

Briefing

Planning for outcomes



 AUDIT SCOTLAND

Prepared for the Auditor General for Scotland
June 2019

Auditor General for Scotland


The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website:

www.audit-scotland.gov.uk/about-us/auditor-general 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Contents

Purpose of briefing	4
The Scottish approach	5
Challenges to an outcomes-based approach	7
Making it a reality	8

Purpose of briefing

- 1.** This paper supports parliamentary scrutiny of outcomes. It sets out the main factors that support planning for outcomes, with reference to recommendations from the Budget Process Review Group (BPRG). It draws together learning from our previous reports, and wider knowledge of good practice and activity in this area.
- 2.** Auditing public spending and assessing value for money is at the heart of our work. Building on existing spending powers, the Scotland Acts of 2012 and 2016 bring new opportunities to use fiscal levers to support inclusive and sustainable growth and to influence the size of future budgets.
- 3.** Taxes and public spending decisions are a means to an end, not an end in themselves. Ultimately, public services are about improving outcomes and it is critical that we are able to measure the impact of financial decisions on people and communities. As Bruce Crawford, Convener of the Finance and Constitution Committee, said during the Parliamentary debate on the new budget process: 'We need to move from a position of judging success based on the number of police on the streets or the number of nurses in our national health service to one that involves measuring the sustainable outcomes that are achieved by public spending in Scotland.'¹
- 4.** The new Parliamentary budget process implements the BPRG's recommendations to adopt an outcomes-based approach to budgeting and budget scrutiny. This includes the recommendation that the Scottish Government and public bodies should strengthen their performance planning and reporting to provide a greater focus on the delivery of outcomes.²
- 5.** The new National Performance Framework, launched jointly by the Scottish Government and CoSLA in June 2018, is a major step towards this shift in focus. It provides a structure around which public bodies and their partners can align activities and decisions towards shared objectives. Its success will rely upon considered and consistent planning and evaluation, as well as a commitment from public sector leaders, including politicians, towards long-term goals despite short-term pressures.
- 6.** This paper begins by setting out briefly the Scottish approach to reform and the challenges that an outcomes-based approach inevitably brings. It then outlines how an outcomes-based approach can work in practice.

¹ Scottish Parliament Official Report (2018, May 08). Budget Process (Written Agreement).

² Budget Process Review Group Final Report, June 2017.

The Scottish approach

7. The Community Empowerment (Scotland) Act 2015 puts the outcomes approach to public services on a statutory footing. It requires Scottish ministers to, 'consult on, develop and publish a new set of National Outcomes for Scotland and to regularly report on progress'. The Act requires that national outcomes need to be reviewed at least every five years. The Scottish Government embarked on an extensive consultation exercise with the public and interested stakeholder groups in 2016 and 2017, culminating in the National Outcomes for Scotland document³, which was laid in Parliament in March 2018. The Local Government and Communities Committee was the lead scrutiny committee and the Committee's report was debated in Parliament on 24 May 2018.

8. The new National Performance Framework (NPF) was launched jointly by the Scottish Government and COSLA in June 2018. At its core are the national purpose and values. It sets out eleven long-term outcomes for Scotland, underpinned by 81 national performance indicators against which progress can be measured ([Exhibit 1](#)). The new NPF is aligned to the UN sustainable development goals (SDGs), 17 global goals set by the UN Development Programme.

Exhibit 1

There are 11 National Performance Framework outcomes which the public sector and its partners work towards



- grow up loved, safe and respected so that they realise their full potential
- live in communities that are inclusive, empowered, resilient and safe
- are creative and their vibrant and diverse cultures are expressed and enjoyed widely
- have a globally competitive, entrepreneurial, inclusive and sustainable economy
- are well educated, skilled and able to contribute to society
- value, enjoy, protect and enhance their environment
- have thriving and innovative businesses, with quality jobs and fair work for everyone
- are healthy and active
- respect, protect and fulfil human rights and live free from discrimination
- are open, connected and make a positive contribution internationally
- tackle poverty by sharing opportunities, wealth and power more equally

Source: Scottish Government

³ https://www.parliament.scot/S5_Local_Gov/Inquiries/Updated_National_Outcomes.pdf

9. This focus on outcomes when planning and delivering services is also known as the Scottish Approach to Public Service Reform.⁴ This approach has evolved over time and is built on principles designed to ensure that the design and delivery of public services is collaborative, inclusive and empathetic.⁵

10. The NPF itself builds on previous developments, including:

- The 2007 National Performance Framework.
- The 2008 Concordat with the Convention of Scottish Local Authorities (COSLA), which agreed that councils would have Single Outcome Agreements based on national outcomes.
- The 2011 Christie Commission Report⁶ on public service reform, which emphasised the importance of local and national outcomes working together.

⁴ *Northern Exposure – Lessons from the first twelve years of devolved government in Scotland*, Elvidge, J, 2011.

⁵ <https://resources.mygov.scot/37f87d5/designing-public-services-in-scotland/why-we-need-design-for-public-services-in-scotland/design-principles/>

⁶ Report on the Future Delivery of Public Services by the Commission Chaired by Campbell Christie, 2011.

Challenges to an outcomes-based approach

11. The benefits of planning activities towards long-term improvements in people's lives are clear, but an outcomes-based approach brings challenges which should be considered early. Public bodies need to work closely together towards shared long-term goals. This requires closer collaboration, which sets out how activities and finances work together, and how progress will be measured.

12. An initial challenge is to understand how national outcomes will work in conjunction with, and at times against, each other. For example, how will environmental outcomes be considered or prioritised against plans for economic growth? Also, long-term outcomes may bring difficult decisions into sharper focus; for example, if long-term health and wellbeing outcomes rely on increasing the pace at which services move to a community setting, what are the implications for resources and activities in acute hospitals?

13. Collaboration between public bodies working towards multiple long-term outcomes is a complex task. Many of the challenges that we have raised for integration authorities in health and social care, for example, will apply to broader collaborative working. These include issues arising from a lack of collaborative leadership and strategic capacity; a high turnover in leadership teams; disagreement over governance arrangements; and an inability or unwillingness to safely share data with staff and the public. It is vital that our systems of accountability and incentives for people leading and working in public services are designed to encourage them to act over the long term and 'do the right thing'.

14. It is difficult to separate out what impact public services have on outcomes, as many factors are outside the direct control of the public sector. For example, we have reported that it is difficult to measure the impact of economic development activity because of the long-term nature of some investments, time-lags from investment to seeing results, and the need to make assumptions about what might have been achieved in the absence of public sector economic development support.⁷ The challenge to the public sector is how it can be clear about its intended impact, and gather the evidence to support and measure this effectively.

15. It will take time to see the impact that outcome-focused planning has for people and communities. Where finances and public services are under pressure, the temptation to resort to short-term measures in place of a long-term focus is understandably strong. And outcomes are more difficult to measure than short-term targets or outputs, which again may put long-term objectives at risk if appropriate measurement criteria and a strong evidence base is not put in place.

16. An outcomes approach will therefore need dedicated and sustained leadership across the public sector, as well as through the budget scrutiny cycle in Parliament.

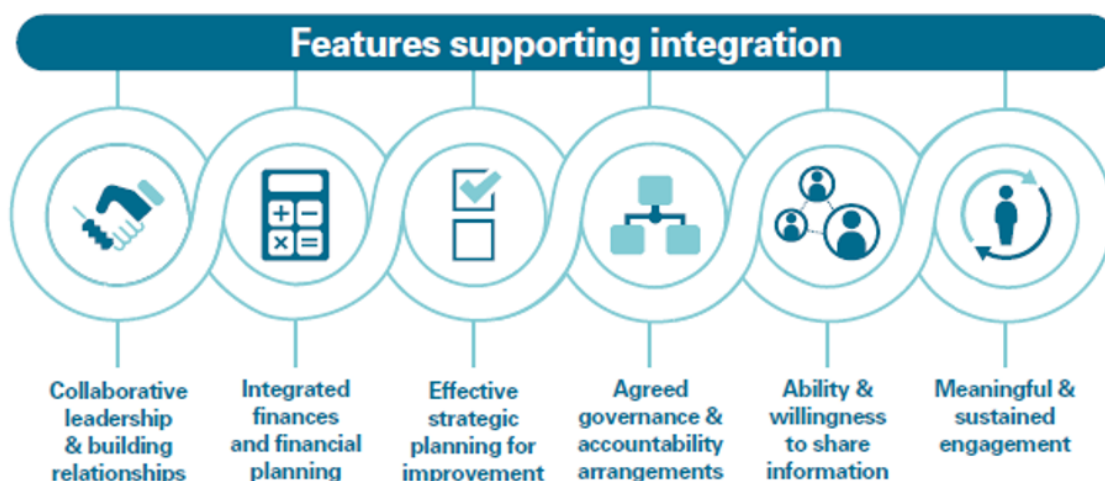
⁷ [Supporting Scotland's economic growth](#), Audit Scotland, July 2016.

Making it a reality

Effective joined-up working is vital to achieving outcomes

17. Partnership working across public services is not new. Different parts of the public sector have been working together towards shared goals for many years. Collaboration is central to addressing long-term complex issues, but it is not easy. Achieving shared outcomes requires much closer partnership arrangements, with strategies, plans and spending decisions aligned behind long-term goals. Arrangements for scrutiny and evidence-based progress reporting must be agreed and reflect each partner's contribution. And, crucially, public bodies working in collaboration will need to sustain meaningful engagement with communities, services users and staff. We set this out in our recent report on the integration of health and social care ([Exhibit 2](#)).

Exhibit 2



Source: Audit Scotland

Public sector bodies must create the conditions to support outcomes-based decisions

18. An outcomes-based approach applies to all public services, not just new policy initiatives. A focus on creating a collaborative culture, including initially small-scale initiatives, encourages the wider public sector workforce to engage with change and spread it more widely.

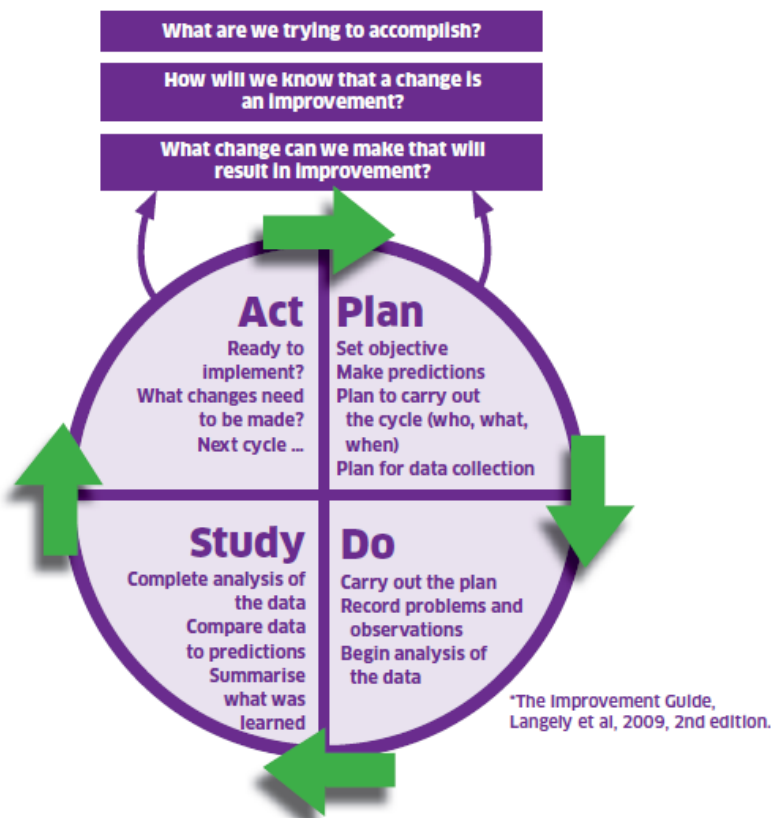
19. In 2013, the Scottish Government developed a 3-step improvement framework to help public services implement reform and work towards common goals following the Christie Review.⁸ The framework asks leaders to be clear about their aims, methods and measurement of change and their capacity to deliver before planning how to implement change and communicate good practice. A key aspect

⁸ *The 3-Step Improvement Framework for Scotland's Public Services*, Scottish Government, April 2013.

of the framework is to 'aim big – start small', with an improvement model to support it ([Exhibit 3](#)).

Exhibit 3

A model for improvement



Source: Scottish Government

20. The NHS Patient Safety Programme is one example of such a model. The initial focus of the programme was on improving patient safety in acute hospitals, introducing pre-operative checklists to help reduce post-operative death rates. Now administered through Healthcare Improvement Scotland, the PSP approach has grown to cover innovative working across maternity services, mental health and primary care among others.⁹

21. This started with a commitment to outcomes, and a willingness to support collaborative innovation. According to former Chief Medical Officer Sir Harry Burns: 'Ministers and government officials were committed to making healthcare better. They were influenced by evidence from three small projects [which suggested] that positive changes occurred when frontline staff were given freedom to test their own ideas.'¹⁰ Benefits include reductions in post-operative mortality and in stillbirth rates in Scotland.

⁹ Further information is available at <https://ihub.scot/improvement-programmes/scottish-patient-safety-programme-spsp/spsp-about-us/>

¹⁰ Inside Health, The Scotsman, Harry Burns, 23 May 2019.

Intentions, measurement and evidence supporting outcomes should be considered early in the planning process

22. The Budget Process Review Group Final Report recommended that new policies, strategies or plans should set out the outcomes they are aiming to achieve and the intermediate outputs, measures and milestones. Aligning activities with outcomes involves considering what a proposed new strategy is aiming to achieve at the outset and being clear what success will look like.

23. The Scottish Government published an evaluation framework guide in 2016, based on a 5-step approach to evaluation¹¹:

- Identifying the problem – set out why an activity is needed, and what outcome it will benefit.
- Review the evidence – consider what existing data and evidence tells you about the problem, and what gaps in evidence exist.
- Draw a logic model – this plan details the resources you need, the activities you will do, and what interim and long-term outcomes you expect to see.
- Identify the indicators that you will use, and the data you will collect.
- Evaluate the success of the model.

24. The Scottish Government's Justice Analytical Services used the 5-step approach as the basis for planning and evaluating interventions to reduce reoffending. This was part of an overarching Community Justice Outcomes and Performance Framework detailing how it will use outcomes and indicators, how it is working collaboratively, and its approach to governance and scrutiny.¹²

25. The approach was also used to evaluate the legacy of the 2014 Commonwealth Games. The Scottish Government and Glasgow City Council established clear plans for realising legacy benefits from the Games at local, city-wide and national levels.¹³ They developed an evaluation framework to measure and monitor progress against outcomes. This included plans to improve the economy, the health and wellbeing of citizens, international roles, and the environment.

26. The Scottish Government reported against these outcomes up until 2018.¹⁴ Using the framework approach, it was clear at the outset what indicators would be used to judge success and what evidence would be used to support these judgements ([Exhibit 4, page 11](#)).

27. The April 2018 legacy report recognises that it is difficult to fully separate out what impact was achieved from the Commonwealth Games investment compared to wider regeneration initiatives. However, because it used a planning framework, the report could use the measures and outcomes it had set, including:

- The number of participants who felt they could influence decisions affecting their local area increased from 37 per cent in 2012 to 45 per cent in 2016. This is nearly twice the national rate.
- The number of participants who said that they felt safe walking in their neighbourhood after dark increased from 52 per cent in 2012 to 72 per cent in 2016.

¹¹ *The 5-Step Approach to Intervention: Designing and Evaluating Behavioural Change Interventions*, Scottish Government, May 2016.

¹² Community Justice Outcomes, Performance and Improvement Framework, 2016.

¹³ [Commonwealth Games 2014: third report](#), Audit Scotland, March 2015.

¹⁴ *Glasgow 2014 Commonwealth Games legacy: final evaluation*, Scottish Government, April 2018.

Exhibit 4

The Games legacy evaluation framework

Research questions



What effect have the Games had on the economy, businesses, employment, training and volunteering?



What effect have the Games had on the community in the area of Glasgow's east end most directly affected?



What effect have the Games had on infrastructure, sports participation and physical activity?



What effect have the Games had on the cultural sector and cultural engagement?



What effect have the Games had on civic pride and/or international reputation?



Is there a partnership legacy from the Games?

Methods



Tracking of 58 outcome indicators from 2008 to 2019



Monitoring and evaluating over 50 legacy programmes in collaboration with partners



A community longitudinal study – GoWell East



An economic assessment



Secondary analysis of key national surveys



Online and social media monitoring



Primary research on partnership and collaboration

Source: Scottish Government; and Audit Scotland

28. The Office for Students has set out a similar approach in its guidance for English higher education institutions on preparing access and participation plans, which are expected to include:

- A detailed and robust assessment of performance.
- Ambitious targets which are related to the assessment of performance, including consideration of national evidence.
- A description of the measures to be taken to achieve the targets, including an evaluation strategy.
- Details of how the plan will be monitored.
- A description of the investment to be made in resourcing the measures to be taken and improving access.¹⁵

29. However, this type of framework is not used routinely, making it harder to plan for and measure progress towards outcomes. For example, the expansion of early learning and childcare to 600 free hours was aimed at improving outcomes for children. In our Early Learning and Childcare report, we noted that the Scottish Government did not identify what measures would show whether the policy was achieving its aims, and it did not ensure that baseline data was available. This

¹⁵ <https://www.officeforstudents.org.uk/media/0bcce522-df4b-4517-a4fd-101c2468444a/regulatory-notice-1-access-and-participation-plan-guidance.pdf>

made it difficult to assess the cost and impact of the increase in funded hours and whether the policy was delivering value for money.¹⁶

A clear assessment of gaps in evidence is needed

30. The examples above emphasise the importance of considering what evidence and data are available at an early stage. This enables leaders and people delivering services to consider the impact of gaps on their ability to measure success, and helps service delivery teams consider the level of detail required.

31. For equalities and poverty outcomes, public bodies should consider whether the data they have is sufficient to measure the impact of decisions about services, funding and taxation on different equality groups affected. The Budget Process Review Group recommended that the Scottish Government should explore the feasibility of providing a distributional analysis, by equality characteristic, of the taxation, expenditure and social security proposals contained in the budget.¹⁷ The Scottish Government produced a scoping paper and an expert seminar considering this in December 2018¹⁸ and work is continuing.

32. If gaps in evidence are identified early, leaders can consider whether new data should be collected, or whether alternative data is held by partners. Sharing data across the public sector can be a useful means of addressing any gaps. The EPCC (formerly the Edinburgh Parallel Computing Centre), part of Edinburgh University, is working with the Scottish Administrative Data Research Partnership (S-ADRP) to gather data that will help inform decision-making to support the National Performance Framework outcomes. This includes key data sources for health, education, police and justice. Such data sources will help public bodies to share evidence supporting outcomes.

33. Given that outcomes are long-term in nature, milestones are helpful in judging progress. This will include regular review and reporting of the 81 indicators which support the National Performance Framework outcomes. More widely, public sector leaders will need to consider the indicators that will demonstrate progress towards their own outcomes.

Financial reporting should show the link between financial decisions and outcomes

34. The new parliamentary budget process has outcomes at its centre. Pre-budget scrutiny debates and reports have considered the impact of finances on outcomes, and raised questions about the clarity of the link between spending and impact.

35. The Budget Process Review Group considered whether the Scottish Budget should be realigned to provide a direct read across to national outcomes.¹⁹ It concluded that this approach was impractical because most public bodies work towards several outcomes.

36. Instead, it recommended that Scottish budgets should be clear about how spending on particular policies or activities is expected to contribute towards improving specific national outcomes in the NPF, including cross-cutting issues such as equalities.

37. Pre-budget scrutiny reports for the 2019/20 budget from parliamentary committees noted the complexities of reflecting cross-cutting issues such as culture and equalities in the budgets of different organisations²⁰, and the Health and Sport

¹⁶ [Early Learning and Childcare](#), Audit Scotland, February 2018.

¹⁷ Budget Process Review Group Final Report, June 2017.

¹⁸ For more information please see <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/PovertyandEquality/dist>

¹⁹ Budget Process Review Group Final Report, June 2017.

²⁰ Equalities and Human Rights Committee; Culture, Tourism Europe and External Affairs Committee.

Committee commented that integration authorities should clearly reflect health and social care outcomes in their budgets.

38. Public bodies will need to be clear in their financial reports about any potential impact of financial pressures on outcomes. The Scottish Government, in turn, will need to consider the cumulative impact of these pressures for future budgets and outcomes. As improving outcomes is a long-term goal, financial planning should also have a longer-term lens. An honest assessment of gaps in funding will help identify any future threats to achieving outcomes.

Scrutiny must consider how service and financial pressures affect outcomes

39. In May 2018, the Scottish Government published a five-year financial plan, Scotland's Fiscal Outlook. This set out different scenarios for the effect of future changes in revenue funding on future budgets. In October 2018, the Scottish Government produced its Medium-Term Health and Social Care Financial Framework. This estimated expenditure of £20.6 billion by 2023/24, against estimated revenue of £18.8 billion. Once planned savings have been taken into account, a gap of £159 million remains.

40. It is not clear how the figures in the two medium term plans relate, as the NHS framework focuses on frontline costs rather than all NHS expenditure. This makes it difficult to be clear about the size of the funding gap to be met or to fully assess the impact. It is also not clear what impact efficiency savings are expected to have on outcomes, or on other services and portfolios.

41. As public service leaders and delivery teams increasingly work across boundaries, it is likely to become more difficult to determine what impact should be attributed to individual organisations or portfolios. Indeed, it may feel contrary to the process of collaboration to attempt to do so. However, it is important to maintain clear lines of responsibility and to continue to hold each public body to account for its performance. The key is to ensure that performance reporting focuses on the delivery of longer-term outcomes, rather than short term targets.

42. The BPRG suggested a broader approach to budget scrutiny that considers outcomes. This means shifting the focus from annual changes to inputs to the difference spending makes. Key scrutiny questions could include:

- What funding has the Scottish Government allocated through time to this policy/priority and what is this intended to achieve?
- To what extent are the strategies and financial plans of the Scottish Government and relevant public bodies having their intended effect?
- What contribution is being made towards improving National Outcomes? What are spending and performance trends over time?
- What changes to future resource allocations, priorities or policies might be needed?
- What progress has been made in advancing equality and in tackling underlying inequalities?

43. Where progress against outcomes is slower than expected this should be reported clearly to enable scrutiny and consider if any changes in approach are needed. For example, in January 2019, Scottish Government highlighted an increase in Scotland's exports since 2012. It was less clear that the target to increase the value of international exports by 50 per cent between 2010 and 2017 had been missed; growth over this period was 35 per cent, or £3.7 billion short of the target. It is also not clear what this means for progress against Scotland's economic outcomes over the longer term.

44. Individual public bodies are likely to have different priorities and pressures which will need to be balanced when they agree shared outcomes. For example, a decision to prioritise economic development and associated transport routes could conflict with outcomes related to protecting and enhancing the environment. In addition, cross-cutting areas, such as human rights and equalities, will apply to more than one outcome. These difficult choices should be clearly documented, showing the trade-offs involved and how the different outcomes have been prioritised.

Meaningful and sustained engagement is needed to deliver long-term impact on people's lives

45. Communities are more likely to experience better outcomes when people have more control over their lives, so meaningful and sustained engagement is central to the design and delivery of public services. Planning for outcomes is a continuing process, as public bodies implement their improvement plans and learn from the experience.

46. Much of the necessary intelligence will come from the people and communities involved, and the public sector workers they engage with. What Works Scotland has highlighted the role that community-led anchor organisations can play enabling in local community development, representing community interests, and working in partnership with the public sector.²¹

47. Audit Scotland has also raised the importance of a focus on outcomes in front line service delivery, as well as at more strategic planning levels. Our audit on Self-Directed Support recommended that staff should be provided with further training and help on identifying and planning for outcomes; public bodies should monitor and report the extent to which people's personal outcomes are being met and use this information to help plan for future processes and services.

48. Sustained engagement also means sharing good practice. The Scottish Government has a key role to play in identifying and sharing successful approaches. It currently funds a number of improvement teams and services, as well as research programmes like What Works Scotland, but there may be scope to join these up across the public sector and focus them more clearly on outcomes. For example, in England, the Office for Students (OfS) has established an Evidence and Impact Exchange (EIX) programme, which aims to identify programmes that have successfully promoted access for underrepresented student groups, to help higher education providers, government and the third sector to work towards eliminating equality gaps in higher education.


49. Meaningful and sustained engagement is not just about finding out what works. It is also about listening to people's experiences of what matters to them, and understanding that priorities may change. For example, environmental issues may become more important to the public, or human rights considerations more prevalent. The challenge of an outcomes approach is to maintain the focus on long-term goals, while constantly assessing progress and fine-tuning plans to achieve the outcomes that the people of Scotland want to see for the future.

²¹ Key messages about public service reform in Scotland, What Works Scotland.

Planning for outcomes


Briefing

This report is available in PDF and RTF formats, along with a podcast summary at:
www.audit-scotland.gov.uk 

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500
or info@audit-scotland.gov.uk 

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk 
www.audit-scotland.gov.uk 