

# Best Value toolkit: People management



Prepared by Audit Scotland  
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# Introduction

## The Audit of Best Value

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

The duty of Best Value applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers.

Best Value has already been a powerful force for improved performance and accountability in local government, and it will play an important role in supporting the Concordat and the development of Single Outcome Agreements between the Scottish Government, councils and their partners, and in streamlining and coordinating the scrutiny of public services. It also has the potential to underpin the National Performance Framework and the ‘management scorecard’ elements of Scotland Performs.

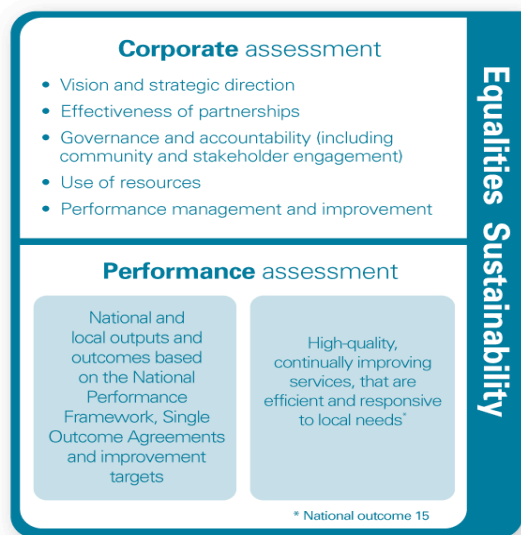
On behalf of the Auditor General and the Accounts Commission, Audit Scotland has identified a set of principles that form the basis for a consistent approach to the audit of Best Value across the public sector, although its application will differ to reflect factors such as the different accountability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

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

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## Exhibit 1

### Framework for a BV audit of a public body



Source: Audit Scotland

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

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

- report on the delivery of outcomes for people who use services
- protect taxpayers' interests by examining use of resources
- put an increasing emphasis on self assessment by public bodies with audit support and validation
- work collaboratively with other scrutiny bodies to ensure our work is aligned and prevent duplication.

## The Best Value toolkits

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

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

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

## Using the toolkits

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

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

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

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

The Best Value toolkits are generic in nature, in that they are not specific to any one type of public body or to any one sector and are designed so that they can be applied to all public bodies. Auditors will require to be sensitive to the differences between organisations both in terms of different sectors and varying scales of operation.

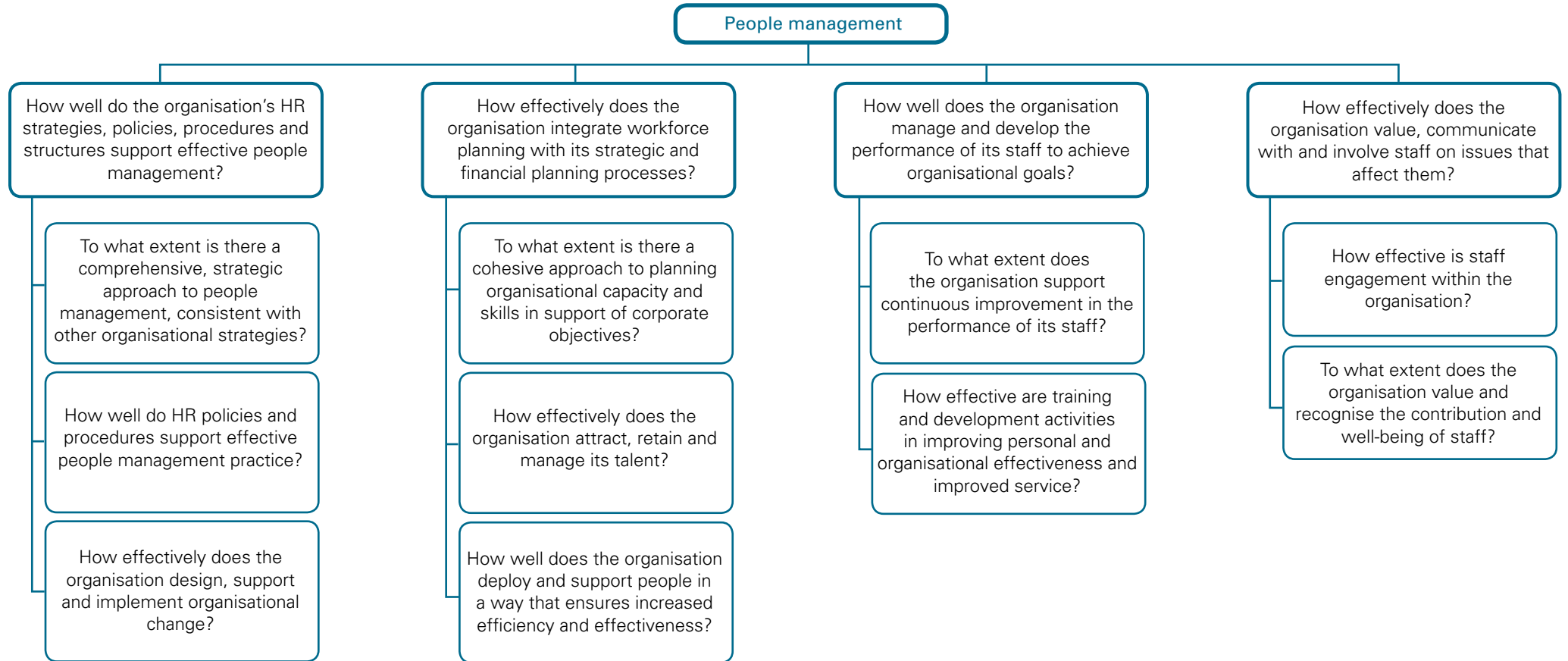
This toolkit forms part of a suite of audit products that will be applied, over time, to support a structured, evidenced based, judgment on an organisation’s approach to the use of the resources with which it has been provided and its achievement of Best Value.

### **Auditors’ evaluations**

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

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

# Best Value toolkit: People management



## BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT

	Basic practice	Better practice	Advanced practice
<b>1. How well do the organisation’s HR strategies, policies, procedures and structures support effective people management?</b>			
<b>1.1 To what extent is there a comprehensive, strategic approach to people management, consistent with other organisational strategies?</b>	<p>Ownership of people management is shared across the leaders of the organisation.</p> <p>There is a clear strategic document which sets out the organisation’s approach to people management, which supports the delivery of the organisation’s priorities, goals and plans.</p> <p>The people management strategy is regularly updated and approved by Council/Board.</p> <p>Consistent people management practice is promoted, supported and monitored at all levels of the organisation.</p> <p>All managers and staff know what is expected of them in respect of the organisation’s values and people management practices.</p> <p>Competencies in people management are built into individual, team and organisational performance assessment.</p>	<p>The organisation systematically uses people management measures to review its overall effectiveness and priorities.</p> <p>The organisation develops joint priorities and investment plans with partners to improve people management practices.</p> <p>The organisation assesses the impact of its people management practices against appropriate external standards.</p>	<p>The organisation assesses the direct impact of its people management practices on behaviours and service quality and makes changes as required.</p> <p>The organisation can clearly articulate what kind of organisation it wants to be and in particular what it offers respective and existing employees (ie it has an established ‘employer brand’ to which its people management practice is central).</p> <p>Council/Board members contribute actively to the setting and promotion of people management standards within the public sector.</p> <p>The organisation acts as a local leader in people management practice beyond the public sector.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>1.2 How well do HR policies and procedures support effective people management practice?</b>	<p>The role and structure of the HR function are regularly reviewed and appropriately funded, ensuring that it is fit for purpose.</p> <p>The role of HR is understood by line managers and staff, and is supported by sound governance arrangements.</p> <p>IT support systems provide current and consistent financial and people management information, which enables effective staff management and workforce planning.</p> <p>There is awareness at all levels of the organisation of the statutory, professional and sector-specific obligations and responsibilities of managers and staff.</p> <p>Pay and terms and conditions are applied fairly and equitably.</p> <p>HR policies are regularly reviewed and updated to ensure continued alignment with the organisation's goals and compliance with current good practice.</p>	<p>Arrangements with other organisations and expertise allow access by managers and staff to the right levels of professionally-qualified and specialist HR expertise.</p> <p>The HR function is flexible and appropriately resourced to respond effectively to emerging challenges.</p> <p>The HR function is taking proactive steps to increase the confidence, consistency and capability of line managers.</p> <p>Core capability amongst line managers in managing routine human resources activities is high-quality and consistent.</p> <p>Long-term statutory employment obligations are understood and integrated with the organisation's risk management and financial planning.</p>	<p>There is evidence of a strategic approach to people management and "high-performance" HR practices that focus on the issues critical to the organisation's success.</p> <p>Significant improvements in efficiency and effectiveness of the HR function, based on investment in improved information systems and redesigned processes, is being actively implemented (HR Transformation).</p> <p>Seamless HR services are provided across organisational boundaries where shared services and/or partnership agreements exist.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>1.3 How effectively does the organisation design, support and implement organisational change?</b>	<p>There is a clear statement of anticipated benefits and achievements for each significant organisational change programme.</p> <p>Appropriate levels of organisational capacity have been assessed and put in place to enable delivery of individual change programmes.</p> <p>There is evidence that pay modernisation has been used to re-design services, to change staffing models, to promote partnership working and to deliver more efficient and sustainable services.</p>	<p>There is a long-term plan for organisational development which ensures clarity and coherence between separate sector-wide, statutory and local change programmes in terms of purpose, outcomes, processes, and resources.</p> <p>Leadership of key organisation change programmes is reflected in the objectives of senior team members, managers and team leaders, to ensure that change management is an integral part of line management.</p> <p>The organisation monitors and reports on the impact of organisational change programmes in terms of tangible and/or quantifiable benefits, identified in advance.</p> <p>The organisation has developed change programmes with the direct involvement of both its own staff and partners, to ensure shared ownership.</p>	<p>There is evidence that changes to the way the organisation works are developed with and understood by the public, by staff and by partners, and are linked to significant improvements in service.</p> <p>Evaluation of the impact of key change programmes is objective and reported in public.</p> <p>Council/Board members participate in the delivery of organisational change projects which contribute to improvement beyond their own organisation and/or sector.</p> <p>HR is resourced as a key strategic function and change agent rather than a support function.</p>

## BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT

	Basic practice	Better practice	Advanced practice
<b>2. How effectively does the organisation integrate workforce planning with its strategic and financial planning processes?</b>			
<b>2.1 To what extent is there a cohesive approach to planning organisational capacity and skills in support of corporate objectives?</b>	<p>The organisation has a core set of employment related information providing both managers and the Council/Board with baseline and progress reports on workforce planning.</p> <p>The organisation has identified the current and future skills needed to deliver its objectives and understands the different options available to meet skills demands.</p> <p>The organisation regularly reviews its deployment of staff and skills to maximise productivity and value for money.</p>	<p>There are clear, regular reporting arrangements on actual and predicted workforce capacity, based on establishment, skills and professional groups.</p> <p>Clear partnership arrangements exist with educational providers to manage the supply chain of skills.</p> <p>Workforce and financial planning are fully integrated and supported by shared information systems.</p> <p>Evidence exists that key activities have been organised more efficiently as a result of use of workforce planning and participation in shared service delivery.</p>	<p>The organisation plays a leading role in the sector skills and workforce planning processes at regional and national levels.</p> <p>Board members are recognised as leaders in shaping the national skills, employment and workforce planning agendas within the public and private sector.</p>
<b>2.2 How effectively does the organisation attract, retain and manage its talent?</b>	<p>The organisation has a formally approved approach to developing leadership, management and professional capacity and capability which is linked to recognised competencies and standards covering all staff groups.</p> <p>There is a coherent approach to talent management which links together recruitment, retention, reward, appraisal processes and succession planning.</p> <p>The organisation has identified key areas of skills shortage and has clear plans for attracting suitable people.</p>	<p>The organisation is able to show how the use of skills and talent is achieving specific improvement outcomes.</p> <p>The organisation can demonstrate it is proactive and creative in identifying development opportunities for staff on its own and with partners.</p> <p>Talent management is regularly considered jointly by senior management and board/elected members.</p>	<p>The organisation is part of a talent management partnership involving others which provides the widest possible options for sourcing and deploying skills needed to meet both immediate and long-term skills needs.</p> <p>The organisation can demonstrate where joint working and shared services have resulted in better succession planning.</p>

## BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT

	Basic practice	Better practice	Advanced practice
<p><b>2.3 How well does the organisation deploy and support people in a way that ensures increased efficiency and effectiveness?</b></p>	<p>Staff costs are an integral part of annual budget setting, resource planning and progress/performance reporting processes, which involve Board/Council members.</p> <p>There is evidence of use of benchmarking in reviewing staff costs within the organisation.</p> <p>The organisation deploys its people in such a way as to make the most of their skills and knowledge, to maximise effectiveness.</p>	<p>The Council/Board monitors staff cost savings predicted as a result of corporate initiatives, joint working, shared services and other agreements with partners.</p> <p>There is evidence of use of consistent measures of individual and team productivity at all levels of the organisation.</p> <p>There are clear procedures in place to monitor and report on the effectiveness of staff deployment at team, departmental and organisational levels.</p>	<p>The organisation has a strategic approach to improving efficiency which includes clear plans for cost reduction.</p> <p>The organisation identifies ways of improving its efficiency and effectiveness by involving its own staff, suppliers and partners.</p> <p>There is evidence of programmes and projects being implemented which reward innovation and which are evaluated for effectiveness.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>3. How well does the organisation manage and develop the performance of its staff to achieve organisational goals?</b>			
<b>3.1 To what extent does the organisation support continuous improvement in the performance of its staff?</b>	<p>Staff understand their roles and responsibilities and the specific outcomes and levels of performance that are expected of them.</p> <p>Each member of staff has an individual set of objectives and personalised development plan including commitment to any resources needed.</p> <p>The organisation has an annual performance appraisal system operating consistently at service, team and individual levels.</p> <p>Performance objectives are clear, measurable and reflect the organisation's priorities.</p>	<p>The senior management team regularly reviews the effectiveness of performance assessment processes at organisational, service, team and individual levels.</p> <p>The organisation continuously improves the management competencies of its managers and supervisors through a programme of initial training, ongoing development, feedback and regular assessment.</p> <p>Giving and receiving feedback is an established part of working life, ensuring that good performance is recognised and poor performance is addressed effectively.</p>	<p>Staff play an active role in the reviewing the effectiveness of the organisation's approach to performance appraisal, measurement and improvement.</p> <p>There is evidence of an integrated system which links together objectives, performance appraisal, training and development at all levels of the organisation.</p> <p>The organisation is able to demonstrate that the performance management process is a significant contributor to improved services and outcomes.</p>

## BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT

	Basic practice	Better practice	Advanced practice
<p><b>3.2 How effective are training and development activities in improving personal and organisational effectiveness and improved service?</b></p>	<p>The Council/Board approves an annual corporate training and development plan for staff which sets out its approach to the development of organisational competency and capacity and how it will be resourced.</p> <p>The organisation is able to demonstrate how all the statutory and professional responsibilities of the organisation and its staff are supported through corporate and Continuous Professional Development (CPD) programmes.</p> <p>The organisation runs induction training for new staff and refresher training events for existing staff to promote awareness and consistency of corporate quality standards.</p> <p>Staff have access to appropriate training, irrespective of working arrangements or profession.</p>	<p>There is a development programme for elected members and Board members agreed annually and linked to corporate priorities.</p> <p>The Board/Council regularly assesses the cost of its investment in training and development and evaluates its value for money, impact and effectiveness in supporting corporate objectives.</p> <p>The organisation offers an increased range and quality of development opportunities to staff by collaborating with other organisations.</p> <p>The organisation assesses the relative costs and benefits of buying-in specialist expertise versus “growing our own” to meet skills gaps.</p> <p>The organisation implements national education, learning and development strategies.</p>	<p>There is evidence of systematic identification of training and development needs and assessment of individual and team competency at all levels of the organisation linked to performance appraisal systems.</p> <p>The organisation is able to demonstrate the impact of investment in training and development on organisational effectiveness and improved quality of service.</p>

**BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT**

	<b>Basic practice</b>	<b>Better practice</b>	<b>Advanced practice</b>
<b>4. How effectively does the organisation value, communicate with and involve staff on issues that affect them?</b>			
<b>4.1 How effective is staff engagement within the organisation?</b>	<p>The organisation has a formal agreement to partnership working with staff and their representatives, facilitated by a properly constituted partnership structure.</p> <p>The organisation appropriately resources a range of regular formal and informal communication and engagement mechanisms at all levels of the organisation.</p> <p>The Board/Council has approved an approach to staff communication and engagement based on regular feedback, listening, involvement and understanding what matters to staff.</p> <p>Directly employed and contracted staff are well-informed about the organisation’s vision, priorities, developments and expectations.</p> <p>Arrangements are in place which enable staff representatives to fulfil their responsibilities in terms of health &amp; safety, equality &amp; diversity, consultation/negotiation.</p> <p>There are clear procedures which enable staff to comment without fear on professional or work concerns and on the way the organisation works.</p>	<p>The organisation has staff governance standards, agrees an annual action plan to improve staff engagement and reports progress as an integral part of the organisation’s performance management process.</p> <p>Partnership working arrangements enable staff and their representatives to be involved in the development and assessment of corporate priorities, plans, policies, agendas and organisational change.</p> <p>The organisation evaluates and improves the effectiveness of its communication strategy against external benchmarks.</p> <p>There are clear processes which seek to identify and resolve conflict at work quickly and professionally.</p>	<p>The organisation supports the use of new technologies to increase positive connections between staff, each other and the public (eg web, blogs, wikis).</p> <p>There is evidence that staff feel valued, able to use their skills, aligned to the organisation and involved in key decisions that affect their working lives.</p> <p>The organisation can demonstrate that it uses staff engagement and involvement in a consistent way to inform planning and service improvements, corporate priorities and practices.</p>

## BEST VALUE TOOLKIT: ASSESSMENT MATRIX – PEOPLE MANAGEMENT

	Basic practice	Better practice	Advanced practice
<p><b>4.2 To what extent does the organisation value and recognise the contribution and wellbeing of staff?</b></p>	<p>There are staff recognition schemes in place which recognise innovation, discretionary effort and/or outstanding achievement by staff.</p> <p>Staff have access to a full range of occupational health and wellbeing services.</p>	<p>The Council/Board has approved a reward strategy for all staff providing transparent links between performance and reward in the widest sense (ie not just pay).</p> <p>Staff feel they have appropriate freedom and authority to make decisions which affect their performance and well-being.</p> <p>The organisation evaluates and resources a range of services which make a positive difference to staff health, well-being and productivity.</p>	<p>The organisation operates an effective team-reward system supporting interdisciplinary and partnership practice.</p> <p>The organisation has gained independent recognition for exemplary practice in delivering health, wellbeing and productivity improvement.</p>

# Best Value toolkit: People management

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH  
T: 0845 146 1010 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)