Best value is about delivering real improvements in public services. Best value performance plans (BVPPs) assess performance, set targets and outline a programme of best value reviews. BVPPs are the first universal evidence of the impact of the best value approach and show promising beginnings.

- targets for 2000/01 show a steady overall improvement in many frontline services
- the worst performing authorities are aiming to improve more quickly; the gap between the worst and the median authorities is set to narrow
- for housing repairs, the gap will narrow by 12.5 per cent in two years
- for time taken to get equipment to people with disabilities, the gap will narrow by 39 per cent
- many review programmes take local people’s concerns into account

Most audit reports were positive...

- 74 per cent of BVPPs in England received an unqualified audit opinion, with a further 20 per cent qualified for technical issues alone

…but auditors were concerned about the accuracy and achievability of some targets.

Authorities welcomed best value...

- 87 per cent of authorities would produce a similar plan again, even if they did not have to

chief executives said that best value planning ‘focused our minds on the performance of the council’

…but also expressed concerns.

- the cost of the regime, and the timing and complexity of guidance
- 60 per cent of authorities disliked having two separate sets of performance indicators

BVPPs and the audit identify where authorities should concentrate their efforts.

- authorities should integrate best value into their core systems
- authorities should link best value with new duties to review political arrangements and introduce community planning

• authorities need to involve staff, members and local people in best value, and to deliver key performance messages in ways that interest, inform and engage different audiences
• authorities should refocus review programmes, which may not be imaginative enough to address the big issues or deliver significant improvements

All of the stakeholders in best value can help to overcome barriers to change...

- the Audit Commission will reduce the total compulsory audit fee in local government by £9.5 million in 2001/02, and will not be setting statutory performance indicators
- the Commission recommends that the DETR and the NAW keep all statutory top quartile targets under review, and consider incentives to encourage full commitment to best value
- the IDEa and Syniad should concentrate on supporting authorities where there are weaknesses, and where authorities are experiencing difficulties.

The Audit Commission will reduce the total compulsory audit fee in local government by £9.5 million in 2001/02, and will not be setting statutory performance indicators.
Introduction

1. Best value aims to deliver real improvement in services to the public. The Government 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 around the needs of client groups and communities, not the needs of authorities;
   - there is a focus on issues rather than traditional service boundaries; and
   - authorities adopt an approach which, while complying with a rigorous framework set by central Government, is implemented imaginatively, embraces innovation and allows significant local choice.

The first best value performance plans

2. The first best value performance plans (BVPPs) were published in March 2000. BVPPs include 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. Plans also set out a programme of best value reviews, scrutinising the authority’s functions over a period of five years. BVPPs enable local people to hold authorities to account for providing best value.

What the targets say

3. The first BVPPs promise improvement in services in all best value authorities. The fastest improvement overall is promised in performance indicators that reflect relatively discrete processes, where a concerted effort can deliver improvements quickly. While all authorities intend to improve, authorities with the weakest current performance have set themselves the most challenging targets, and intend to improve faster.

4. The main message from the targets is positive, showing best value authorities aiming to improve, and to narrow the gap between the worst and the best performance. However, both authorities and auditors had concerns about the targets. Authorities are concerned that the requirement to set top quartile targets might, in some cases, lead to unrealistic targets, or to targets that represent an unacceptable cost/quality trade-off. Auditors were concerned about the accuracy and achievability of some targets.

What review programmes reveal

5. Review programmes have taken a number of factors into account:
   - Government priorities, and the impact of legislation;
   - areas of significant expenditure;
   - the requirement to review the weakest services early in the programme;
   - end dates of existing contracts;
   - the views of local people; and
   - local political priorities.

6. Authorities have focused on services and themes where there is already pressure for change. These include established priorities such as support for looked after children; and existing requirements and partnerships, such as the requirement to produce educational development plans and
Community safety strategies. The Local Government Act 2000 has prompted reviews of committee services and support to members.

7. Areas of significant local government expenditure, where efficiency gains are most likely to be found, have clearly influenced review programmes. Housing, environment and leisure feature prominently in years one and two. Overall satisfaction with a council is strongly linked to the services most visible to local people, and this is reflected in the priority given to reviews of refuse collection, waste disposal and street cleaning.

8. Review programmes in 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. However, review programmes also reveal a lack of imagination and forward thinking on the part of some authorities. Many authorities plan a large number of small and unconnected reviews, which is less likely to lead to significant savings or improvement than ‘packaging’ linked services together for review. Few authorities are tackling the big issues – such as social exclusion, regeneration, equal opportunity and sustainability. While this is unsurprising, given the increased difficulties of such reviews, it is disappointing, particularly where this approach omits important issues such as the implications for best value authorities of the Lawrence inquiry and Macpherson report. There are few examples of joint reviews with other best value authorities. Some reviews have no end dates, and some authorities intend to finish all reviews in March 2001. It is far from clear how these deadlines can fit into the normal service and financial planning cycle.

Authorities’ views on year one

Performance planning

9. The Audit Commission asked MORI to conduct an independent and confidential survey of authorities’ views on the first year of best value, and on the audit of BVPPs. MORI spoke to members, including leaders, leaders of opposition parties, and committee chairs, and to chief executives, best value officers and service managers. Although most authorities found best value planning more difficult than they had expected, they found it useful, and believed that it had led to positive changes locally. There was no serious difference of view according to the political makeup of authorities. Producing a BVPP has helped authorities to take stock of where they are, and where they want to go. The majority of authorities would do something similar again, even if they did not have to. While chief executives’ views were more mixed, overall, officers and members had an equal regard for the usefulness of best value planning. While best value is welcomed overall, authorities also had some criticisms, particularly around guidance and the timing of BVPP publication. Sixty per cent of authorities disliked having two separate sets of performance indicators.

Members’ views

10. Members say that the plans help them to focus on corporate priorities and strategic choices. Because BVPPs are required to include performance data alongside summary information on services, they can help members to monitor performance and to ask questions. The usefulness of best value planning in focusing attention on weaker services is highlighted by councillors who responded to the MORI survey [EXHIBIT 1, overleaf].
11. Members consider the plan as being primarily for the authority – for chief officers, members and service managers. This contrasts with the views of officers, who said that the auditor and the DETR are the principal audiences, though the majority agree that the plan is also for members, and officers. The summary is seen by members and officers as being primarily for the public.

The audit of BVPPs

12. Eighty-one per cent of authorities were satisfied with the audit of their BVPP, and 93 per cent were satisfied with the performance of their auditor. However, 10 per cent were dissatisfied with the practicality of their auditor’s advice, and 7 per cent with the timeliness of advice and/or reports.

Three-quarters of authorities wanted changes to the way in which the Commission approaches best value. Key changes to the audit process that authorities would like to see are a reduction in fees, clearer guidance, more local consultation on the BVPP process, and a better understanding of local circumstances. The Commission is responding to all points of concern.

EXHIBIT 1

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
- Helped 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
Auditors’ views

13. Auditors are required to issue a statutory report on BVPPs to all best value authorities in England by June 30th, with Welsh reports due in October. Auditors are also required to give their authorities a longer report or presentation with details of their findings and suggestions. The statutory report contains:
- an opinion on whether the plan was prepared and published in accordance with statutory requirements; and
- recommendations, 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.

14. Of the best value authorities in England, 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 because their auditor had more significant concerns about failures to meet statutory requirements. The main concerns were: significantly late or inadequately distributed summary plans; and the omission of required performance indicators and targets. Only one authority was referred to the Commission for inspection, because of concerns about its corporate management arrangements.

15. Authorities all received recommendations for improvement and change. Auditors’ recommendations frequently mirror authorities’ own concerns.

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.

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

16. 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 the associated audit and inspection regime introduced by the Government. Best value has clearly promoted change in authorities; but there is huge variation in the quality of the plans, and in the readiness of authorities to implement effective change as a result of their plans.

17. There is broad agreement between authorities and auditors about many of the areas of weakness. As well as overarching issues of leadership and changing culture, authorities and auditors identified specific problems, including:

- involving key stakeholders, particularly members;
- consultation, challenge and competition;
- performance information and management;
- the need for clarity about who different documents are for, and what they are expected to achieve; and
- moving from reviews to better services.

Involving members fully

18. Auditors, and a significant minority of authorities, identified the extent to which members have been involved in best value as a significant weakness. 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. One authority’s auditor notes 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 comments that, ‘the development of a formal programme of Best Value training for Members remains an issue which the Authority must address with some urgency.’

19. 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. There are already examples of pilot reviews where the conclusions did not receive sufficient political support to be approved. 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.

20. 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 Spring 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 the for the political oversight of best value. 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.

21. The MORI poll undertaken by the Commission confirmed this concern [EXHIBIT 3, overleaf]. 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.
Consultation, challenge and competition

22. The need to improve consultation was highlighted in auditors’ recommendations at 40 per cent of authorities. The MORI survey also showed that authorities have not necessarily engaged members fully in consultation. This is surprising, given members’ representative and leadership role, and the role of members in balancing conflicting demands. Where corporate aims and objectives were unclear or absent, it was particularly difficult to assess and prioritise consultation results. 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 members are fully engaged. The results of any consultation exercise should be used as widely as possible.

23. Chief executives said that they were finding effective challenge and competition especially difficult; auditors made a number of recommendations in these areas. 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.
24. A large number of authorities have tried to integrate member involvement in best value with their piloting of new political arrangements. Challenging existing ways of doing things and demanding improved performance are common features of best value and modernising political structures, with the separation of the executive role from that of scrutiny. Authorities changing their political systems will find that best value, and best value inspection in particular, help to provide an effective internal challenge. This is critical to member involvement, and can be done in a number of ways, whatever political system the council adopts.

25. Performance information systems in a number of authorities did not allow the authority to provide reliable and accurate estimates and targets. Other authorities put in targets that aim for significant change, with no explanation of how that change will be achieved. Many authorities did not include five year targets, making it difficult to fully evaluate their intention to improve over time.

26. Performance management was the second major area of weakness identified by authorities and auditors. The extent of the problem varies between authorities, and depends upon their starting points and capacities. Where an authority did not have a performance management culture that involved all key players, best value planning shone a spotlight on an existing problem. An effective performance management system should involve members in monitoring, scrutinising and challenging performance.

27. Many BVPPs and summaries are not clearly targeted; 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 and 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 full plan and the authority website can each be used to address different audiences.

Moving from reviews to better services

28. 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; acting on reviews has already been identified as a priority issue by pilot authorities, and is the lynchpin of actual improvement. Best value inspection will look at how good a service is, and whether it is going to improve in the way that best value requires. Inspectors will be evaluating whether sufficient leading members are committed to improvements, what needs to be done to deliver them, and the barriers and problems that need to be tackled. Authorities will need to be able to demonstrate effective strategies for implementing the results of reviews.
The Audit Commission’s analysis of the first year of best value performance planning identified barriers to change, some of which reflect the concerns of authorities and auditors. However, the Commission identified some additional issues: the genuine difficulties of implementing major change; getting lost in, or distracted by, process and losing sight of the aims of best value; expecting best value to resolve pre-existing tensions; and playing safe.

The difficulties of change

30. Implementing major change is difficult. Shifting a culture and an established way of doing things is not something that can happen overnight. Best value needs to be 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 should not be an entirely new concept.

31. However, there are real capacity issues for some authorities. If performance planning cannot be
straightforwardly integrated into existing systems, or where systems are not there, best value planning is initially resource intensive and time consuming. These resource and capacity issues seem to be particularly difficult for smaller authorities. While problems of resources and capacity cannot be solved overnight, there are ways in which authorities can learn from, and collaborate with, each other, finding benefits of scale. Changes to review packaging will help to resolve resource and capacity issues. A number of authorities are planning joint consultation, joint summaries and joint reviews. An identical review is not needed for every service; authorities should prioritise their efforts where performance is weakest or improvement most likely.

Lost in process

32. 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. Review programmes made up of many small and unconnected reviews are one example of this; another is too much emphasis being placed on how to carry out a review, rather than how to complete it, and implement changes.

33. Another potential cause of delay is an over-concentration on benchmarking, leading 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. More authorities need to take a similarly selective approach.

Managing tensions

34. In some cases, authorities seem to be expecting the impossible from best value. There are inevitable tensions between prescription and the freedom to innovate; between national requirements, local authority priorities and the priorities of local partners; and between consultation and leadership. These tensions have to be managed, and cannot be removed by changes to the statutory framework.

Playing safe

35. 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. 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.
Delivering improvement in year two

36. 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.

Best value authorities

37. 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. 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. 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.

The Audit Commission

38. The Audit Commission is reviewing its own contribution to best value through audit and inspection. The Commission will:

- continue to monitor closely the balance between prescription, consistency, statutory requirements and the encouragement of local innovation and advise its auditors, inspectors and the Government accordingly;
- review what it requires of auditors to see whether a better fit can be achieved with issues that authorities find most 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.

IDeA

39. The report raises a number of challenges for the IDeA, in particular the need to support authorities in adopting a more strategic approach to planning and community leadership, and in developing a more holistic and aspirational approach to managing best value as a key mainstream activity.

The Government

40. The Government is linking Beacon council status with the best value regime. Early discussions on local public service agreements outline a similar link. This should help councils to integrate their structures around best value and may provide a reward for authorities that deliver improvements. The DETR and the NAW have said that there will be no significant and unpredicted changes to existing guidance, which should help authorities to move on from concerns around process and guidance. The DETR has removed one top quartile target that was the cause of concern. The Commission recommends that other such targets should be kept under review. The Government also needs to ensure that messages from different departments are consistent, and that any additional financial burden relating to regulation and inspection is minimised.
**Recommendations**

**For best value authorities:**
- 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.
- ensure that the new duties to review political arrangements and to introduce community planning are integrated with best value from the start.
- produce plans and summaries targeted at, and appropriate to, agreed audiences, using a variety of media to publicise the council’s work.
- revisit review programmes, especially:
  - combine or repackage some smaller reviews to ensure that the resources invested are more likely to address the big issues and to 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 that mechanisms exist for completing reviews promptly and adopting and implementing proposals that are tied into existing 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 deliver improved local services.

**For the DETR and the NAW:**
- continue to monitor closely the balance between prescription, consistency and the encouragement of local innovation.
- 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.
- 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.
- ensure that other departments’ guidance and planning requirements are compatible with best value and also cross-referenced to the relevant DETR guidance, where necessary.
- 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.

**For the IdeA and Syniad:**
- 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.

If you want to know more: the full national report, *A Step in the Right Direction: Lessons from Best Value Performance Plans* looks at all of these issues in more detail and includes background information, case studies and specific guidance.

*Audit Commission,*
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