. ■ Improving management of key assets, eg land, property and ICT. ■ Integrating Best Value into procurement strategy. ■ Enhancing performance management for staff.
Financial management 69 services had a high score, 47 had a very high score, and nine met all the audit requirements: ■ Aberdeenshire Planning; Argyll & Bute Personnel; Dundee City Planning & Transportation; East Ayrshire Community Care (Home Care); City of Edinburgh Services for Older People; Inverclyde Refuse Collection; Scottish Borders Protective Services; South Ayrshire Community Services (Refuse & Cleansing); South Lanarkshire Roads & Transportation. **Performance monitoring** 17 services had a high score; eight had a very high score: ■ Argyll & Bute Personnel; East Dunbartonshire Libraries; City of Edinburgh Catering & Cleaning DLO; Glasgow City Land Services; Orkney Islands Finance Service; Renfrewshire Leisure Management; Stirling Secondary Education; West Lothian Housing.	■ Ensuring indicators are developed to provide a rounded picture of performance. ■ Greater use of trend and other comparative information in performance monitoring reports. ■ Better reporting mechanisms for keeping members informed. ■ Clearer reporting of where performance is poor so that actions can be taken.
Public performance reporting Six councils had a high score; three* had a very high score: ■ Glasgow City; Moray*; North Lanarkshire; Orkney Islands; Perth & Kinross*; Renfrewshire*. Ten services had a high score; three had a very high score: ■ Argyll & Bute Personnel; Renfrewshire Leisure Management; Scottish Borders Protective Services.	■ Better reporting mechanisms for advising the public what services are available and tailoring the information to the needs of the different sectors of the community. ■ Greater use of trend and other comparative information when publicly reporting performance. ■ Better reporting on continuous improvement and value for money.
The assessment of equality arrangements was an integral part of the PMP2 audit and the calculation of scores in the themed areas above took equality issues into account.	■ Integrating equality issues comprehensively into the planning and delivery of services. ■ Taking full account of equalities issues in consultation exercises, public performance reporting and Best Value reviews.

Source: Audit Scotland

For some aspects of performance management and planning (including service planning, consultation, Best Value reviews and integrating equalities) the corporate arrangements were often more developed than in individual services. This is not surprising. Most councils have developed corporate frameworks, guidance and approaches but it takes time for these to be applied fully in services. It is also likely that each service has had to make progress from a different starting point. The key issue for councils is that developing corporate frameworks and guidance is not enough on its own. Sustained effort is required for a corporate initiative to have an impact on all the council's services.

Councils and services generally had strong arrangements for managing their financial affairs. There have also been improvements in other elements of services' performance management and planning frameworks, including the areas of concern raised in last year's overview of the PMP1 audit:
- evaluation of options for service delivery
- linking service priorities to available resources
- monitoring service performance.

However, there are areas which remain problematic for some services and where further development is required (Exhibit 4).

Conclusions and recommendations

Progress made by PMP1 services

All services that undertook the PMP1 audit committed themselves to making specific improvements to their performance management and planning arrangements. One year on, a third of services had substantially completed their improvements. They are to be congratulated. However, even services which have achieved most of their planned improvements need to continue looking for further opportunities, particularly if they started with a relatively low PMP1 audit score.

Half of the services had made some progress in completing their improvements, but had suffered substantial slippage. They planned to continue with the improvements they had identified a year earlier, but this poor level of progress is disappointing. Of greater concern are the fifth of services that made little or no progress with their improvements and had no recovery plans in place.

Sound performance management and planning arrangements underpin the delivery of Best Value services. Services that made less progress in completing their improvements than planned need to act to identify the causes and remedy the situation. In particular, they should consider whether the problems relate to unrealistic targets, poor project management, lack of commitment, or other factors. This analysis will help them to devise appropriate solutions so that they can make further progress with their performance management and planning arrangements.

The second PMP audit (PMP2)

Overall, the evidence suggests that councils and services are making progress in implementing sound performance management and planning arrangements to support Best Value. The PMP2 audit set higher expectations but a greater proportion of services had higher scores than in the first year of the audit.

However, given the demands for continuous improvement, a large number of services and councils still need to improve aspects of their performance management and planning arrangements. Exhibit 4 summarises the key findings from the audit and identifies those areas where further development is most needed.

In the longer term, councils and individual services need to address all of the areas highlighted in Exhibit 4. However, certain elements stand out as priorities.

First, there must be a clear recognition that for many councils, Best Value requires a **culture change**. There must be clear, active and sustained **leadership** from senior managers and elected members to ensure that Best Value is fully integrated into the way the council works. Best Value must be promoted clearly as a way of working that will improve services rather than as an end in itself. It must be integrated with other major developments for councils such as community planning and eGovernment. Staff must be fully involved and supported in the development of Best Value if they are to take **ownership** and make it a reality for the public.

Second, there must be a clear **focus on the customer** across all services. Services must be planned and delivered to reflect a customer view of the world. Councils must effectively engage customers and communities in shaping their services. This requires effective consultation mechanisms and sound planning arrangements.

Third, **continuous improvement** must be pursued, particularly through Best Value reviews. Reviews must be targeted on the things that matter and that will deliver real improvements for communities and customers. There must be a real commitment to thoroughly evaluating all realistic options so that the highest quality services are provided for any given cost. Councils must actively seek out other organisations that they can work with and learn from.

Fourth, **performance must be managed**. Senior officers and members must specify and monitor the key information that will tell them if they are meeting the needs of customers and communities and achieving value for money. They need a rounded picture of the overall performance of their services and need to react quickly where performance is poor.

Fifth, Best Value must be developed in an **inclusive** way. This applies to people within the council, to partner organisations and to customers and communities. Whilst councils must address equalities issues as an employer, they must also take full account of equalities issues when they engage with those for whom they provide services. Best Value services must be inclusive and tailored to the needs of different sections of the community.

Finally, the PMP1 and PMP2 audits have shown that there are large differences between and within councils in their development of performance management and planning arrangements. Councils need to know which of their services have most progress to make and **target their support** accordingly. It is essential that no service is allowed to slip behind in delivering Best Value to the public.

1. Introduction

Best Value

The purpose of Best Value is to ensure that councils provide services that meet the needs of their citizens and communities while providing value for money. Councils must also demonstrate that they are accountable and are delivering continuous improvement.

In 1999, the Best Value Task Force published the key attributes of a Best Value council (Exhibit 5). It believed that having these attributes would help a council to achieve Best Value.

Exhibit 5: Attributes of a Best Value council

There are six key attributes. Strong leadership is recognised as an essential ingredient in ensuring that a Best Value approach is adopted throughout a council.

- A commitment to Best Value and acceptance of its four key principles: accountability, ownership, continuous improvement, transparency
- Political and senior management leadership
- An effective performance management and planning framework
- A programme of service reviews
- Public performance reporting (PPRg)
- A commitment to equality issues

Source: *'Best Value in Local Government: Long Term Arrangements'*
Final Report of the Best Value Task Force, 1999

Best Value will not just happen automatically – it requires councils to adopt management arrangements that will implement the Task Force framework and deliver Best Value services.

The Scottish Executive is expected to introduce legislation in spring 2002 that will place a statutory duty on councils to deliver Best Value.

The audit framework

In consultation with the Scottish Executive, COSLA and councils, the Accounts Commission developed an audit framework to assess the extent to which a council and its services are implementing the key Best Value attributes set out by the Task Force. The audit, known as the performance management and planning (PMP) audit[4], is conducted annually by auditors appointed by the Accounts Commission and has three main objectives:
- to provide independent external assurance that councils are making progress in implementing performance management and planning arrangements
- to support councils in pursuing continuous improvement
- to help identify good practice and areas of concern.

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[4]   The PMP audit guides can be downloaded from Audit Scotland's website at www.audit-scotland.gov.uk

The PMP audit is one part of the Accounts Commission's audit approach to Best Value, along with statutory performance indicators and value for money studies. Together, these elements give a rounded picture of the performance of councils and services. As Best Value develops, future reports will be able to demonstrate whether services are improving as well as how they are managed.

The performance of some council services is also reviewed by statutory inspectorates. Audit Scotland works closely with the inspectorates for fire, police and education services to agree joint methodologies and to reduce the risk of duplication.

The Accounts Commission is committed to developing its approach to Best Value in the light of the forthcoming legislation to ensure that it continues to support councils' continuous improvement and provide external assurance on their Best Value progress. Councils should continue to develop their performance management and planning arrangements to ensure they are well placed to respond to the forthcoming Best Value statutory duty.

The second audit

The second audit (PMP2) required councils' corporate and service managers to self-assess their performance management and planning arrangements, using guidance provided by Audit Scotland, and to agree a set of improvement actions with their auditor.

The PMP audit was first applied to three service areas in each council in 1999/00 (PMP1 service audit). In 2000/01 auditors applied the PMP2 service audit to three more services in each council. PMP2 also incorporated a new corporate audit to reflect that a council's corporate framework for supporting Best Value has a significant impact on the way services approach Best Value. The corporate audit covered four aspects:
- leadership for Best Value
- management of Best Value reviews
- planning and budgeting framework
- public performance reporting.

The corporate audit looked at the council's approach for supporting and monitoring the development of Best Value across the council's services. The service audit concentrated on the application of performance management and planning arrangements in practice.

In addition, auditors examined the extent to which services audited in PMP1 went on to complete the improvements that they had committed themselves to in 1999/00 (Exhibit 6).

Exhibit 6: The components of the PMP audits

The PMP2 audit included a corporate-level audit, the audit of three services and a follow-up audit of services audited in PMP1.

Audit components	PMP1 (1999/00)	PMP2 (2000/01)
Service level audit: ■ three services audited in each council ■ each service identified improvement actions ■ auditor checked whether PMP1 services had completed improvements.	✔ ✔ -	✔ ✔ ✔
Corporate audit: ■ audit of corporate Best Value framework ■ each council identified improvement actions.	- -	✔ ✔

Source: Audit Scotland

Councils nominated which three services they wished to be audited and agreed their final selection with their auditor. Some councils may have chosen services that they considered were well advanced in terms of their performance management and planning arrangements, while others may have taken an opposite approach. Therefore, the findings from the PMP2 service audit cannot be taken as representative of all council services. Nevertheless, along with the corporate audit, they do give a picture of what is happening in councils as they strive to meet the challenge of Best Value.

Reports

Each council and audited service received a comprehensive report from its auditor. These reports highlighted specific strengths and weaknesses in their performance management and planning arrangement and focused on areas where improvements were most needed.

This national overview report provides an all-Scotland summary of the 2000/01 PMP2 audit. It covers the audit approach, highlights the main findings and provides a number of key messages for those with an interest in the operation of Scottish local government. It should help each council to assess its progress against the overall picture for Scotland. This report also highlights the PMP1 services that were found to be making most or least progress in implementing improvements.

Reflecting the Accounts Commission's policy on highlighting individual councils in reports[5], this report names only high scoring PMP2 councils and services.

Other products

A separate compendium of good practice identified through the PMP2 audit and the audit guide that supported the PMP2 audit are available from Audit Scotland's website[6].

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[5] The PMP2 audit covered a sample of different services. For example, eight of the PMP2 services are in housing. To name poor performers from that small sample would be invidious, as the housing service in other councils may have performed better or less well on the audit criteria. It is appropriate to name all services included in the PMP1 follow-up audit, as they are audited against agreed improvement actions in all cases.

[6] Audit Scotland publications are available at www.audit-scotland.gov.uk under 'Publications'. The compendium of good practice reported by councils is available at www.audit-scotland.gov.uk/pmp

Audit coverage

Councils have selected a wide range of services (or parts of a service) for the PMP audits ranging from social work, to environmental services, to central services such as IT (Exhibit 7). Appendix 2 lists the services audited in PMP1 and PMP2.

The services audited in the first two years of the PMP audit accounted for around 40% of Scottish councils' annual expenditure. The proportion is expected to rise to around 50% by the end of the third PMP audit (PMP3)[7].

The proportion of expenditure covered by PMP audits varies widely among councils. In some councils the PMP1 and PMP2 audits covered over 80% of their expenditure, but in other councils only up to 20% was covered (Exhibit 8).

Auditors will work with councils where there has been relatively low coverage to ensure that areas of major spend are subject to a PMP audit in the next few years.

Exhibit 7: Services audited in 1999/00 (PMP1) and 2000/01 (PMP2)

The number in each bar shows the number of services. Services most frequently selected for audit are within social work, planning & economic development and environment and consumer protection.
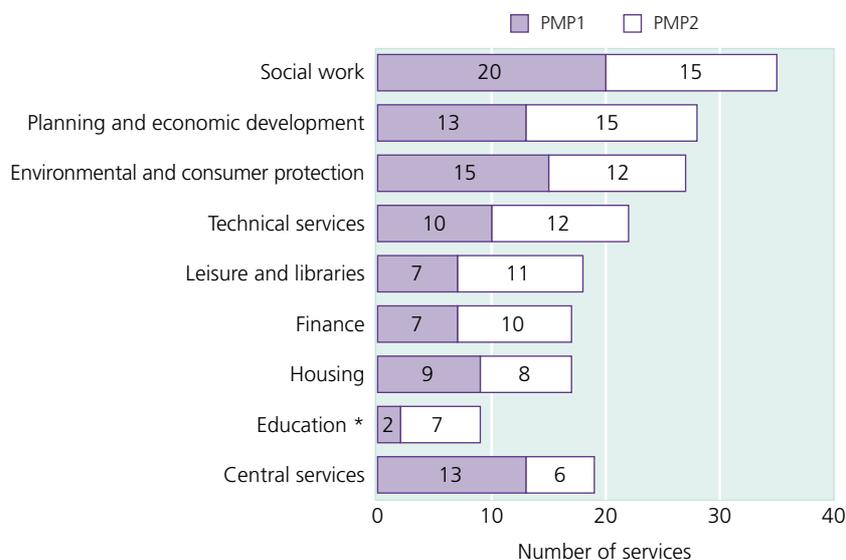
Notes: * The joint HM Inspectorate of Education/Accounts Commission inspection framework for education services (Quality Management in Education) incorporates an inspection of performance management and planning arrangements and because of this, most councils have not included education services in their PMP audit selection.

Source: Audit Scotland

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[7]   These expenditure figures include councils' education budget where the education function has had either a PMP audit or a Quality Management in Education (QMIE) inspection. QMIE inspections are inspections of the management of an education authority and are conducted jointly by HM Inspectorate of Education and auditors appointed by the Accounts Commission.

Exhibit 8: Council expenditure covered by PMP audits and Quality Management in Education inspections

Some councils have covered a substantial proportion of their annual expenditure through the PMP audit, but others are a long way behind.

Source: Audit Scotland
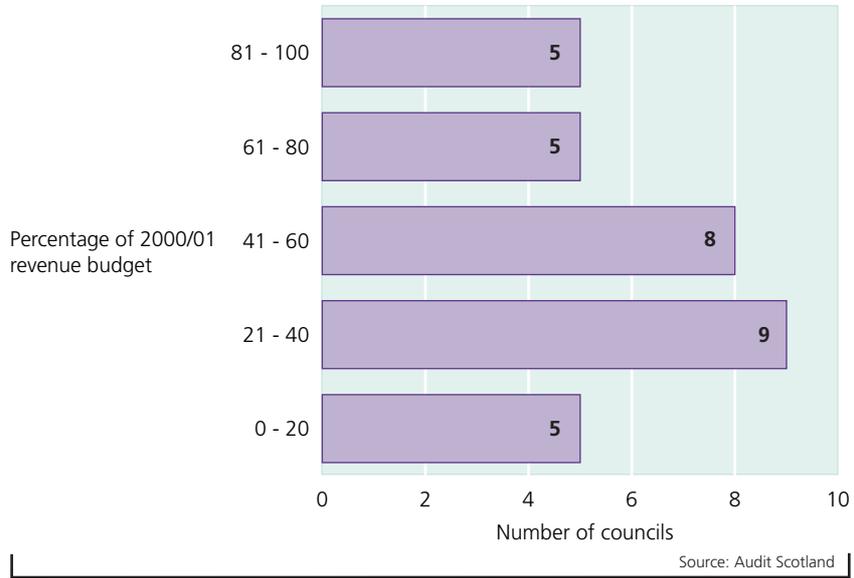
2. The first audit

Introduction

Ninety-six services were audited in 1999/00 (PMP1) and each service agreed with its auditor a set of actions it would take to improve arrangements for performance management and planning. The PMP2 audit assessed the extent to which PMP1 services had completed their improvements.

Findings and recommendations

One year on, a third of services had substantially completed their improvements, with two services implementing their actions in full. They are to be congratulated. However, even services which have achieved most of their planned improvements need to continue looking for further opportunities, particularly if they started with a relatively low PMP1 audit score.

Half of the services had made some progress in completing their improvements, but had suffered substantial slippage. They planned to continue with the improvements they had identified a year earlier, but this level of progress is disappointing.

Of greater concern are the fifth of services that had made little or no progress with their improvements and had no recovery plans in place. It is of particular concern that eight of the services which made little or no progress had a low score (less than 60%) in the original PMP1 audit:

- Aberdeen City – East Tullos Partnership
- East Ayrshire – Criminal Justice
- Comhairle nan Eilean Siar – Chief Executive's Office
- Highland – Council Service Points
- Inverclyde – Economic Development
- North Lanarkshire – District Courts
- Scottish Borders – Finance
- Shetland Islands – Economic Development.

Exhibit 9 shows PMP1 services' progress in completing their improvement actions.

These findings should be interpreted with care. Services varied widely in how ambitious their improvement actions were in terms of both number and level of challenge. A high completion score may reflect a service having set fairly easy targets, whereas a low score may mean that a service set over-ambitious targets. In addition, staff vacancies, organisational changes and/or the re-prioritisation of resources may have affected the level of progress made. Some services will have made further progress since the audit was carried out.

Sound performance management and planning arrangements underpin the delivery of Best Value services. Services that made less progress than planned need to act to identify the causes and remedy the situation.

In particular, they should consider whether the problems relate to unrealistic targets, poor project management, lack of commitment, or other factors. This analysis will help them to devise appropriate solutions so that they can make further progress with their performance management and planning arrangements.

All councils should identify whether additional corporate support is required for services that have made little progress in implementing their improvement actions.

The 2001/02 audit (PMP3) will continue to monitor developments in PMP1 services.

Exhibit 9: PMP1 services' progress in completing their improvement actions

Nineteen services made little or no progress, including eight services that had a score of less than 60% (□) in the original PMP1 audit.

■ Overall score of 80% or more   ◪ Overall score of 60% or more and less than 80%   □ Overall score of less than 60%

	Little or no progress	Some progress but substantial slippage	Improvements almost or fully completed
Aberdeen City	□ East Tullos Partnership Project		◪ School Meals □ Consumer Protection
Aberdeenshire *	Recreation Services		IT Services Environmental Health
Angus		□ Roads	□ Planning & Transport □ Environmental & Consumer Protection
Argyll & Bute		◪ Sheltered Housing	□ Estates Management □ Non-Domestic Rates
Clackmannanshire		□ Environmental Health	■ Chief Executive's Department ◪ Criminal Justice
Dumfries & Galloway	◪ Creditor Payments	◪ Home Care Services ◪ Economic & Community Development	
Dundee City		□ Dundee Contract Services ◪ Social Work	◪ Libraries & Community Information
East Ayrshire	□ Criminal Justice	□ Grounds Maintenance □ Property Repairs	
East Dunbartonshire		□ Planning	□ Environmental Health ◪ Criminal Justice
East Lothian		□ Personnel	◪ Housing □ Libraries
East Renfrewshire	◪ Community Resources	◪ Community Care	◪ Housing
Edinburgh, City of		◪ Housing ◪ Leisure Development	□ Waste Management
Comhairle nan Eilean Siar	□ Chief Executive's Office ◪ Finance	□ Environmental Services	
Falkirk		■ Corporate Services ◪ Housing Services □ Social Work	
Fife		◪ IT Services □ Community Services	□ Cleansing & Waste Management
Glasgow City		◪ Cultural & Leisure Services	◪ Direct & Care Services □ Financial Services
Highland	□ Council Service Points	□ Home Care	□ Food Safety
Inverclyde	□ Economic Development	◪ Legal Services ◪ Services to Children & Families	
Midlothian	◪ Residential Homes for Older People	□ Personnel	□ Building Cleaning
Moray		◪ Economic Development & Planning □ Environmental Protection ◪ Community Care	
North Ayrshire		◪ Housing	◪ Criminal Justice ◪ Personnel
North Lanarkshire	□ District Courts	■ Housing & Property	◪ Catering Services
Orkney Islands	◪ Education	◪ Technical Services □ Piers & Harbours	
Perth & Kinross			◪ Roads, Transport & Architectural Services ◪ Planning & Development
Renfrewshire	■ Housing Management		■ Community Care ■ Finance (Accounting & Budgeting)
Scottish Borders	□ Finance	□ Technical Services ◪ Leisure & Recreation	
Shetland Isles	□ Economic Development	□ Inter-Island Ferry Service	□ Construction Design Service
South Ayrshire	◪ Information Systems & IT Services ◪ Housing	□ Infrastructure Services	
South Lanarkshire	◪ Services to Older People	□ Environmental Health ◪ Housing	
Stirling		◪ Personnel ◪ Building Cleaning DSO	◪ Exchequer Services (Revenues)
West Dunbartonshire	◪ Grounds Maintenance	◪ Environmental Health	◪ Finance
West Lothian		◪ Development Control ◪ Property Services □ Occupational Therapy	

* PMP1 scores are not available.

Source: Audit Scotland

3. The second audit

Introduction

In 2000/01 auditors applied the PMP2 audit in all 32 councils at a corporate level and in three more services in each council[8].

The audit assessed services against ten criteria that between them covered the attributes of a Best Value council. The services covered are listed at Appendix 2. At a corporate level, councils were assessed against four criteria that looked at the council's approach to supporting and monitoring the development of Best Value across the council's services. The service audit concentrated on the application of performance management and planning arrangements in practice.

The PMP2 audit included a number of detailed questions about the council's or service's approach to Best Value under each of the criteria. For example, one of the detailed questions was whether services identified and evaluated a full range of options when reviewing service delivery. The audit distinguished between performance management and planning arrangements that were systematic and integrated into everyday practice and those that were more adhoc.

This section reports on the PMP2 audit findings under a number of key themes that are central to Best Value (Exhibit 10). It also reports on whether there are signs of overall progress since the PMP1 audit.

Exhibit 10: Key themes for reporting Best Value

Findings are reported under six themes that are central to Best Value.

- Promoting ownership of Best Value across the council
- Ensuring that services meet users' needs
- Achieving value for money and pursuing continuous improvement
- Managing service performance
- Being accountable to the public
- Integrating equalities into Best Value

Source: Audit Scotland

Appendix 3 explains the methodology used to produce the findings described in this report.

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[8]   Highland Council nominated its education service for a PMP2 audit. However, the service was subject to a Quality Management in Education (QMIE) inspection conducted jointly by HM Inspectorate of Education and auditors appointed by the Commission. This covered the issues that would have been dealt with in the PMP audit, which was therefore not progressed.

Findings

This section presents an overall picture of the extent to which councils and services are meeting the audit criteria, then provides a more detailed analysis under the six Best Value themes.

A score of 100% would mean that all the elements of effective performance management and planning arrangements were fully in place. A score of over 80% represents a significant level of achievement, with over 70% still representing good progress. Sixty percent has been taken as the level below which substantial improvements need to be made.

Overall picture

Around half of councils and two-fifths of services had made good progress in developing performance management and planning arrangements.

On most criteria, councils and services typically had an overall score of between 60% and 80% (Exhibit 11).

Exhibit 11: Summary of assessments against the PMP2 audit criteria

Services scored lowest in public performance reporting (PPR) and highest in finance.

Corporate audit   Service audit
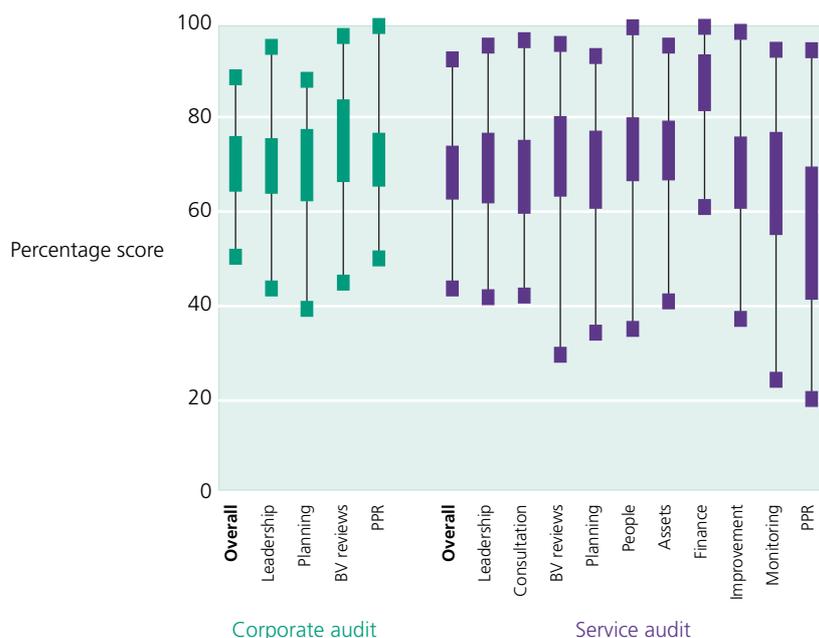
This Exhibit shows the overall scores for the corporate and service criteria. There is one symbol for each of the four corporate and ten service audit criteria. The bar in the centre of each symbol represents the range of scores within which half of councils or services fell. The upper point shows the top percentage score gained by a council or service. The lower point shows the lowest score. For some criteria, the Exhibit excludes outlying values that would otherwise distort the overall picture[9].

Source: Audit Scotland

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[9]   Exhibit 11 omits the following values: corporate audit PPR criterion (31%) and service audit criteria consultation (13%), BV reviews (16%) and finance (37%).

In the corporate audit, six councils scored 80% or over (Exhibit 12) with a further 11 scoring 70% or over. Four councils scored less than 60%. Scores for managing Best Value reviews were relatively good. The planning criterion had the greatest number of councils with low scores.

Nine services scored 80% or over in the service audit (Exhibit 12) with a further 31 scoring 70% or over. Services generally had high scores on the finance criterion, but the performance monitoring and public performance reporting (PPR) criteria had the lowest average scores. On four criteria, at least a quarter of services had scores of less than 60%, indicating that these areas were proving most problematic. These were consultation (27 services), planning (24 services), monitoring performance (32 services), and public performance reporting (59 services).

Exhibit 12: Councils and services that met a significant proportion of the audit criteria

Renfrewshire had its corporate function and two services in this category.

Council	Corporate audit	Service audit	
Angus	✔		
Argyll & Bute		✔	Personnel
Dundee City		✔	Architectural Services
East Dunbartonshire	✔		
City of Edinburgh	✔	✔	Catering & Cleaning DLO
Glasgow City	✔	✔	Education
North Lanarkshire		✔	Education (Primary Teaching & Learning)
Perth & Kinross	✔		
Renfrewshire	✔	✔	Administration (Corporate services)
		✔	Leisure Management
Stirling		✔	Secondary Education
West Lothian		✔	Housing

Source: Audit Scotland

A third of councils and almost half of services were still some way behind the 'leaders', whilst a small number of councils and services were falling well behind. Exhibits 11 and 12 show clearly that there are many councils and services with high scores that may have examples of approaches to performance management and planning that could be of help to others.

The following section highlights what the PMP2 audit found under each of the key Best Value themes.

Theme 1: Promoting ownership of Best Value across the council
Elected members were instrumental in developing Best Value in two-thirds of councils and half of services.

Best Value requires clear leadership from senior managers and elected members for the changes in culture and approach that are needed for Best Value to succeed. Members' role in leading and supporting these changes must not be under-estimated. Where Best Value is seen as a managerial issue best left to officers, it is less likely to have a real impact in delivering cost-effective, user-focused services that challenge established ways of doing things.

Staff will need to be involved in developing the council's approach to secure their ownership and commitment. The approach to Best Value needs to be communicated consistently to all staff so that it can be embedded in every aspect of the way that services are provided to communities and customers.

Leadership

Three councils had a high score, of which two* had a very high score[10]:
- **Angus, City of Edinburgh*, Glasgow City*.**

Sixteen services had a high score, of which five had a very high score:
- **Argyll & Bute** Personnel; **Glasgow City** Education; **Renfrewshire** Admin Services (Corporate Services); **Renfrewshire** Leisure Management; **West Lothian** Housing.

Two-thirds of **councils** fully involved elected members in a systematic way in developing their approach to Best Value. Little progress had been made in four councils. Just under half of **services** fully involved elected members in formulating their approach to Best Value, with a fifth doing little.

Most **councils** had tried to involve at least some of their staff in formulating their approach to Best Value and a third had done this systematically. Five had done little. Typically, the proportion of staff involved was around a quarter. About 40% of **services** had involved their staff in developing their approach to Best Value, usually involving around a third of their staff.

Around a third of **councils** and **services** systematically took steps to ensure that staff understood what Best Value meant in practical terms for their work. A fifth of **services** had done little.

Theme 2: Ensuring that services meet users' needs
A third of councils and half of services designed services around users' needs. However, nearly two-thirds of services did not demonstrate how they responded to changes in user demands.

Best Value services meet the needs of users, whether those users are among the public, other staff within the council, or other organisations. This requires sound approaches to consultation so that managers know what their stakeholders' needs are. It takes a conscious approach to designing services to meet those needs and good service planning and management so that the councils' intentions are reflected in practice.

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[10]   A high score is 80% or over. A very high score is 90% or over.

Consultation

Seventeen services had a high score, of which three had a very high score:
- **Argyll & Bute** Personnel; **North Ayrshire** IT; **Renfrewshire** Leisure Management.

Over a quarter of all services (27) scored less than 60%.

Three quarters of **councils** based their corporate priorities on a good understanding of the needs of their communities. Half the audited **services** felt that this applied to how they had set their priorities.

Around half of **services** systematically used consultation to obtain information on user satisfaction (little progress in 12% of services), on future needs (little progress in 21% of services) and how services could be improved (little progress in 10% of services).

Auditors reviewed a consultation exercise in each **service**. In general, they found that the exercises had clear objectives and reached the intended audiences. However, nearly a third of the exercises failed to result in recommendations that were implemented. Three-quarters of **services** could do more to make sure that consultation exercises are internally co-ordinated (to minimise the risk of duplication) and that the findings are shared with other services, when appropriate.

About a third of **councils** had a sound corporate approach to designing services to meet customer needs. The audited **services** did better, with just over half having designed their services around customer needs (eg by reviewing the core service processes they used). Fewer than half of them, however, routinely involved their customers in helping to set service standards.

Having consulted, the council needs to turn its intentions into specific actions. Priorities have to be decided and resources allocated to those priorities. This requires a sound service planning and budgeting process. Plans must set out clear objectives and show how commitments are matched to resources, otherwise it is difficult for a council to be sure that its plans are realistic. They must be kept up to date and progress monitored, or good intentions can fail to materialise. Plans should also cover more than one year ahead so that they provide a basis for managing longer-term developments. Staff must know what is in the plan and their tasks must be aligned with its implementation.

Increasingly, councils have to work closely with other organisations (eg the health service) to provide public services that are 'joined-up' from the customer's viewpoint. Plans should therefore reflect partnership arrangements.

Planning and budgeting

Seven councils had a high score:

■ **Angus, East Dunbartonshire, City of Edinburgh, Fife, Glasgow City, Perth & Kinross, Renfrewshire.**

Seven **councils** scored less than 60%.

15 services had a high score, of which two had a very high score:

■ **Argyll & Bute** Personnel; **Renfrewshire** Admin Services (Corporate Services).

Twenty-four **services** scored less than 60%.

Three-quarters of **councils** had a corporate plan that set out priorities, half planned more than one year ahead and a third systematically matched their resources to their priorities.

All **services** had a service plan, with two-thirds of them covering all major activities. Two-thirds of service plans matched financial and other resources to objectives and commitments. Almost 60% of service plans did not show clearly how the service concerned was responding to changes in users' demands and over a quarter did not set out clear objectives.

Fewer than half of **services** systematically ensured that staff knew what was in the service plan and a little over half made sure that the objectives set out in the plan were translated into clear responsibilities for staff for implementation. As a result, it is possible that a gap may arise between the intentions expressed in plans and what actually happens.

Two-thirds of **services** systematically reviewed progress against their service plan and a similar number kept elected members informed of progress. About half of the **services** systematically reviewed progress against their service plan, with two-fifths informing elected members about progress.

Just over half of **services** felt that they had a systematic approach to joint working with partner organisations. In most of these, this did not extend beyond identifying in general terms how they would work together. However, 10% of **services** had established shared objectives and targets with their partners.

Theme 3: Achieving value for money and pursuing continuous improvement

A third of councils were systematically achieving the best balance between cost and quality in their services. Two-thirds of councils were comprehensively challenging existing practices.

Best Value requires councils to be open-minded when exploring options to provide the best service for a given cost. Best Value reviews should involve a rigorous challenge process that questions both what a council is doing and how it does it. Carrying out a Best Value review takes considerable staff time and effort. It is particularly important, therefore, that reviews are targeted on the right things and result in improvements. Their scope should be sufficiently wide to allow a real possibility of substantial change for the better rather than focusing, for example, on finding small-scale efficiency savings. It is important that staff carrying out reviews are trained in project management and review techniques.

The overall progress and impact of the Best Value review programme should be monitored by senior staff.

The benefits of a Best Value review should be worth the resources invested and lessons learned from reviews should be shared across the council to avoid review teams having to re-invent the wheel.

Best Value reviews

Nine councils had a high score, of which three* had a very high score:
- **Angus, Dundee City, East Dunbartonshire*, East Lothian, City of Edinburgh, Glasgow City, Orkney Islands, Perth & Kinross*, Renfrewshire*.**

Twenty-six services had a high score, of which these four had a very high score:
- **City of Edinburgh** Services for Older People; **Glasgow City** Education; **Renfrewshire** Admin Services (Corporate Services); **Renfrewshire** Leisure Management.

Two-thirds of **councils** and **services** had a systematic approach for ensuring that their Best Value reviews addressed the right topics in a challenging way and involved a comprehensive approach (eg gathering user views, assessing competitiveness, learning from others).

A quarter of **councils** took steps to make sure that the resources invested in a Best Value review were proportionate to the likely benefits. In practice, in the **services** audited, this proportion rose to just over a third. Together, these suggest that time and effort may not be targeted on the most significant areas for review.

Two-thirds (21) of **councils** systematically monitored the overall progress of their programme of Best Value reviews, but in only 17 of these was the quality of the review itself also monitored. At **service** level, only half systematically monitored the progress of the reviews they were carrying out and just under half monitored their quality.

Around half of the **councils** and **services** kept elected members informed of the progress and impact of the Best Value review programme. Less than two-thirds (60%) of **services** involved members in challenging the review's findings.

Where possible, the auditor reviewed a completed Best Value review in each **service**. The majority of reviews covered most of the important topics, involved stakeholders in the review and carried out some benchmarking (though there are indications that obtaining reliable, comparable data has proved difficult in many cases). Some areas stood out as requiring greater attention. For example, a fifth of the reviews did not look at the competitiveness of the activity.

In almost a third of the Best Value reviews, there was no systematic option appraisal to explore alternative policy choices or delivery options. Where options were considered, in around a quarter of cases, this consideration did not include all the realistic options and in half of the reviews there were no clear criteria for selecting the option that was chosen.

Around a third of Best Value reviews had not looked at efficiency savings or the opportunities for reprioritising within existing resource levels.

One of the key principles of Best Value is that 'what's best is what works'. This philosophy requires that staff are given feedback on their performance and are encouraged to share good practice, so that they learn from each other. Councils must also ensure they achieve value for money from their assets.

Managing people and assets

Managing people
Twenty-four services had a high score; three had a very high score:
- **Argyll & Bute** Personnel; **City of Edinburgh** Catering & Cleaning DLO; **Renfrewshire** Admin Services (Corporate Services).

Two-fifths of **services** had a systematic approach for providing feedback to staff on their performance, with a little over a third having a systematic approach to enable staff to share knowledge about effective practice (over a fifth had done little).

Half the **services** made sure their staff were kept up-to-date about good practice in their field. Around half of the **services** felt a more systematic approach could be taken to ensure that they secure value for money from their assets (eg land, property, IT, supplies).

Managing assets
Eighteen services had a high score, of which these four had a very high score:
- **Angus** Property Services; **Argyll & Bute** Personnel; **East Lothian** Transport Services; **Perth & Kinross** Financial Services.

About three-quarters of **services** had an approach to procurement that generally supported Best Value.

Best Value requires councils to pursue continuous improvement. There are many approaches to this, including using feedback from customers.

Continuous improvement

Fifteen services had a high score, of which these three had a very high score:
- **Argyll & Bute** Personnel; **City of Edinburgh** Catering & Cleaning DLO; **West Lothian** Housing.

Whilst 21 **councils** were systematically pursuing continuous improvement, only 11 were systematic in pursuing the best balance between cost and quality in their services.

Fewer than half (43%) of **services** systematically used feedback from customers to improve their services. A similar proportion involved their partner organisations or suppliers in finding ways to improve performance. About half of **services** had established links with other organisations that they felt they could learn from.

Theme 4: Managing service performance
Financial control and reporting was generally sound but the monitoring of non-financial performance was less satisfactory.

Sound performance management must be rooted in good financial management and robust information which shows how well services are performing. Senior managers and members must monitor performance and take action when performance is unsatisfactory.

Performance management

Financial
Financial control and reporting was generally sound. Nearly three-quarters of **services** (69) had a very high score and only one scored less than 60%. Nine **services** met all the requirements:

- **Aberdeenshire** Planning; **Argyll & Bute** Personnel; **Dundee City** Planning & Transportation; **East Ayrshire** Community Care (Home Care); **City of Edinburgh** Services for Older People; **Inverclyde** Refuse Collection; **Scottish Borders** Protective Services; **South Ayrshire** Community Services (Refuse & Cleansing); **South Lanarkshire** Roads & Transportation.

Non-financial
The monitoring and controlling of non-financial performance was less satisfactory. Nevertheless, **17 services** had a high score, of which these eight had a very high score:

- **Argyll & Bute** Personnel; **East Dunbartonshire** Libraries; **City of Edinburgh** Catering & Cleaning DLO; **Glasgow City** Land Services; **Orkney Islands** Finance Service; **Renfrewshire** Leisure Management; **Stirling** Secondary Education; **West Lothian** Housing.

However, a third of all **services** (32) scored less than 60%.

Senior managers in just over half of **services** systematically monitored the service's performance. Little monitoring took place in around nine services. Less than two-thirds (60%) of services used targets or trend information to evaluate their performance and this dropped to under half (45%) that compared their performance with other services. Just over half of **services** systematically kept members informed of their performance.

Of the monitoring reports used by senior managers, almost nine-tenths covered financial performance. Three-quarters showed whether the service was meeting its strategic and operational objectives and targets. Two-thirds showed whether it was meeting user and community needs. A similar number reported on the management of assets and people. A comparable profile was found for the reports provided to elected members.

A quarter of the reports for managers did not clearly identify where performance was poor, compared to a third of the reports provided to elected members.

Theme 5: Being accountable to the public
Nearly half of councils and services had a sound approach for advising the public about services.

A fundamental principle of Best Value is that councils should be accountable to the public. For this reason, the Best Value Task Force introduced the concept of '*Public Performance Reporting*' (PPRg). This requires councils to tell the public clearly about the services that are available and how well they are performing.

Public performance reporting

Public performance reporting was assessed for the first time in the PMP2 audit, at both corporate and service levels.

Six councils had a high score, of which three* had a very high score:
- **Glasgow City; Moray*; North Lanarkshire; Orkney Islands; Perth & Kinross*; Renfrewshire*.**

Four councils scored less than 60%.

Ten services had a high score, of which three* had a very high score:
- **Argyll & Bute** Personnel*; **Glasgow City** Education; **Highland** Property & Architectural Services; **North Ayrshire** IT; **North Lanarkshire** Education (Primary Teaching & Learning); **Renfrewshire** Leisure Management*; **Scottish Borders** Protective Services*; **Stirling** Civic Services; **Stirling** Secondary Education; **West Lothian** Housing.

Around two-thirds of **services** scored less than 60%, making this the area where performance management and planning arrangements were least developed.

Fourteen councils had well-developed corporate approaches to informing the public about the services that were available and their performance. The weakest areas were:
- reporting back to the public on what had been learned from consultation
- providing the public with information to demonstrate that the council was pursuing continuous improvement and achieving value for money (eg reporting on the results of Best Value reviews).

Less than half of **services** had a sound approach to telling the public about the services that were available. Typically the information provided covered between half and three-quarters of the services provided.

In terms of telling the public about their performance, almost two-thirds of **services** provided information on whether they were meeting their key objectives and meeting user and stakeholder needs. Slightly fewer reported on whether they considered they were achieving value for money and achieving continuous improvement.

To help the public make sense of performance information, it needs to be set in context; show how a council's/service's performance has changed over time; and how it compares with others. Trend information was used by a quarter of **services** and information on comparisons with others by a fifth.

Over a third (38%) of **services** reported to the public on whether they had met their previous targets for performance and improvement. A similar proportion reported what they had learned from consultation, how that information was being used, the results of Best Value reviews and the impact of continuous improvement work.

Nearly a third of **services** considered their performance reports were not sufficiently concise and understandable for the public and less than a fifth had systematically identified the best way of communicating with the public.

Theme 6: Integrating equalities into Best Value
Half of councils and services had a sound approach for integrating equality issues into service priorities and delivery.

Councils serve populations that may comprise groups of people with diverse needs, whether these arise from ethnic and cultural background, disability, gender, age, geographical location etc. It is important that councils take account of this diversity in the planning and delivery of their services. The PMP2 audit introduced some questions to address the area of equalities. This area was further strengthened for the PMP3 audit and will be reported more fully in next year's overview report.

When a service carries out Best Value reviews and consults with others, it is important that it takes full account of equalities issues in determining the needs of different sectors of the community and how the needs can best be met, rather than assuming that 'one size fits all'.

It is critical that services communicate effectively with their communities and customers. They need to provide information about services that is targeted at relevant sectors of the community and is presented in ways that meet their needs.

Integrating equalities

Twenty-six councils felt they had a corporate approach for addressing equalities issues systematically, but only 16 of these had integrated equalities into the way in which the council's priorities were identified. The other ten had a more adhoc approach.

Almost two-thirds of **councils**' corporate frameworks for carrying out Best Value reviews took account of equalities issues. In practice, however, at **service** level where the reviews are carried out, just under half of the **services** felt they had a sound approach to dealing with equalities in a Best Value review.

About a third of **services** considered their consultation exercises effectively reached 'hard to reach' groups. Not consulting such groups may lead to services that are not well-designed for the needs of all sections of the community.

Half of **services** systematically considered how best to communicate with different sectors of the public and a fifth thought that they routinely identified and used the best means of communicating with their various stakeholders. A quarter of **services** felt that they had explicitly addressed equalities issues when providing information about the availability and performance of the services offered.

Have things improved since last year's audit?
The PMP2 service audit set higher expectations than the PMP1 audit in that it looked at whether arrangements were in place and the extent to which they were systematically used. The audits also covered different services. Therefore, caution needs to be exercised when comparing findings between the two years. Nevertheless, the evidence suggests that councils and services are making progress in implementing sound performance management and planning arrangements to support Best Value.

Theme	Findings
1. Promoting ownership of Best Value across the council	**Leadership** ■ One-third of councils and half of services had not fully involved elected members in a systematic way in developing their approach to Best Value. ■ About 60% of services had not involved their staff in developing their approach to Best Value and around two-thirds did not ensure that staff understood what Best Value meant in practical terms for their work.
2. Ensuring that services meet users' needs	**Consultation** ■ Three-quarters of councils and half the audited services felt that they had based their priorities on a good understanding of the needs of their communities. ■ Around half of services systematically used consultation to obtain information on user satisfaction, future needs and how services could be improved. Fewer than half of them, however, routinely involved their customers in helping to set service standards. Nearly a third of consultation exercises failed to result in recommendations that were implemented. **Planning and budgeting** ■ Two-thirds of councils and a third of services did not systematically match their resources to their priorities. ■ Almost 60% of service plans did not show clearly how the service was responding to changes in users' demands and over a quarter did not set out clear objectives. About a tenth of services had established shared objectives and targets with their partners. ■ Fewer than half of services systematically ensured that the objectives set out in the plan were translated into clear responsibilities for staff for implementation. ■ A third of councils and three-fifths of services did not keep elected members informed of progress against their plans.
3. Achieving value for money and pursuing continuous improvement	**Best Value reviews** ■ Two-thirds of councils felt they were not systematic in pursuing the best balance between cost and quality in their services. ■ A third of councils and services did not have a systematic approach for ensuring that their Best Value reviews addressed the right topics. ■ Around half of the councils and services did not keep elected members informed of the progress and impact of the Best Value review programme. Fewer than two-thirds (60%) of services involved members in challenging a review's findings. ■ A fifth of the reviews did not look at the competitiveness of the activity. In almost a third of the service-level reviews, there was no systematic option appraisal to explore alternative policy choices or delivery options. Where options were considered, in around a quarter of cases, this did not include all the realistic options and in half of the reviews, there were no clear criteria for selecting the option that was chosen. ■ Around a third of service reviews had not looked at efficiency savings or the opportunities for reprioritising within existing resource levels. **Managing people and assets** ■ Three-fifths of services did not systematically provide feedback to staff on their performance. ■ About half of services considered that management of key assets could be improved and around a quarter considered that procurement could be better. **Continuous improvement** ■ Two-thirds of councils were systematically pursuing continuous improvement but two-thirds of councils did not consider they were systematic in pursuing the best balance between cost and quality in their services. ■ Fewer than half of services systematically used customer feedback to improve services. A similar proportion involved their partner organisations or suppliers in finding ways to improve performance. About half of services had established links with other organisations that they felt they could learn from.
4. Managing service performance	**Financial management** ■ Most councils and services had well developed financial performance monitoring systems. Only one council scored less than 60% on this aspect of the audit. **Performance monitoring** ■ A quarter of the reports for managers did not clearly identify where performance was poor and this figure rose to a third of the reports provided to elected members. ■ Senior managers in around half of services did not systematically monitor the service's performance. Fewer than two-thirds (60%) of services used targets or trend information to evaluate their performance and this dropped to under half (45%) that used other comparative information. Just over half of services systematically kept members informed of the service's performance. ■ Almost nine-tenths of the monitoring reports used by senior service managers covered financial performance. Three-quarters showed whether the service was meeting its strategic and operational objectives and targets. Two-thirds showed whether it was meeting user and community needs. A similar number reported on the management of assets and people. A comparable profile was found for the reports provided to elected members.
5. Being accountable to the public	**Public performance reporting** ■ About half of councils and services did not feel they had a systematic approach for communicating with the public about what they do and how well they are performing. The weakest areas were: – reporting back to the public on what had been learned from consultation – providing the public with information to demonstrate that the council was pursuing continuous improvement and achieving value for money (for example, reporting on the results of Best Value reviews).
6. Integrating equalities into Best Value	■ Around half the councils had not integrated equalities into the way in which the council's priorities were identified. ■ Just under half of services had a sound approach to dealing with equalities when conducting a Best Value service review. About a third of services' consultation exercises effectively reached 'hard to reach' groups. Just under half of services systematically considered how best to communicate with different sectors of the public, with only a fifth routinely identifing and using the best means of communicating with their various stakeholders.

Councils and services with high scores against the audit criteria	Areas for further development
Leadership Three councils had a high score; two* had a very high score: ■ Angus, City of Edinburgh*, Glasgow City*. 16 services had a high score; these five had a very high score: ■ Argyll & Bute Personnel; Glasgow City Education; Renfrewshire Admin Services (Corporate Services); Renfrewshire Leisure Management; West Lothian Housing.	■ Greater involvement of elected members and staff in leading and developing a Best Value approach. ■ Better communication to staff about practical implications of Best Value for their work.
Consultation 17 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; North Ayrshire IT; Renfrewshire Leisure Management. **Planning and budgeting** Seven councils had a high score; no council had a very high score: ■ Angus, City of Edinburgh, East Dunbartonshire, Fife, Glasgow City, Perth & Kinross, Renfrewshire. 15 services had a high score; these two had very high score: ■ Argyll & Bute Personnel; Renfrewshire Admin Services (Corporate Services).	■ Greater involvement of the community and customers in setting service priorities and standards, designing services and achieving improvements. ■ Matching commitments to resources and turning plans into action. ■ Enhanced integration of Best Value into corporate and service plans and into the everyday operation of the council. ■ More widespread setting of clear objectives. ■ Greater integration of joint partner objectives into service plans. ■ Better reporting of progress against plans to elected members.
Best Value reviews Nine councils had a high score; three* had a very high score: ■ Angus, Dundee City, East Dunbartonshire*, East Lothian, City of Edinburgh, Glasgow City, Orkney Islands, Perth & Kinross*, Renfrewshire*. 26 services had a high score; these four had a very high score: ■ City of Edinburgh Services for Older People; Glasgow City Education; Renfrewshire Admin Services (Corporate Services); Renfrewshire Leisure Management. **Managing people** 24 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; City of Edinburgh Catering & Cleaning DLO; Renfrewshire Admin Services (Corporate Services). **Managing assets** 18 services had a high score; these four had a very high score: ■ Angus Property Services; Argyll & Bute Personnel; East Lothian Transport Services; Perth & Kinross Financial Services. **Continuous improvement** 15 services had a high score; these three had a very high score: ■ Argyll & Bute Personnel; City of Edinburgh Catering & Cleaning DLO; West Lothian Housing.	■ Targeting of Best Value reviews on the right issues. ■ Improving identification and evaluation of competitiveness and service delivery options. ■ Ensuring reviews identify scope for efficiency savings. ■ Ensuring reviews identify options for reprioritisation within existing resource levels. ■ Improving capacity to learn from others. ■ Improving management of key assets, eg land, property and ICT. ■ Integrating Best Value into procurement strategy. ■ Enhancing performance management for staff.
Financial management 69 services had a high score, 47 had a very high score, and nine met all the audit requirements: ■ Aberdeenshire Planning; Argyll & Bute Personnel; Dundee City Planning & Transportation; East Ayrshire Community Care (Home Care); City of Edinburgh Services for Older People; Inverclyde Refuse Collection; Scottish Borders Protective Services; South Ayrshire Community Services (Refuse & Cleansing); South Lanarkshire Roads & Transportation. **Performance monitoring** 17 services had a high score; eight had a very high score: ■ Argyll & Bute Personnel; East Dunbartonshire Libraries; City of Edinburgh Catering & Cleaning DLO; Glasgow City Land Services; Orkney Islands Finance Service; Renfrewshire Leisure Management; Stirling Secondary Education; West Lothian Housing.	■ Ensuring indicators are developed to provide a rounded picture of performance. ■ Greater use of trend and other comparative information in performance monitoring reports. ■ Better reporting mechanisms for keeping members informed. ■ Clearer reporting of where performance is poor so that actions can be taken.
Public performance reporting Six councils had a high score; three* had a very high score: ■ Glasgow City; Moray*; North Lanarkshire; Orkney Islands; Perth & Kinross*; Renfrewshire*. Ten services had a high score; three had a very high score: ■ Argyll & Bute Personnel; Renfrewshire Leisure Management; Scottish Borders Protective Services.	■ Better reporting mechanisms for advising the public what services are available and tailoring the information to the needs of the different sectors of the community. ■ Greater use of trend and other comparative information when publicly reporting performance. ■ Better reporting on continuous improvement and value for money.
The assessment of equality arrangements was an integral part of the PMP2 audit and the calculation of scores in the themed areas above took equality issues into account.	■ Integrating equality issues comprehensively into the planning and delivery of services. ■ Taking full account of equalities issues in consultation exercises, public performance reporting and Best Value reviews.

Source: Audit Scotland

The number of services that needed to make substantial improvements to their performance management and planning arrangements reduced from 41 services in PMP1 to 13 in PMP2. Councils and services are to be congratulated for continuing to make progress.

Last year's PMP1 overview report highlighted three areas of performance management and planning where the Accounts Commission had particular concerns:

- exploring all realistic options for service delivery and the evaluation of the current service against these
- linking budgets and other resources to key service priorities
- monitoring service performance.

Analysis of the relevant PMP1 and PMP2 findings for these three areas suggests that, overall, there has been improvement in each area (Appendix 5). However, the PMP2 audit highlights that all councils can make further improvements, with significant effort required from many.

Exhibit 13 summaries the main findings from the PMP2 audit and highlights where further development is required.

Conclusions and recommendations

Overall, the evidence suggests that councils and services are making progress in implementing sound performance management and planning arrangements to support Best Value. The PMP2 audit set higher expectations but a greater proportion of services had higher scores than in the first year of the audit. This is a positive development.

However, given the demands for continuous improvement a large number of services and councils still need to improve aspects of their performance management and planning arrangements. Exhibit 13 summarises the key findings from the audit and identifies those areas where further development is most needed. In the longer term, councils and individual services need to address all of the areas highlighted in the Exhibit. However, certain elements stand out as priorities.

First, there must be a clear recognition that for many councils, Best Value requires a **culture change**. There must be clear, active and **sustained leadership** from senior managers and elected members to ensure that Best Value is fully integrated into the way the council works. Best Value must be promoted clearly as a way of working that will improve services rather than as an end in itself. It must be integrated with other major developments for councils such as community planning and eGovernment. Staff must be fully involved and supported in the development of Best Value if they are to take **ownership** and make it a reality for the public.

Second, there must be a clear **focus on the customer** across all services. Services must be planned and delivered to reflect a customer view of the world. Councils must effectively engage customers and communities in shaping their services. This requires effective consultation mechanisms and sound planning arrangements.

Third, **continuous improvement** must be pursued, particularly through Best Value reviews. Reviews must be targeted on the things that matter and that will deliver real improvements for communities and customers. There must be a real commitment to thoroughly evaluate all realistic options so that the highest quality services are provided for any given cost. Councils must actively seek out other organisations that they can work with and learn from.

Fourth, **performance must be managed**. Senior managers and members must specify and monitor the key information that will tell them if they are meeting the needs of customers and communities and achieving value for money. They need a rounded picture of the overall performance of their services and need to react quickly where performance is poor.

Fifth, Best Value must be developed in an **inclusive** way. This applies to people within the council, to partner organisations and to customers and communities. Whilst councils must address equalities issues as an employer, they must also take full account of equalities issues when they engage with those for whom they provide services. Best Value services must be inclusive and tailored to the needs of different sections of the community.

Finally, the PMP1 and PMP2 audits have shown that there are large differences between and within councils in their development of performance management and planning arrangements. Councils need to know which of their services have most progress to make and should target their support accordingly. It is essential that no service is allowed to slip behind in delivering Best Value to the public.

As part of the PMP2 audit, councils and their audited services have already agreed with their auditor what improvements they will make to their corporate and service performance management and planning arrangements. They should also examine the findings of this report to see whether there are further areas where they should be planning improvements.

Appendix 1: Best Value themes and audit criteria

Exhibit 14 relates the themes used in this overview report to the PMP2 audit criteria.

Exhibit 14: Best Value themes and corresponding PMP2 audit criteria

The four corporate audit and ten service audit criteria are arranged under Best Value themes.

Best Value theme	PMP2 service criteria	PMP2 corporate criteria
Promoting ownership of Best Value across the council	■ Clear leadership for a Best Value approach is provided by elected members, the service head and the senior management team.	■ Clear leadership for a Best Value approach is provided by elected members, the chief executive and the senior management team.
Ensuring that services meet users' needs	■ Services understand the needs, expectations and priorities of all their stakeholders (effective consultation). ■ Services have detailed and realistic plans for achieving their goals.	■ Councils have an effective corporate framework for planning and budgeting.
Achieving value for money and pursuing continuous improvement	■ Services carry out effective Best Value reviews. ■ Services make best use of their people. ■ Services make best use of their assets. ■ Services actively support continuous improvement.	■ Councils manage Best Value reviews effectively.
Managing service performance	■ Services have sound financial control and reporting arrangements. ■ Services monitor and control their overall performance.	■ Not applicable.
Being accountable to the public	■ Services have an effective approach to public performance reporting.	■ Councils have an effective approach to public performance reporting.
Integrating equalities into Best Value	■ Incorporated throughout relevant criteria.	■ Incorporated throughout relevant criteria.

Source: Audit Scotland

Further information on the audit requirements relating to each criterion can be found in the PMP2 corporate and service audit guides, which are on the Audit Scotland internet site at www.audit-scotland.gov.uk under 'Publications'.

Appendix 2: Audited services

Council Auditor	PMP1 Service	PMP2 Service
Aberdeen City Audit Scotland	School Meals	Library & Cultural Services
	East Tullos Partnership Project	Cleansing Services
	Consumer Protection	Social Work Services
Aberdeenshire Ernst & Young	IT Services	Finance
	Recreation Services	Property
	Environmental Health	Planning
Angus Audit Scotland	Roads	Property Services
	Planning & Transport	Housing
	Environmental & Consumer Protection	Social Work
Argyll & Bute PricewaterhouseCoopers	Estates Management	Transportation & Fleet Management
	Non-Domestic Rates	Personnel
	Sheltered Housing	Registrations
Clackmannanshire Scott Moncrieff	Chief Executive's Department	Administration & Legal Services
	Environmental Health	Adult Care
	Criminal Justice	Design & Property
Dumfries & Galloway Deloitte & Touche	Creditor Payments	Environment & Infrastructure
	Home Care Services	Legal Services
	Economic & Community Development	Childcare Services
Dundee City Henderson Loggie	Dundee Contract Services	Housing
	Libraries & Community Information	Support Services (Architectural Services)
	Social Work	Planning & Transportation
East Ayrshire Audit Scotland	Grounds Maintenance	Community Care (Home Care)
	Criminal Justice	Roads Contracts & Operations
	Property Repairs	IT
East Dunbartonshire KPMG	Planning	Housing Department
	Environmental Health	Housing Repairs Service
	Criminal Justice	Libraries
East Lothian Scott Moncrieff	Housing	IT Division
	Libraries	Environmental Health & Trading Standards
	Personnel	Transport Services
East Renfrewshire Audit Scotland	Housing	Finance
	Community Care	Cultural Services (Community & Leisure)
	Community Resources	Roads & Transportation (Environment)
Edinburgh, City of Audit Scotland	Housing	Road Maintenance & Management
	Leisure Development	Services for Older People
	Waste Management	Catering & Cleaning DLO
Comhairle nan Eilean Siar KPMG	Chief Executive's Office	Housing
	Finance	Social Work
	Environmental Services	Corporate Services
Falkirk Audit Scotland	Corporate Services	Accounting & Budgeting
	Housing Services	Libraries
	Social Work	DLO/DSO
Fife Audit Scotland	IT Services	Planning
	Community Services	Grounds Maintenance
	Cleansing & Waste Management	Finance Services
Glasgow City Audit Scotland	Cultural & Leisure Services	Education
	Direct & Care Services	Land Services
	Financial Services	Protective Services

Council / Auditor	PMP1 Service	PMP2 Service
Highland Audit Scotland	Food Safety	Refuse Collection
	Council Service Points	Property & Architectural Services
	Home Care	Education (QMIE)*
Inverclyde PricewaterhouseCoopers	Legal Services	Refuse Collection
	Economic Development	Libraries
	Services to Children & Families	Community Education
Midlothian Audit Scotland	Building Cleaning	Building Control
	Personnel	Revenues
	Residential Homes for Older People	Public Transport
Moray Audit Scotland	Economic Development & Planning	Housing
	Environmental Protection	IT
	Community Care	Education (pre 5s emphasis)
North Ayrshire Audit Scotland	Criminal Justice	Transport
	Personnel	Libraries
	Housing	IT
North Lanarkshire PricewaterhouseCoopers	Catering Services	Finance (Payroll)
	Housing & Property	Planning (Economic Development)
	District Courts	Education (Primary Teaching & Learning)
Orkney Islands Audit Scotland	Education	Children's Services
	Technical Services	Finance Service
	Piers & Harbours	Heritage Service
Perth & Kinross Deloitte & Touche	Roads, Transport & Architectural Services	Environment Services
	Leisure & Cultural Services	Financial Services
	Planning & Development	Housing & Social Work Services
Renfrewshire Audit Scotland	Community Care	Admin Services (Corporate Services)
	Housing Management	Leisure Management
	Finance (Accounting & Budgeting)	Commercial Operations
Scottish Borders KPMG	Finance	Education
	Technical Services	Protective Services
	Leisure & Recreation	Planning and Development
Shetland Islands Scott Oswald	Inter-Island Ferry Service	Libraries
	Construction Design Service	Refuse Collection/Street Cleansing
	Economic Development	Inter-Islands Air Services
South Ayrshire Audit Scotland	Infrastructure Services	Financial Services (Accounting & Budgeting)
	Information Services & IT	Community Services (Refuse & Cleansing)
	Housing	Commercial Operations (Roads)
South Lanarkshire Audit Scotland	Environmental Health	Sports & Recreation
	Services to Older People	Legal Services
	Housing	Roads & Transportation
Stirling Audit Scotland	Personnel	Civic Services
	Exchequer Services (Revenues)	Secondary Education
	Building Cleaning DSO	Sport & Leisure
West Dunbartonshire PricewaterhouseCoopers	Finance	Social Work (Learning Disability Services)
	Grounds Maintenance	Education (Pre 5, Children & Families, Addiction)
	Environmental Health	Street Lighting
West Lothian Audit Scotland	Development Control	Purchasing
	Property Services	Council Information Services
	Occupational Therapy	Housing

* See note 8 at the bottom of page 19.

Appendix 3: Methodology

Auditors appointed by the Accounts Commission conducted the PMP2 audit in three services in each council[11]. The PMP2 audit also included a corporate audit of each council and an audit to assess the extent to which services audited in the previous year (PMP1) had completed agreed improvements.

There were six main stages to the PMP2 service audit, as shown in Exhibit 15. The corporate audit followed a similar process but did not include Stage 5, since it was applied for the first time in 2000/01.

Auditors assessed and scored PMP2 services against a series of questions that together covered the criteria for a Best Value council, as set out by the Best Value Task Force (Appendix 1). Auditors also assessed and scored councils' corporate framework for supporting Best Value against specific questions that together covered four key criteria (Appendix 1).

Audit Scotland analysed and interpreted data and information from individual PMP2 service and corporate audit reports to produce the analysis contained in this overview report. For each council and service, the scores for all the questions were aggregated into a composite score for each criterion. A score of 100% would indicate that all elements of the PMP2 framework were in place.

Exhibit 15: PMP2 audit process

The starting point for the PMP2 audit was self assessment submissions provided by councils and audited services.

Stage	What it involved
1	Service managers provided the auditor with a submission. This comprised a service profile and for each PMP audit criterion: ■ background information ■ a completed self-assessment template ■ a list of improvement actions.
2	The auditor validated the submission by: ■ reviewing the submission ■ checking evidence ■ providing feedback to the service.
3	Service managers and the auditor agreed any amendments to the self-assessment and improvement actions.
4	The auditor submitted a detailed report to service managers and a summary report to the council's chief executive.
5	The auditor followed up on progress made by PMP1 services.
6	The auditor submitted copies of all audit reports and self-assessments to Audit Scotland to allow this national report to be prepared.

Source: Audit Scotland

[11] Highland Council nominated its education service for a PMP2 audit. However, the service was subject to a Quality Management in Education (QMIE) inspection conducted jointly by HM Inspectorate of Education and auditors appointed by the Commission. This covered the issues that would have been dealt with in the PMP audit, which was therefore not progressed.

Services' and councils' criterion scores were then aggregated to obtain an assessment of performance across all councils and services. For the purposes of this report findings are arranged under six themes which summarise the attributes of a Best Value Council as set out by the Best Value Task Force[12].

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[12]   Best Value Task Force - Final Report, 1999

Appendix 4: PMP2 criterion scores

Corporate audits

There is a chart for each corporate audit criterion and one for the overall position. In each chart, the vertical axis shows the number of councils and the horizontal axis shows the percentage score band eg 0-10%, 11-20% etc. The number in each bar shows the number of councils in that score band.

Overall

Score band	Councils
51-60	4
61-70	11
71-80	11
81-90	6

1. Leadership for a BV approach

Score band	Councils
41-50	3
51-60	2
61-70	11
71-80	13
81-90	1
91-100	2

2. Planning

Score band	Councils
31-40	1
41-50	1
51-60	5
61-70	6
71-80	12
81-90	7

3. Best Value reviews

Score band	Councils
41-50	2
51-60	3
61-70	9
71-80	9
81-90	6
91-100	3

4. Public performance reporting

Score band	Councils
31-40	1
51-60	3
61-70	14
71-80	8
81-90	3
91-100	3

Service audits

There is a chart for each service audit criterion and one for the overall position. In each chart, the vertical axis shows the number of services and the horizontal axis shows the percentage score band eg 0-10%, 11-20% etc. The number in each bar shows the number of services in that score band.

Overall

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services					2	11	42	31	7	2

1. Leadership for a BV approach

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services					5	17	28	29	11	5

2. Consultation

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services		1			6	20	25	26	14	3

3. Best Value reviews

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services	1	2	2	1		10	24	29	22	4

4. Planning

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services				2	7	15	29	27	13	2

5. Making best use of people

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	N/A
Services				1	5	6	22	36	21	3	1

6. Making best use of assets

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	N/A
Services					7	9	22	38	14	4	1

7. Financial control & reporting

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	N/A
Services				1			7	17	22	47	1

8. Continuous improvement

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	N/A
Services				1	5	15	26	32	12	3	1

9. Monitoring performance

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100	N/A
Services		2	3	7	20	23	22	9	8		1

10. Public performance reporting

Score band	0-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
Services	1	10	9	23	16	12	14	7	3	

* In some cases (N/A) it was not possible to calculate a service's score for all criteria.

Appendix 5: PMP1 and PMP2 compared

The three exhibits below compare the performance of PMP1 and PMP2 services in the three areas of concern highlighted in the Accounts Commission's PMP1 overview report:

- the identification of different options for service delivery and the evaluation of the current service against these (Exhibit 16)
- the linking of budgets and other resources to key priority areas (Exhibit 17)
- the reporting of a full and accurate picture of service performance to decision makers (Exhibit 18).

Exhibit 16: The identification of different options for service delivery and the evaluation of the current service against these

PMP2 scores were higher on all three of the comparable audit requirements.

PMP1 audit criterion/ requirements	PMP2 audit criterion/ requirements	PMP1 score (%)	PMP2 score (%)
Criterion 2 Prompt 6: a full range of options was identified and evaluated	Criterion 3 Prompt 42: a full range of options was identified and evaluated	50	74
	Criterion 3 Prompt 39: the Best Value review covered systematic option appraisal and explored other policy choices and delivery options		68
Criterion 2 Prompt 10: all options were reviewed in terms of both cost and quality	Criterion 3 Prompt 46: all options were reviewed in terms of both cost and quality	34	66
Criterion 2 Prompt 11: a concise evaluation of each option was reported to members	Criterion 3 Prompt 52: a concise evaluation of each option was reported to members	33	57

Source: Audit Scotland

Exhibit 17: The linking of budgets and other resources to key priority areas

PMP2 scores were lower on one of the two comparable audit requirements and higher on the other.

PMP1 audit criterion/ requirements	PMP2 audit criterion/ requirements	PMP1 score (%)	PMP2 score (%)
Criterion 3 Prompt 6: the plan clearly sets out performance standards and targets to be achieved	Criterion 4 Prompt 70: the plan sets out performance standards and targets to be achieved	66	59
Criterion 4 Prompt 3: resources and budgets have been allocated to key service areas	Criterion 4 Prompt 73: the commitments in the service plan are matched to financial and other resources	52	64
	Criterion 6 Prompt 82: the service has a systematic approach to matching its asset base to what is required to deliver its objectives		55

Source: Audit Scotland

The PMP2 score was lower on the one comparable audit requirement. However, PMP2 scores on other related PMP2 audit requirements were 65% or above, for all but one prompt.

PMP1 audit criterion/ requirement	PMP2 audit criterion/ requirement	PMP1 score (%)	PMP2 score (%)
Criterion 7 Prompt 4: performance reports are regularly provided to all key stakeholders		48	
	Criterion 4 Prompt 65: relevant elected members are kept informed of progress against service plans and of the need for any revisions		40
	Criterion 7 Prompt 90: financial reports are designed to enable the reader to make a clear judgement about the service's financial performance		98
Criterion 8 Prompt 3: the key financial performance measures are regularly monitored and reported to senior managers/ members		91	
Criterion 8 Prompt 9: the financial reports allow the reader to assess whether financial performance is being adequately monitored		80	
Criterion 7 Prompt 7: the service's performance report enables decision makers to make a judgement about service performance	Criterion 9 Prompt 109: there is a systematic approach to keeping members informed of the service's performance	67	53
Criterion 7 Prompt 8: the service's performance report enables the reader to assess whether performance is adequately controlled		54	
	Criterion 9 Prompt 112: the reports for managers clearly identify areas where performance is poor, supported by data and analysis		75
	Criterion 9 Prompt 115: the reports for members clearly identify areas where performance is poor, supported by data and analysis		65
	Criterion 9 Prompt 111: the reports for managers clearly identify areas of success, supported by data and analysis		69
	Criterion 9 Prompt 114: the reports for members clearly identify areas of success, supported by data and analysis		67

Source: Audit Scotland

Appendix 6: PMP2 services with a significant level of achievement

Exhibit 19 shows the criteria in which services scored highly (80% or more), arranged under the Best Value themes:

- Theme 1 – Promoting ownership of Best Value across the council.

- Theme 2 – Ensuring that services meet users' needs.

- Theme 3 – Achieving value for money and pursuing continuous improvement.

- Theme 4 – Managing service performance.

- Theme 5 – Being accountable to the public.

- Theme 6, 'Integrating equalities into Best Value' is not separately reported. The assessment of equalities arrangements was an integral part of the PMP2 audit and the calculation of scores against the other audit criteria took equality arrangements into account.

Overall, nine services scored 80% or over. Two services scored 80% or more on all 10 audit criteria: Argyll & Bute Council's Personnel Service, and Glasgow City Council's Education Service.

			Key theme										
			1	2		3				4		5	
			Audit criterion										
Council	Service	Overall	1. Leadership	2. Consultation	3. Planning	4. BV reviews	5. People	6. Assets	7. Continuous improvement	8. Finance	9. Monitoring	10. PPR	Criteria scoring 80% or over
Aberdeen City	Library & Cultural Services					X				X			2
Aberdeenshire	Finance									X			1
	Property									X			1
	Planning									X	X		2
Angus	Property Services		X				X	X					3
	Housing						X						1
	Social Work		X	X	X	X							4
Argyll & Bute	Personnel	X	X	X	X	X	X	X	X	X	X	X	10
	Registrations		X							X			2
Clackmannanshire	Administration & Legal Services					X	X						2
	Adult Care		X	X			X	X	X	X			6
Dumfries & Galloway	Environment & Infrastructure									X			1
	Legal Services									X			1
	Childcare Services						X						1
Dundee City	Housing					X			X				2
	Support Services (Architectural Services)	X	X		X	X	X		X	X	X		7
	Planning & Transportation					X				X			2
East Ayrshire	Community Care (Home care)									X			1
	Roads Contracts & Operations									X	X		2
	IT			X					X	X			3
East Dunbartonshire	Housing Department									X			1
	Libraries									X	X		2
East Lothian	IT Division				X	X				X			3
	Environmental Health and Trading Standards									X			1
	Transport Services				X			X		X			3
East Renfrewshire	Finance					X	X			X			3
	Roads & Transportation (Environment)					X	X		X	X			4
City of Edinburgh	Road Maintenance & Management						X			X	X		3
	Services for Older People		X	X		X				X			4
	Catering & Cleaning DLO	X	X	X	X		X	X	X	X	X		8
Eilean Siar	Housing									X			1
Falkirk	Accounting & Budgeting							X		X			2
	Libraries					X	X	X		X			4
	DLO/DSO									X			1
Fife	Planning									X			1
	Grounds Maintenance									X			1
	Finance Services							X		X			2
Glasgow City	Education	X	X	X	X	X	X	X	X	X	X	X	10
	Land Services						X	X		X	X		4
	Protective Services									X			1
Highland	Refuse Collection									X			1
	Property & Architectural Services									X		X	2
Inverclyde	Refuse Collection							X		X			2
	Libraries			X			X			X			3
	Community Education						X			X			2

Council	Service	Overall	1. Leadership	2. Consultation	3. Planning	4. BV reviews	5. People	6. Assets	7. Continuous improvement	8. Finance	9. Monitoring	10. PPR	Criteria scoring 80% or over
Midlothian	Building Control									X			1
	Revenues									X			1
	Public Transport					X							1
Moray	Housing					X				X			2
	IT					X							1
	Education (pre-5s emphasis)						X			X			2
North Ayrshire	Transport							X		X			2
	Libraries		X		X	X				X			4
	IT			X						X	X	X	4
North Lanarkshire	Finance (Payroll)			X									1
	Education (Primary Teaching & Learning)	X	X			X	X			X	X	X	6
Orkney Islands	Children's Services									X			1
	Finance Service									X	X		2
Perth and Kinross	Environmental Services									X			1
	Financial Services								X	X			2
	Housing & Social Work Services				X					X			2
Renfrewshire	Admin Services (Corporate Services)	X	X	X	X	X	X	X	X	X	X		9
	Leisure Management	X	X	X	X	X	X		X	X	X	X	9
	Commercial Operations									X			1
Scottish Borders	Protective Services				X	X				X		X	4
	Planning and Development									X			1
South Ayrshire	Financial Services (Accounting & Budgeting)									X			1
	Community Services (Refuse & Cleansing)									X			1
	Commercial Operations (Roads)									X			1
South Lanarkshire	Sports & Recreation					X							1
	Legal Services									X			1
	Roads & Transportation			X	X	X				X			4
Stirling	Civic Services		X				X		X	X	X	X	6
	Secondary Education	X		X	X	X	X			X	X	X	7
	Sport & Leisure									X			1
West Dunbartonshire	Social Work (Learning Disability Services)		X	X		X			X				4
	Education (Pre-Five, Children & Families, Addiction)			X					X				2
	Street Lighting								X				1
West Lothian	Purchasing Services						X			X			2
	Council Information Services					X	X			X			3
	Housing	X	X	X	X	X	X		X	X	X	X	9

Source: Audit Scotland

ACCOUNTS COMMISSION