

# **OUTCOME BASED APPROACH**

**‘WORKING’ GUIDANCE**

**FOR**

**SCOTTISH PUBLIC BODIES**

**SEPTEMBER 2008**

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## 'WORKING' GUIDANCE

### Purpose

1. The purpose of this guidance and associated suite of good practice case studies is to act as a reference point for Government and Public Bodies<sup>1</sup> to work together to develop an outcome based approach to delivering on the Government's Purpose – **to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth**. There has been an impressive level of buy-in to the principle of an outcomes based approach from Scottish Public Bodies to date.
2. Such an approach should clearly demonstrate how the activities of Public Bodies are aligned with the Government's overarching Purpose through the National Performance Framework and at the same time provide the freedom for bodies themselves to operate and serve the interests of people, businesses and communities in Scotland.
3. There is a rich diversity of Public Bodies across Scotland. Some bodies have a very direct line to the Government's Purpose; some play a supporting, sometimes specialist role; and several bodies undertake a particular function to independently scrutinise the delivery of services to the public<sup>2</sup>. Some Public Bodies operate through commercial contracts. Bodies have differing forms of governance and accountability to Government and Parliament. Finally, Public Bodies are at varying stages of development in respect of an outcomes based approach. This makes a 'one size fits all' set of guidance challenging. Whilst recognising that the type and nature of activity undertaken by bodies will differ, this guidance will act as guidance for all public bodies<sup>3</sup>.

In relation to NDPBs, Government Directorates, through their sponsor teams will continue to be the main conduit for engagement with Public Bodies to develop and implement outcome-based approaches with support from the Public Bodies Policy team. A **Public Bodies Strategic Group**, comprising senior Directors from Government and representatives of Public Bodies will oversee progress of outcome-based approaches along with other key strands of work relating to all Public Bodies<sup>4</sup>.

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<sup>1</sup>The [baseline list of public bodies](#) for the purposes of this exercise is as set out by the First Minister following the simplification announcement in January 2008 and includes NDPBs, Scottish Government Agencies, Non-Ministerial Departments and Ombudsmen and Commissioners as well as other significant national organisations. The intention is that the simplification team will publish a 6 monthly tracker updating the list from Sept 2008.

<sup>2</sup> There is an accompanying review of scrutiny bodies and scrutiny functions as a follow through to [The Crerar Review](#) (the report of the independent review of regulation, audit, inspection and complaints handling of public services in Scotland)

<sup>3</sup> NHS Bodies will be issued with specific advice distinctive to HEAT and their Local Delivery Planning process with Community Planning Partners. HEAT/LDP performance management system was introduced for NHS Scotland Boards in 2006/07 with a core set of targets. H – Health improvement/inequalities, E – Efficiency, resources and workforce, A – Access, T – Treatment, quality and service.

<sup>4</sup> A separate workstream on governance, accountability and relationships of the Public Sector Group will cover review of the current classification and status of Public Bodies, revised guidance for Public Bodies, review of current sponsorship arrangements and a collaborative leadership strategy for Public Bodies in the context of the wider public sector and the conclusion of previous Scottish Government Forum discussions.

## Why an outcomes-based approach?

4. An outcomes-based approach encourages us all to focus on the difference that we make and not just the inputs or processes over which we have control. Success for the Government and its Public Bodies is about **impact** and it is right that we should be judged by tangible improvements in the things that matter to the people of Scotland. Government is therefore committed to an outcomes based approach and will work with Public Bodies to:

- i. Align activity to connect explicitly to the Government's over-arching purpose of sustainable economic growth through the National Performance Framework.
- ii. Better integrate activities with local government, with other Public Bodies, and in partnership with the third sector and private sector, to deliver the Government's Purpose Targets and National Outcomes. The current development of Single Outcome Agreements (SOAs) with community planning partnerships, under the leadership of local authorities, offers a significant opportunity for Public Bodies which are delivering local services to help achieve this locally.
- iii. Focus activity and spend on achieving real and lasting benefits for people and as such minimise the time and expense on associated tasks which do not support this purpose.
- iv. Create the conditions to release innovation and creativity to deliver better outcomes.

5. Successfully achieving and sustaining outcomes goes hand in hand with embedding a culture of continuous improvement. This guidance will set out what is expected between now and 1 April 2009 to establish a sound basis for an outcomes-based approach. All Public Bodies should **submit a corporate or business plan which demonstrates alignment between corporate objectives and national outcomes to Government prior to the next financial year, 2009-10**. Further development and refinement of an outcome based approach will be required building on this experience.

6. It is recognised that there is a variation in the extent to which Public Bodies have discretion to align / re-align spend and activity – current funding structures between Government and bodies are frequently underpinned by statutory performance indicators, legislation and other directives. It may be that these requirements are indeed aligned with National Outcomes and Purpose Targets. But the introduction of an outcomes based approach allows us the opportunity to re-examine the usefulness of the current range of performance indicators and governance arrangements, and to review the respective connection with the National Outcomes and Purpose Targets. This challenge should form part of the business or operational planning process for 2009-10. The outcomes based process should also pave the way for a thorough examination of how effectively our spending is supporting the achievement of outcomes.

7. While it is not necessary to evidence a linear relationship between spend, outputs and outcomes across all activities, it is expected that an outcomes based approach will help to highlight how effectively or otherwise the key strategic spending programmes of public bodies, both individually and collectively (with other agencies or bodies), are supporting the achievement of outcomes<sup>5</sup>.

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<sup>5</sup> Spending programmes themselves have been agreed over the coming two financial years and it is not the intention that the business or operational planning process for 2009-10 is conducted as a separate spending review. Bodies should however use the outcomes based process (in planning for next financial year) as important preparation for the forthcoming spending review.

## Background and Context

8. The Government has already set out its intention to develop a strategic relationship with Public Bodies and this has been discussed and debated on several occasions including:

- [An announcement in Parliament on the Public Bodies landscape \(30 January 2008\)](#)
- A letter issued to all Chief Executives and Chairs of Public Bodies by the Cabinet Secretary for Finance and Sustainable Growth (31 January 2008)
- [Parliamentary Report on Effective Public Services Debate \(8 May 2008\)](#)
- An NDPB Conference themed around outcome based approaches addressed by Government and Local Government (17 June 2008).
- Senior engagement between Ministers and groupings of Public Bodies over the past 14 months to discuss a range of opportunities and challenges

9. [Scotland Performs](#), launched in June 2008 provides a public and transparent way for the Government to report on Scotland's progress towards the achievement of the Purpose Targets and National Outcomes set out in the National Performance Framework, illustrated at Figure 1 below and detailed in Annex B. We aim to reflect the contribution made by Public Bodies towards the overall achievement of the Purpose and National Outcomes, through the [Scotland Performs](#) website.



Figure 1 – National Performance Framework

10. Some Public Bodies have been involved in the preparation and delivery of the 32 Single Outcome Agreements that have been developed with Local Authorities over the last year, all of which can be accessed through the Improvement Service's website - [Single Outcome Agreements available on the IS site](#).

## Approach

There are three key inter-related considerations for public bodies in developing an outcome based approach:

- Demonstrable alignment of purpose and objectives of **the body itself** with the National Performance Framework:
- Effective engagement with **other public bodies** in addressing purpose targets and National Outcomes.
- Effective engagement with local government and with Community Planning partners through the **Single Outcome Agreements (SOAs)** in addressing shared outcomes (i.e. Purpose targets, National Outcomes and local priorities, as they are addressed in SOAs).

All three will necessitate close strategic relationship between bodies and Government, through the Directorate structure.

### *Role of Government*

11. Public Bodies have asked Government to clarify what alignment may mean in practice. There is also an expectation that Government itself promotes the National Performance Framework at every opportunity and works in a collaborative manner, working across Directorates in pursuit of Purpose Targets and National Outcomes. This has been facilitated by a new organisational structure for the Scottish Government based around the strategic objectives and put in place following the election last year. This encourages cross portfolio working and is helping the Scottish Government to focus on the delivery of our Purpose and outcomes. The more recent establishment of a Public Bodies Strategic Group reporting directly into Strategic Board has reinforced this in relation to key issues affecting Public Bodies.

12. It is important that Business Planning within Government is linked to business planning in operational or delivery bodies. The Government is working to transform the way that we do business, aligning the activity of our 40+ Directorates to the National Performance Framework. Whether through external reporting in Scotland Performs or our own business planning processes, we are seeing a clearer picture of where we need to join up internally – this work will continue in support of the outcomes based process in recognition that the achievement of outcomes is rarely confined to the domain of a single Directorate or body.

13. Additionally, the development of outcomes based approaches across Government is co-ordinated by a team of Scottish Government Directors who will have a key role to engage with Community Planning Partnerships as 'critical friends'. This role is aimed at developing a better joint understanding of national and local issues with a view to promoting the effective engagement of Public Bodies in delivery of local priorities where appropriate.

## *Role of Public Bodies*

14. We are asking Public Bodies to demonstrate how their business activities are aligned to the Government's Purpose. In terms of how Public Bodies implement an outcome-based approach there are two main considerations which are inter-related:

- I. Firstly to ensure that all **individual Public Bodies are clearly aligned** to the Government's Purpose through the outcomes and Purpose Targets in the National Performance Framework.
- II. Secondly, and arguably the more challenging is to **support collaborative working** between Public Bodies and other key partners, such as local government and NHS Health Boards, in contributing towards the achievement of shared outcomes (i.e. Purpose Targets, National Outcomes and local priorities, as addressed in SOAs).

### **I Alignment of Public Bodies with Government's Purpose**

15. The process of focussing on alignment with the National Performance Framework (NPF) has already been a strong feature of corporate planning work taking place within many Public Bodies. By 31st March 2009 Public Bodies should be able to demonstrate explicitly alignment between their activities and the Government's overarching Purpose through the National Outcomes and the Purpose Targets detailed within the National Performance Framework. It is suggested that an approach explicitly based on outcomes is integrated into the existing business planning process of the body, rather than through a separate 'single outcome agreement'. Whatever the process, all bodies will be required to demonstrate clear alignment of their objectives to National Outcomes and Purpose Targets.

16. It is not necessary for bodies to make explicit connections to *every* National Outcome that bodies could have an involvement with. Direct contributions should be covered. It is also acknowledged that Public Bodies will often have a range of outcomes and Purpose Targets to which they contribute indirectly – some of these indirect contributions will be important and should be covered. However, Government will want to understand where the *most important* contributions are being made in the first instance. Templates 1-4, at Annex E, should assist bodies with this process.

17. Government will play a role in bringing together the outcomes of different bodies. Sponsor Directorates (for NDPBs) working with DG Business units will work with Public Bodies to complete and assess corporate or business plans (including any templates) and will assist with the necessary connections or groupings of bodies. This will have regard to being **proportionate** – for example Government recognise that some bodies, by virtue of their specialist or supporting role, will have a very focused or specific contribution to the National Performance Framework.

Annex A (case studies 1-4) sets out some case study examples of early work on alignment of outcomes.

## Alignment through the Business Planning Process - Timeline<sup>6</sup>

<i><b>When?</b></i>	<i><b>What?</b></i>	<i><b>By Who?</b></i>
September 2008	Issue of Guidance on Outcomes Based Approaches for Public Bodies	Government, through Sponsor Directorates or DG Business Units (for Agencies)
September	Refinement of guidance through further engagement and issue of Specific, Supplementary Guidance on strategic priorities where required.	Government, Sponsor Directorates or through DG Business Units.
September – December	Preparation or review of Corporate Plan covering two year period 2009-11  Preparation of a more detailed outcome focused Business or Operational Plan for 2009-10 (may be integrated with Corporate Plan if appropriate)  Draft budget for 2009-11 agreed  On-going engagement – meetings, seminars, support etc	Public Body (as required)  Public Body (all)  Public Body and Sponsor Directorate or through DG Business Units
November – December	Test alignment of Corporate or Business Plan with development of SOAs.	Public Body through the Government Sponsor Directorate / DG Business Units and the Community Planning Partnership where appropriate
December	Engagement between Public Bodies (NDPB Forum and ACE) and High Level Group to review integration of outcomes with SOAs.	Public Bodies and High level Group with engagement of Government.
January 2009	Confirmation of funding as set out in agreed spending review.  Budget Bill laid before Parliament	Government, Finance.
January	Submission of Corporate Plan (where relevant) or Business Plan	Public Bodies to relevant Government Sponsor Directorate or DG Business Units.
February	Assessment of Corporate Plan (where relevant) or Business Plan.  Bi-lateral meetings with Public Body if necessary.	Relevant Sponsor Directorates or through DG Business Units in conjunction with Strategy and Ministerial Support Directorate.
February [May be stipulated in the Framework document for some bodies]	Budget Bill passed by Parliament  Grant-in-aid letter issued based on outcome focused Operational Plan and any further requirements	Government – Relevant Cabinet Secretary /Sponsor Directorates or through DG Business Unit.
June	2008/09 year-end progress report and summary of performance set against objectives as part of annual report (Purpose - to align with Government outcome reporting. It is recognised that Annual Report & Final Accounts are laid before Parliament later in the year)	Public Body
August	Issue Supplementary Guidance on Outcomes process and/or supplementary guidance on Outcomes themselves	Government, Public Bodies Policy Division and/or Government Sponsor Directorate

<sup>6</sup> It is acknowledged that the stages outlined in this timeline are, in some cases, indicative due to the diversity of bodies and their differing arrangements. However, there is an expectation that all bodies will progress through these stages, as far as is reasonably practicable.



## II. Collaborative Working Towards Purpose Targets and National Outcomes

18. In addition to ensuring the alignment / re-alignment of individual bodies' activity to outcomes, the most challenging aspect of the outcome based approach is in Public Bodies:

- working collaboratively to achieve the Government's overarching Purpose through the National Outcomes.
- working with local authorities, NHS Health Boards, police, fire and rescue, third sector organisations and communities themselves to achieve shared outcomes.

19. Partnership working is of course not new. There are many examples of Government and Public Bodies working together to encourage collaborative approaches to help deliver on key outcomes set out in the National Performance Framework, for example Scotland's Environmental and Rural Services (SEARS) which is a partnership of nine organisations (see case study 7). Where partnership working is already happening, creating a parallel structure for an 'outcome based approach' would not be necessary. There are also issues of capacity within public bodies, particularly smaller organisations. Annex A (case studies 5-8) sets out some case study examples of early work on collaborative working.

20. We should however be prepared to review and challenge existing activity. Where existing structures are not in evidence, or where they need refreshed or refocused, **Government (through its sponsor Directorates) will work with bodies and with local government to facilitate collaborative working built around National Outcomes and Purpose Targets.** Bodies should be ambitious in the depth of engagement they are prepared to consider in integrating their respective activities, considering opportunities to collaborate and streamline both at corporate level and at an operational or delivery level. Template 5, at Annex E, will help bodies to identify existing or potential collaborative partnerships. This information will help both bodies and Government to establish where bodies could work together to more effectively achieve outcomes and/or collectively achieve a greater range of outcomes and purpose targets than they may achieve by working on their own..

### **Outcome Based Approaches for Public Bodies and Single Outcome Agreement (SOAs)**

21. The Concordat between central and local government marks a crucial new stage in the governance of Scotland. It sets out the terms of a new relationship between the Scottish Government and local government based on mutual respect and partnership. In addition, it also underpins the funding to be provided to local government over the period 2008/09 to 2010/11. One of the key components of the concordat is the creation of a Single Outcome Agreement between each council and the Scottish Government, based on the 15 National Outcomes and, under a common framework, local outcomes to take account of local priorities supported by streamlined external scrutiny and performance management.

22. The SOA will cover all local government services in each local authority area as well as a significant range of responsibilities of Community Planning Partnerships where local authorities have a significant part to play.

23. The first phase of the project, to deliver Single Outcome Agreements with each of the Councils in Scotland by 30 June 2008, has been delivered across all 32 Council areas. The intention, going forward, is to develop the SOAs to include Community Planning Partnerships and these will be agreed with the Government for introduction in 2009. However, about half of the initial Phase I SOAs already include some wider activity across the Community Planning partnership.

24. Template 6, at Annex E, has been designed to help Public Bodies map into Local Authority SOA's, by highlighting areas where they can contribute to the delivery of these SOA's, and not just where they may be listed as a partner. This template should be used for analysis (or as a crib sheet) to show where a body's work can link into local authorities' SOA's. This is intended to form the basis for further discussion on developing links.

25. Public Bodies are diverse. The structure of a Public Body flows from its purpose - most Public Bodies have a national remit, in some cases international. The purpose of this guidance is to provide a framework for public body alignment with the National Performance Framework. A key part of this will be their local engagement in Single Outcome Agreements which is of course not mutually exclusive from delivering on the NPF. There is no one-size-fits all solution as to how such participation or engagement for each body should materialise. Further dialogue and discussion will be required.

#### Public Body engagement in SOAs – key principles

- All Public Bodies will develop outcomes based approaches integrated into their corporate and business plans to deliver the National Performance Framework.
- Some Public Bodies have already been engaged in the development of SOA's.
- **All Public Bodies should give full consideration to maximising their engagement in Single Outcome Agreements being developed by Local Authorities through Community Planning Partnerships (CPPs).**
- **Engagement should be proportionate and will be determined by the purpose of the body and have regard to the capacity of the body.**
- There will be a core of key public bodies where engagement will be most critical – further dialogue will be necessary to identify such bodies.
- There will be a 'challenge' to the corporate and business plans of Public Bodies – both self challenge by the body itself and by Government - to assess the appropriate commitment to SOAs based on the function of the body.
  
- Some bodies will need to demonstrate their contribution to local agreements through national-level measures
- Where development of joint outcomes at an SOA level is not deemed appropriate (or possible) – for example measurement issues or capacity issues - bodies should seek to engage with groupings of CPPs at a regional or national level formally or informally as required. This should be considered with CoSLA and SOLACE [through the Public Bodies Strategic Group].
- In developing this outcome approach, **further engagement between Government, public bodies, CoSLA and SOLACE will be required through the High Level Group to ensure outcomes for Public Bodies complement SOAs.**

## **Leadership**

26. Discussions on outcome based approaches to date has revealed the importance of leadership and vision in achieving what is viewed as a necessary culture change to achieve the aspirations set for Scotland in the NPF. The prize of achieving a positive shift in outcomes such as people's health, the quality of our natural environment or the strength of the economy is a significant incentive for those delivering public services. This is likely to require more creative and innovative ways of delivery. It may also imply stopping doing things that have not hitherto made the difference intended. This may imply a greater organisational flexibility – both within Government and within Public Bodies – and embracing risk as an opportunity to be managed. This discussion was taken on at the NDPB Conference in June (Beardmore) and flows from previous discussions at the Scottish Government Forum ('Airth') comprising leaders across a range of Public Bodies and local government. The leadership dimension will be supported through a collaborative programme across the public sector and working with the third sector and this will be further developed in the coming months.

## **Measuring and Monitoring Outcomes**

27. The demonstration of progress towards meeting outcomes is undoubtedly challenging. There are a range of external factors at play, which will influence the direction of travel of particular outcomes, and seeking to isolate the relative influence of these factors has proved notoriously difficult. Also, determining the impact of a particular body or grouping of Public Bodies towards a particular outcome is difficult. The guidance is not suggesting we fall into a pattern of attempting to analyse the full range of inputs, outputs and processes and attempt to isolate their individual contribution to outcomes. However, proportionate performance measurement and reporting has an important role to play and will be fed in to the public reporting through Scotland Performs.

28. The Government has set out 45 national indicators and targets and there are also local indicators and targets which have been set by SOAs. If a National Indicator and associated target cannot be used to measure directly the contribution of a particular body, the Scottish Government's Analytical Services Directorate will be able to assist in giving advice on the formulation of suitable alternative indicators where necessary. It is also important that Public Bodies bear in mind that other data may still be required for other purposes. Analysis which includes examining disaggregation and other comparative data will remain necessary for evaluation and policy development.

29. Scottish Government (through the Scottish Government Implementation Group) are currently considering an Analytical Services plan which covers all performance management frameworks, local authority single outcome agreements and associated measurement issues. The aim is to provide an analytical advisory group which will consider performance and measurement issues and part of the remit of the group will be to support Public Bodies and others as they move towards an outcomes based approach to performance measurement. The analytical plan includes a variety of actions that will be of value to this process. The group will provide useful guidance on setting indicators and will address issues around measuring change and the successful monitoring of progress towards targets.

*(Further detail on this will be provided at Annex C when further developed.)*