a step in the right direction

lessons from best value performance plans
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What the Plans Show

Best value performance plans (BVPPs) show promising beginnings.

What Local Authorities Think

Producing a BVPP helped authorities to take stock of where they are, and where they want to go.

The Auditors' Views

Auditors found that most authorities had complied with statutory requirements.

Weaknesses and Difficulties

There is variation in the quality of planning and in the readiness of authorities to implement change.

Tackling Weaknesses by Overcoming Barriers

A new regime presents inevitable learning and leadership challenges.

Helping Authorities to Improve – Lessons for All Partners

All best value partners can enable authorities to build on the encouraging start made in year one.
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Preface

Best value provides the greatest challenge to local government service delivery in many years. Best value authorities, and all stakeholders involved in best value, will be judged by whether local services for local people improve year after year. The first best value performance plans (BVPPs) were published in March 2000. Statutory audit reports followed in June 2000, with Welsh audit reports due in October 2000. The plans and audit reports are the first universal evidence of the progress and impact of the best value approach.

This report looks closely at that evidence. It considers best value authorities’ priorities for change, analyses audit opinions and recommendations, and reviews the findings of two independent surveys of authorities’ views on best value performance planning and on the audit. The report identifies the promising beginnings made by many authorities, and the lessons for all stakeholders. The report aims to assist authorities to build on the success of this first year of performance planning. Two briefings – a general summary and one for members, are also available. A Welsh briefing will be published later in the year. Further examples and detail can be found on the Commission’s website, and in the report, Best Value Performance Planning: a Toolkit for Best Value Authorities (Ref. 1).

This report is based on research that has been carried out since the publication of the first performance plans. The study team consisted of Gill Green, Sean Quiggin, Morag MacSween and Coralie Foster from the Commission’s Public Services Research Directorate, under the direction of Peter Thomas.

In preparing this report the Commission also benefited from two advisory seminars, attended by a range of colleagues from central and local government. The Commission is also grateful to the bodies and individuals who gave their time to advise and comment on drafts of this report. As always, responsibility for its content and conclusions rests with the Commission alone.
Introduction

1. Best value has been introduced by the Government with the aim of ensuring a significant improvement in services for the public. It started on 1st April 2000. Everyone involved in best value will be judged by whether local services for local people improve year after year. This report considers the first universal evidence for the progress and impact of the best value approach – the first generation of best value performance plans (BVPPs) and the statutory audit reports that followed. It reviews:

- what BVPPs tell us about local government’s priorities for change, the targets that they are willing to set themselves, and the way in which they intend to review their services;
- what authorities think about BVPPs and planning;
- the messages from, and concerns of, auditors;
- the weaknesses and difficulties of the first year in more detail, and what the best performing authorities can teach those who are struggling; and
- the lessons that all partners can learn, and the contribution that they can make to a second year that builds on the success of the first, while overcoming its obstacles.

The best value agenda

2. Best value has been developed by the DETR and the National Assembly for Wales (NAW) in collaboration with local government, as part of a raft of changes following the white paper Modern Local Government: In Touch with the People (Ref. 2). The Government’s over-arching aims are to ensure a significant improvement in services to the public, to change the way in which elected members operate and to increase public interest and involvement in local government. It hopes to do this by introducing ‘a demanding agenda of change’ (Ref. 2). It wants best value authorities to develop a culture in which:

- continuous improvement is the norm;
- the worst performing authorities reach the performance levels of the best 25 per cent;
- there is a flexible approach to service delivery based on the needs of client groups and communities, and not those of local authority departments or public agencies;
- there is a focus on issues rather than on traditional service boundaries; and
- authorities adopt an approach that, while complying with a rigorous framework set by central government, is implemented imaginatively, embraces innovation and allows for significant local choice (Ref. 3).
3. Best value is linked to other government initiatives, many of which will be introduced in 2000/01: new political leadership structures; the duty to produce a community plan; the power to promote the economic, social and environmental well-being of the local area; changes to the Beacon council scheme; and pilot Public Service Agreements.

4. The DETR and the NAW see best value as providing a performance management framework for local government. The nationally prescribed best value performance indicators (BVPIs), with associated targets and standards, are at the heart of this framework. These indicators are expected to make local government priorities in England closely match key Government priorities, as set out in the national Public Service Agreement between the Treasury and the DETR. In Wales, a similar agreement is being negotiated directly between the National Assembly and Welsh local authorities. Annual BVPPs will report on performance and allow the DETR and NAW to track the speed of improvement. For a limited number of indicators, authorities must set targets that, if achieved, would mean that within five years they would all achieve levels of performance equivalent to the best 25 per cent in an agreed base year – 1997/98 for the first group. The intention is to narrow the range of performance in selected areas and to improve it fastest in those authorities currently achieving least well. In the future, standards will be set as minimum baselines in other areas of performance.

5. The Government requires best value authorities to publish an annual BVPP by 31 March every year. The BVPP includes each authority’s assessment of its past and current performance against national and locally-defined standards and targets, its vision of future priorities and targets for improvement. It must also set out a programme of best value reviews, scrutinising all of the authority’s functions over a period of five years. BVPPs will enable local communities to hold authorities to account for providing best value.

6. This report is based on:
- the plans themselves;
- the views of Commission auditors as expressed in their statutory reports issued to best value authorities in England by 30th June 2000;
- a large, independent survey conducted by MORI, of local government officers’ and members’ views both on best value planning and the audit (Ref. 4); and
- comments made by Commission inspectors – who have visited all authorities to discuss the first year review timetables – individual officers and members, and staff from partner agencies.

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1 Audit reports on Welsh BVPPs will be issued in October 2000. While data from Welsh audit reports is not included in this report, anecdotal evidence indicates that the key messages are common to all best value authorities in England and Wales.
Many of the findings reinforce those of two interim evaluation reports on pilot authorities (Ref. 5). Best value authorities include local councils, national parks, larger parishes, waste disposal authorities, police and fire authorities and passenger transport authorities. This report deals mainly with local authorities, although many of the more general messages are applicable to other best value authorities and the audit findings apply to all.

Chapter 1 outlines what BVPPs reveal about local government’s priorities for change, the targets that they are willing to set themselves, and the way in which they intend to review their services. The plans show the range of ways in which local government is picking up the improvement agenda and integrating it with the political changes demanded by the new Local Government Act (Ref. 6). The best BVPPs and the systems behind them show the potential of the new approach to deliver improved and better connected local services. The best review programmes show how authorities intend to prioritise their efforts and to use review outcomes to improve services.

Chapter 2 sets out authorities’ views on BVPPs and planning. There are many positive messages from authorities. It is clear that there is a lot of enthusiasm among involved officers and members, and that best value planning has a range of significant benefits. Authorities have also found planning difficult, however; and it is not yet done well everywhere. There are concerns from authorities about aspects of the current framework. In particular, there are criticisms about the balance between national prescription and local freedom, about cost and bureaucracy and about some of the nationally set upper quartile targets.

Chapter 3 reviews the messages from, and concerns of, auditors. Seventy-four per cent of English authorities were given an ‘unqualified’ opinion, with a further 20 per cent qualified because they did not meet some aspects of the legal requirements. Only 6 per cent received an ‘adverse’ opinion indicating more significant concerns. Audit reports show that best value planning can be done well and can be combined with existing planning, management and review structures. Auditors expressed concerns, in particular about performance information and performance management, but also about member involvement. There is evidence from auditors (and authorities) that authorities are finding the concepts of challenge and competition difficult.

Chapter 4 analyses the weaknesses and difficulties of year one in more detail, and looks at what the best authorities can teach those who are struggling.
12. Chapter 5 looks at the barriers to improvement that authorities need to overcome if they are to address weaknesses and avoid the distractions that have hampered some authorities in year one. Authorities need to make the best use of their resources to manage reviews and deliver improvements – and they need to persuade staff, managers and members that best value is worth the effort. Some authorities are being side-tracked by avoidable difficulties and are losing sight of improvement, involvement and accountability.

13. If authorities are to make best value work better in year two, they need to learn from year one. They need help to do this. Chapter 6 summarises the challenge for authorities in year two, and looks at the contribution that national partners can make to ensure that year two builds on the success of year one. There are lessons from year one of planning for the Commission, and for the IDeA and Syniad. There are also lessons for Government, principally for the DETR and the NAW. Their actions over the coming years will also help to determine whether or not the best value framework succeeds.

14. The report gives some examples of authorities that have overcome these difficulties. Further examples and detail can be found on the Commission’s website and in the report, *Best Value Performance Planning: a Toolkit for Best Value Authorities* (Ref. 1).
What the Plans Show

Best value performance plans are the first universal evidence of the impact of the best value approach, and show promising beginnings. Targets for 2000/01 indicate a steady overall improvement in many frontline services, with the worst performing authorities aiming to improve more quickly. Authorities have balanced a number of competing priorities in their five-year review programmes, but some programmes may not be imaginative enough to address the big issues or deliver significant improvement.
The first generation of BVPPs were produced by the end of March 2000. They are the first universal evidence for the progress and impact of best value. What do they reveal about authorities’ priorities for change, the targets that they are willing to set themselves, and the way in which they intend to review their services?

Authorities were required to include in their plans specified performance indicators covering corporate health and cost, quality and outcome measures for services. Other than for new indicators, they were also required to give estimates for performance in 1999/2000 and targets for 2000/01, providing a baseline against which future performance can be measured. An analysis of these estimates and targets gives an indication of how quickly authorities believe that they can improve. Plans also include a five-year programme setting out when, and in what combinations, authorities intend to review their current functions. These programmes should reflect national and local priorities, with earlier reviews expected for the weakest services.

The Commission looked at improvement predicted in best value performance indicators (BVPIs) where information is available on performance against Audit Commission performance indicators (ACPIs) in 1998/99. Estimates for 1999/2000 and targets for 2000/01 in many frontline services assume an overall improvement, with slightly faster improvement promised by those authorities currently performing least well [EXHIBIT 1, overleaf]. Auditors’ reports express concerns about the accuracy and achievability of all targets in some authorities, but the plans show that it is the authorities in the bottom quartile that set themselves the more stretching targets.

The fastest levels of improvement are shown in indicators for relatively discrete processes where a small amount of concentrated effort can deliver improvements quickly, for example, improvement in the time taken to produce statements of special educational need [EXHIBIT 2, overleaf]. This is consistent with the Commission’s experience of past indicators [Ref. 7].
Estimates and targets for key best value performance indicators (BVPIs)

Four indicators are shown covering services that represent both general efficiency (council tax and business rates collection) and important frontline services (housing repairs and equipment for people with disabilities). Estimates for 1999/2000 and targets for 2000/01 in many frontline services show a steady overall improvement, with a slightly faster improvement promised by those authorities currently performing least well.

Source: Audit Commission
Comparing the ‘process’ targets set by lower quartile authorities with those set by all authorities

The fastest levels of improvement are shown in indicators that reflect relatively discrete processes where a concentrated effort can deliver improvements quickly.

Source: Audit Commission

Concerns about the targets

19. Some authorities are concerned about statutory top quartile targets and they have outlined their concerns to auditors, to the Commission and in their plans. Some authorities are concerned that setting a target at the level required means setting an unrealistic target; others worry that such targets could only be achieved by a quality/cost trade off that would be unacceptable to members. An example of the first concern is collecting council tax in deprived areas; there is a link between overall poverty, population mobility and debt collection found across all agencies. An example of conflict between service quality and a ‘best quartile’ cost target is in refuse collection costs, where a second refuse collection each week may be seen locally as critical to quality, especially in high-density, urban areas.
20. Top quartile targets are a statutory requirement; where top quartile targets are not set, a defensible explanation must be given. Some authorities have not set top quartile targets because they believe that there are strong local arguments for different targets. Other authorities appear to be responding to this issue by reviewing early those services most in need of improvement, and using the review process to set targets that are both credible and rigorous. Concerns around statutory top quartile targets are important. If they are not addressed they could undermine general acceptance of the performance framework and the value of comparisons and targets.

21. Authorities currently have an annual opportunity to comment on all targets and indicators, and the DETR and the NAW are consulting on these prior to specifying them for the following year. The DETR has already recognised the problems around refuse collection and recycling costs, and proposes to remove the requirement to set a top quartile target here. The NAW has set fewer such targets. A willingness to review upper quartile targets that cause concern would be welcomed by authorities.

22. Authorities have had to set out in their plans a five-year programme to review all of their functions. The Commission reviewed their proposals for the first two years. Overall, the first two years show that local government has balanced a number of competing and, in some cases, contradictory pressures on what to do, when. Programmes focus on functions that reflect Government priorities, especially where these mean that change is needed anyway. Services with large budgets under pressure are also clear targets for scrutiny, as these are important areas in which to look for efficiency gains. Authorities were expected to review weaker services earlier, and they have often highlighted weaknesses as a reason for service selection. Where a service is currently under contract, the end dates of existing contracts have often determined when reviews will be held. Finally, authorities have tried to reflect local people’s concerns and local political priorities.¹

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¹ It is not always possible to identify the number of individual reviews that each authority intends to carry out from plan descriptions; it is easier to identify areas that will be reviewed, either alone or with other services. The exhibits that follow are based on this information. However, because authorities have selected their own review packages, titles and descriptions, the figures given are only broad guides. The Commission has been told by its inspectors and by some authorities that they are already amending their early review programmes.
Government priorities

23. Where the government has already required authorities to concentrate on change, or has passed new legislation that will require change, this has been reflected in review programmes [EXHIBIT 3]. In social services, authorities have been asked to concentrate on improving support for looked after children and to look at better government for older people and better services for vulnerable people. Many education reviews reflect the influence of education development plans and Fair Funding. The most popular theme for a cross-cutting review is community safety, where councils have recently been required to set up crime reduction partnerships. There are also Early Years reviews and regeneration reviews linked to existing partnership work. The imminence of the Local Government Act 2000 (Ref. 6) has led to many early reviews of committee services and support to members. These reviews often look at the changes needed by the new constitutions that all authorities will be debating, consulting on and, in some cases, adopting in the next 12 months.

EXHIBIT 3
Reviews that are linked to Government requirements and the impact of legislation

Where the Government has already required authorities to concentrate on change, or has passed new legislation that will require change, this has been reflected in review programmes.

Source: All English authorities best value review programmes for years one and two, as shown in their published BVPPs. Relevant authorities are those with responsibility for the service in question.
What are the most common reviews?

24. The influence of Government priorities is less evident in housing, environmental services, central support services (other than committee and member support) and leisure. Early housing reviews frequently cover homelessness, advice and allocations services – key for those in need of help with housing [EXHIBIT 4]. Where authorities still own and manage housing stock, reviews covering repairs, an area of tenant concern and significant expenditure, are common. A substantial minority are reviewing sheltered housing in the first two years, and private sector grants are also a common theme.

EXHIBIT 4

Popular review topics in housing

Reviews cover homelessness, advice and allocations services – key for those in need of help with housing. Where authorities still own and manage housing stock, reviews covering repairs, an area of tenant concern and significant expenditure, are common.

Source: All English authorities best value review programmes for years one and two as shown in their published BVPPs. Relevant authorities are those with responsibility for the service in question. The baseline for council house repairs, broad reviews of council housing and sheltered housing excludes all authorities that had transferred all of their stock before April 2000.
The views of local people come through most strongly in environmental services. During the summer of 1999, the Commission asked MORI to look at the services that most influenced the public’s perception of their local authorities, the services they actually used, why individuals were likely to contact the council and whether they wanted to become more involved locally (Ref. 8). Overall satisfaction with a council was found to be strongly influenced by services most visible to local people – especially refuse collection, street cleaning and the state of roads and pavements. Public interest is linked to use; parks are the most used leisure facility, for example, and poorly maintained parks are a very visible cause of concern. Visible environmental services – especially refuse collection, waste disposal and street cleaning – are a high priority for review in many areas [EXHIBIT 5]. Reported results of local consultation on priorities for review show similar concerns, and are reflected in programmes – although contract end dates have sometimes delayed these reviews.

In addition to these environmental issues, development control and building control are especially common in district council reviews, with 40 per cent of all districts reviewing one or both of these topics in the first two years.

Leisure service reviews are numerous but varied, reflecting the diversity of current provision. In central support services, there are no particular patterns emerging about priorities, but this is an area where there is a high percentage of small reviews.

EXHIBIT 5
Percentage of authorities planning to review certain environmental services in years one and two
Visible environmental services – especially refuse collection, street cleaning, waste disposal and recycling – are a high priority for review in many areas.

Source: All English authorities best value review programmes for years one and two as shown in their published BVPPs. Relevant authorities are those with responsibility for the service in question.
How focused are programmes of reviews?

28. Some authorities are planning a large number of small unconnected reviews. The requirement to review all services over a five-year period need not inevitably lead to this approach. Many programmes achieve a balance between single service reviews and more challenging combinations of services. The best authorities shaped their programme with a simple vision and a limited number of priorities. They often expressed straightforward aspirations about outcomes, such as ‘a more pleasant outside environment’. One common example of a different approach is authorities that have brought together access and customer contact services; public relations, telephonists and receptionists, information services, general customer care and issues of physical – and other forms – of accessibility for groups. A lot of authorities are doing small reviews of only one or more of these different elements across several years. Conversely, others have grouped such reviews; this seems more likely to lead to greater opportunities for creative thinking, innovation, improved access, savings or the redirection of resources.

29. Given the time and effort involved in reviewing, smaller and isolated reviews are unlikely to be particularly cost effective or able to deliver significant improvements or savings for reinvestment elsewhere. A similar review effort is not needed for every service. Authorities need to bear in mind the cost and public impact of any service area, and identify as quickly as possible those areas most likely to merit a more in-depth review. A ‘one size fits all’ review approach should be avoided. For whole services, groups of services or major themes, a review that highlights key overall strengths and weaknesses would allow authorities both to meet the requirement to review all of their functions and to focus their efforts on the areas where performance is worst, or where there is potential for significant improvement.

Cross-cutting reviews

30. The Government believes that important service improvements are likely to be found from ‘cross-cutting’ reviews that look outside and across traditional service and agency boundaries.

31. Authorities have taken different approaches to the idea of a ‘cross-cutting’ review. As well as user-based approaches, some have adopted general themes such as community safety or access to services. Others have selected cross-departmental topics like reception arrangements. Few are tackling many general themes in their early years. Pilot authorities that tried thematic and cross-cutting reviews found that they required considerable thought and organisation, so this lack of general themes is not surprising. It is disappointing, however, that some areas are not being widely addressed. For example, there are few reviews of race issues, despite the implications of the Lawrence inquiry and the subsequent Macpherson report (Ref. 9). Learning what makes an effective
cross-cutting review, including such reviews in programmes, and planning joint reviews with partner agencies will be important for future years.

32. Cost savings are perhaps most likely to follow from reviews of major budget areas, like older people’s services, or from ‘packaging’ associated service areas. There are, for example, a number of ‘street scene’ cross-cutting review packages, linking services such as street cleaning, street lighting, waste disposal, refuse collection, highways maintenance and aspects of planning and building control. Adopting a user perspective is another way of looking for significant improvement. The most common user perspective adopted to date is that of older people.

**In-house contracts**

33. The influence of contract end dates on review timetables has already been mentioned. Some authorities may need to rethink their timetables. Where contracts are with external providers, authorities need to ensure that they have time to review the kind of service that they want well before they start preparing service specifications and reletting contracts, especially as a fundamental review might conclude that a very different pattern of services is preferable. This will mean starting some reviews earlier. Where the existing provider is an in-house service, authorities need not wait. In-house agreements are not contracts and can be reviewed at any time.

**Working with partners**

34. Some authorities have a large number of jointly planned reviews in the year one. For example, Lincolnshire is working closely with their health authority and district councils. However, most programmes have been developed mainly, if not solely, on the basis of an authority’s own priorities and requirements. Authorities now know what their neighbours’ plans are. They also have a new role: community planning. This may mean revising the content and timing of some reviews to take account of the plans and priorities of other authorities, agencies or partners, to create opportunities for more significant improvements, and to benefit from economies of scale.
What Local Authorities Think

The Commission asked MORI to conduct an independent and confidential survey of 50 local authorities. Most said that they had found the first year of best value planning difficult, but useful. Producing a BVPP helped authorities to take stock of where they are, and where they want to go. Most authorities were satisfied with the audit process, and with their auditor’s performance. Authorities also identified a number of changes that they would like to see in year two.
There are some clear and encouraging messages coming from the review of the BVPPs themselves. But what lies behind these messages? Are authorities committed to best value and keen to make it work? What do they think worked well? What did they find difficult? What do they think of the statutory framework? Would they like to see changes next year?

The Commission asked MORI to conduct an independent and confidential survey of 50 local authorities. MORI interviewed chief executives, best value officers, officers in service departments and a selection of leading members. Senior Commission staff also visited 22 authorities in May 2000 to discuss a range of issues with council officers and members. The MORI survey includes views on the Commission and its auditors, and this was supplemented by a specific telephone questionnaire with chief executives and best value officers about best value audits in 60 authorities, including police, fire and waste authorities.

Most said that they found the first year of best value planning difficult – but they also found it useful and believed that it had already led to positive changes locally. The majority said that they would do something similar again, even if they did not have to. There was no serious difference of view according to the political makeup of authorities, but both officers and members in smaller district councils were least convinced of the usefulness of planning and least likely to believe that it had led to positive change.

Authorities found that producing a BVPP has helped them to take stock of where they are and where they want to go. It highlighted gaps in existing performance information systems, and showed where these systems needed development. Best value planning requirements demonstrated, for some authorities, the need for a corporate framework.

Best value co-ordinators, in particular, felt that the process has triggered organisational and cultural change. Authorities also acknowledged that the rigorous nature of the process has ensured that weaker, as well as stronger, performing areas within a council are identified, and that the consultation required has increased the extent to which the public’s views and priorities are identified.

Evidence from the English and Welsh pilot authorities, and from discussions with authority officers, also shows that there are already some positive changes on the ground. A recent IDEIA survey asked authority best value co-ordinators to comment on what effect they thought best value had had to date. The overall response was positive, especially on the key issues of service quality, user satisfaction and innovation in service delivery (Ref. 10).
Although the overall message from the MORI survey is positive, it also contained criticisms and concerns similar to those made by authority officers and members in other discussions. Chief executives expressed mixed views. While best value is welcomed overall, there are criticisms around late guidance, the specificity of guidance, a perceived lack of clarity and the timing of BVPP publication. Criticisms are reflected in comments made by authorities when asked what they would do differently if they had the choice. There are also criticisms and comments about the Commission and its auditors.

EXHIBIT 6
What authorities found most useful about best value performance planning
Authorities have found that producing a BVPP helped them to take stock of where they are and where they want to go.

Source: MORI poll for Audit Commission; top five choices only selected from a longer list.
BOX A

What chief executives said about best value

- ‘It focused us on customer service.’
- ‘It focused our minds on the performance of the council.’
- ‘It's hard to write a report that’s simple and written in plain English and to write one that is as comprehensive as the guidelines suggest.’
- ‘The difficulty in getting elected members to appreciate its importance.’
- ‘Of the 20,000 copies circulated to the community, we only received 12 responses to the plan.’
- ‘The guidelines ... should be less directive – we would like to be able to tailor the plan to meet our own and the public’s requirements.’
- ‘It is an intensive piece of work done at a time of year that we would not have chosen.’
- ‘We would produce a shorter document, sharper in its focus.’
- ‘Joint reviews are a more rational approach.’
- ‘Make sure the BVPP process is integrated with our long-term strategic plan and our medium-term financial plan.’
- ‘We would like to involve all staff more.’

Source: MORI poll for the Audit Commission
Members’ views on best value performance planning

41. Authority members, as well as officers, say that the plans help them to focus on corporate priorities and strategic choices. Best value planning provides an opportunity to involve members more directly in planning, review and community consultation, and therefore helps them to set priorities for their council that reflect local needs. Unfortunately, councillors are not always involved in the consultation aspect of best value planning. The usefulness of best value planning in focusing attention on weaker services is highlighted by councillors who responded to the MORI survey [BOX B]. As BVPPs are required to include performance data alongside summary information on services, they can help members to monitor performance and to ask questions. Overall, members and officers have an equally high regard for the usefulness of BVPPs. They consider the BVPP as being primarily for the authority – chief officers, members and service managers. Officers, by contrast, said that the auditor and the DETR are the principal audiences, although the majority agree that it is also for members, and officers. The summary is seen as being primarily for the public.

BOX B

Members’ views on the benefits of best value planning

Members felt that the plans:
• identified stronger and weaker services;
• brought performance data together and/or forced a review of existing data;
• made managers focus on concrete outputs; and
• helped to define members’ roles in best value.

But there were criticisms, especially that:
• the plans did not always generate useful new information or ideas.

Source: MORI poll for Audit Commission
What needs to be changed?

Criticisms of best value performance planning, in general, fall into three broad, but linked, areas:

1. The balance of costs and benefits.
2. The prescriptive and bureaucratic nature of the system.
3. The associated emphasis on national priorities and central Government concerns and views at the expense of local priorities and expertise.

There are also specific criticisms of year one – many were concerned about what they saw as delays in guidance and an associated lack of clarity, especially around performance information. Authorities would like to see a number of changes from the DETR and the Audit Commission next year [EXHIBIT 7]. Chapter 6 describes how the Commission, the DETR and the NAW are responding to these points of concern.

EXHIBIT 7

The changes that authorities would most like from the DETR and the Audit Commission

The four most popular changes reflect concerns about inflexibility, bureaucracy and centralism.

Source: MORI poll for the Audit Commission. Figures based on the 72 per cent of authorities who wanted change to the DETR role, and the 75 per cent who wanted changes to the Commission’s role
Specific consultation on performance indicators showed that 60 per cent of authorities disliked having two separate sets of indicators. The MORI poll also asked authorities whether they would carry out a similar planning exercise next year if the requirement to produce BVPPs was removed; 87 per cent said that they would, including all those who had found best value useful and some who had not; but 90 per cent of these authorities suggested that they would change the approach to:

- give greater emphasis on the local situation/more local PIs;
- communicate differently/more effectively to the public and others;
- make the BVPP more meaningful/outcome focused; and
- make it shorter.

Some authorities directly criticise best value. Most broadly welcome the regime, but would amend it if they had the choice. However, both groups would like to see similar changes in year two.

A second survey carried out by MORI asked a random sample of 59 local authorities for their views on both the process and the usefulness of the audit work. Of these, 81 per cent were satisfied with the process, and 93 per cent were satisfied with their auditor’s performance. However, 10 per cent were dissatisfied with the practicality of their auditor’s advice, and 7 per cent were unhappy with the timeliness of their auditor’s advice and/or reports. Overall, authorities were satisfied with the way in which the audit was carried out [EXHIBIT 8, overleaf]. They also felt that the auditors had helped them to address some of their concerns, for example, complying with statutory guidance and improving systems for collecting performance indicators and setting targets. However, the areas authorities said that they found most difficult were not those where the audit was most helpful, or those where auditors necessarily have a role to play [EXHIBIT 9, overleaf].
EXHIBIT 8

**Officer views on the audit**

Overall, authorities were reasonably satisfied with the way in which the audit was carried out.

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Neither</td>
<td>9%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>5%</td>
</tr>
<tr>
<td>Fairly satisfied</td>
<td>49%</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>37%</td>
</tr>
</tbody>
</table>

- **Good co-operation between auditor and authority**: 31%
- **Auditors did a good, thorough job**: 22%
- **Positive feedback following the BVPP audit**: 14%
- **Helped to interpret the guidelines**: 10%
- **Process confirmed that the BVPP is good**: 10%
- **Report was fair/well balanced**: 6%
- **It was seen as a learning process**: 6%

*Source: MORI poll for the Audit Commission*
EXHIBIT 9
How far the audit helped authorities with specific concerns
The areas that authorities said that they had found most difficult were not those where the audit was most helpful.

Source: MORI poll for the Audit Commission
What changes would they like to see made?

47. Some authorities were dissatisfied with their auditor’s approach and fed their views back both during meetings with Commission staff and, more widely, in the local government specialist press. This was reflected in the MORI survey, with three-quarters of authorities wanting changes to the way in which the Commission approaches best value. Their concerns included the cost of the audit, inconsistent approaches by individual auditors, too much concentration on process, and late or confusing guidance sometimes received via auditors, especially around performance indicators. Similar concerns were repeated when authorities were asked for specific changes that would, in their view, improve the value for money of their audit [EXHIBIT 10]. Chapter 6 describes how the Commission is responding to these points of concern.

EXHIBIT 10
Chief executives were asked what would most improve the value of the audit process to their authority? (The top eight of all responses)
The key changes to the audit process that authorities would like were a reduction in fees, clearer guidance, more local consultation on the BVPP process and a better understanding of local circumstances.

<table>
<thead>
<tr>
<th>Change in Audit Process</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Reduce the fee/keep track of costs</td>
<td>14%</td>
</tr>
<tr>
<td>Give clearer/more detailed guidance</td>
<td>14%</td>
</tr>
<tr>
<td>Consult/involve local authorities more in determining the BVPP process</td>
<td>14%</td>
</tr>
<tr>
<td>Understand local circumstances</td>
<td>10%</td>
</tr>
<tr>
<td>Provide examples of good practice</td>
<td>8%</td>
</tr>
<tr>
<td>Alter the timetable</td>
<td>8%</td>
</tr>
<tr>
<td>Auditors should be better informed of requirements</td>
<td>8%</td>
</tr>
<tr>
<td>Improve dialogue between the auditor and the authority</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: MORI poll for the Audit Commission
The Auditors’ Views

Auditors found that most authorities had complied with statutory requirements. Seventy-four per cent of English best value authorities were given an ‘unqualified’ audit opinion; 20 per cent were qualified because they did not meet some aspect of the legal requirements. Auditors had more significant concerns about failures to meet statutory requirements in only 6 per cent of best value authorities. One authority was referred to the Commission for an inspection.
48. Auditors were required to issue a statutory report on BVPPs to all best value authorities in England by June 30th, with Welsh local authority reports due in October. The statutory report contains:

- an opinion on whether the plan was prepared and published in accordance with statutory requirements, together with any recommendations on amendments that may be required; and
- recommendations on what the legislation describes as, ‘procedures followed in relation to the plan’, including whether or not the Commission should carry out a best value inspection of the authority and if the Secretary of State or the NAW should give a direction.

49. In addition, auditors are required to give their authorities a longer report or presentation with details of their findings and suggestions. Authorities have to respond in writing to auditors’ recommendations for action within 30 days of receiving the report, and auditors will, where appropriate, review the action taken in next year’s audit work.

50. What did auditors find? Did authorities comply with statutory requirements – what were the common problems that led to qualification? More importantly, perhaps, what do the detailed findings of auditors tell us about the readiness of authorities to deliver best value? What are the weaknesses and problems that authorities need to address if they are to improve in year two?

51. Of all best value authorities (excluding Welsh local authorities), 1 74 per cent were given an ‘unqualified’ opinion; 20 per cent were qualified because they did not meet some aspect of the legal requirements. Only 6 per cent received an ‘adverse’ opinion, which means that their auditors had more significant concerns about failures to meet statutory requirements [EXHIBIT 11, overleaf]. The main concerns were:

- significantly late or inadequately distributed summary plans; and
- the omission of required performance indicators and targets.

52. Police and fire authorities received qualified opinions more often than other authorities [EXHIBIT 12, overleaf]. London boroughs were qualified less often than other principal local authorities. Auditors and authorities have suggested that late guidance, and, in some cases, a lack of clarity in the guidance, caused problems, especially on performance indicators.

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1 A separate briefing will be published in November to include the Welsh audit results.
Reasons for audit qualifications

Problems with performance indicators and summary plans were the main reasons for qualification.

Source: Audit Commission
Qualifications by type of best value authority (excluding Welsh local authorities)

Police and fire authorities were qualified more often than other authorities.

Source: Audit Commission

53. Fire and police authorities had particular problems with the distribution of summaries. Again, this point is reflected in authorities’ views; many police and fire authorities complained about a lack of clarity between guidance given by the DETR, the Home Office and auditors on summaries.

54. Audit reports represent an individual auditor’s professional judgement, and the auditor will consider specific local information and circumstances when coming to that opinion. However, the auditor has specific statutory responsibilities and must consider the authority’s compliance with statutory requirements. The balance between locally informed judgement, statutory requirements and consistency between authorities is not straightforward. The Commission set up a consistency panel to act as a moderator; the panel reviewed the 42 per cent of all draft reports where auditors thought it possible that they would qualify an opinion, and suggested appropriate changes. The Commission hopes that the lessons learnt from the panel will help auditors to achieve this balance next year.
Many of the issues that caused difficulties in year one should be less of a problem in 2001/02. The Home Office is reviewing the existing guidance for police and fire authorities, with a view to issuing any clarification it feels is necessary; clarification should deal, in particular, with confusion over the publication of summaries. Guidance on BVPIs was issued in draft form in September. In December, final guidance will be issued and, as there are few new proposals, the problem of late guidance should be minimised. The proposal to remove the top quartile target for refuse collection costs noted earlier will help auditors, as well as authorities.

Only one authority was referred to the Commission for an inspection because of concerns about its corporate management arrangements. For all other authorities, auditors made recommendations for improvement and change. These recommendations are as, if not more, important than the formal opinion, since they may comment on authorities’ readiness and ability to deliver improved services and to implement successful reviews [EXHIBIT 13]. Recommendations frequently mirror authorities’ own concerns.

Chapter 4 looks further at weaknesses and concerns identified by auditors, along with other problems and difficulties identified by authorities themselves. Chapter 5 identifies some practical steps that authorities can take to tackle barriers and distractions that make it difficult to address weaknesses – drawing on good practice and the experience of others.

### Statutory reports: recommendations

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Chapter 4 looks further at weaknesses and concerns identified by auditors, along with other problems and difficulties identified by authorities themselves. Chapter 5 identifies some practical steps that authorities can take to tackle barriers and distractions that make it difficult to address weaknesses – drawing on good practice and the experience of others.

#### EXHIBIT 13

**Areas where concerns were expressed and improvements recommended by auditors**

The most common concerns were about the performance management capability of the authority, and best value review programmes.

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**Source:** Audit Commission analysis of all statutory audit reports, England

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**RECOMMENDATION**

- Service selection
- Comparison
- Challenge
- Consultation
- Performance information systems
- Competition
- Managing best value reviews
- Performance management

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**Percentage of all reports where recommendation was made**

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**32**
Weaknesses and Difficulties

The positive overall picture of the first year of best value planning reflects the hard work of many authorities. There is, however, variation in the quality of BVPPs and in the readiness of authorities to implement change. Authorities and auditors identified broadly similar problems. Authorities need to address weaknesses in performance information and performance management, and should increase member involvement and ensure that they are able to move from planning to delivery.
The positive overall picture of the first year of best value planning reflects the hard work of many authorities. It also shows the importance of the broad, but relatively rigorous, guidance and associated audit and inspection regime that the Government has introduced. Many authorities were not carrying out a similar annual stock take before the duty to produce a BVPP was imposed, although they could have done so. A number of effective authorities have had annual review and planning systems for some time and could have been used as models by their peers, but it took compulsion to make all authorities review their position. A number of authorities have also commented that the expectation of inspection is important in focusing the authority on reviews.

The statutory regime has promoted change in authorities; but there is huge variation in quality between the BVPPs, and between the readiness of authorities to implement effective change as a result of their plans. The findings in Chapters 2 and 3 show that there is broad agreement between authorities themselves and auditors about many of the areas of weakness. In addition to the overarching issues of leadership and changing culture, particular problems include:

- performance information;
- managing performance;
- involving members;
- aspects of consultation, challenge and procurement;
- the need to be clearer about who different documents are for, and what they are expected to achieve; and
- the need to retain a focus on better service delivery in the midst of planning.

This chapter explores the nature of these problems and asks how important they are.

In a significant number of councils performance information systems need to be improved. This was highlighted in the MORI survey as well as by auditors. Some existing systems could not provide half year estimates, even for indicators that had remained unchanged for several years, showing that authorities were not all using existing systems to help them to monitor and manage performance during the year. The weaknesses in some performance information systems cast doubts on the reliability of some of the individual estimates and targets reported by authorities. While some authorities have given a reasoned explanation of how they will get from where they were last year to where they wish to be in two years time, others have put in targets that show significant change, but with no explanation of how that change will be achieved.
61. There is evidence in BVPPs that a few authorities have misunderstood the principle of target setting and, indeed, the targets themselves. For example, it is clearly better to have a lower number of missed bins during refuse collection, or to have a relatively lower cost per council tax collection – authorities should be seeking to move towards the lowest quartile in such cases. Some authorities’ targets suggest, with no explanation, a move towards a worse and more expensive service. This is probably the result of a misunderstanding of the indicator. Many authorities included targets for 2001/02 only, failing to set five year targets. This omission makes it difficult to evaluate their intention to improve over time to the level of performance of the top 25 per cent of authorities.

62. Badly presented indicators are difficult for local people to use. Poor presentation is unnecessary; there are many good examples to follow. Some authorities used local performance indicators to complement national data. A number of authorities demonstrated imagination in presenting good and poor performance ‘at a glance’ with graphics, and some authorities used ‘comments’ columns to clarify and contextualise performance, and to explain how targets would be met [BOX C].

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**BOX C**

**Comparing performance (where possible)**

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<tbody>
<tr>
<td>Percentage of council tax which should have been received in the year that was received</td>
<td>25%</td>
<td>25%</td>
<td>➔ 25%</td>
<td>➔ 25%</td>
<td>➔ 25%</td>
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<tr>
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<td>➔ 25%</td>
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<td>25%</td>
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</tbody>
</table>

**Percentage of business rates which should have been received in the year that was received**

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<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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</table>

*Source: Rushcliffe BVPP*
Managing performance

63. Performance management was the second major area of weakness identified by authorities and auditors. It is key to delivering improvements. Reports by the Commission and Social Services’ Inspectorate joint review teams regularly link effective performance management with good services.

64. Concerns about performance management were reinforced by local work carried out during the audit. For example, 30 midlands authorities participated in a local survey that showed that many officers in service departments were concerned about their authority’s failure to link corporate objectives to service goals, and about a lack of clear thinking relating to the skills and resources needed to implement plans. In the majority of authorities surveyed, fewer than one-half of the staff considered that a systematic approach was taken to reviewing action – so authorities were not taking time to reflect and learn what works. Monitoring was felt to focus on inputs rather than outcomes. One-quarter of chief executives interviewed by MORI clearly recognised this weakness and specifically mentioned a wish to make next year’s plan more outcome/achievement focused.

65. In the publication, Seeing is Believing (Ref. 11), the Commission explained how inspectors would assess authority services in two ways; how good those services were, and whether they were likely to improve. Field trials for inspections showed that the capacity to implement improvement is often weak. When asked, officers could not always explain how they intended to make their proposed improvements happen.

66. The extent of the problem varies between authorities and depends on their starting point and capacities. Where an authority does not yet have a performance management culture it takes time to introduce one. An effective performance management system should involve members in monitoring, scrutinising and challenging performance. Introducing such changes will not be easy where members have not previously seen this as their role, particularly in a year when much of their attention may be concentrated on agreeing a new local constitution as a result of the Local Government Act 2000 (Ref. 6).

Are members fully engaged?

67. A third weakness identified by auditors, and by a significant minority of authorities, involves the extent to which members have been involved in best value. One authority’s auditor noted that ‘...the extent to which individual Members have been involved in best value reviews has varied greatly. Members should provide the strategic and policy input to best value service reviews throughout the review process’. One police authority auditor commented that, ‘the development of a formal programme of Best Value training for Members remains an issue which the Authority must address with some urgency’.

36
68. If members are not fully involved, they are more likely to make decisions on priorities and budgets that do not match those identified as priorities in BVPPs. Equally, members who are not engaged in challenging services through reviews may decide to scrutinise areas that have just had, or are about to have, a best value review. This could duplicate work and waste resources. There are already examples of pilot reviews where the conclusions did not receive sufficient political support to be approved.

A self-reporting IDeA survey in 1999 showed that most authorities have involved members in selecting review priorities and agreeing plans. A more recent IDeA survey in the spring of 2000 showed that most authorities are now seeking to involve members in the review process itself, and that 75 per cent are satisfied with current arrangements for the political oversight of best value (Ref. 12). Nevertheless, a number of respondents in the IDeA survey remain concerned that members are not yet fully engaged with best value, despite the mechanisms set up to involve them. The MORI poll undertaken by the Commission confirmed this concern. This survey also showed that authorities have not necessarily engaged members fully at other critical points, especially in consultation. This is surprising, given members’ representative and leadership role [EXHIBIT 14]. (MORI interviewed leading members; ‘backbench’ members are probably even less involved.) Overall, 60 per cent of members considered greater involvement was necessary for year two, and, when officers were asked if they had had difficulty in involving any groups, one-third of those who responded mentioned members.

### EXHIBIT 14

**Member involvement in best value**

Most authorities have involved members in selecting review priorities and agreeing plans but they have not necessarily engaged members fully at other critical points, especially in consultation.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage where interviewee or other members of their party were involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpreting guidance</td>
<td></td>
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<tr>
<td>Defining the role of the centre in relation to service areas</td>
<td></td>
</tr>
<tr>
<td>Drawing service boundaries</td>
<td></td>
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<tr>
<td>Consulting the public/other groups</td>
<td></td>
</tr>
<tr>
<td>Reconciling different statutory planning systems with the BVPP</td>
<td></td>
</tr>
<tr>
<td>Publicising the BVPP</td>
<td></td>
</tr>
<tr>
<td>Agreeing an efficiency statement</td>
<td></td>
</tr>
<tr>
<td>Agreeing an approach to competition</td>
<td></td>
</tr>
<tr>
<td>Agreeing the BVPP</td>
<td></td>
</tr>
<tr>
<td>Agreeing the review programme</td>
<td></td>
</tr>
</tbody>
</table>

Source: MORI poll for the Audit Commission
69. Officers in smaller district and county councils had the greatest concerns about a lack of member involvement. Auditors have also commented on this as a particular problem for the 41 parishes currently subject to best value. However, auditors have also noted complaints from members that officers do not provide useful information, and from officers that members are demanding more data. Both complaints indicate a lack of clarity about members’ roles in monitoring and review.

70. The need to improve consultation was raised in the auditors’ recommendations at 40 per cent of authorities. Deciding how to approach consultation is not straightforward. Best value does not provide an easy answer to potential conflicts between what existing service users say they want, when asked, and what may be a higher priority for the authority for a wider range of users in the future. A change in the way a service is presented, or the closure of a service outlet – be it a library or a sheltered housing block – is usually unpopular with those currently benefiting from its current location. Opposition may remain even where the proposed change is arrived at after an exhaustive best value review. Many authorities have developed new ways of involving the public, especially in prioritising services for review. Consultation statements in plans show a particular growth in citizen panels. The role of members in balancing conflicting demands is crucial, but experience from the pilot authorities indicates that where corporate aims and objectives were unclear or absent, it was particularly difficult to assess and prioritise the results of public consultation.

71. Consultation required as part of best value planning should be integrated into a general approach that makes relevant consultation with the public, service users and staff automatic, and ensures that the results of any consultation exercise are as widely used as possible. Some authorities already have a systematic approach. For example, Telford and Wrekin publishes a compilation of consultation exercises annually, while Kensington and Chelsea has a corporate approach to consultation clearly explained for officers in their guidance manual. Recognising the role that trade unions and staff play in improving services is also important. Equally important is learning from consultation and being open about the results. Lewisham council highlight in their BVPP what they had learned about consultation on pilot reviews, as well as what the public said when consulted. They also noted where the results of consultation had affected decisions. One conclusion was that the council would concentrate more in future on particular areas, rather than just consult on broad issues.
Two other aspects of the regime that chief executives said they were finding especially difficult were effective challenge and competition, especially around procurement. Auditors also expressed concerns about challenge and competition, and recommended that:

- challenge and competition should be applied consistently and rigorously across all service reviews;

- authorities should have procurement strategies that give detailed guidance on assessing the competitiveness of services, and outline options for market testing; and

- authorities should develop formal systems to respond to the findings of both internal and external challenge, to develop action plans from those findings, and to monitor implementation.

In this first year, BVPPs are, of course, statements of intent rather than accounts of delivery. Evidence that challenge and competition are central elements of authorities’ approach to best value will emerge during best value reviews and inspection. After the first year of inspection the Commission will be better placed to comment on how well authorities are responding to the requirements of challenge and competition. Further support, perhaps from the IDeA, in developing a strategic approach to challenge and procurement would be valued by authorities.
Lack of clarity about who the BVPP is being written for can lead to wasted effort. Clarity within authorities about who they are principally writing for, and what the document is intended to do, is important. The MORI poll showed that different authorities, and sometimes individuals in the same authorities, had different ideas about who the plans were for. Although the plan is a document that should be written in a style that is accessible to local people, they are not the only audience; the average member of the public does not have to be the target audience, given the requirement for, and existence of, summaries. Summary plans, the one or more documents that represent the full plan and the associated methods of communicating messages, like an authority website, can be used to address different audiences [EXHIBIT 15].

EXHIBIT 15
Fitting plans together and deciding who each document is principally for
Clarity within authorities about who they are principally writing for in summary plans, and the documents or documents that represent the full plan, would help writers to address audiences appropriately.

Source: Audit Commission
Reading many year one documents and reviewing websites showed that, to date, many BVPPs and summaries are not clearly targeted and have made less impact as a result. Designing and writing BVPPs that address different audiences can be done. A review of authority internet sites shows that some have taken advantage of this interactive medium, while others have merely used the site as a library – that is, a place from which the plan can be downloaded – and have failed to use new technology to generate interest and involvement.

Finally, there is evidence from early inspection visits and auditors’ reports that some authorities have not yet worked out how they will implement the results of their reviews. In the local survey discussed earlier, officers gave consistently lower ratings to how far their council had thought through the issue of acting on reviews and monitoring and implementation, compared to actually carrying out the review. This concern is reflected in auditors’ recommendations to many authorities. Many pilot authorities identified this as a key concern quite early on; unfortunately, other authorities have not all identified this area as one which needs attention. Acting upon review outcomes is important, and the best value inspection process includes follow-up inspections at authorities where further support and encouragement is needed.

From reviews to better services

Finally, there is evidence from early inspection visits and auditors’ reports that some authorities have not yet worked out how they will implement the results of their reviews. In the local survey discussed earlier, officers gave consistently lower ratings to how far their council had thought through the issue of acting on reviews and monitoring and implementation, compared to actually carrying out the review. This concern is reflected in auditors’ recommendations to many authorities. Many pilot authorities identified this as a key concern quite early on; unfortunately, other authorities have not all identified this area as one which needs attention. Acting upon review outcomes is important, and the best value inspection process includes follow-up inspections at authorities where further support and encouragement is needed.
Tackling Weaknesses by Overcoming Barriers

A new regime presents inevitable learning and leadership challenges. Some authorities have risen to those challenges, but others are finding difficult elements of the regime that can be successfully managed. Authorities need to move beyond detail and process, and make the best use of their resources to focus on outcomes. Best value should underpin everyday working practices helping authorities to engage members, staff and local people and to improve service delivery.
Given that authorities want best value to work and that they recognise many of these potential weaknesses, what are the barriers to addressing them?

Implementing major change is difficult. Authorities found it more difficult than they expected to produce the first year’s BVPP, and shifting a culture and an established way of doing things is not something that can happen overnight. However, while a new regime presents inevitable leadership and learning challenges, some authorities are also perceiving as difficult elements of the regime that others have dealt with successfully, and which need not be significant barriers to progress. This chapter highlights some of the distractions that have hampered some authorities, and the key barriers that need to be overcome.

In some cases, authorities genuinely appear to have got lost in the process of best value, with confusion about what they need to do, or how important one element was compared to another, paralysing effective movement. Some authorities considered that late Government guidance on some details, especially concerning performance indicators, made this worse. However, although formal guidance was issued later than preferable, all authorities received earlier consultative versions. While not final editions, these versions described the preparatory task sufficiently well to enable authorities to plan tasks to meet the statutory deadline. As well as getting lost in the detail and the process, some officers and their authorities appear to be ‘playing it safe’ and not grasping the requirement to improve quickly or significantly. This procrastination may be because individuals do not like best value; it may also be that they cannot see how it can work for their particular service area or their personal careers or preferences. In other cases, it may be more because they cannot see any evidence that the benefits of innovation outweigh the dangers. Some, perhaps, perceive that best value is not really for them, but is only something for either the best or the worst performers.

Lost in detail and process?

A classic example of getting lost in detail and process, and losing sight of outcomes, is seen in the review programmes that some authorities have put together. The aim of best value is continuous service improvement and, where it is needed, step change. Yet, as mentioned in Chapter 1, some authorities have put together review programmes that contain very large numbers of small, apparently unlinked, reviews. The resources required to run a review are not insignificant; the more small reviews there are, the less likely it is that those resources can be effectively deployed.

In addition to problems with review packaging, some authorities are getting lost in the detailed process of reviews. This may be part of the learning in year one, but there is a danger that it can become procrastination and defer improvement. Pilot authorities have already identified the difficulty in deciding when to end a review, and of ensuring that recommendations lead to implementation rather than to another,
wider review or series of sub-reviews. There is a particular danger here if the principal aim or aims of reviews have not been well thought through in the first place. For example, a review of one aspect of access, say, reception, may well lead to a conclusion that other aspects of access, such as telephones, or the physical location of access points, need to be reviewed before a final decision can be made – a recipe for inaction.

82. Too many authorities have concentrated on how to carry out a review rather than how to complete a review and implement the changes that have been identified. Many authorities had no planned ‘end’ dates for reviews to give inspectors. Some intend to finish all year one reviews at around the same time, in March 2001. Given that, in most authorities, budget decisions will already have been made for 2001/02, it is not always clear how such a timetable will fit into the normal service and financial planning cycle. There are benefits to considering several review conclusions together and benefits to a rolling programme – but authorities need to be sure that they have planned their reporting to dovetail with service planning cycles, officer resources and members’ decision making cycles.

83. Thinking about how review conclusions will be taken forward is not necessarily easy, and those authorities that have not planned for it need to start soon. Pilot authorities found that getting the conclusions of a review accepted is not always easy or quick, especially where the conclusions are more radical. The whole council and the wider public, who may be affected, will not have gone through the review process and may not easily accept the results. Yet these more radical conclusions may be the most important. Only a few authorities have yet agreed how they will report back in their year two plan on review conclusions and implementation. Although many authorities had carried out at least one pilot review before publishing their first plan, reporting back in year one is patchy. This will be an important issue for year two, as plans will need to look backwards honestly as well as forwards to years three and four.

84. Another potential cause of delay is confusion about the purpose of benchmarking. Learning from the experience of others can be a powerful way of improving services – but it is not a panacea. Benchmarking is a resource intensive activity, but does not, in itself, deliver any change. A common pitfall in benchmarking is over-concentration on gathering data and searching for the perfect comparable authority. This can lead to paralysis and endless reasons for not making decisions on the grounds that the comparison is not yet ‘good enough’. Experience from the pilot authorities shows the value of tailoring benchmarking to need and available resources. Some authorities sensibly stress, in their guidance to staff, the importance of always starting with existing information at the initial ‘challenge’ and ‘compare’ stage of a review. A decision to go out and collect more data is then made only if the need is clearly identified and if a cost benefit is likely. More authorities need to take a similarly selective approach [BOX D].

Too many authorities have concentrated on how to carry out a review rather than how to complete a review and implement the changes that have been identified.
Expecting the impossible?

85. In some cases, individuals and authorities seem to be expecting the impossible from best value. Rather than seeking to make best value work for them, they focus on all of the potential problems, even if these are clearly not unique to best value. There are inevitable tensions between prescription and the freedom to innovate, and between national requirements, local authority priorities and the priorities of local partners who may have other pressures or cover wider or smaller geographic areas. These tensions have to be managed; even if they can be discussed or clarified, they cannot all be removed by changes to the statutory framework. There will never be a perfect balance between consistency, local tailoring and innovation, especially when authorities are starting from such radically different points. The tension between consultation and leadership, which will be raised by some best value reviews, is already well known to politicians and officers.

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**BOX D**

When and why to select activities for benchmarking

**✔ Do**
- Choose a service that is important.
- Be clear about the improvements wanted – cost/efficiency or quality/implementation of good practice?
- Use national data to make sure that there is scope to improve performance.
- Make sure that the staff involved have time to contribute to the project.
- Engage the support of senior management early in the process.

**✘ Don’t**
- Waste time on unimportant services.
- Engage in a project just for reassurance.
- Delegate the project to junior staff, unless they have sufficient senior management backing.
- Take staff off the project.

*Source: Audit Commission*
Playing safe?

86. Some authorities are ‘playing safe’ – and this is unlikely to lead to step change. They are setting uninspiring targets and selecting unimaginative service review groupings because these are easier and there is less risk of failure in the short term. Analysis of targets in services where authorities have been collecting identical information for the past few years shows that it is often the authorities in the bottom quartile, not those around the median, who are driving the overall predicted improvement up. Some authorities whose performance is around the median are coasting. The plans themselves display a striking disparity in attitude between authorities who are prepared to recognise their weaknesses up front and identify which should be addressed first, and those which tend to hide their weaknesses or justify them. The way in which poor performance indicators are reported, and whether or not poor performance is highlighted, varies hugely. Without universal evidence that authorities are reporting honestly on performance and setting challenging targets and review programmes, it is unsurprising that the Government is reluctant to reconsider statutory performance targets as a lever for securing change.

Overcoming barriers

87. Authorities need to rise above the detail and distractions of process and focus on the aims of best value if they are to tackle the weaknesses identified in Chapter 4. Action should focus on real improvement; while performance indicators may not be perfect, services cannot be improved in the future without knowing how good or bad they are now. Authorities need an effective performance management system that is supported by reliable performance information. Achieving a step change improvement in service quality, while also making efficiency savings and securing continuous improvement, requires a wider focus than small-scale tinkering within traditional departmental boundaries. Best value needs to become embedded in everyday work and to fit in with the regular cycle of service review and budget planning. It must become a mechanism that helps authorities to improve service delivery, not an extra imposition. The two main obstacles to making these changes are capacity and commitment.

Resources and capacity

88. Best value needs to become integrated into normal work and not be seen as something that needs new resources. The ethos behind best value is not new and should not be seen as an extra; better service delivery is the day job. Officers writing service specifications should always have been considering what service the council and local people wanted and how they could best achieve improvements; best value is not an entirely new concept.
However, there are capacity issues for authorities to deal with. If performance planning cannot be straightforwardly integrated into existing systems, or where systems are not there, it is initially resource intensive and time consuming. Authorities will need to train officers and members in appropriate skills. These resource and capacity issues seem to be particularly difficult for smaller authorities. District councils were the most likely to make technical mistakes in plan production, printing and distribution.

While problems of resources and capacity cannot be solved overnight, there are ways in which authorities can learn from, and collaborate with, each other and find benefits of scale. Surrey County Council will be holding a joint consultation exercise with their district councils in 2000/01. In Buckinghamshire there is a formal agreement on joint consultation including the county, districts, fire and police authorities. Staffordshire police and Stoke and Staffordshire fire authority produced joint summaries last year; Lancashire County Council is looking to produce a joint summary plan next year involving police and fire services as well as the county. Joint summaries have the advantage of putting all the information in one place for local people, as well as reducing distribution costs for authorities. Dover District Council initiated a formal agreement to share review work and information on costs with their neighbours, Thanet District Council and Canterbury City Council.

The approach that authorities take to focusing their programme of reviews, and to planning how much resource to devote to different reviews, is key to making best use of the capacity and resources that they have. A one-size-fits-all approach to the planning of reviews may well deliver fewer improvements, and cost considerably more than an integrated approach [EXHIBIT 16].

EXHIBIT 16
Getting the most from reviews
A broad overview of an area, followed by more detailed review work on the key problems highlighted, is likely to be more cost effective than a ‘one size fits all’ review approach.

Source: Audit Commission
The IDeA is sponsoring a project to look at the lessons for smaller councils to help them to overcome isolation and limited resources. Authorities also need to concentrate their reviews on achieving a limited number of priorities. This makes best value simpler, and easier for the public to understand. Poole Unitary Authority consulted on their draft BVPP and found that local people wanted the council to focus on fewer priorities. Poole are revisiting their review programme to take account of this.

**Persuading people that best value is worth the effort**

One-quarter of the officers who talked to MORI identified groups of people that they found difficult to engage in best value planning: members; frontline service staff; specific departments; and service managers. Cultural change or ‘dealing with fixed mindsets’ is felt by many best value officers to be a key barrier to change. The concerns of individual officers were identified as a major barrier in the recent IDeA survey (Ref. 10), where officers said that difficulties included:

- people who felt that their jobs were under threat from best value reviews;
- people with a ‘fixed mindset’;
- people who had other vested interests in keeping the current system; and
- inertia.

There are political risks to members in making weaknesses visible, especially if they find that they have not delivered on their promises in an election year.

93. It is difficult to persuade neutral or hostile members that best value is worth the extra effort. There are political risks to members in making weaknesses visible, especially if they find that they have not delivered on their promises in an election year. There are personal and professional difficulties that officers may encounter if they move outside traditional service boundaries into more fundamental and cross-service challenge. Inevitably, many would prefer to do a best value review of a service area they know and feel comfortable with rather than be inspected against a more radical cross-cutting or ‘joined up’ review.

94. Greater involvement in the process of planning, and visible successes can both help to change attitudes. Two-thirds of the officers interviewed intended to involve frontline staff much more in year two, and almost one-half also intended to increase the involvement of service managers. However, involvement may make radical ideas or major change harder to achieve as there will be more people to persuade, some of whom may well object to changes that could impact on their job security and/or day-to-day conditions of service. Changing attitudes requires good leadership and planning and remains difficult – but important.
Engaging members should be easier, and there are many different examples for authorities to look at. An example is given from St Helens Metropolitan Borough Council [CASE STUDY 1].

CASE STUDY 1

Involving members

St Helens BVPP states that the ultimate responsibility for best value lies with members, and details the methods used to enable members to take on this role:

- A Best Value Group, chaired by the leader of the council, and including the leaders of both opposition parties.
- A Best Value Guidance Manual to assist members (and officers) in the best value review process.
- Developing the criteria that members will use to judge performance.
- Training and support to members to enable them to undertake the challenges of best value (and modernising government).
- Publishing and promoting three charters on member development (IDeA, Employers’ Organisation, LGIU).

Source: St Helens BVPP
A large number of authorities have also tried to integrate involvement in best value with their piloting of new political arrangements. This can be done, whatever political system the council adopts. Welsh authorities have approached this issue in a number of ways, and have identified some ideas that work better [BOX E].

<table>
<thead>
<tr>
<th>BOX E</th>
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<tbody>
<tr>
<td><strong>Linking best value with new political arrangements</strong></td>
</tr>
<tr>
<td>Cardiff County Council has a designated cabinet lead for best value, supported by a small group of members who link with all services across the authority, and a senior corporate officer team. Service review teams report monthly to a small umbrella group of members, officers and external representatives. The group oversees progress and evaluates the quality of reviews. In addition, the cabinet and scrutiny committees receive monthly reports on the progress of key initiatives.</td>
</tr>
</tbody>
</table>

*Source: Cardiff BVPP*
Helping Authorities to Improve – Lessons for All Partners

The second year of best value planning will hold new challenges. Some authorities are well ahead of others in implementing of best value. Learning from good practice and peer support can act as catalysts for further improvement and prepare all authorities for those new challenges. All best value partners – the IDeA, Syniad, the Audit Commission, the DETR and the NAW – can take action to enable authorities to build on the encouraging start made in year one.
Clearly there are lessons for authorities to learn from the experience of year one. In addition to changes made by authorities themselves, all of the partners involved in best value – the IDeA and Syniad, the Commission and the DETR/NAW – can enable authorities to build on the encouraging start made in year one by responding to some of the concerns identified in earlier chapters.

Using best value to promote continuous improvement means embedding the ideas of best value into an authority’s core systems. Some authorities have started well and have overcome many of the barriers described in the previous chapter, and have successfully tackled the challenges identified in Chapters 3 and 4. More detailed examples of good and interesting practice, including good work on performance indicators, member involvement, sharing resources, effective written and electronic plan communication and how authorities are learning from their own reviews can be found on the Commission’s website and in Best Value Performance Planning: a Toolkit for Best Value Authorities (Ref. 1).

The second year of best value performance planning will hold new challenges. In year two, authorities need to dovetail best value performance planning with their new duty of community planning. This will mean a more externally focused and partnership based approach, which may result in them identifying different priorities. They will need to review what they have learned from year one and make improvements in line with auditors’ recommendations, the results of inspections and their own acknowledgement of weaknesses. The principal aim of these changes should be to make the plan, and the planning system, work better for communities by focusing on how to achieve the desired outcomes.

As well as working on performance information and performance management systems, many authorities should revisit their review programmes, both to reduce the total number and to broaden the scope of reviews to enable them to address important strategic issues. Authorities are also likely to revisit their review programmes to take account of the reviews being done by their neighbours and partners. Above all, year two should see the beginning of the move from planning to action. Evidence that best value leads to service improvement will be the most compelling way of engaging those officers and members who are currently sceptical, and of involving more service users and the general public in local discussions about changes and choices.

Some authorities are well ahead of others in the implementation of best value and have found effective ways of addressing the issues raised in this report. Learning from peer authorities at all levels will often be the best route for those currently finding aspects of best value difficult. Many already use outside help, particularly that provided by local auditors and by peer authorities. The publications on lessons from year one by the Audit Commission (Ref. 1) and the IDeA (Ref. 10) should enhance the way in which good practice and peer support can act as a catalyst for further improvement in authorities, and flatten the learning curve for those who are further behind.
103. As well as learning from others, some authorities need to:

- move on from a focus on the process of review to concentrating on how to use results to implement change and to deliver improved local services;
- ensure that they have a single planning, action and review cycle that incorporates any changes flowing from the introduction of best value. Best value should become the performance framework of the council and should not be an add-on or a second system;
- ensure that the new duties to review political arrangements and to introduce community planning are integrated with best value from the start and are not seen as separate or unrelated activities; and
- revisit their review programmes, in particular to:
  - combine or repackage some smaller reviews to ensure that resources invested are more likely to address the big issues and result in significant improvement;
  - direct resources where they can have the most impact on the local area and the lives of local people;
  - identify opportunities for closer working with neighbouring authorities and between parish, district and county councils; and
  - revisit their own priorities and amend them to better meet the priorities emerging from wider community planning activity.

The Audit Commission is reviewing its own contribution to best value through audit and inspection in the light of the concerns expressed by authorities and the other evidence presented in this report.

Performance indicators

104. One of the biggest concerns raised by authorities was the confusion resulting from two sets of national indicators. The Commission has separately consulted all stakeholders on this issue and has agreed to clarify the situation on national performance indicators and to reduce requirements on authorities by not setting any service-specific ACPIs for 2001/02. The remaining statutory indicators will all be those best value indicators set by the Government. Instead, the Commission will consult on a series of voluntary, cross-cutting and quality of life indicators for 2001/02. These will be introduced with the support of a helpline, and it will be up to authorities to decide whether or not they collect the indicators. In Wales, the Commission will work with the NAW and Welsh local authorities to develop PIs for best value and for policy agreements. The Commission will also develop, with the IDeA, a ‘library’ of local performance indicators. The first indicators here will draw on ideas already in use by authorities and will be developed in conjunction with specific groups of interested authorities and officers.
The audit of BVPPs

106. Some of the issues of concern from the first year of planning and from the first audit, such as the late guidance from the DETR and, hence, from auditors, should not be a problem in 2000/01.

107. The Commission plans to reduce the overall cost of audit fees for 2000/01 by £9.5 million; the reductions will be made in the best value audit and value-for-money work. A broader concern was that parts of the audit were too prescriptive and did not match the priorities of authorities. This criticism is, in part, about details of the best value framework rather than the audit; the auditors have a statutory role here that is not open to local interpretation. The criticism also relates, however, to instances where authorities felt that auditors did not distinguish clearly between statutory requirements and areas where local discretion was possible. The Commission accepts that a more differentiated approach to the audit of BVPPs is required for year two, as authorities are at different stages of development in terms of effective performance planning. The Commission expects that the audit will be more tailored to local circumstances in year two.

108. Auditors carry out their work in accordance with the Commission’s Code of Audit Practice. The Code was revised in March 2000 (Ref. 13) and now integrates the work that auditors are required to do in relation to the audit of BVPPs with other audit requirements. In 1999/2000, the Commission issued relatively detailed guidance to auditors on how to approach the audit of BVPPs. For 2000/01, auditors will apply a risk-based approach that will tailor the work better to local circumstances.

109. But some tensions will remain. There were complaints about auditor consistency, but also requests for detailed prescription. Some authorities want their auditors to ‘fill in’ perceived gaps in the guidance and give very clear instructions on how to meet certain statutory requirements. For example, auditors have been asked for a definitive list of what must appear in a summary plan, where the guidance leaves room for local interpretation by specifying only that it must ‘reflect’ the plan. Other authorities prefer to be left to interpret the spirit of the guidance in such a way that, where possible, it meets their own local preferences and priorities. Where guidance is not prescriptive, auditors can only give a view; but there will often be more than the one option. If auditors follow both paths there will be differences and perhaps inconsistency between individual audit approaches.

The Commission expects that the audit will be more tailored to local circumstances in year two.
Evaluating the costs and benefits of best value and the Commission’s role

110. A number of authorities complained about the cost of the audit in year one and queried whether it gave value for money. The audit and inspection of best value are paid for with public money. The Commission believe it is essential to review the effectiveness both of best value in general and of the value added by the Commission’s contribution, in particular. They are currently consulting with partners on a formal evaluation project.

Changes that the Audit Commission will make

111. The Commission’s intention is to play its part in balancing the need for auditors and inspectors to challenge and ensure compliance with the need to encourage innovation and appropriate local solutions. It also wants to make effective use of Commission resources and to reduce the burden of regulation on more successful councils.

112. The Commission will:
- continue to monitor closely the balance between prescription, consistency, statutory requirements and the encouragement of local innovation, and to advise its auditors, inspectors and the Government accordingly;
- review its requirements of auditors to see whether a better fit can be achieved with issues that most authorities find difficult;
- reduce the total compulsory audit fee in local government by £9.5 million for 2001/02, with the savings mainly made in best value and value-for-money audit work;
- not set statutory service specific Commission indicators for 2001/02, but will develop optional indicators on quality of life and cross-cutting issues; and
- agree a framework for assessing the effectiveness of the Commission’s contribution to best value.

113. With the IDeA, the Commission is collaborating on a project to develop a library of local indicators that authorities can use to fit their local circumstances.
The role of the Government

114. The Government is linking other initiatives to the best value regime, which should help councils to integrate their internal structures around best value. For example, the requirements that councils must meet in order to apply for Beacon council status are being tied more closely into the best value regime for next year. Reasonable achievement compared to others in the corporate health indicators will become a prerequisite of councils applying for Beacon status (Ref. 14). Early discussions on local public service agreements also suggest that BVPPs, reviews and indicators will be used in evaluating bids for additional funding and monitoring outcomes (Ref. 15). These agreements, with extra money and/or more freedom for the authorities concerned, are a potential reward available for those authorities that deliver improvements. The experience of Wales, where the NAW are negotiating agreements with all local authorities, should provide interesting lessons for England.

115. The DETR and the NAW recognise that best value will not produce major service improvement everywhere overnight, since developing and refining performance management cannot be achieved in a single year. They have already said that there will be no significant and unpredicted changes to existing guidance this year. This should help authorities to move on from concerns around process and late guidance, and minimise the dangers of ‘guidance fatigue’.

116. However, there are other concerns that need consideration by Government. Unease about certain top quartile targets could undermine support for the broader performance management framework. The Commission welcomes the DETR’s decision to remove one such cost target on refuse collection; others should be kept under review.

117. To encourage authorities to take the lead in community planning and cross-cutting delivery, the Government also needs to ensure that, wherever possible, messages from different Government departments are consistent, and that any additional financial burden relating to regulation and inspection is minimised. There is some evidence that this is not always happening. Last year, there was some confusion over Home Office and DETR guidance for police and fire authorities; a current example of concern is some of the proposals in the document Standards for Modern Public Libraries (Ref. 16) recently issued by the Department of Culture, Media and Sport. It includes some very specific, input-based standards – such as minimum numbers of qualified librarians – that do not fit well with the best value emphasis on output-based thinking, which would start with standards of service delivery.

118. It would be helpful for authorities and auditors for the DETR to take a lead within Government in ensuring that other departments’ guidance is compatible with best value, and is cross-referenced to the relevant DETR guidance where necessary.
The role of the IDeA and Syniad

119. Syniad and the IDeA were established to assist local authorities in England and Wales in improving their performance and service delivery. The report raises a number of challenges for them, in particular the need to support authorities in developing:

- a more strategic approach to the full range of planning processes and community leadership roles now required of them; and
- a more holistic and aspirational approach to managing best value as a key mainstream activity.

120. Many of the issues raised in the report are currently being addressed by the IDeA. A new procurement advisory service has been launched, a guide for next year’s BVPPs is in preparation, and a series of regional seminars over the next six months will start with ‘the challenge of challenge’. Further guidance will cover integrated planning, including the relationship between best value planning and community strategies, and good practice on cross-cutting reviews.
A Step in the Right Direction

For best value authorities:

1. Move to a single planning, action and review cycle that incorporates budget planning and any changes flowing from the introduction of best value. Best value should become the performance framework of the council and not be an add-on or a second system.

2. Ensure that the new duties to review political arrangements and to introduce community planning are integrated with best value from the start.

3. Produce plans and summaries targeted at, and appropriate to, agreed audiences, using a variety of media to publicise the council’s work.

4. Revisit review programmes, especially to:
   - combine or repackage some smaller reviews to ensure that the resources invested are more likely to address the big issues and result in significant improvement;
   - direct resources to where they can have the most impact on the local area and the lives of local people;
   - identify opportunities for closer working with neighbouring, two-tier or three-tier authorities;
   - amend local priorities in the light of the priorities emerging from wider community planning activity;
   - ensure mechanisms exist for completing reviews promptly and adopting and implementing proposals that are tied into regular budget and service review cycles; and
   - move on from considering how to conduct reviews to concentrating on how to use the results of reviews to implement change and to deliver improved local services.
A Step in the Right Direction

For the IDeA and Syniad:

5. Concentrate on supporting local authorities in areas of current weakness, including setting and achieving targets, developing performance management and improving procurement strategies. In particular they could:

- work with those authorities, currently in the lowest quartile for key indicators, that are attempting to improve more quickly than the majority of authorities;
- help authorities to develop performance management systems where these are weak or non-existent; and
- help authorities to procure better services, by strengthening their ability to specify the services that they want, and to effectively monitor the quality of the services that they receive.

For the DETR and the NAW:

6. Continue to monitor closely the balance between prescription, consistency and the encouragement of local innovation.

7. Keep statutory top quartile targets under review, especially where there are concerns that these might lead to poor decisions on the local balance between cost and quality.

8. Balance changes that are intended to improve the system against the danger of distracting councils into process changes – a clear lesson from year one is that late changes are a particular problem for authorities.

9. Ensure that other departments’ guidance and planning requirements are compatible with best value and also cross-referenced to the relevant DETR guidance, where necessary.

10. Continue to consider what incentives can be offered to encourage officers and members to commit themselves fully to the best value programme, and to overcome the lack of interest and hostility still evident in some areas.
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   University of Warwick, What Worked? Lessons from Best Value Pilot Authorities in Wales, University of Warwick, forthcoming.


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Best value is about delivering real improvements in public services. Best value performance plans (BVPPs) are, the first universal evidence for the impact of the best value approach, and show promising beginnings. The plans promise a steady overall improvement in many frontline services, with the worst performing authorities aiming to improve more quickly. Most audit reports were positive, and most authorities found the audit process helpful. Although authorities found best value planning difficult, they also found it useful; producing a BVPP allowed authorities to take stock of where they are, and where they want to go.

A new regime presents inevitable learning and leadership challenges. While the overall picture of the first year of best value planning is positive, both the quality of plans and the readiness of authorities to implement change varies widely. Some authorities have risen to the challenges of best value, but some are perceiving as difficult elements of the regime which others have managed successfully. Authorities need to move beyond detail and process, and make best use of their resources to focus on outcomes.

Best value should underpin everyday working practices, helping authorities to engage members, staff and local people and to improve service delivery. There are practical lessons from year one for authorities, and for all partners in best value. Authorities themselves, the Audit Commission, the IDeA and the DETR, Syniad and the National Assembly for Wales can all contribute to a second year of best value planning that builds on the encouraging start made in year one.