



best value in public services

SECONDARY GUIDANCE TO ACCOUNTABLE OFFICERS

**Secondary Guidance to Accountable Officers approved by the
Scottish Ministers on
THE DUTY TO ENSURE ARRANGEMENTS ARE IN PLACE TO
SECURE BEST VALUE IN PUBLIC SERVICES**

1. This document is the revised Secondary Guidance issued by Scottish Ministers on the duty of Best Value, placed on Accountable Officers of the Scottish Administration, and Accountable Officers of other public bodies. It complements, and should be read in conjunction with, the revised [Guidance to Accountable Officers](#) issued by Scottish Ministers on the duty to secure Best Value in Public Services.
2. This Guidance is part of a suite of Best Value Guidance, [Toolkits](#), and a [Self Assessment Questionnaire](#), and gives greater detail on the individual Best Value characteristics, articulating how each of these characteristics should work together to support each other.
3. The duty of Best Value being:
 - To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance,
 - To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development
4. The nine characteristics of Best Value are:
 - Commitment and Leadership
 - Sound Governance at a Strategic and Operational Level
 - Accountability
 - Sound Management of Resources
 - Responsiveness and Consultation
 - Use of Review and Options Appraisal
 - A Contribution to Sustainable Development
 - Equal Opportunities Arrangements
 - Joint Working
5. Legal requirements associated with each characteristic are attached at Annex A.

An organisation which adopts Best Value characteristics will be able to demonstrate:

COMMITMENT AND LEADERSHIP

a commitment to delivering better public services and functions year on year, and acceptance of the key principles of accountability, ownership, continuous improvement and transparency

Executive and Non-Executive leadership and senior managers have developed a vision of how Best Value principles will contribute to the corporate goals of the organisation which informs the direction of activities and is communicated effectively to staff

a commitment to high standards of probity & propriety as befits a position of public responsibility

Points to consider include:

Strategy

- That Executive and Non-Executive leadership are involved in setting strategic directions and there is a mechanism for internal scrutiny by Executive and Non-Executive leadership of performance and service outcomes.
- That overall strategic priorities are informed by a good understanding of the needs of the organisation's stakeholders and the setting of priorities and assessment of performance against relevant targets is undertaken with transparency.

Vision

- That Executive and Non-Executive leadership have discussed, agreed and taken ownership of a vision (i.e. set of expectations) of where they see the organisation in 3-5 years.
- That senior managers communicate the Executive and Non-Executive leaderships' vision and expectations methodically throughout the organisation in terms that are relevant to and set out clear expectations to staff.

Plans

- That Executive and Non-Executive leadership and senior managers ensure their approach to adopting Best Value principles is reflected clearly in all mission statements, strategies, and plans at a corporate and operational level.
- That objectives and targets in such statements, strategies and plans are realistic and achievable, are matched to financial and other resources and are explicitly translated into clear responsibilities for implementation.
- That these clearly show how the organisation is working with major partner organisations to provide joined up services that meet stakeholder and community needs in the most effective manner, including through Community Plans (required where there is a legal duty to participate, and often desirable for other organisations).

- An organisation whose leadership demonstrates a contribution to sustainable development will have considered the social, economic and environmental impacts of activities and decisions both in the shorter and longer term. These impacts will be clearly articulated across all of the organisation's plans and strategies at a corporate and operational level.

Practices

- That there is an explicit and systematic approach to integrating continuous improvement into everyday working practices and involving staff in developing the organisation's approach to Best Value at all levels.
- That there are mechanisms within the organisation to develop leadership skills and that Executive and Non-Executive managers in leadership roles have the key skills and exhibit the behaviours which make them highly effective.
- That the interdependencies between different departments and activities, are recognised, and effective coordination and alignment is actively championed by senior management.

Transparency/Accountability

- That Executive and non-Executive leadership ensure accountability and transparency through effective internal and external performance reporting.
- That key discussions and decision-making are undertaken in a transparent and accessible way.
- That Executive and non- Executive leadership ensure that their decision-making processes are open and transparent, with the organisation's business managed in a manner which supports accountability and where the reasoning which underpins formal decisions is clearly documented and traceable.
- That appropriate policies on fraud prevention, investigation and 'whistleblowing' are established.

See also Annex A – Legal Requirements

An organisation which adopts Best Value characteristics will be able to demonstrate:

SOUND GOVERNANCE AT A STRATEGIC AND OPERATIONAL LEVEL

a framework for planning and budgeting that includes detailed and realistic plans linked to available resources, to achieve the organisation's goals

effective performance management systems, which include the use of external comparison, through which performance issues can be identified, monitored and addressed

Points to consider include:

Strategy

- That the organisation has developed a corporate plan taking account of statutory responsibilities and the Scottish Executive's priorities and policy statements which is translated into targets and specific actions to be carried out at both corporate and operational levels.
- That at the operational level there are clear, cohesive plans across the whole organisation that direct and support policy development and service delivery both internally and through delivery partners, as appropriate.
- That where delivery is through others, a robust framework of corporate governance is in place to manage delivery. This includes clear statements of roles and responsibilities in each body; a hierarchy of objectives and targets, aligned to the sponsor bodies' objectives (where appropriate) and a system of performance and risk management and reporting.
- That there is an Information Governance framework in place that defines the means by which the organisation efficiently plans, creates, collects, organises, uses, controls, disseminates and disposes of its information (both structured records and unstructured information) and is done with proper regard to security and confidentiality.
- That the value of its information is exploited appropriately, both in support of the organisation's internal operations and in adding value to the services it delivers.

Plans and Processes

- That other key processes are linked to or integrated with the planning cycle, including strategic analyses, stakeholder consultations, fundamental reviews, performance management, staff appraisal and development schemes, and public performance reporting.
- That the organisation's financial, human and operational resources are matched to its priorities through the integration of its service and budget planning processes.
- That quantitative as well as qualitative indicators that allow performance to be assessed are formulated as part of the planning process and senior management regularly receives information that allows them to inform Executive and Non-Executive leadership of progress made.

- That action is taken in the next planning cycle to learn from success and failure and address areas of under-performance.

Performance

- That performance is systematically measured across all key areas of activity.
- That the organisation knows the key processes that determine the delivery of a customer centred, cost-effective approach.
- That where appropriate, a performance management framework for the organisation extends throughout the structures of delivery in order that the system can track the high level objectives through to final delivery outputs and outcomes.
- That the organisation's performance management system is based on a culture of constructive challenge that is effective in addressing areas of under-performance, identifying the scope for improvement, agreeing remedial action, and monitoring implementation.
- That performance information is accurate, up to date, includes relevant trends, comparisons, standards and targets, and is rigorously monitored on a regular basis.
- That comparative analyses are systematically used in order to identify the organisation's performance potential and to learn from others as appropriate, including other public sector organisations, local authorities, commercial organisations, and not-for-profit organisations.
- That performance is reported upon systematically to management, Executive and Non-Executive leadership, users and the public. The information provided in each case is relevant to its audience and clearly shows whether strategic and operational objectives and targets are being met. The reports are honest and balanced, and include information about what improvements are required during the forthcoming period.

An organisation which adopts Best Value characteristics will be able to demonstrate:

ACCOUNTABILITY

Clarity of reporting structures, responsiveness to stakeholders (including the public, funders, Ministers and Parliament) and accessibility, including the use of public performance reporting so that stakeholders are told about the quality of activities being delivered and what they can expect in the future

Points to consider include:

- That the content and approach of organisations' public performance reporting is easy to understand, concise, relevant and accessible.
- That the organisation has identified what information stakeholders need in order to form a view on the performance of the organisation. It recognises that different sections of the community will have different needs in terms of receiving and accessing information and responds accordingly.
- That the organisation provides information which allows the public to see that it is spending its money efficiently and effectively.
- The organisation has an effective feedback system which encourages stakeholders to comment on the information and mechanisms of public performance reporting, and ensures this feedback is reviewed regularly to inform improvement activities.

An organisation which adopts Best Value characteristics will be able to demonstrate:

SOUND MANAGEMENT OF RESOURCES

making the best use of public resources, including employees, ICT, land and property and financial resources – keeping a considered and appropriate balance between quality, sustainability and cost

that the organisation has a procurement strategy for procurement and the management of contracts (and contractors) which treats procurement as a key component in achieving its objectives

it is conscious of being publicly funded in everything it does; it has regard to obligations under state aid rules; and it is aware of the need to conduct its business in a manner which demonstrates appropriate competitive practice

the requirement to keep trading accounts under proper accounting practice is observed where appropriate to the organisation's activities, in order to provide a transparent audit trail

Points to consider include:

Risk Management

- That there is a systematic approach to risk management in relation to the organisation's resources and, where appropriate, it is cascaded down into structures of delivery.
- That the organisation has a systematic approach for identifying and managing risks in relation to workforce matters. This may cover such issues as health and safety, business continuity, and public safety.

Review

- That Executive and non-Executive leadership and senior managers regularly review the management of resources across all activities.

Staff

- That employees are treated as a key strategic resource and the organisation ensures that it has the organisational capacity to implement its plans and make full use of its staff. Staffing requirements are explicitly related to strategic and operational objectives in terms of numbers, skills, knowledge, deployment, and organisational structure.
- That the organisation ensures that all employees are managed effectively and efficiently, that they know what is expected of them, their performance is regularly assessed, and they are assisted in improving.
- Staff feel that they are valued and that their skills and knowledge are used effectively and to the full.

Assets

- That the organisation ensures that fixed assets are managed efficiently and effectively, and takes account of factors such as availability, accessibility, utilisation, cost, condition, and depreciation.
- It is important that public sector organisations have strategies that match their asset base, (including infrastructure, land property, vehicles, plant equipment, materials, information and communications technology), to their objectives in terms of suitability, and sustainability and support this by developing asset management plans as a matter of good practice.

Procurement

- That the organisation has a strategy for procurement and the management of contracts and contractors to ensure that it treats procurement as a key component in achieving its objectives, including those relating to sustainable development, equalities, and health and safety, as well as a means of finding the most cost effective method for securing the quality of assets and services it needs. It ensures that the framing of specifications and the vetting of suppliers is consistent with these objectives.
- That when competitive tendering, procurement procedures place the minimum possible burden on suppliers consistent with the achievement of Best Value through effective competition.
- That procurement procedures are efficient and best use is made of e-procurement.

Financial Stewardship

- That an effective system for financial stewardship and reporting is maintained.

Shared Services

- That the organisation is aware of the cost and performance of its support services and how this compares to industry standards and leaders.
- That the organisation has evaluated and assessed opportunities for efficiency savings and service improvements through sharing initiatives with partners.

See also Annex A – Legal Requirements

An organisation which adopts Best Value characteristics will be able to demonstrate:

RESPONSIVENESS AND CONSULTATION

responsiveness to the needs of its stakeholders, citizens, customers, and employees, so that plans, priorities, and actions are informed by an understanding of those needs

an ongoing dialogue with public sector partners, sponsor departments (if appropriate), and the relevant business, voluntary and community sectors

consultation arrangements which are open, fair and inclusive

Points to consider include:

Stakeholders

- That Executive and Non-Executive leadership and senior managers recognise the diversity of their customers and stakeholders, (and formally identify them) as appropriate.
- That stakeholders and partners feel that the organisation listens to, and takes account of, their views and are provided with information about the actions taken through transparency in the decision-making process and performance reporting.

Consultation

- That the organisation has developed and implemented:
 - a) An effective and accessible complaints system;
 - b) A methodical approach to identifying who to consult and how to undertake the consultation most effectively;
 - c) A systematic approach for co-ordinating consultation exercises and sharing information (as appropriate within legislative constraints and guided by organisational operating context) within the organisation and with other bodies; and linked this into its regular planning cycle and uses the results of this work in planning, designing and improving services and policy.
- That consultation exercises have clear objectives in terms of what the organisation is seeking to find out, and result in clear recommendations for action (including maintaining the status quo where appropriate.)
- That the organisation reviews systematically the effectiveness of its approach to consultation to ensure that these deliver the required outcomes at a reasonable cost.

An organisation which adopts Best Value characteristics will be able to demonstrate:

USE OF REVIEW AND OPTIONS APPRAISAL

an approach to review that is rigorous and robust with no areas of work excepted from consideration for review

review activity achieves quantifiable benefits for key stakeholders accepting that change may be necessary

services are expected to remain effective and efficient and to provide consistently good and sustainable service quality. In considering opportunities for improvement, a fair and open approach will be taken in evaluating alternative forms of service delivery from whatever the sector, and opportunities for sharing services with other organisations taken into account.

review activity should include review of the methods of policy development and arrangements for delivery through others as well as review of in house service delivery itself.

Points to consider include:

Review Activity:

- That it is conducted on a regular basis and becomes integrated into the organisation's management arrangements.
- That it covers significant topics where current policies and approaches are challenged explicitly (including economic, social and environmental perspectives) and are justified if retained / changed.
- That it is monitored by senior management in terms of progress in implementing recommendations / actions on a regular and systematic basis.
- That it is validated on a systematic basis to ensure consistency, efficiency, continuing relevance and delivery of improvements.

Stakeholders

- That it looks ahead to understand how stakeholder needs and expectations may change in the future due to the demographic, natural, cultural and socio-economic factors.
- That, where appropriate, it recognises the value of working with its wider stakeholders and partners to achieve more effective and sustainable policy development and service delivery.
- That it is able to demonstrate that the views of stakeholders have been taken into account in analysis and developing recommendations. This may include consultation exercises, having stakeholders as part of the review team and engaging staff and trade unions in the process.
- That it involves Executive and Non-Executive leadership at key stages and ensures that Executive and Non-Executive leadership approve the overall process and policies.

- That it should take account of any guidance/approach agreed with sponsor departments and/or internal management as appropriate.

Systematic

- That it is undertaken on a systematic basis and concentrates on identified priorities, and areas where performance may be poor, which are of importance to stakeholders, which are of significant concern to the organisation or otherwise offers clear opportunities for improvements.

Quality

- That it supports high levels of service quality and secures improvement on a continuing basis. Future demands are clearly addressed.

Skills

- That it is conducted within a consistent corporate approach which ensures that people conducting reviews have the necessary skills, knowledge and aptitudes, and that they themselves are challenged on their findings.

Clarity

- That it produces clear recommendations which are based on analysis and evidence of considerations such as cost, quality and the combination of economic, social and environmental impacts.
- That it develops actions which are clearly described, in sufficient detail to be readily understood, are clearly explained in terms of importance, relevance and priority, and are realistic and achievable.
- That it provides specific statements about what improvements are actually intended to achieve.

An organisation which adopts Best Value characteristics will be able to demonstrate:

A CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

consideration of the social, economic and environmental impacts of activities and decisions both in the shorter and longer term, underpinning the principles of:

- living within environmental limits;
- ensuring a strong, healthy and just society;
- achieving a sustainable economy;
- promoting good governance; and
- using sound science responsibly ¹

The goal of Sustainable Development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without comprising the quality of life of future generations. This goal is pursued in an integrated way through a sustainable, innovative and productive economy that delivers high levels of employment, and a just society that promotes social inclusion, sustainable communities and personal well-being. This is carried out in ways that protect and enhance the physical and natural environment, and use resources and energy as efficiently as possible.

Points to consider include:

- That there is a commitment at both Executive and Non-Executive leadership and senior management level to contribute to the achievement of sustainable development.
- That contributing to the achievement of sustainable development is reflected in the organisation's objectives and reflected in all strategies and plans at corporate and operational level.
- That these plans, priorities and actions are informed by consultation with stakeholders and the communities affected by the organisation; and by joint working with the organisation's key partners nationally and locally.
- That performance indicators, measures and targets are designed to demonstrate and report on the organisation's contribution to the achievement of sustainable development.
- That review activities take account of sustainability issues and assess the impact of policy proposals on sustainable development.
- That sustainable development requirements are taken into account in the procurement strategy.
- That there is a systematic approach to the management of resources which contributes to the achievement of sustainable development.

1. As articulated in the UK Shared Framework for Sustainable Development, *One Future – Different Paths*, and the Scottish Sustainable Development Strategy, *Choosing Our Future*.

An organisation which adopts Best Value characteristics will be able to demonstrate:

EQUAL OPPORTUNITIES ARRANGEMENTS

a culture which encourages equal opportunities and is working towards the elimination of discrimination;

adopting the meaning of “equal opportunities” as is set out in Schedule 5 to the Scotland Act 1998, namely, “the prevention, elimination or regulation of discrimination between persons on the grounds of sex or marital status, on racial grounds or on grounds of disability, age, sexual orientation, language or social origin or of other personal attributes, including beliefs or opinions, such as religious beliefs or political beliefs”; and

meets the requirements, as applicable, of present and future equality legislation.

Points to consider include:

- That the organisation’s objectives are highlighted in all corporate and service level plans including the encouragement of equal opportunities and that all equal opportunities requirements are met.
- That the organisation reflects in its planning, designing and improvement of services that different groups within the community have different needs, which must be taken into account to allow them to access those services.
- That all leaders and senior officers within the organisation are committed to considering the needs of equality groups in their policies, functions and services, where relevant. Performance measures should be identified on the delivery of equal opportunities and reported to the public.
- That the organisation, wherever relevant, collects information and data on the impact of policies, services and functions on different equality groups to help inform future decisions and that it engages with and involves equality groups to improve and inform the development of relevant policy and practice.
- That where the organisation has employees it implements policies that are in line with its commitment to equal opportunities, including training. That a programme of equal pay audits, comparability studies and equal pay reviews of the workforce is carried out. It should be shown that pay and reward systems meet the legislative requirements and that any existing areas of discriminatory practice are being addressed.
- That the organisation ensures that it takes whatever action is necessary to meet its obligations under equal opportunities legislation. This includes, where required, the completion of equality schemes and reviewing and reporting on them as required.

See also Annex A – Legal Requirements

An organisation which adopts Best Value principles will be able to demonstrate:

JOINT WORKING

A culture which encourages joint working and service delivery with public sector partners, sponsor departments (if appropriate) and the relevant business, social economy, voluntary and community sectors where this will contribute to better services and customer-focused outcomes.

Points to consider include:

- That Executive and non-Executive leadership and senior managers actively encourage opportunities for formal and informal joint working, joint use of resources and joint funding options, where this will offer scope for improvement.
- That the organisation is committed to working with partner organisations to ensure a joined up approach to meeting the needs of its communities and stakeholders. That where the partnership is involved in joint delivery this includes:
 - (a) agreeing respective roles and commitments and areas of collective responsibility;
 - (b) integrated management of resources where appropriate;
 - (c) effective monitoring of collective performance; and
 - (d) joint problem-solving and learning.
- That Executive and Non-Executive leadership address impediments and barriers which inhibit integrated approaches to joint funding and joint management of activities with internal and external partners.
- That appraisal of joint working approaches with regard to the projected benefits, takes into account wider policy issues, current agendas and the potential impact on equalities and sustainable development.
- That, where appropriate, the organisation participates effectively in Community Planning Partnerships and other joint working initiatives, and that the organisation also takes forward the Community Planning Partnership joint vision and objectives internally, by integrating these into its planning mechanisms.
- That the organisation seeks to explore and promote opportunities for efficiency savings and service improvements through shared services initiatives with partners.
- That in joint working with partners (both external and internal, including support services) the organisation works openly to agreed objectives and performance management and reporting mechanisms.
- That where appropriate and possible it shares information and seeks to develop data compatibility with partners.
- That where appropriate, it responds to opportunities to aggregate procurement demand with partners.

See also Annex A – Legal Requirements

Annex A - Legal requirements

Commitment and Leadership

- That Executive and Non-Executive Leadership comply with the requirements of the Ethical Standards in Public Life etc (Scotland) Act 2000 and Companies Act 1985 (as appropriate), associated guidance issued by the Standards Commission for Scotland, or other appropriate code. Moreover, they should ensure that employees comply with a local code of conduct based on generally recognised standards and/or the Code of Conduct for Staff of Public Bodies, as appropriate.
- That appropriate arrangements are in place to ensure that the organisation complies with the requirements of the Freedom of Information (Scotland) Act 2002 and generally recognised guidance.

Sound Management of Resources

- That the organisation is conscious of being publicly funded in everything it does; it has regard to obligations under state aid rules; and it is aware of the need to conduct its business in a manner which demonstrates appropriate competitive practice
- That the organisation has access to appropriate procurement expertise, guidance and training to support its procurement activity and contractual relationships. Where appropriate, this should include a focal point for advice on developments in best practice and procurement law.
- That the organisation complies fully and appropriately with its obligations under European Community law on public procurement and any other relevant international agreements.

Equal Opportunities Arrangements

- An organisation should demonstrate that it is meeting the requirements, as applicable, of present and future equality legislation by adopting the meaning of “equal opportunities” as set out in Schedule 5 of the Scotland Act 1998, and other UK legislation e.g.
 - Equal Pay Act 1970
 - Sex Discrimination Act 1975
 - Race Relations Act 1976, as amended by the Race Relations (Amendment) Act 2000
 - Disability Discrimination Acts 1995 and 2005
 - Employment Equality (Age) Regulations (scheduled for October 2006)
 - Employment Equality (Sexual Orientation) Regulations 2003
 - Employment Equality (Religion or Belief) Regulations 2003
 - Equality Act 2006

Joint Working

- The Local Government in Scotland Act 2003 provides a statutory basis for Community Planning in Scotland. Section 18 of the Act makes provision for Scottish Ministers to issue guidance to which *all* participants in Community Planning should have regard. The statutory basis aims to ensure long term

commitment to effective partnership working with communities and between local authorities and other key bodies and organisations.