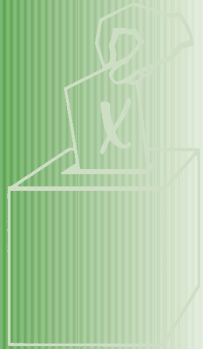




Service Quality



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OFFICE OF THE  
DEPUTY PRIME MINISTER

LOCAL AND REGIONAL GOVERNMENT  
RESEARCH PROGRAMME

# Research Summary

## Evaluation of the long-term impact of the Best Value regime: Baseline Findings

### Objectives of the research

The Best Value regime requires local authorities to 'make arrangements to secure continuous improvement in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. To this end councils have to develop a corporate strategy, undertake a programme of reviews to examine the purpose of every function and the most effective means of procuring services, consult with local stakeholders and produce performance plans.

In December 2000, the Department commissioned a research team based at the Centre for Local and Regional Government at Cardiff University to evaluate the long-term impact of Best Value on English local government. This report summarises the results of the baseline phase of this work and is intended to give an objective, rigorous and robust evaluation of the:

- approaches by which local authorities implement the Best Value regime; and
- impact the regime has upon authorities' capacity to deliver continuous improvement in service delivery.

### Methodology

The research is informed by a simplified model of the operation of the Best Value regime that focuses upon:

- Best Value processes - the ways in which local authorities in England implement the regime;
- Process outcomes - the impacts that the regime has upon the internal processes and structures of authorities;
- Performance change - the impacts that the regime has on the economy, efficiency and effectiveness of local authority services.

Process outcomes include changes in organisational structure, culture, strategy formulation and strategy content (the ways in which council services are procured and delivered). Performance is being measured in terms of statutory Best Value performance indicators (BVPIs), residents' perceptions of their authorities and the views of a large sample of local authorities officers and elected members.

This baseline report provides a benchmark against which future changes can be assessed. It draws on four main data sources:

- A survey of 2,836 local authority officers and elected members from 314 councils (conducted in July 2001);
- Case study interviews in a sample of twelve authorities (undertaken in the summer 2002);
- A survey of the views of more than 2,500 residents living in the areas served by a representative sample of 100 local authorities (conducted during autumn 2001); and
- BVPI data for 2000/2001.

## Best Value processes

The main conclusions to be drawn from this study are that:

- Implementing Best Value is seen as having been a major challenge for most authorities though many respondents saw Best Value processes as having had a positive impact, for example by enhancing inter-departmental working;
- Most authorities developed a corporate framework for implementing Best Value before or during the first year of the regime and those that did not develop these frameworks made slower progress with the regime; and
- Many local authority officers and members have high expectations from the regime, believing that it will deliver on ambitious targets.

These positive views were not, however, unanimous.

First, there were differences between the different groups of respondents. For example corporate officers were less inclined than other respondents to report that their authorities had implemented Best Value processes whilst elected members were the most positive about their authorities' achievements. By way of contrast service officers were most optimistic about the prospects for improvement.

Second, different types of authority displayed very different characteristics and had adopted different approaches to implementing the regime. District councils, and in particular those with below mean budgets, were less likely to have comprehensive processes for implementing Best Value in place than other types of authority, suggesting that the regime has been more of a challenge for them. Evidence from the case studies suggested that this may have

occurred because smaller authorities have fewer corporate staff and resources and had focused their energies on what they see as 'more pressing business'.

## Review processes and outcomes

In the first year of the Best Value regime many local authorities undertook large numbers of narrow focused, service specific reviews. Some were attempting to develop more cross-cutting reviews in the second year of the regime but had found that these were often difficult to implement.

Many reviews had taken longer than expected. Service managers in several of the case study authorities reported that they had struggled to fit reviews in around their 'day jobs' whilst corporate policy and Best Value officers reported that their time and attention had often been diverted onto other new initiatives. During 2002 some authorities had concluded that Best Value reviews were of less importance given the arrival of the Comprehensive Performance Assessment (CPA) and officers in some authorities felt that preparations for CPA had taken up time that might otherwise have been given to Best Value reviews.

Though performance reviews pre-date the Best Value regime they were not common in many authorities. Best Value has therefore been successful in instigating a programme of systematic reviews and increased the level and breadth of consultation and comparisons between providers. Most local authority officers and members believed that their authorities' early reviews had taken account of the need to consult with relevant interest groups stakeholders and to compare the performance of alternative providers. But a significant proportion did not believe they had involved rigorous challenge or competition, and there was widespread confusion about what these terms meant in practice. Nonetheless, examples of challenging practices and 'thinking outside the box' were identified in the case studies. The composition of review teams and the existence of high level support for challenging existing approaches were widely seen as important determinants of the rigour of reviews.

Most officers and members believed the recommendations from year 1 reviews had been ambitious but were achievable. Evidence from the case studies suggests however that the kinds of changes were often incremental and rarely involved wholly new approaches to procuring and delivering services.

## Performance management

Performance management systems are perceived to have improved in most authorities since the introduction of the Best Value regime and many officers and members believe that this will lead to improvement in services. These achievements were reflected in the many respondents who reported that their authorities' Best Value performance plans (BVPPs) contained new local performance indicators alongside ambitious targets. However, there was some scepticism about the usefulness of BVPPs as tools for internal management and the summary plans that authorities were required to produce in the first year of the regime as mechanisms by which the public could hold the authority to account.

## External inspection

The baseline survey of authorities showed that there had been major reservations about the operation of Best Value inspection in its first year. Many respondents believed inspection to have been a major driver of improvement in their organisations but a large proportion felt that the added costs involved had outweighed the benefits. These findings were confirmed in the case studies, though there were clear examples where external inspection had served to assist service improvement. These concerns with external inspection reflect the findings of other research published during 2001. (Davis, Downe and Martin, 2001).

## Process outcomes

There was clear evidence that in the first year the Best Value regime had a number of process outcomes. Key findings from the survey and case studies were that:

- Many officers and elected members believed that their authorities already possessed some of the internal characteristics that the Best Value regime is intended to encourage. The case study interviews, conducted after the survey, though not providing systematic evidence, suggest that Best Value is encouraging the types of process outcomes anticipated; and
- Whilst Best Value is a driver for change it is imposing substantial additional burdens and costs on authorities, notably through the new inspection requirements.

The extent to which authorities display the characteristics that the Best Value regime is intended to encourage will only really be clear over the medium term. In particular the on-going research will examine different stakeholders' and different authorities' perceptions of its impacts. At the baseline stage, though, corporate officers were, on the whole, less likely to report that their authority displayed the types of organisational characteristics envisaged to emerge from the regime, whereas service officers saw many of the attributes associated with internal culture, process and strategies as being in place one year after the regime commenced. Districts were less likely to be seen as displaying the organisational attributes the regime seeks to encourage.

## Structure

Best Value is likely to change authorities structures in relation to integration, bureaucracy and centralisation. The baseline data suggest that levels of integration are relatively high, for example joint working, linkages between the objectives of services and the authority as a whole. For levels of bureaucracy and centralisation the picture is mixed. In some authorities reviews have led to increased centralisation, in others they have resulted in decentralisation. On the whole, the baseline data suggests that the regime is seen as having led to an increase in the amount of bureaucracy.

## Culture

The survey results suggest that most respondents believe their authorities to have had many of the cultural characteristics that management theory suggests are necessary to achieve performance improvement even before the introduction of the Best Value regime. Characteristics associated with continuous improvement, innovation and customer-orientation were all highlighted as being present in their authorities by most survey respondents. A willingness to take risks and to trust (between managers and staff and between officers and members), together with high levels of productivity, were though seen as lacking in some authorities. The case studies highlighted resistance to the kinds of changes that the Best Value regime seeks to encourage in some councils.

## Strategy formulation

The baseline survey and case study interviews suggest that most authorities employ a number of different approaches to strategy formulation. The case study

interviews indicated that the Best Value regime is seen by many officers as encouraging a 'rational' approach.

### Strategy content

Many survey respondents and interviewees in the case study authorities believed that their authorities were already open to partnership working but relatively few saw working with the private sector, through externalisation or contracting, as a major part of their authority's approach to service delivery. The Best Value regime does not appear to have influenced perceptions of their authorities' approaches. Interviewees in some case study authorities reported that it had encouraged a greater openness to partnership working but there were few instances of externalisation resulting from Best Value reviews.

### Drivers of improvement

Local managers and central government policies were cited most frequently by baseline survey respondents as the key drivers of performance improvement in their authorities. The Best Value regime was seen as having been the most potent central government policy in driving improvement during 2000/2001. The demands of citizens and users, new technologies and external audit and inspection were also regarded as having been important.

## Performance

The baseline data show that residents, survey respondents and interviewees in case study authorities perceive their councils' performance to be relatively strong in some areas (e.g. value for money, efficiency and quality) and relatively weak in terms of effectiveness, equity and staff satisfaction.

Interviewees in most of the case studies believed that their authorities' performance was improving and some were able to cite changes resulting from reviews that they believed would lead to performance improvement. Many of the improvements anticipated by case study authorities though appeared to be incremental, rather than step changes, and interviewees were divided on whether they could be attributed to the implementation of Best Value processes. We will be able to test the validity of these perceptions once we have longitudinal data that enable us to track performance, internal changes in authorities and the implementation of the Best Value regime over time.

There is evidence of a positive and statistically significant relationship between different consumer satisfaction performance measures (for example, between the BVPI measuring overall satisfaction with the local authority and a number of BVPIs measuring consumer satisfaction at the service level). The data also suggest a strong link between consumer satisfaction BVPIs and staff perceptions of consumer satisfaction at service level. There is not however any strong evidence, at this stage, of a relationship between consumer satisfaction measures and alternative measures of performance (including survey respondents' perceptions of their authorities' performance in terms of value for money, efficiency, equity and success in promoting well-being).

## Conclusions

The findings of this study broadly mirror the experiences of the Best Value pilots in England (see Martin *et al.*, 2001) and the findings of external auditors and inspectors as reported in the Audit Commission (2001) report *Changing Gear*. However, the overall picture emerging from the survey is more positive. Respondents, and in particular the 1,800 service officers, were more optimistic that the Best Value regime was leading to positive change than is suggested by *Changing Gear*. But they were more sceptical about the value of Best Value inspection processes than was suggested by research undertaken during 2001 for the Audit Commission (Audit Commission, 2001).

The differences in the findings reflect the fact that this study involves a much larger sample than the research undertaken by the Audit Commission and included a much wider range of officers and members. However, they could also reflect differences in view between the survey respondents and inspectors about what constitutes significant improvement. Moreover, they may indicate that some authorities believe they will deliver improvements through incremental changes to their existing approaches to service delivery, whilst inspectors set much greater store by new approaches to service delivery.

Overall the baseline evidence from the survey and interviews in case study authorities suggests that senior officers and members believed that:

- Many authorities had effective corporate priorities, processes and performance management systems prior to the introduction of the Best Value regime;

- The regime had, though, provided an added impetus for increased corporate working and councils that are able to operate in a 'corporate' fashion are most likely to have used reviews as a driver for improvement;
- Many reviews were, initially at least, too narrowly focused and took longer than expected to complete;
- Implementation of the four Cs was uneven;
- Recommendations from reviews were seen as ambitious and achievable but rarely included the adoption of wholly new approaches;
- The regime has led to the development of improved performance management at corporate and/or service level;
- There was widespread scepticism about the net value added by Best Value inspection;
- A high proportion of senior officers and members believed that their organisations already possess the internal characteristics that the Best Value regime is intended to encourage;
- Many believed that the Best Value regime was encouraging the kinds of changes in internal culture, structures and processes that it is intended to achieve;
- The Best Value regime was seen as having been a driver for change but had imposed substantial additional costs on authorities;
- Authorities' performance was generally seen as strong in terms of providing value for money, being efficient and offering high quality services;
- Performance was seen as weaker in areas such as effectiveness and equity;
- There was some evidence of tangible improvements in performance and many officers and members expected future improvements – usually involving incremental, rather than step, changes;
- Smaller district councils seem, on the whole, to have found it more difficult to implement Best Value processes; and

- Corporate officers were less optimistic about achievements to date and likely changes in process outcomes and improvement than service officers and elected members.

The next stage of the research will build upon the 'baseline picture' given in this report by examining, over time, the relationship between Best Value processes, process outcomes and local authority performance.

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## Further Information

Copies of this summary and the full report are also available on the ODPM website:

<http://www.local.odpm.gov.uk/research/index.htm>

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