

changing gear

best value annual
statement 2001

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The Commission was established in 1983 to appoint and regulate the external auditors of local authorities in England and Wales. In 1990 its role was extended to include the NHS. In April 2000, the Commission was given additional responsibility for carrying out best value inspections of certain local government services and functions. Today its remit covers more than 13,000 bodies which between them spend nearly £100 billion of public money annually. The Commission operates independently and derives most of its income from the fees charged to audited bodies.

Auditors are appointed from District Audit and private accountancy firms to monitor public expenditure. Auditors were first appointed in the 1840s to inspect the accounts of authorities administering the Poor Law. Audits ensured that safeguards were in place against fraud and corruption and that local rates were being used for the purposes intended. These founding principles remain as relevant today as they were 150 years ago.

Public funds need to be used wisely as well as in accordance with the law, so today's auditors have to assess expenditure not just for probity and regularity, but also for value for money. The Commission's value-for-money studies examine public services objectively, often from the users' perspective. Its findings and recommendations are communicated through a wide range of publications and events.

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Key Messages

Excellent public services are essential to ensuring the quality of life of people across the country. It was no surprise that the state of public services were at the heart of the debate during this year's general election, and this focus shows no sign of diminishing. Best value gives an explicit responsibility to local authorities to transform and improve local services, and to ensure that all local authorities match the standards set by the best performers.

The Audit Commission remains committed to meeting our own responsibilities in this area, by reporting independently, honestly and constructively about local services, and ensuring that the debate on public service standards is one based on evidence, not on dogma. This year's annual best value statement is a major contribution to this ambition.

This year's statement identifies much that we should celebrate in council performance. Performance across local government has improved in three-quarters of the 20 best value performance indicators where historical information exists. Best value inspectors have found forty per cent of services to be good or excellent, and that half are likely to improve in the future. Most councils are now more open about their performance and many are using best value to ask challenging questions of themselves. And best value has helped ensure that councils are more in touch with the needs and wishes of service users and council tax payers.

These changes are to be welcomed, but significant problems remain. Public satisfaction with many local government services is low, while public expectations continue to rise. Over 60 per cent of inspected services are found to be poor or fair, and there are still substantial variations in performance across different councils. It is of particular concern that the poorest services are often judged the least likely to improve.

And there are stark differences in how well councils are coping with best value. Many councils have yet to get to grips with the most challenging elements of best value. The analysis in this report suggests that almost two-thirds of councils are either coasting or performing poorly. In some cases this is because they lack the capacity or systems to improve themselves. More often, and more worryingly, it is because they lack the will to ask challenging questions or the vision to tackle difficult choices.

These challenges are not unique to local government – all public services are under unprecedented pressure to improve. But best value, and parallel developments including Local Public Service Agreements, offer an opportunity to achieve real improvements in local services, if they can be harnessed in the most effective way.

Over the last few years all councils have learned important lessons about how they can improve services for local people. But many need to go further. Councils need a clear focus on what matters to the people they serve. They need to be open to challenge and willing to change. They must ensure that they have the capacity to deliver.

Finally, just as we urge local authorities to improve, we make the same commitment to improve our own approach. Inspection and audit of best value have provided important external challenge to councils. Elected members, in particular, often welcome the challenge and critical review that inspection has provided them. But, while most councils agree with the need for external scrutiny of their performance, there are a number of consistent and fair criticisms over how inspection and audit operate.

A more integrated regime is needed that targets work in a way which better differentiates between the needs of different councils. We have already announced plans to better integrate audit and inspection, with the piloting of single client managers to co-ordinate local work. More fundamentally, it is clear that ‘one-size-fits-all’ inspection is not the most effective means to support improvements in local services. We will introduce a tailored service, which applies audit and inspection in different ways based on council performance and their capacity to improve.

Government should also take stock. Reforms are needed to the performance management and statutory planning arrangements for local government. Local authorities are required by government to produce a wide range of plans (including Best Value Performance Plans, LPSAs, community strategies) all of which focus on some aspect of performance. This system is fragmented and bureaucratic, and can hinder councils’ capacity to focus on what matters. The expansion of LPSAs offers the opportunity for integration, with LPSAs setting out priorities, the BVPP reporting annual progress, and a cutback in the range of statutory plans required by Whitehall.

The best councils show that lasting and relevant service improvement is rooted in dialogue, with service users and with the wider community. This is a powerful lesson for us all. It is only by establishing a constructive dialogue between all those with a stake in improved local services, that we can hope to rise to the challenge of delivering excellent public services. At the Commission, we look forward to continuing to work with local government, central government, and all those with an interest in better local services, to help achieve this ambition.

Sir Andrew Foster
Controller

Introduction

1. Best value is a performance framework introduced by the Government in 1999. It requires local authorities to deliver services to clear standards by the most economic, efficient and effective means available. Authorities are expected to achieve continuous improvement in all their services. The poorest performing authorities are to reach the performance of the best within five years.
2. There are two main parts to best value for local authorities:
 - Best value performance planning (BVPP) monitors and reports performance against national and locally defined standards and targets. It sets out future priorities and targets for improvement.
 - Fundamental best value reviews (BVRs) of all services must identify what needs to be improved, and how to do it.
3. This report focuses on best value in the 410 councils in England and Wales. It also looks at the role of other agencies and government in helping and challenging councils to achieve best value. In particular, it looks at the Commission's involvement with best value – the external auditors it appoints to review and report on each authority's BVPP and the Audit Commission Inspection Service that examines their services and BVRs to see how they measure up to requirements.
4. Councils have already invested significant resources in response to best value. Nationally, £50 million is being invested each year in an intensive programme of audit of BVPPs and inspection of BVRs. Everyone involved in best value will be judged by whether local services for local people improve year after year.
5. All councils published their second BVPP in 2001. Around 3,000 reviews have been completed and 600 inspection reports produced (of which 300 have been published). This report evaluates what progress has been made 18 months after the new regime took effect. It draws together evidence from a wide range of sources (see Appendix 1 for details), getting below the headlines to see what is happening on the ground.

1

How Well are Councils Performing?

Excellent services for local people?

6. Councils in England and Wales provide a variety of services and work to deliver a wide range of local and national priorities. There is no simple single measure of their overall performance. Instead, to get to grips with the key questions of ‘how good are councils’ services?’ and ‘are they improving?’, this chapter draws together the results of public satisfaction surveys, inspection findings and the latest performance information.

7. Public satisfaction started the 1990s at a low, with net satisfaction with councils¹ of around 16 per cent. It improved gradually until the mid nineties before going into a slow but steady decline. Surveys carried out by MORI during the past year have shown that overall net satisfaction is around 21 per cent (with 51 per cent of respondents saying they were satisfied and 30 per cent not).

8. One of the aims of best value was to arrest this decline and increase confidence in local government. The Commission asked MORI, which holds the largest database of public opinion data on council services, to see if there has been any noticeable change over the past year. MORI reports that, overall, it is still too early to tell: ‘Perceptions of large organisations tend to shift slowly, and it may be a number of years before best value succeeds in changing local residents’ image of local authorities. It is open to debate as to when service users can be expected to notice improvements following a fundamental service review and, of course, some services will not be reviewed until 2005’.

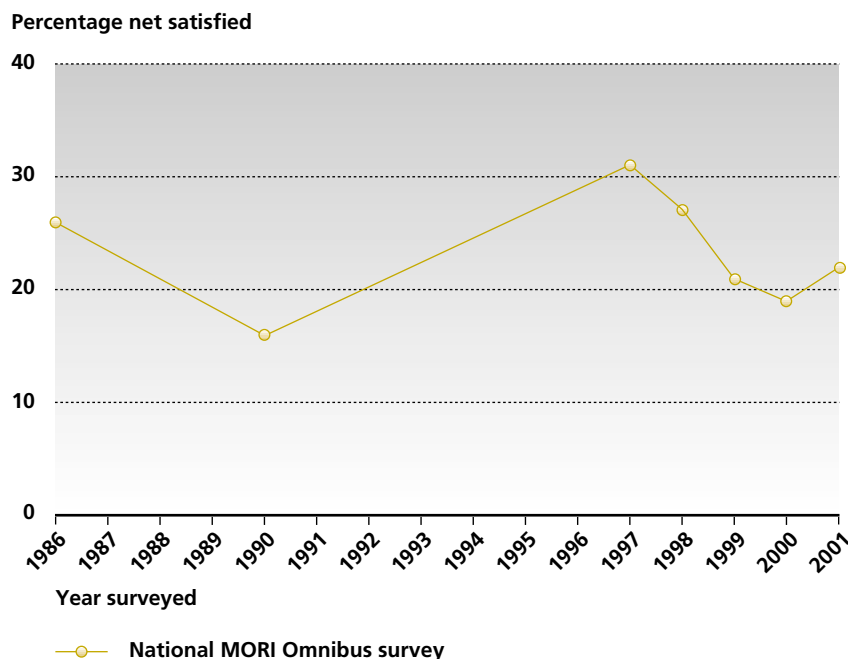
9. However, there are promising signs that change may be on the way. Analysis of satisfaction levels in best value pilot authorities (which started best value ahead of other councils) shows that they were able to stem the downward trend, with levels of satisfaction remaining stable. Furthermore, the very latest survey data from MORI (collected in August 2001) shows signs that public confidence has picked up [EXHIBIT 1, overleaf].

¹ Net satisfaction=total satisfied-total dissatisfied.

EXHIBIT 1

Satisfaction with councils

Overall satisfaction with councils has been declining, but there are signs that it has bottomed out and may be beginning to improve.



Source: MORI analysis commissioned by Audit Commission 2001

10. There are also encouraging signs that best value has helped councils take better account of the views of service users and the public, as well as keep them better informed about council performance and decision making:

- In the best value pilot authorities, there was a small but statistically significant shift in the proportion of the public who felt well informed about their council’s decisions and performance (from 32 per cent to 35 per cent), while the proportion who felt consulted on local services or issues rose from 33 per cent to 37 per cent.
- The Commission’s own survey of council officers and members found that 86 per cent of councils have been successful at building their understanding of the needs of users and the public, with 77 per cent linking this achievement to the introduction of best value.
- Best value has helped trigger local debate over council services – for example, the study found levels of best value-related press coverage varying between 150 and 250 articles per month in local papers.

11. A key aim of the modernisation agenda is to get the public more interested and involved in the services they receive and pay for. There are clear signs that best value is helping achieve this aim. But authorities remain to be convinced whether best value inspection has ‘spoken clearly to local people’ – only 23 per cent agreed that the service was meeting this ambition.

Some good and improving services, but not enough

12. The main role of the Audit Commission’s inspection service has been to inspect the BVRs carried out by councils (for services not covered by other inspectorates)¹ – judging both the quality of the services reviewed as well as how likely they are to improve. Scores from the first 500 inspections show a mixed picture. Thirty-seven per cent of inspections have awarded services either two or three stars (for good or excellent services). But the majority of services were judged either fair or poor (although this figure may overestimate problems as guidance encouraged councils to look at their poorest performing services first) [EXHIBIT 2].

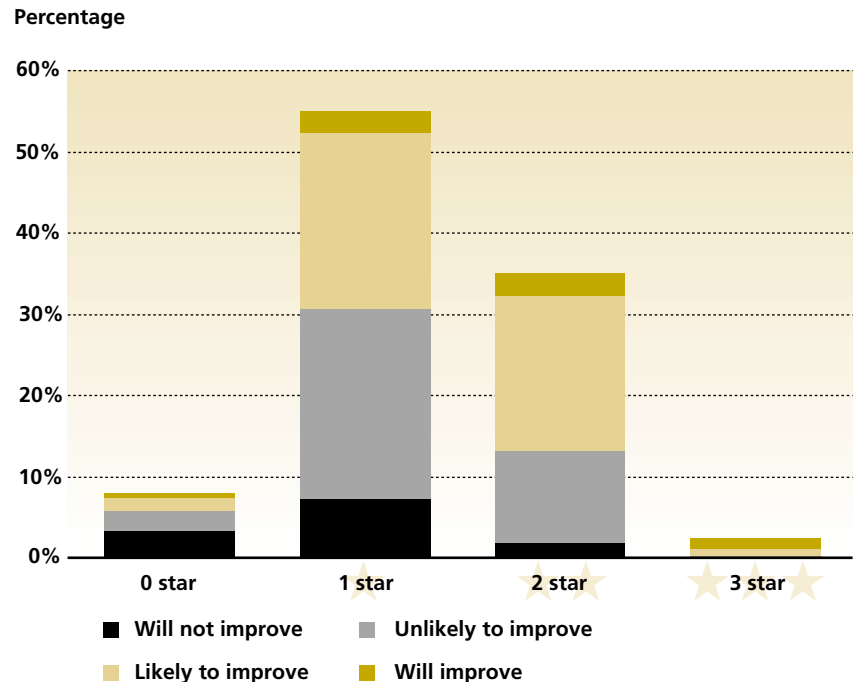
13. Inspectors have judged that half of BVRs will ‘definitely’ or ‘probably’ lead to better services. Councils themselves report a range of significant improvements that have resulted from BVRs, and the promise of sustained future improvements is shown by the extent to which councils have taken to heart the principles of best value: focusing better on users, challenging poor performance, strengthening performance management, thinking of new ways of doing things and building partnerships with other authorities and the private and voluntary sectors [BOX A, overleaf].

1 Chiefly the Social Services Inspectorate (SSI) and the Office for Standards in Education (Ofsted) and their Welsh counterparts SSI (Wales) and Estyn.

EXHIBIT 2

Star ratings for council services

Forty per cent of services were rated good or excellent.



Source: Analysis of first 506 Audit Commission inspection scores

BOX A

Changes in services, changes in attitudes

Members and senior managers highlighted a range of benefits coming directly from best value reviews. These include specific service improvements...

'...a completely new integrated refuse and recycling service'

service manager, unitary

'...bringing in an out of hours call centre for all council services'

CEO, metropolitan council

'[we] completely re-modelled our service for care for the elderly'

CEO, county

'cleaner streets'

member, Welsh unitary

and deeper changes in the performance culture and improvement capacity of the authority...

'we faced up to some poor performance'

CEO, metropolitan council

'[we are] focusing on public consultation and what the public want'

best value officer, district

'we are looking across service boundaries'

best value officer, London borough

14. However, half the council services inspected were judged unlikely or not going to improve. Councils are investing significant resources in carrying out BVRs, so it is a major concern that such a significant number are being judged as having little impact on service quality. It is particularly worrying that those services scored fair or poor are also the least likely to improve (with only 42 per cent given 'probably' or 'will' improve ratings, compared with 65 per cent of good or excellent services). Welsh and district councils are experiencing particular difficulties – only 33 per cent and 43 per cent respectively of their reviews are judged likely to lead to improvement (compared with 63 per cent for other councils).

Encouraging signs of improvement in BVPIs

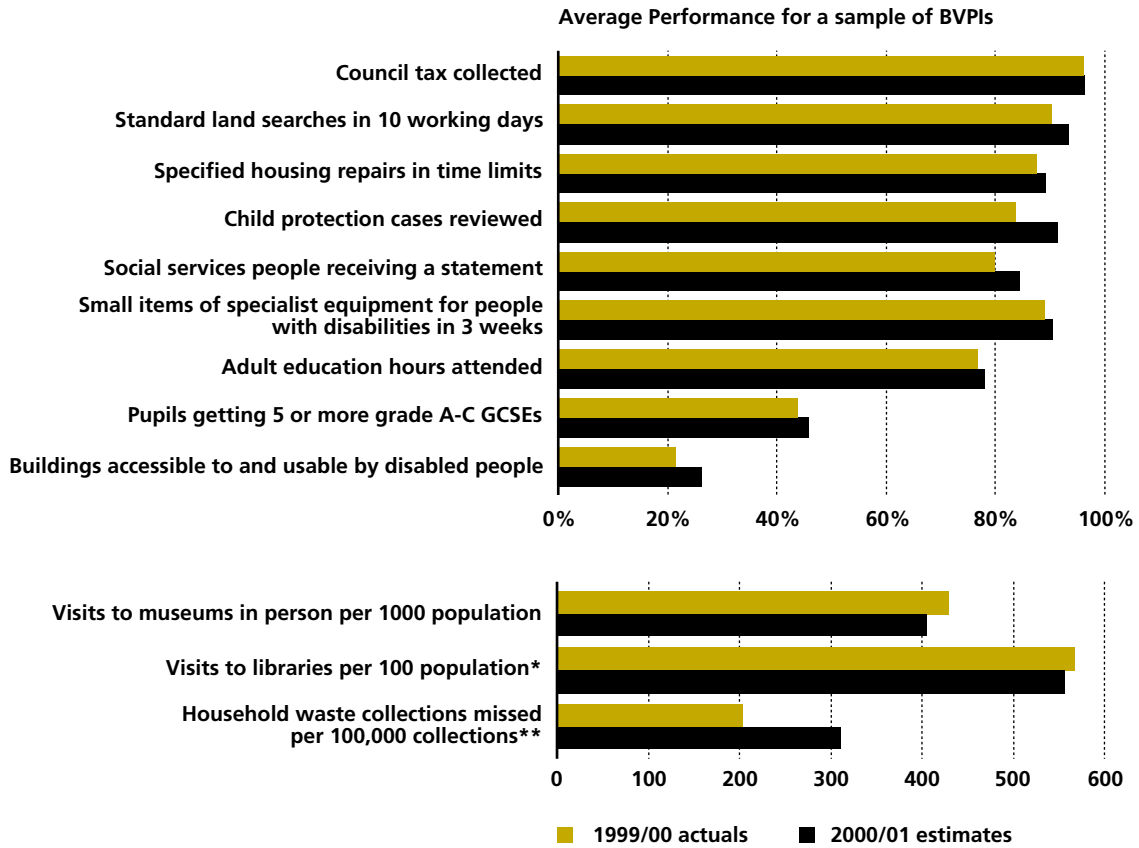
15. A key aim of best value is to narrow the gap between the best and worst performing councils. The best and most objective data to measure progress towards this target come from the suite of BVPIs set by government departments and the National Assembly for Wales (NAW), (and which councils are required to report in their BVPPs).

16. This is the first year of best value for which it is possible to see data for two consecutive years, for some BVPIs at least (and for councils in England), and the picture that emerges gives significant grounds for optimism [EXHIBIT 3].

EXHIBIT 3

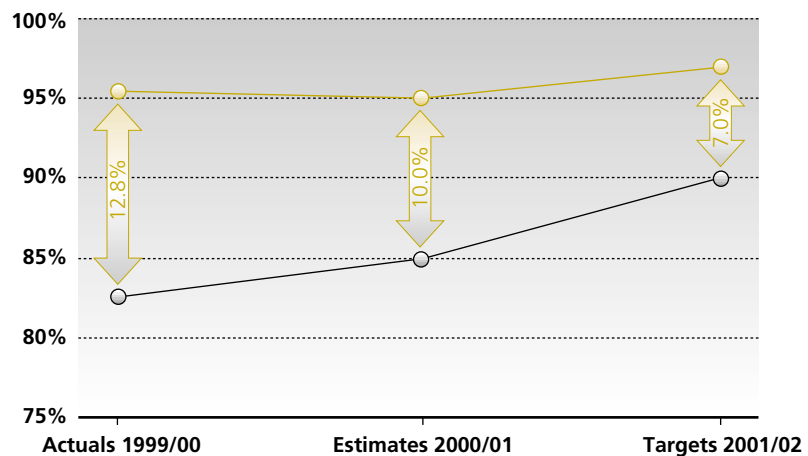
Examples of performance

Average performance against 75 per cent of BVPIs has improved...



...and the gap between the better and worse councils has narrowed for 75 per cent of indicators.

Example: BVPI 72 – Percentage of specified housing repairs completed on time (showing gap between top and bottom quartile)



Notes: *The BVPI definition is visits to libraries per capita for 2000/01 – a different factor is used here to aid presentation.

**A higher figure here shows performance has worsened.

Source: Audit Commission analysis of BVPIs estimates 2001 and Audit Commission Performance Indicators 2001 (English councils only).

- Analysis of councils' own estimates of their performance in 2000/2001 against performance in 1999/2000 shows that the average performance improved on three-quarters of the 20 indicators for which comparative data were available.¹
- The performance of the bottom quartile (the worst 25 per cent of councils) has improved on almost all such indicators, while the gap between the best and worst performers has narrowed for 75 per cent of the indicators.
- The targets that councils have set for 2001/2002 (covering 83 BVPIs) show that the gaps between the best and worst performers are targeted to narrow for two-thirds of PIs.
- However, there are still wide variations between the performance of councils across the country (discussed further below).

17. Comparative time-series data are only currently available for a minority of BVPIs. While this set does cover all key services, it may not give a balanced picture of overall council performance. A more comprehensive picture will be available next year when comparative data should be available for the majority of BVPIs (as long as definitions of BVPIs remain stable).

A mixed picture for different services

18. To see a clearer picture of councils' performance it is necessary to look in more detail at how different services are performing and, in particular, to draw in the headline findings from the work of other inspectorates [TABLE 1, overleaf].

19. Of fifty-seven housing BVRs inspected, 77 per cent were judged poor or fair, including 19 per cent rated poor (compared with no more than 11 per cent for other services) – findings supported by low levels of user satisfaction. However, over 56 per cent of these services were rated as likely or going to improve, suggesting that authorities were concentrating significant improvement efforts in this area. BVPIs also present a mixed picture, with performance on collection of rent arrears declining, while performance on housing repairs BVPIs (a common area looked at by BVRs) has improved.

20. Environmental services also present a mixed picture. There are high levels of public satisfaction with refuse collection and recycling facilities, but low satisfaction with planning, road repairs and maintenance. BVPIs show a wide gap between the best and worst performing councils (which, based on targets, may widen still further). The bottom performers only recycle half as much as better performing councils (6 per cent versus 13 per cent) and three times the number of principal roads in the bottom performers were worn out, compared with the best performing councils (15.9 per cent versus 4.5 per cent).

¹ Time-series data was analysed for 20 BVPIs (out of the total of 170) whose definitions match last year's Audit Commission Performance Indicators. Data on targets was analysed for 83 BVPIs.

TABLE 1

Summary of the performance of different services

	Public Satisfaction	Inspection		Performance Information	
	Percentage satisfied (range across recent surveys)	Percentage good/excellent	Percentage probably/will improve	Percentage of BVPIs where average improved	Percentage of BVPIs where gap (best-worst) narrowed [No. of PIs]
Housing	54-77%	23%	56%	50%	50% [2]
Environment	62-87% (waste) 39-47% (highways)	41%	52%	50%	75% [4]
Culture and Leisure	72-88% (culture) 63-82% (leisure)	41%	47%	0%	100% [2]
Corporate	63-67% (revenue)	34%	50%	100%	67% [3]
Social Services	55-74%	26% serving most people well*	68% promising/excellent prospects*	100%	80% [5]
Education	70-80%	18% of LEAs good/excellent, 68% satisfactory or better**	na**	100%	75% [4]

Sources: 2000/2001 BVPIs (based on councils' own estimates), MORI user satisfaction survey data 1998-2001, Social Services and Education data from the SSI/Audit Commission Joint Reviews (*) and Ofsted (**, figures are not directly comparable, as LEAs are scored on a 7 point scale, with no separate improvement judgement), Audit Commission Inspection Service.

21. Culture and leisure services, particularly libraries and leisure centres, often have the highest satisfaction of any council services, with between 63 per cent and 88 per cent of users satisfied. This contrasts with the views of inspectors that 59 per cent of these services are poor or fair (possibly reflecting the fact that these are the views of existing users, rather than the general public). But whilst the gap between the best and the worst has narrowed for these services, less than half were judged as likely or going to improve, worse than any other group of services.

22. Performance of council-wide and corporate services shows a pattern of some significant improvements on key services, such as the proportion of council tax being collected and access to buildings for people with disabilities. This is an area where a number of specific upper quartile targets have been set by Government, against which many councils are also doing well. For example, a third have met the target for reducing sickness absence.

23. Both BVPIs and inspection/review findings (by Ofsted and the Social Services Inspectorate, jointly with the Audit Commission) show a picture of improvement in the key areas of education and social services in many councils. Ofsted^I reported that ‘There were considerable signs of improvement this year across a wide range of LEA functions in that the proportion of work judged to be good or very good rose – as did the number of LEAs judged to be performing well or very well overall.’ SSI/Audit Commission Joint Reviews of social services have found that many councils have responded well to the change agenda, with 68 per cent found to have promising/excellent prospects for improvement.^{II}

The bigger picture

24. The best value regime includes ambitions to improve the wide range of strategic and cross-cutting work undertaken by councils and other local agencies – such as regeneration and community safety. So far this has been the focus of only a small proportion of best value review work (discussed further in Chapter 2).

25. However, there are some positive signs that best value may be helping councils get to grips with these issues. Over half of the cross-cutting reviews (mainly focused on regeneration work) that have been inspected were given ‘likely’ or better improvement scores. Moreover, in a recent survey, councils identified best value as a key focus for drawing together different elements of their strategic work.^{III}

More councils need to deliver best value

26. Many council services are good or excellent and there are encouraging signs that best value is helping to drive improvement. Progress against many BVPIs has been strong, and inspection has shown that at least half of councils are well set to improve services further. Most councils are now more aware of, and sensitive to, the needs and wishes of service users and the public.

27. There are, however, mixed messages beneath these headlines. Too many council services are poor or fair. Many districts and Welsh councils seem to be having particular problems delivering improvement, while housing, environmental and leisure/cultural services have a long way to go if they are to deliver ‘excellent services for all’. Even where there are signs of movement, the findings of inspection suggest that it may not be fast or significant enough to lead to noticeable improvements for service users.

28. To get a clear picture of what is going on it is necessary to look inside councils – to see how some have used best value to change the way they work and to deliver better services, while others have not.

I *Standards & Quality in Education 1999-2000: The Annual Report of Her Majesty's Chief Inspector of Schools*. February 2001.

II These issues will be discussed further in the forthcoming annual report on SSI/Audit Commission Joint Reviews.

III *Joining up Best Value and Other Initiatives: Report to the Improvement and Development Agency*; Richard Cowell, Steve Martin and MORI Local Government Unit, April 2001.

2

How are Councils Responding to Best Value?

Deciding what to improve

29. Best value puts councils in the driving seat for improvement. Councils are free to decide what to look at, when to look at it and how to look at it (within the broad framework of the ‘four Cs’: challenge, compare, consult and compete) and how to go about implementing improvements. This chapter looks closer at how councils are responding to best value to make improvements. It finds that a quarter of councils surveyed report doing well, around half say they are coping with the basic demands of best value but encountering some significant difficulties. A quarter of councils report finding most aspects of best value difficult or very difficult.

30. Deciding when and what to improve – the shape of the BVR programme and scoping each review – is the most critical stage of the whole process. Best value should provide a means for the delivery of local and national priorities. The starting point for this should be a clear picture of the council’s priorities – their key community, political and statutory ambitions – built on a thorough and up-to-date understanding of what matters to local people. Members should be at the forefront of this stage.

31. Sixty-two per cent of councils reported that best value has helped them deliver local priorities; however, only 42 per cent have found it useful in delivering national priorities, with many pointing to difficulties integrating best value with the range of relevant government initiatives and priorities (such as e-government, new political structures, etc.).

32. Uncertainty over how best value inspection would operate in practice, and early guidance on what to cover, meant that many councils designed BVRs to be comprehensive (finding every single problem), and subsequently lost the focus on improvement and how to more closely tailor service provision to public need. At the same time councils have had to cope with a wide range of demand and expectations over what best value should deliver (address central priorities while listening to local people; deliver stepped change as well as continuous improvement; etc.).

33. But the lessons learned from the first 18 months of best value review are clear. Scoping provides clarity and focus. It helps the review tackle fundamental challenge questions: ‘Why do we provide this service? Could someone else do it better?’, while maintaining the focus on delivering improvements. Getting it right requires some research in advance of the scoping phase, to test which areas of a review will offer real opportunities to deliver improvement. Without this focus councils can become too involved in the details of the process and lose sight of the aims of best value. As a result, the benefits of service improvements may sometimes exceed the cost of a review.

‘You need to be clear what the direction of the review is before you start it.’

CEO, unitary

‘We need to carry out reviews where we have a clear vision of a potentially significant improvement outcome.’

best value officer, district

‘Prioritise key areas [of the service], and don’t review for the sake of reviewing areas that do well.’

service manager, district

‘[The most important lesson] is to scope things more effectively at the beginning, and identify the issues which are likely to be politically sensitive.’

CEO, London borough

34. In *A Step in the Right Direction* and *Another Step Forward* the Commission recommended that, in order to focus more clearly on delivering better services, councils should do fewer reviews, and begin to tackle more strategic cross-cutting issues in their reviews. Analysis of 2001/2002 BVR programmes shows that councils have responded to this message. On average, councils are doing around 43 per cent fewer reviews; the number of reviews of single services (or parts of services) has decreased significantly; while there has been an encouraging increase in the proportion of reviews which seek to improve services from the perspective of the user and address cross-cutting issues – up from 20 per cent to 28 per cent [EXHIBIT 4].

35. There is an identifiable shift in many councils toward asking more challenging questions of themselves, in more strategic reviews. They know that the ambition of a review is determined by the degree of challenge posed at the outset.

36. About 60 per cent of councils said that they found setting up systems to challenge services difficult. For many, this required a major change to the way they worked. Also vital is the attitude and behaviour of top managers and elected members, as it is these that often determine the degree of ambition and challenge in the scope and conduct of reviews.

‘Best value is about cultural change and without clear corporate leadership for that change it becomes a very negative task-based process.’

CEO, metropolitan council

‘The corporate team were reluctant... in reality they were given a kick-start by the cabinet ... I told them I wasn’t going to lose my political career because of incompetence in the council.’

member, district council

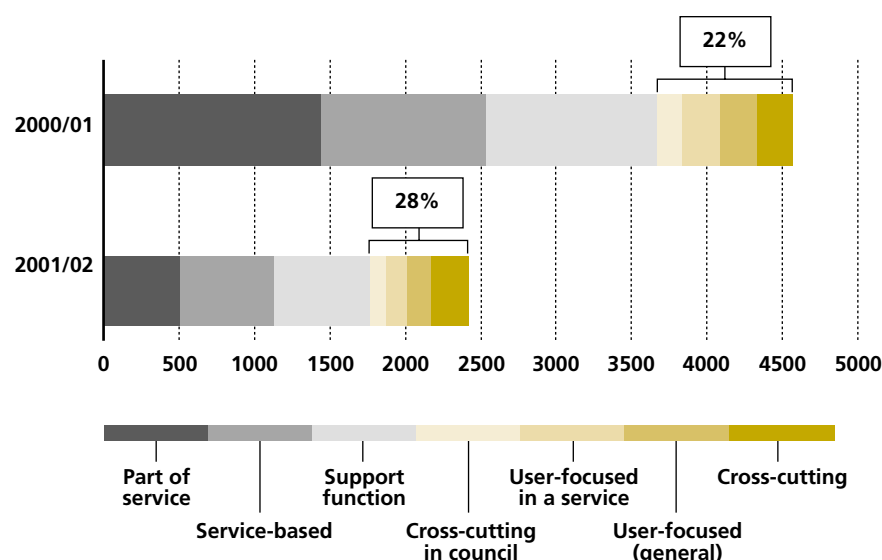
37. The extent of authorities’ ambitions for improvement through BVRs covers a wide spectrum, ranging from diagnostic work (looking for savings or dealing with service specific problems) to more strategic questions about how they are meeting users’ needs or delivering cross-cutting priorities [EXHIBIT 5, overleaf].

38. While it is encouraging that authorities are undertaking fewer reviews, there is still a long way to go before Government’s ambition that authorities focus on cross-cutting and strategic reviews is realised. Over 70 per cent of reviews still focus on a single department or function. Over a third of inspections challenged whether the scope of the review was sufficiently broad to deliver improvements service users would notice. This supports the view that too many councils are still ‘playing safe’ – stuck firmly at the left hand side of the spectrum of improvement. Their BVRs focus more on superficial compliance or justifying poor performance and fail to deliver improvements. As a result they have little real impact on the experiences of service users and often defer any real action until after yet more review work (discussed further in paragraph 54).

EXHIBIT 4

How have BVR programmes changed?

Councils are doing fewer best value reviews, with a higher proportion addressing strategic or cross-cutting issues.

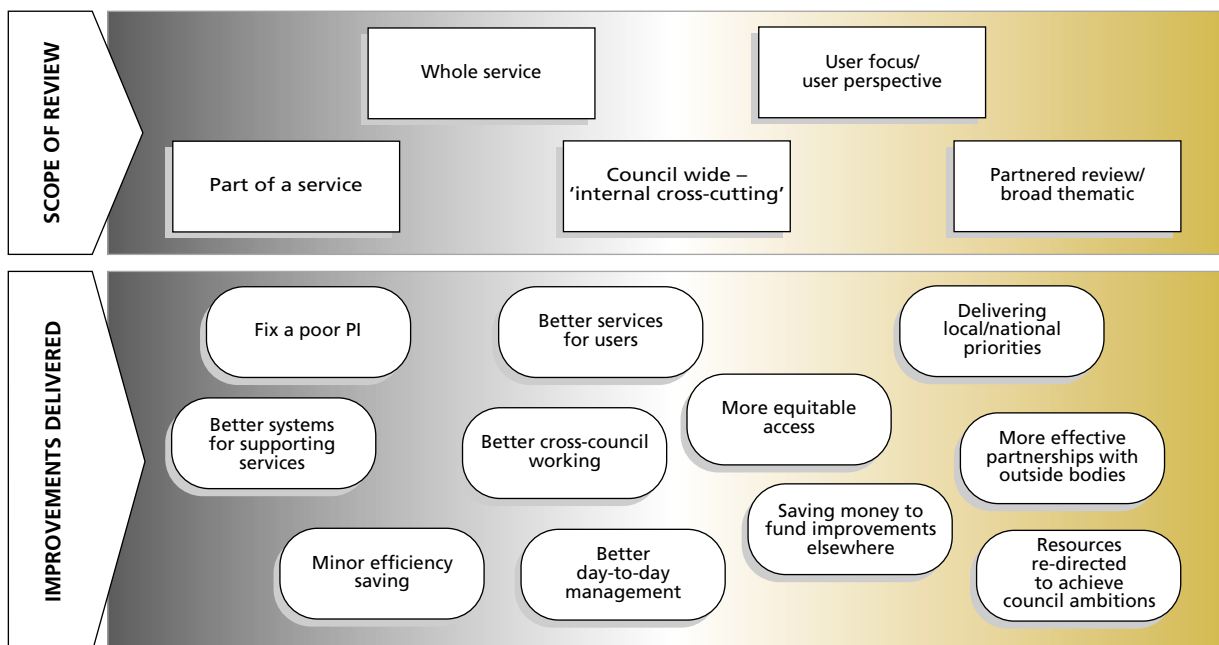


Source: Audit Commission Inspection Service

EXHIBIT 5

There is a spectrum of improvement activity

More ambitious councils aim for more significant improvement by asking strategic, user-focused questions of their reviews.



Source: Audit Commission

Working out how to improve

39. The scope of a best value review should determine what activities the review will look at, as well as the sort of improvement the review is aiming for. The purpose of reviews is to diagnose problems, identify opportunities and come up with options for how services can be improved. Three of the four Cs (consultation, comparison and competition) can be seen as tools to help in this process, while the fourth 'C' (challenge) should ensure that big policy questions are addressed early on.

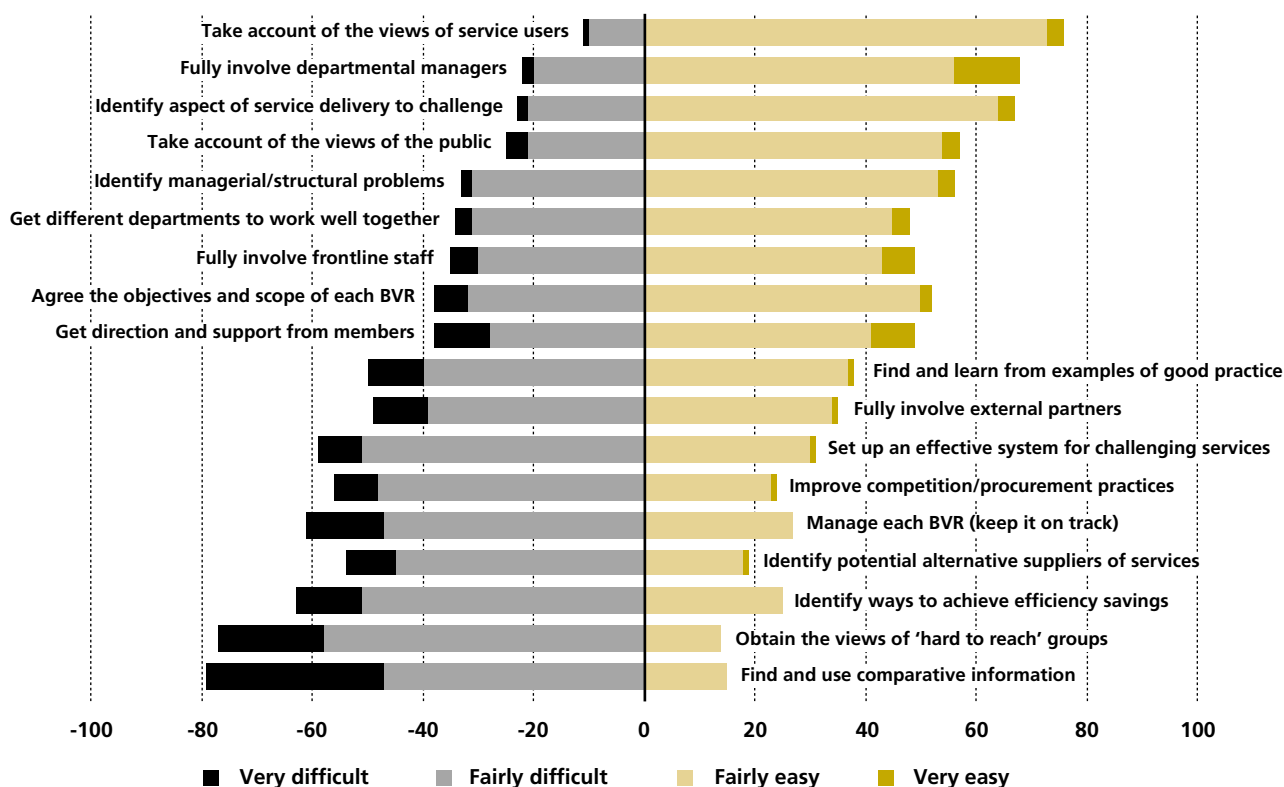
40. How well are councils responding to the demands of the four Cs when they carry out BVRs? Are reviews leading to service improvements?

41. Many councils are coping well with some of the demands of a challenging BVR (such as consulting the general public or finding problems to fix) but other elements are proving significantly more difficult [EXHIBIT 6].

EXHIBIT 6

What aspects of best value review are councils finding most difficult?

Most councils say they are coping well with many of the demands of best value, although other elements are proving significantly more difficult.



Source: MORI survey for the Audit Commission 2001 (177 CEOs and best value and departmental officers)

42. A basic principle of best value is to think about services from the perspective of users and local people. Best value has helped most councils make significant progress in how they consult with users, the public and other stakeholders. Many councils have developed a wide range of techniques to listen to these views and use them to focus their reviews. These include surveys, focus groups, interviews, citizens' panels and the internet. This year auditors raised concerns with only 7 per cent of councils over their corporate approach to consultation – down from a third last year.

‘We have been more receptive to customer needs and we have directed resources into it. It has helped us prioritise. Speaking from the experience in my department, we looked at environmental improvements like composting and recycling. We were surprised at the demand and how popular they have become.’

service manager, unitary

43. However, many inspections have questioned whether reviews look at services sufficiently well from the user’s point of view – with over 70 per cent suggesting user-focused changes that reviews have missed. Twenty per cent of inspections raise concerns over whether consultation is sufficiently focused or challenging; councils are not always clear why they are consulting, what decisions they are trying to inform or how the results will be used. Questions asked of stakeholders and the public do not always challenge both the service and the way it is delivered.

44. There are barriers to involving local people; some groups are hard to reach – almost 80 per cent of councils found reaching some groups difficult, and citizens may be apathetic or feel the council won’t listen – some councils reported survey return rates of under 2 per cent. Moreover, as people become more informed and involved with services, expectations may rise and satisfaction rates may fall.

‘[The most important lesson we’ve learned] is to do with raising public expectations, possibly to a level we cannot achieve. We’ve increased [street] cleaning frequency due to the best value review. We have noticeably improved standards and yet the number of complaints coming in is greater, because we’ve raised the awareness.’

service manager, London borough

45. However, the ‘ordinary citizen’ can have a powerful role in providing challenge, and service users have a vested interest in ensuring that action plans are carried out effectively. Some councils have engaged local people well in their BVRs:

- using tenants’ groups to identify priorities and check progress of the action plan. Their recommendations often show a clear understanding of complex management issues [district council]; and
- establishing residents’ monitoring team for refuse collection and street cleansing to identify and tackle problems [an initiative piloted in one neighbourhood in a London borough].

46. Many councils have also learned the importance of listening to and engaging members and frontline staff in BVRs. How the review is carried out will affect whether members and staff are committed to changes proposed, particularly significant and difficult ones, and therefore determine how well they are implemented. ‘Successful strategies for change combine committed and visible leadership with the maximum degree of engagement and involvement by staff’.^I Around a third of councils report finding this difficult.

47. ‘Compare’ has probably been the ‘C’ that has taken up the greatest proportion of BVR resources for the returns it has generated. Around four-fifths of councils find collating and using appropriate comparative information difficult, with particular concern focusing on the reliability and comparability of cost-based data. This contrasts sharply with only 22 per cent of inspection reports raising this as an issue, and may reflect the concern of both inspectors and councils of the danger of ‘getting lost in the data’.^{II}

‘The most important lesson we’ve learned is to focus less on the ... bureaucratic processes associated with best value, in particular to spend less time comparing apples with pears and instead focus on talking to stakeholders to find out what they think should be done better, identifying best practice and then focus on the improvement plan.’

service manager, metropolitan council

‘Our neighbouring authority’s got a three star library service, we’ve got a one star library service, so we’re talking to them about how we can work in partnership with them to bring our services up to standard.’

best value officer, metropolitan council

I See *Change Here!: Managing Change to Improve Local Services*, Audit Commission, 2001.

II See *Getting Better All the Time: Making Benchmarking Work*, Audit Commission, 2000.

48. Collecting comparative data is not an end in itself, nor is it a process to check that ‘we’re OK’. The key aim of ‘compare’ is to identify what others are doing differently and identify potential opportunities for improvement or gain evidence to argue for significant changes.

Benchmarking is simply a ‘tin-opener’ to this process, and if collating it is problematic, other less formal routes (such as professional networks or published inspection reports) should be used. Councils should use benchmarking data where available to query service costs and performance in the light of local priorities. However, before engaging in data collection exercises, councils must consider whether potential benefits outweigh the costs.

49. One of the hottest topics in the public sector at the moment is the use of the private sector to provide or help provide services. Most councils have welcomed the move away from the compulsory competitive tendering (CCT), which they felt focused too heavily on costs, towards a regime that enables them to look at cost and quality in a more integrated way. Councils that are delivering best value and are well set to improve know the value of working with external providers and other partners to challenge how services are provided and to look for innovative new ways to meet the needs of local people.

50. Analysis of levels of contract advertisements (commissioned from BIP Ltd) shows a mixed picture, with an overall fall of 23 per cent over 2 years, but an increase in contracts which cover a mix of services and/or supplies. Discussions with contractors, councils and inspectors show that many have yet to get to grips with competition in its new shape. Broadly, councils can be split into three groups:

- Some (a minority) who have changed their attitude to working with others (contractors and the voluntary sector) significantly – for example, developing new models of strategic partnership. Those falling into this category tend to be the best and, interestingly, a few of the worst performing services.
- The majority, who have not shifted significantly since best value replaced CCT – have largely rolled forward existing contracts with few changes.
- Some have taken a backward step – a third of inspections raise concerns over the failure to properly review competitiveness or challenge current ways of working (for example, where reviews do little more than say ‘our costs are broadly in line with others’ and ‘satisfaction levels are OK, so we are competitive’).

51. To some extent the caution of some councils is understandable. Moving to more complex models of partnership represents a significant shift. Many councils do not yet have the procurement skills to deal properly with the risks involved (although many are actively developing their corporate approaches to procurement), while others do not have sufficient performance data to adequately specify such contracts. These concerns are mirrored by many contractors, some of whom feel that councils are not sufficiently aware of how to get the best out of a relationship with a private sector company.

52. Yet subjecting a service to the challenge question ‘why do we need to provide it ourselves?’ can be a major spur for improvement and innovation. Competition and partnership were among the most frequently cited sources of innovative and important improvements from best value.¹

‘[The most important lesson is] the need for external challenge to effectively ensure all procurement options are identified and assessed.’

CEO, metropolitan council

‘We’re transferring some services to charitable organisations.’

service manager, metropolitan council

‘[The most innovative change was] contracting out of parking control, which resulted in substantial savings. It would have been difficult to secure political agreement on it without best value.’

CEO, London borough

53. The most common feature of the concerns raised by inspectors over the consultation, comparison and competition work done in BVRs is the extent to which these are undertaken in *challenging* ways: did consultation really challenge whether and how the service should be provided?; did comparison challenge performance (or just justify it?); were all options for service delivery properly considered? But there are also concerns over the quality of the ‘policy challenge’ undertaken in reviews: did the review really question why the service is required, how it links to the priorities of local people or how it should be delivered (not simply ‘by whom’, but thinking about issues such as e-delivery). These concerns link closely with concerns over the scope of reviews and often underlie the judgement that reviews will not, or are unlikely to, lead to real improvements in services.

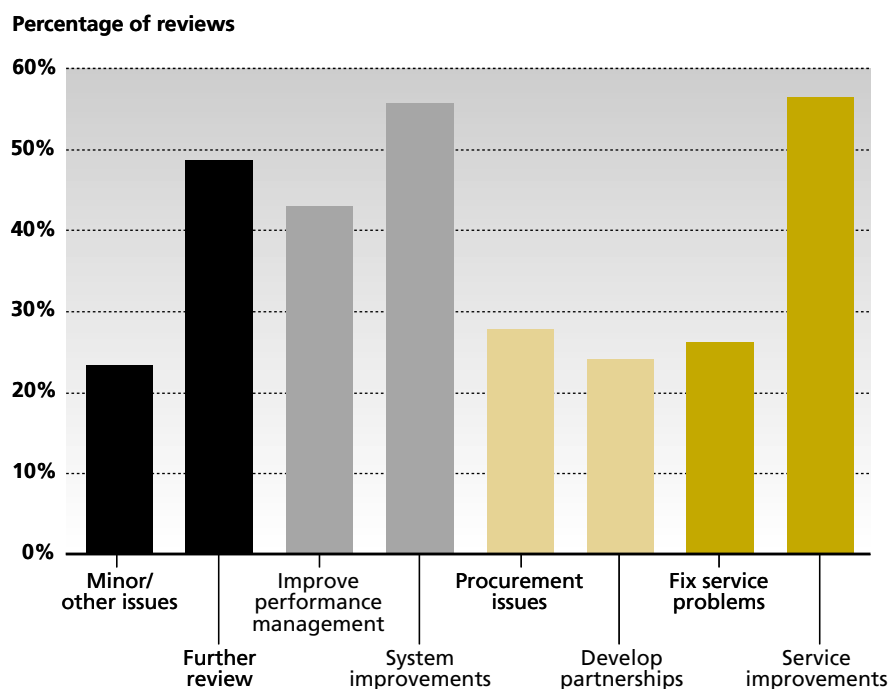
54. Perhaps the most telling evidence of the lack of ambition and challenge in BVRs is that provided by the analysis of the outcomes of 284 BVRs (as reported in BVPPs) [EXHIBIT 7, overleaf]. While most BVRs come up with recommendations that may impact on service delivery to some extent, too often BVR recommendations address the sort of issues that should be picked up as part of day to day management or annual service planning. A useful test is to ask: ‘Is this the answer to the sort of question we should only be asking every five years?’ (if the answer is ‘no’ then a more fundamental question is: ‘Why didn’t we solve this problem sooner?’).

¹ The Commission will be publishing a management paper on procurement later this year. A number of other documents (including *Delivering Better Services for Citizens*, DTLR/LGA, 2001) designed to help councils build their procurement capacity have been published recently.

EXHIBIT 7

Recommendations coming out of best value reviews

While most BVRs find some aspect of service to improve, the bulk of recommendations show that too many reviews are not addressing challenging questions about performance and improvement.



Source: Audit Commission analysis of 284 BVRs

55. One of the toughest challenges posed by best value is to improve services within existing budgets (the reality facing most authorities).

56. While reviews are covering areas of significant spending (typically services with budgets of around £1.5 million, but ranging from £300,000 to £20 million depending on council size), many councils report difficulties in using BVRs to tackle resourcing issues. For some services, achieving significant improvements may require extra resources (in the short term, at least). The best councils have demonstrated the capacity and commitment to tackle these issues:

- Sound financial planning enables them to set aside some resources to fund BVR improvements and ‘invest (now) to save (later)’.
- Exploring all options to secure additional funding or sharing costs by pooling resources – either from national sources or by working locally in partnership with others.
- Making tough choices about what matters more – eg balancing service priorities or rethinking the levels of charges.
- Providing a clear efficiency framework – so reviews identify options for savings and redirecting resources into priority areas.

57. Most councils have found it difficult to use BVRs to deliver efficiency savings and, in particular, to meet the 2 per cent efficiency savings target set by government. Efficiency can be improved by reducing costs for the same service level, or by delivering more for the same resources. While most BVPPs include an efficiency target, few councils were able to report

progress made against it. Often this is because councils lack mechanisms to properly measure efficiency. Achieving and reporting efficiency savings is an important part of best value. Councils need to be clearer how they will achieve this aim in future (including the contributions that different BVRs are expected to make), while LPSAs provide key opportunity for Government and councils to develop clear guidance over how such savings are to be measured.

58. A final problem facing councils is project management. Over 60 per cent of councils experienced difficulties in managing and completing their programme of BVRs. Analysis of 488 reviews scheduled for 2000/2001 found that only 58 per cent had been concluded in time to include in the BVPP. In part this reflects sensible decisions to cancel, postpone or combine different reviews, as encouraged by national guidance. However, reviews are complex and often expensive projects and many councils have reported getting ‘lost in the process’, either because reviews were not well scoped to start with or were not managed effectively.

‘I think most of our reviews have not kept to time and that’s partly because we didn’t identify a scope at the beginning. The solution we’re trying to adopt is that we have a much more thorough look at the beginning stages.’

best value officer, district

‘[The most important lesson was] to give yourself enough time to plan and manage the process, because the first stage, the challenge stage, is crucial to the whole review.’

service manager, district

Implementing improvements

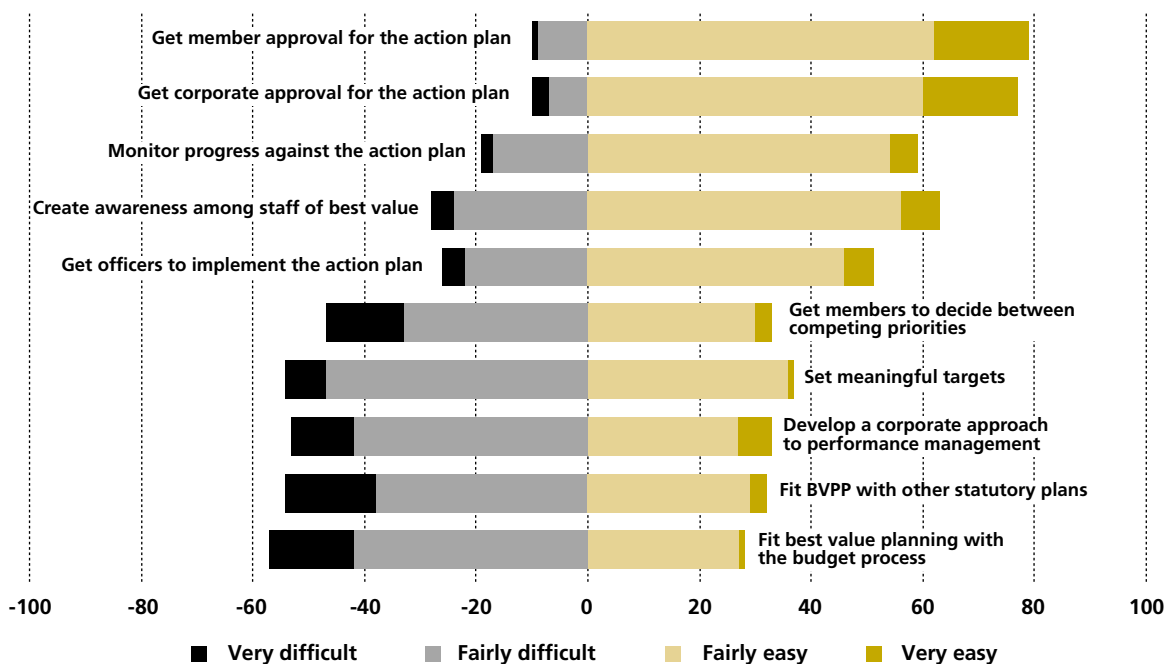
59. Best value reviews are just the start of the process of improvement; they are not an end in themselves. For planned improvements to materialise, councils need sound systems to implement change.

60. Most councils report that they are coping well with elements of implementation of BVRs, with most finding it relatively easy to get corporate and member approval for action plans [EXHIBIT 8, overleaf]. However, they find it harder if decisions have to be made between competing priorities, or if the BVR action plan has a significant impact on the budget. In part this reflects practical problems joining up BVR timescales with budget planning, but more importantly it also reflects the fact that many councils have yet to use BVRs to tackle big policy and resourcing questions.

EXHIBIT 8

What elements of implementation are councils coping best with?

Councils say they find most elements of implementation relatively easy – unless resourcing decisions are required.



Source: MORI survey for the Audit Commission 2001 (236 members and officers)

61. Best value inspectors have raised concerns in around a third of inspections over the capacity of councils to effectively implement their action plans, with recommendations commonly addressing:

- Quality of the action plan – is it clear who should be doing what, when? Is it clear how progress of the plan will be monitored? Who will check that the planned outcomes materialise?; and,
- Commitment to improvement – have adequate resources been identified to deliver the improvement? Who is responsible and how will they be held to account for delivery? Are staff and members committed to the action plan?

62. These findings reinforce the importance of the basic performance management systems and capacity of authorities to implement change. Authorities that already have sound performance management systems and effective business planning systems are able to shift resources to support priorities and monitor delivery. However, while 82 per cent of councils reported that they had improved internal performance management (with 76 per cent linking this to best value), around a half found adopting a corporate approach to performance management and setting realistic but challenging targets difficult – a picture supported by the audit of 2001/2002 BVPPs. The BVPP should act as a foundation for corporate performance management. While the overall quality of BVPPs

was up this year (with only 22 per cent of 2001/02 plans qualified, compared to 28 per cent last year – even though this year’s audit criteria were stricter), still 72 per cent of auditors made recommendations about performance management.

63. BVRs can be long, difficult and resource intensive projects. It is important that councils plan how to maintain momentum once the review phase is completed. If effective consultation has taken place it is likely that expectations will have been raised. If councils are to deliver, members and senior officers have a vital role in driving recommendations forward and backing difficult decisions when the inevitable problems of implementation arise. And they will need to hold officers to account for delivery. Like many of the problems of implementation, if the need to engage members and allocate resources is not addressed during the initial scoping and then in the review itself, it is unlikely that it can be dealt with once implementation begins.

How are different councils coping?

64. The discussion above focused on how councils are dealing with the different aspects of the best value regime. In order to see how they are coping overall, the Commission analysed how many of the 30 ‘how difficult/easy...’ questions asked in the survey different councils were scoring ‘difficult’ or ‘very difficult’.¹ This shows wide variation between councils [EXHIBIT 9, overleaf]. When combined with the other findings in this chapter, three categories emerge:

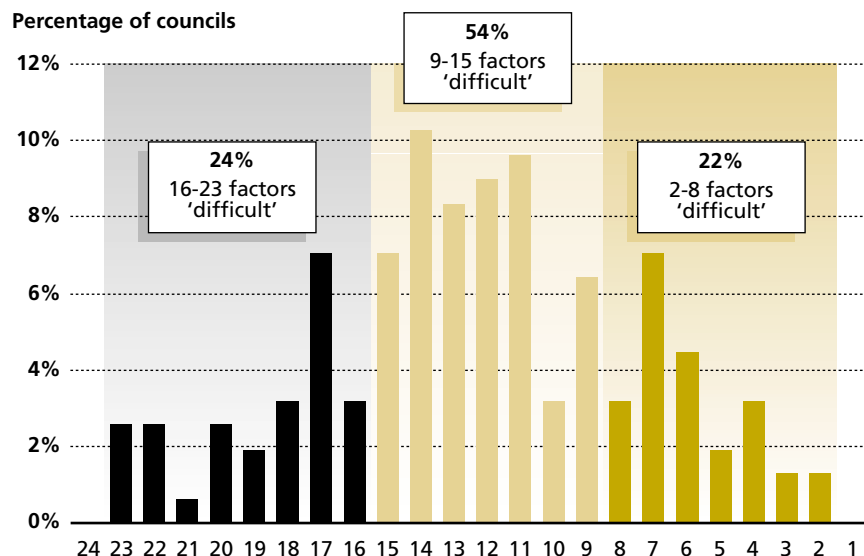
- A quarter of councils are doing well. They have good corporate performance management, find it easy to engage members and staff and are able to link BVRs to their budgets. They report that best value has helped them innovate, redirect resources in line with priorities and deliver local and national priorities. Difficulties are in isolated areas such as consulting hard to reach groups or using ‘compare’ to identify best practice elsewhere.
- Half are coping with the basic demands of best value, but are experiencing significant difficulties. They report that best value has helped them be more user-focused, explore innovative ideas and work better across the council. They are able to diagnose managerial problems that impact on services. But they find challenge hard and have problems getting members involved, keeping BVRs on track and addressing resourcing issues.
- A quarter marked over half the factors difficult/very difficult. These councils say best value has helped them improve how they consult and manage their performance. They are able to find service problems, but are not good at using the four Cs to solve them. They have struggled to apply effective challenge or identify and implement ways to improve services.

¹ Exhibits 6 and 8 list 28 of these questions. The other two related to meeting the national requirements of best value.

EXHIBIT 9

How difficult are different councils finding best value overall?

While some councils are coping well, others are struggling.



Source: Audit Commission analysis of MORI survey 2001

65. Best value was designed to be part of a far-reaching programme of radical reform, and it is not surprising that some councils are finding elements of it difficult or challenging. But, there are stark differences in how well different councils are coping with best value. Overall only a quarter of councils have really got to grips with its most challenging elements. For most of the remainder, the first year has been a learning experience – with key lessons learned over setting the BVR programme, scoping, performance management and user-focus. But what separates the best from the worst? Why have some managed to use best value to help drive improvement, while for others it has been a ‘bureaucratic nightmare’? The next chapter looks underneath what councils are finding difficult and diagnoses why. It identifies four building blocks that underpin the success of the best councils and which others need to address if they are to move forward.

3

How Can Councils Make Best Value Work Better?

66. Some councils have responded well to best value, using it to deliver improvements in services. But others have not. This chapter identifies four critical success factors that underlie the performance of the best councils. It goes on to explain the actions that different councils need to take if they are to deliver best value in the future.

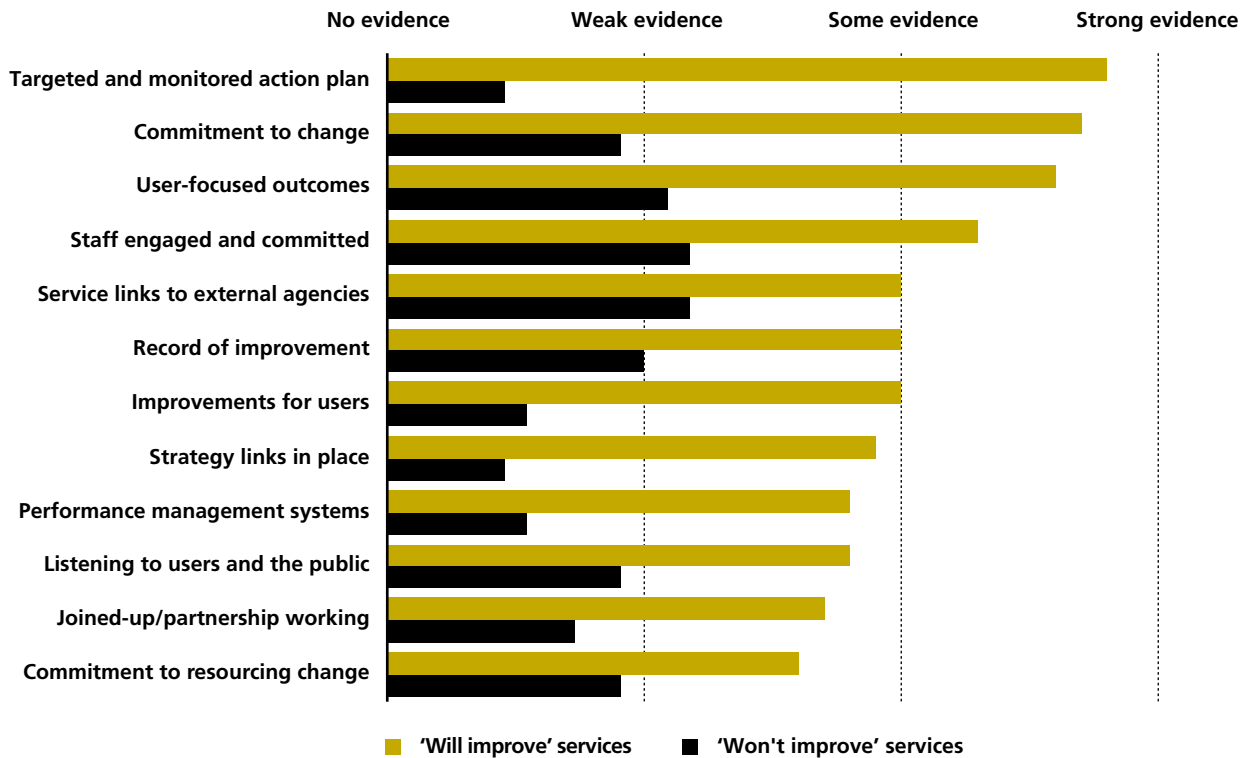
The critical success factors

67. The previous chapter identified a number of factors common to the councils which are making best value work: support and commitment from members and staff, effective performance management systems, integration of best value with other planning systems (in particular the budget), the ability to sustain challenge throughout the BVR, etc. Analysis of inspection reports identifies a range of similar factors which distinguish those councils able to improve from those who can not [EXHIBIT 10].

EXHIBIT 10

Analysis of the inspection reports for services judged 'will improve' and 'won't improve'

A range of factors differentiate those councils best able use BVRs to drive improvement.



Source: Audit Commission analysis of inspection reports

68. Combining these analyses it is possible to identify four key building blocks common to those already delivering best value, and whose absence explains the problems experienced by those who are not [TABLE 2]. These success factors are not new. They are found in the Improvement and Development Agency's (IDeA) peer review benchmark, and have been incorporated in the Commission's new corporate governance inspection methodology.

What is going on inside councils?

69. The key advantage of these building blocks is that they go beyond the external signs (or symptoms) of what councils are finding difficult to identify, the underlying causes of the problems different councils face.

70. Using the building blocks it is possible to refine the analysis presented at the end of Chapter 2 and see why some councils are responding better than others:

- **Top performing councils** – Have the building blocks in place: sound corporate performance management, commitment to improvement, sustained focus on top local priorities, the ability to shift resources and make difficult choices. Most were doing well before the introduction of best value and were therefore able to integrate it into their existing systems and use it to focus on strategic and thematic problems. They are aware of their performance, open to challenge and are prepared to try radical new ways to improve services.
- **Striving councils** – Accept the need to improve, are willing to take difficult decisions and are prepared to try innovative solutions. They are aware of their weaknesses and are actively tackling them: improving performance management systems, learning to procure more effectively and integrating best value in the way they plan and resource their services. Their BVPPs provide a clear focus for improvement and their BVRs make good use of the four Cs. Some recognise they lack the capacity or the resources to solve their own problems and so tap resources from agencies like IDeA and neighbouring authorities. These councils have many good services and have the capacity to deliver improvement.
- **Coasting councils** – Superficially resemble striving councils – with some sound systems and pockets of improvement. But they lack corporate commitment to improve, and performance management is weak. They may not accept the need to change and are not open about weaknesses. They are resistant to internal and external challenge. Their BVRs will tend to be unambitious and unfocused. They result in few significant changes – instead they concentrate on justifying current performance and put off any real action until after yet more review work. They may be complacent about their current performance, but will find their relative performance slipping back as other authorities catch up and overtake.

TABLE 2

The building blocks for best value

1. Ownership of problems and willingness to change		If missing...
Members and top managers committed to continuous improvements	<i>'best value is about cultural change. Without clear corporate leadership for change it becomes a very negative task-based process'</i> CEO, metropolitan council	Not prepared to make the changes needed to deliver improvement
Willing to take (and stick to) tough decisions, tackle difficult problems		Resist internal and external challenge to services and plans for improvement
Welcome external and internal challenge, open about their performance and problems	<i>'we cannot carry on doing service delivery the way we have always done it, just because we've always done it like that'</i> member, Welsh unitary	'Play safe', with reviews unlikely to deliver real change
		Members and top managers not interested or involved
2. A sustained focus on what matters		If missing...
Clear and consistent priorities to drive performance	<i>'we ought to undertake a review only where there is a real scope for change or improvement'</i> CEO, county	Don't focus on what matters most to local people and therefore what needs improving
Know what matters most to local people		BVRs distracted by minor managerial problems
Concentrate efforts in proportion to priority	<i>'focus quickly on things that will make a difference'</i> service manager, district	Lack of consistent focus
Focus on achieving impact in priority areas	<i>'identify and focus on key issues rather than try to do everything'</i> service manager, metropolitan council	Lack of focus on key issues
3. The capacity and systems to deliver performance and improvement		If missing...
Sound performance management systems at the heart of financial and policy planning	<i>'... we're currently trying to develop a performance management framework, and it's the absence of that culture, together with a lack of project management skills, that has proved the biggest barrier'</i> service manager, county	Unable to implement recommendations
Clear lines of accountability for action		Unable to resolve competing priorities or shift resources to support top priorities
Able to move people and money to tackle the most important problems facing the council and local people	<i>'by year three we will have a performance management structure based on the needs of local people, rather than service departments'</i> member, Welsh unitary	Reviews fail to keep on track
The skills to build effective partnerships with other organisations to meet shared objectives	<i>'the most important lesson would probably be user focus and the need for formal service standards and monitoring'</i> member, district	Poor lines of accountability for delivery
	<i>'we're looking at joint service provision with another local authority'</i> service manager, district	Unable to tackle big resourcing questions
		Miss opportunities to pool resources and capacity with other councils and partners
4. Integrate best value into day to day management		If missing...
Improvement is seen as the day job	<i>'we spent too much time talking and discussing rather than getting on and implementing change'</i> member, district	Best value processes cost more
Best value is integrated with other council performance management processes – not treated as an add-on	<i>'we already had chartermark, IIP, ISO 9000 – we've basically been following a process of continuous improvement. Best value pulls a lot of these things together. You can't look at it in isolation'</i> service manager, county	Best value isolated from services, local people and staff
		BVR outcomes are unconnected with service management, so hard to implement

- **Under-performing councils** – Have few, if any, of the building blocks in place. Performance management and planning systems are weak, and they are unable to secure direction and support from members. As a result they struggle to make effective decisions and are very weak at challenging their performance. In general their services are poor, some are failing, and they face serious challenges to turn round performance. A significant minority are quite committed to improvement and are open about the problems they face. But they acknowledge that they lack the capacity to achieve the improvement required from their own resources. With the right support they will be able to improve – however, their problems are deep rooted and need sustained attention.

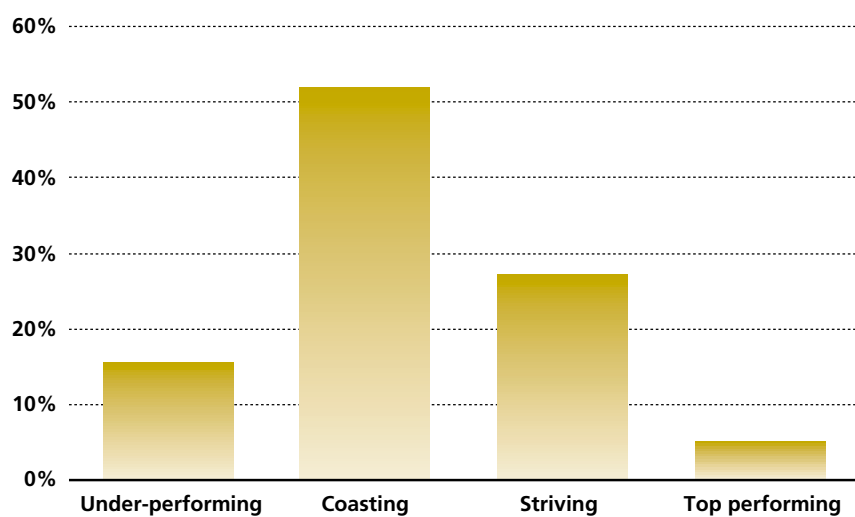
71. Analysis of inspection scores suggests that around two-thirds of councils are either coasting or under-performing [EXHIBIT 11]. This goes beyond the analysis for Exhibit 9. It is independent, rather than self-reported, and it covers assessments of ‘direction of travel’ and leadership (via the improvement judgement). Smaller councils face a particular challenge in developing strategic partnerships and building their capacity in areas such as procurement. Many districts have already learned that they need to pool their expertise and co-ordinate their work with neighbouring and county councils if they are to overcome this obstacle.

EXHIBIT 11

The distribution of councils by performance and capacity

Analysis of inspection judgements suggests that two-thirds of councils are either coasting or under-performing.

Source: Analysis of the scores of the 77 councils which have had more than one inspection. Councils grouped based on the consistency of inspection scores and judgements: U/P = all 0/1 star, not/unlikely to improve. T/P = all 2/3 star, will/likely to improve. Coasting = less likely/will improve than not/unlikely. Striving = more likely/will improve than not/unlikely.



Lessons for councils

72. Ninety-five per cent of staff and members surveyed could point to significant lessons learned from the first full year of best value. Most realised the importance of effective scoping, maintaining a user focus, building performance management, getting members on-board and being outcome-focused. But effective implementation of these lessons will depend on how the council stands against the four building blocks.

73. Councils should critically evaluate their progress to date and review what they have achieved in BVRs, to identify the type of improvements they are best at:¹

- Are members and officers committed to improvement? Are they willing to make tough decisions between competing priorities? Do they welcome external and internal challenge?
- Are priorities clear, consistent and reflect what matters most to local people? Do they provide a clear focus to concentrate efforts?
- Is there a sound foundation of performance management and financial and policy planning? Can resources be redirected effectively to tackle the most important problems facing the council and local people?
- Is improvement part of the ‘day job’? Is best value integrated with other council performance management and planning processes?

74. This should help councils pinpoint and tackle the barriers that may have prevented past BVRs from delivering. It should identify where they can build up their capacity to improve themselves, and highlight where they will need to call on others (other authorities, national networks, consultants, the IDeA, etc.) to help them in this task. Finally, it should help them re-focus their current BVRs to ensure they are ambitious yet realistic – focused on delivering real improvements while stretching and challenging the council to deliver more:

- **Top performing councils** – Should stretch their role as community leader and broker of multi-agency work to tackle the toughest challenges. They should share their knowledge and capacity with local government as a whole, working with weaker neighbours alongside other agencies to increase their capacity to improve.
- **Striving councils** – Should begin to tackle more challenging cross-cutting issues, taking to heart their role as catalyst for improving the quality of local life. They must use existing reviews and other improvement work to build up capacity and confidence for any of the building blocks where problems remain.
- **Coasting councils** – Need to be more challenging and more open to alternative and innovative ways of working (‘fair’ services with middling BVPIs are not good enough). Also, they need to tighten up performance management systems and ensure that officers are held to account for delivering real improvements for users.

¹ A useful tool here is the ‘Spectrum of Improvement’, see Exhibit 5 page 16.

- **Under-performing councils** – Need to focus on building their capacity for self-improvement. It is likely they will have to draw on help from outside (inspection, audit, IDeA and other councils, overseen by government) to get their systems up to standard, while effective use of external challenge should help them clarify their priorities.

75. Councils have invested an enormous amount of time and effort into best value and much has already been learned. But by addressing the building blocks many will be able to improve further. In particular, members and officers in two-thirds of councils which are either ‘coasting’ or poor performing need to think again about how they are approaching best value, and learn to be far more open to internal and external challenge.

76. How a council measures up to the building blocks will also determine the sort of support and challenge it needs from outside. The next chapter looks at this issue in detail to see how audit and inspection also need to change in light of the experiences of the first full year of best value.

4

Improving Inspection and the National Framework

77. So far the focus has been on councils, their performance and progress. But best value was set up with a substantial programme of external review. This chapter looks at the national best value framework and, in particular, the role of best value audit and inspection. It outlines the key criticisms made of the national regime as well as the steps that need to be taken to address them [BOX B].

BOX B

The key comments on best value

'It needs to improve its efficiency... too much in-depth analysis of small services [means that] the cost/benefit is questionable.'

service manager, London borough

'There are still a lot of ways to save money and deliver better services, but we need the tools to do it. Best Value should be given more teeth.'

member, unitary

'I'd like to see it more risk based.'

best value officer, district

'Auditing of best value performance plans and best value inspection need to be brought together.'

CEO, unitary

'The quality of inspectors is variable.'

CEO, metropolitan council

'Once the interim challenge is carried out, the time lapse for a formal report from the Inspectorate is totally unacceptable.'

best value office, district

'[It needs] much more emphasis on how to improve and not to be told that we're not doing very well.'

service manager, metropolitan council

'I think a cultural change is coming out of Best Value...to a more strategic sort of culture, recognising we all have a contribution to make.'

best value office, district

'Justifying the cost and time undertaking the Best Value process against the benefits; it's just too resource intensive, it's got to be ethically questionable in how much we spend on it on the process.'

member, district

External challenge, inspection and audit

77. The first section focuses on best value audit and inspection, and shows how they are working well for many councils. But the world in which audit and inspection operate is considerably more diverse than legislation and guidance anticipated, so they need to be better targeted if they are to add maximum value.

79. The second section looks at broader issues for all inspectorates, the Government and National Assembly for Wales. It highlights the opportunity to introduce an integrated and co-ordinated performance management framework for local government based around LPSAs (or Wales Policy Agreements, WPAs, in Wales) and best value.

80. The best value model was based on self review by councils, followed up by external challenge and verification by inspectors. What did different councils make of the first full year of inspection? Did it work for the very different circumstances of different authorities? Do audit and inspection need to change? If so how?

81. This section explores the three main areas of concern relating to best value audit and inspection:

- Are audit and inspection useful?
- Are best value and external review proportionate to risk?
- Do they provide enough advice and support?

82. It explains the actions the Commission is already taking to address many of these concerns. It goes on to describe how best value audit and inspection could be made more effective by adopting a more differentiated approach.

Are audit and inspection useful?

83. Overall 69 per cent of councils were satisfied (or very satisfied) with this year's audit, with 65 per cent of councils finding it useful and 61 per cent agreeing that it was better tailored to local needs than last year (excluding 'don't knows'). However, concerns remain about the scale of audit, particularly for better performing councils, and about consistency between different auditors and between auditors and the different inspection services.

84. The approach to this year's audit was significantly different from last year: learning the lessons of the first year's audits, the Commission refined its approach to the second BVPP audit to better integrate it with auditors' ongoing work in relation to value-for-money and performance information. The key focus for the audit was reviewing how far weaknesses identified in year 1 audits had been addressed by authorities. All audit work is already based on a risk assessment and further differentiation is planned for next year. Following its recent strategic review, the Commission is preparing to pilot radical changes to how inspection and audit work together, which will have a significant impact on the nature and scale of the audit of BVPP.

85. The Audit Commission's inspection service has been the focus of much attention. The Commission has already acknowledged some early problems, handling changes to BVR programmes and schedules and delays in producing some final reports. These problems reflect the over-ambitious programme of 4500 BVRs that councils programmed for the first year of best value. Similarly, the effectiveness of inspection is in part dependent on the quality of the BVRs, and some problems have resulted from the variable ambition and quality of many BVRs (as described in Chapter 2).

86. Seventy-one per cent of elected members were satisfied with the way inspections were conducted and 79 per cent found inspection conclusions informative and useful – demonstrating that inspection is helping elected members question service performance and hold officers to account. Members agreed strongly with the judgements inspectors are making: 77 per cent supported the star rating and 70 per cent agreed with the improvement judgement. These survey findings reassure the Commission that the majority of judgements of best value inspections are sound, but challenging.

87. Satisfaction ratings were lower for council officers (with 58 per cent satisfied with the inspection and 59 per cent finding them useful). They are also less likely to agree with inspection judgements (with 62 per cent and 49 per cent agreeing with the star score and improvement judgement respectively). These differences imply that members are sometimes more open than officers to the challenge required of best value, and that as scrutineers and representatives of local people they are well placed to bring a significant degree of challenge to best value.

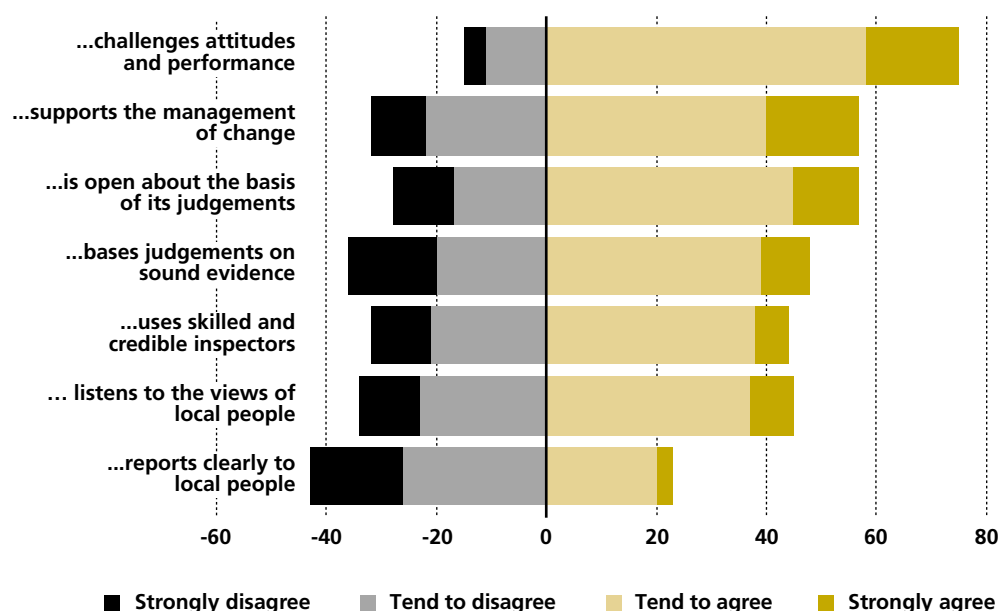
88. The challenge provided by inspection is a key catalyst for improvement. There is widespread agreement that the Audit Commission's inspection service has provided external challenge (79 per cent of authorities agreed) [EXHIBIT 12, overleaf].

89. Those authorities judged unlikely to improve are often characterised by low awareness of the performance problems they face, or a lack of ambition for the services they provide. In these cases the challenge inspection brings is going to be unpopular – an experience borne out by other inspectorates, particularly in coasting and under-performing councils. External challenge is found by some to be demoralising. However, if there is to be local acceptance that something needs to be done to deliver improvement, such a reaction may be a necessary first step. At times inspection needs to provide a stronger challenge earlier in the improvement process, before effort is put into a best value review which is not facing up to the real problems.

EXHIBIT 12

Views of the Inspection service

There is agreement that inspection is challenging, but concerns over how well it is engaging with local people.



Source: MORI survey for the Audit Commission (236 members and officers)

90. While council officers and members generally agree with inspectors' judgements, they have been more critical of the quality of evidence supporting the judgements, and have had some concerns about the credibility of inspectors (particularly early on).

91. The Commission has already begun to tackle some of these issues. It recently consulted on how best to adapt the improvement judgement. An action plan is in place which will:

- provide inspectors with more discretion over the programming of inspections, with fewer, better inspections that tackle the right issues in each council;
- provide a more consistent focus to inspections and judgements by strengthening the methodology and quality control;
- accelerate development of inspectors by investing in an expanded programme of in-service training and guidance.

92. An issue of particular concern to the Commission is the relative lack of interest of local people in inspection. While there has been a good level of local press coverage of best value overall (paragraph 10), coverage of inspection work was limited. Councils clearly feel that inspection is not engaging local people sufficiently and failing to speak clearly to them. The Commission is committed to improving its focus on users and local people, and has established a series of pilot projects to develop better ways of reporting to local people, and engaging them in inspection and audit.

93. Once it was decided that best value inspection should closely follow BVRs it became highly dependent on their quality. This meant that limited inspection resources often had to focus on challenging how reviews had been undertaken (eg, the quality of the challenge or how competition had been handled) rather than give more constructive advice over options and implementation. It has also caused serious difficulties where BVRs have been delayed or had narrow scopes. By reducing the link between review completion and inspection the Commission will be able to respond more flexibly and help improve the quality of BVRs.

Are best value and external review proportionate to risk?

94. Many commentators offer a generalised view about inspection and audit. To get a clearer view it is instructive to look more closely at the views of councils differentiated by how well they are tackling best value. This reveals that audit is best meeting the needs of those struggling with best value, while inspection is most useful to those councils which have coped best [TABLE 3, overleaf].

95. The findings are significant and militate against simplistic universal views about inspection or audit. They imply that both audit and inspection need to be re-shaped to provide challenge, and external review that is more focused on the needs of different councils.

96. Chapter 3 described how different councils are quite differently positioned to deliver best value, depending on their capacity, focus, motivation and systems. Smaller second tier councils, that have not experienced inspection before, have reported finding best value particularly challenging. It follows that the external challenge and review needed to help them overcome barriers to improvement are different.

97. Councils themselves expressed strong views about a lack of fit of best value to local performance and capability, while the LGA has identified several related concerns:¹

- there is a conflict between the urging of inspection that authorities should aim for fewer, more strategic reviews, and the requirement to review every function over five years;
- it is not sensible to strive for step change in every BVR; and
- lighter-touch inspection should be developed for low risk authorities.

‘I’d like to see abolition of compulsory inspection of every service in favour of a risk/reward approach.’

member, London borough

¹ *Streamlining Best Value*, Local Government Association, 2001.

TABLE 3

How useful did you find the audit/inspection of best value?

Response to best value	Percentage finding the BVPP audit useful	Percentage finding best value inspection useful
'Responding well'	50%	72%
'Coping OK'	68%	54%
'Struggling'	83%	64%

Source: Audit Commission analysis of MORI survey (using the classifications introduced in paragraph 64) excluding 'don't know's'

'The council started off with a large programme of services reviews, it has now scrapped that for a thematic approach, but it is doubtful that we will now meet the statutory requirements of the regime.'

CEO, unitary

98. For the first year of Best Value it was decided (by Government and the Commission) that all authorities should receive broadly the same level of inspection and audit. This 'one size fits all' approach was appropriate in the first year to set a baseline. The basic requirement that councils should be reviewing all services every five years and deliver step change regardless of priorities or capacity runs the risk of encouraging councils to dissipate rather than concentrate their efforts.

99. Once the scale of BVR programmes in councils became clear, demand for the Commission to inspect all best value reviews was impractical. Some weaknesses in inspection are a consequence of spreading inspection effort too thinly.

'My big concern is that they are under so much pressure to complete all these inspections that they're just not going to put in the time to do them properly.'

best value officer, district

100. The Commission has taken some steps already to address these problems. It is developing small/medium/large and light touch inspection methodologies to allow inspection to be better tailored to the authority. It has changed the fee structure, so councils have an incentive to do fewer, more strategic, reviews. But it needs to go further.

101. Adopting a more differentiated approach, along with the other changes outlined in this chapter, should also help deal with the concerns of many authorities with the value-for-money of best value inspection. With only one full year of inspections completed it is difficult to properly evaluate the costs and benefits of inspection (as it is to evaluate the best value regime overall). But these are vital questions. In recognition of this the Commission is currently commissioning an independent evaluation of its own Inspection Service.

‘[Best Value Inspection] needs to improve its efficiency and needs to practice what it preaches. Too much in-depth analysis of small services, so that the cost-benefit is questionable.’

service manager, London borough

Is there enough advice and support for improvement?

102. Many councils argue that whilst there has been substantial investment in a programme of external review and challenge, there is a need for commensurate investment by Government and other agencies in the provision of support, advice and help to those who need it in order to improve. In failing councils, the causes of failure are often deep-rooted and unyielding. Sustained and intensive support will be needed to help them recover their performance to acceptable standards.

‘We’d hoped that the Audit Commission would be able to point us in the right direction, but the help was not forthcoming.’

CEO, district

‘When they make criticisms or suggestions for improvements they should inform us about best practice elsewhere, so we can make improvements.’

best value officer, district

103. A related issue is the timeliness of advice and challenge provided. The preceding chapter’s analysis of how councils improve described a number of critical points at which BVRs can go wrong – programming, scoping, during the review (when there is a danger of getting lost), constructing the action plan and implementation. These ‘moments of truth’ are the points where the external challenge and advice that effective inspection and audit can offer would add most value. However, as currently designed the inspection service gets involved only after reviews are completed.

104. The Audit Commission's inspection service is now providing more advice during BVR programming and scoping, and establishing a programme of follow-up inspections to provide more sustained involvement with some authorities.

105. At the national level, the Commission is keen to share good practice, and has already published the first in a stream of 'Learning From Inspection' products.¹ This programme has been doubled to ensure that as much learning as possible is shared with councils before they start their reviews. A joint project with the IDeA to develop a library of local performance indicators is well under way (www.local-pi-library.gov.uk).

106. Perhaps the most worrying concern from the poorest performing councils is that they do not find the current inspection process useful. This strengthens the call for a significant adjustment to how struggling authorities are inspected. But these authorities need more than inspection if they are to improve. An unresolved issue for Government and other agencies is how to resource the efforts to build a sustainable capacity in such authorities so that they become able to deliver continuous improvement unaided.

How might a differentiated approach look?

107. Best value makes a differentiated regime possible because the resulting inspection judgements ensure a fairly well rounded set of views from different inspectorates on all councils to add to performance indicators and other evidence. Even district councils who have had no experience of inspection prior to best value will have had enough inspections by the end of 2001 to allow a fair assessment to be made about their performance and capacity.

108. A study by the Public Sector Productivity Panel (PSPP) on the role of external review in improving performance, led by Sir Ian Byatt and Sir Michael Lyons (due to be published in the Autumn), has considered the need for a 'base-line' inspection to provide a starting point for focusing external review. Some, however, will not like the results of such an assessment, even though they argue strongly for a differentiated inspection regime based on risk. This hurdle will need to be overcome if external review is to target its efforts where they will add most value.

109. How might a differentiated regime address some of the challenges identified so far in this report? Returning to the four categories of councils outlined in Chapter 3 makes it possible to illustrate how inspection might vary with the council's ambition, capacity and performance, as well as how inspection could work in partnership with bodies such as the IDeA and Syniad [BOX C].

¹ The first 'Learning From Inspection' report, *Waste Management: the Strategic Challenge*, was published in July 2001. Further reports (including a joint report with Ofsted on Education BVRs) are expected this autumn.

BOX C**How might a differentiated approach look?****What sort of council? A differentiated approach?****Top performing**

More freedom	• Identify excellence
Much lower fee	• Accelerate progress
	• Light touch audit and inspection
	• Work with them as partners to learn what works

Striving

More flexibility	• Focus challenge and review on solving the hardest problems and the local cross-cutting agenda
Slightly lower fee	• Ensure they build capacity for partnerships and excellence

Coasting

More prescription	• Provide consistent challenge
Similar fee to now	• Review governance issues to increase ambition and capacity
	• Drill down into poor performance

Poor performing

Prescriptive	• Break cycle of failure by setting a new agenda
Higher fee	• Ensure they get the basics right – performance management of front line services and financial management
	• Ensure they build the capacity to manage improvement eg, by carrying out corporate governance inspection

Source: Audit Commission

110. The Commission is in a position to increase the differentiation of its inspection service. Its recent strategic review concluded that this was necessary. It has sought volunteer authorities to participate in the development of a more differentiated regime, based on an assessment of performance and prospects for improvement. These pilots will also integrate audit and inspection of the council. They begin in November.

Issues for Government and inspectorates

111. There are two broader issues that need to be resolved at national level if best value is to work better, and address some important concerns raised by councils and stakeholders.

Better co-ordinating the work of different regulators

112. The LGA's recent stock-take of best value identified some significant concerns:

- inconsistency of interpretation between inspectors, auditors and Government guidance; and
- poor co-ordination of inspection programmes and a lack of consistency between different inspectorates.

113. These are reinforced by views expressed by councils:

'The best value performance plans need to have better alignment with the different Whitehall priorities.'

CEO, metropolitan council

'More thought needs to be given to how best value fits with other inspection frameworks.'

CEO, county

'Inspection should be rationalised... with inspection more fully incorporated into the existing external audit arrangements.'

best value officer, county

114. The Commission is currently consulting on its draft strategy, which proposes a number of fundamental shifts in how the Commission operates, including how audit and inspection could be better integrated.

115. The need to better co-ordinate between inspectorates is already at the top of the agenda of the Best Value Inspectorate Forum for England, whose commitment to tackling such problems is re-emphasised in their recent Joint Statement on Better Inspection (July 2001). In Wales agreement has been reached over how joint inspections will be undertaken.

116. The work of the PSPP on external review in local government has raised challenging questions for all inspectorates, citing examples of fragmentation and duplication amongst inspectorates. It has considered the need for more formal steps to hasten closer co-ordination and shared learning between inspectorates – asking if there is a case for a new form of joined-up inspection in order to develop external review for cross-cutting issues like crime and safety or public health.

Rationalising statutory plans and integrating performance management frameworks

117. There are concerns that the Government's statutory planning and performance management arrangements for councils are not integrated. There are currently over 60 statutory plans which have to be submitted for civil service assessment and dialogue and a variety of bidding systems for specific grants and capital approvals. Inspectors often find that the service they encounter on the ground does not match the promise of a desk based assessment of a plan. These are soon to be added to by the roll-out of local public service agreements to 150 authorities. Fifty-five per cent of councils found it very or fairly difficult to reconcile the needs of the BVPP with other statutory planning systems.

118. The LGA has highlighted the need to address how best to fit best value with community strategies, local public service agreements (LPSAs) and neighbourhood renewal.

119. The Commission's view is that a modified approach to LPSAs could be effectively joined up with a differentiated best value regime without the need for legislation. The roll-out of LPSAs, together with the development of community strategies, will provide a clear local focus on what matters most locally and nationally – and hence help councils, inspectors and other agencies concentrate their efforts effectively. The statutory guidance could usefully be reframed to emphasise the fundamental importance of producing public service improvement plans for step change – and use the focus provided by LPSA negotiations (where they apply) to ensure that top priorities get the most effort. The role of the BVPP would be to set out what will be delivered when, and report progress, whilst BVRs would be deployed to turn commitments to targets into action and achievement. In Wales a similar approach based on Wales Policy Agreements (WPAs) should be possible.

120. This integrated approach also provides an important opportunity to ensure LPSA targets are stretching and are effectively challenging baseline performance. Some verification of achievement of milestones will be required before the council requires its reward grants. This could be integrated into core audit and inspection programmes.

5

Targeted to Improve

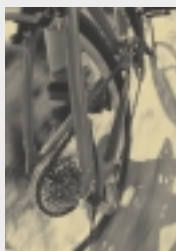
121. Best value is changing how many councils do things. A majority accept it is a sound basis for managing improvements in services, although others are not convinced of its value. But the expectations of the public and Government are high. Some councils have already used best value to make significant improvements in services, while others are well set to make such improvements soon. However, many are finding best value difficult, and lack the capacity or the ambition to make the improvements local people want.

122. This report has shown how councils can deliver improvements if they have the basic foundations of ambition, self awareness, focus, systems and capacity. The evidence shows that for many councils the external review and challenge provided by inspection are key catalysts for improvement. But for some councils external review doesn't work because it isn't tailored to the reality of where they are and the help they need.

123. Yet some would extend their criticisms of inspection and audit to argue that best value isn't working, and should be scrapped. However, if best value didn't exist it would swiftly need to be re-invented – and no doubt incorporate performance data, plans, reviews, improvement plans and some form of external scrutiny. But best value does need to be reformed. The introduction of LPSAs and the forthcoming local government white paper provide a rare opportunity to consolidate (rather than proliferate) initiatives and secure improved performance by councils.

124. There has been an enormous investment of effort, and a great deal of learning in the short life of best value. But there have been significant problems, and mistakes have been made. This report has outlined the action the Government, NAW and Commission need to take to address some of these. It has also outlined how different councils could better use best value as an effective tool to improve services for users and local people.

R E C O M M E N D A T I O N S



Changing Gear

Action for Government and the National Assembly for Wales

- Support the Commission and other stakeholders in the speedy implementation of a differentiated regime for inspection and audit of best value based on the different performance and prospects for improvement of individual councils.
- Strengthen the focus, consistency and co-ordination of different inspection regimes.
- Use the opportunity provided by the roll-out of Local Public Service Agreements/Wales Policy Agreements this autumn to begin the integration of best value performance plans and reviews with LPSAs/WPAs – supported by an integrated programme of external challenge and review.
- Use the forthcoming local government white paper to tackle the array of statutory plans and performance management frameworks and refocus efforts around a single performance management framework of best value performance planning and LPSAs/WPAs.

Action for the Commission

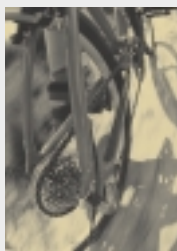
The Commission already has an action plan to ensure that it:

- exercises more discretion over the inspection of reviews, with fewer, better inspections that tackle the right issues at the right time in each council in order to drive improvement forward;
- more actively engages with councils in the setting of their BV programmes in order to assist their focus on making real change happen in a fewer number of important areas;
- develops a stronger service-specific approach to dealing with the different issues in key services and to ensure a national consistency of approach and expectation in inspection around each of those key services; and
- produces more lessons from inspection products to share learning quickly with councils.

The Commission will take radical steps to realise the new direction signalled in recent consultation on its strategic review and:

- introduce a differentiated regime for inspection and audit based on the different performance and prospects for improvement of individual councils;
- integrate inspection and audit work in order to reduce cost, increase impact and differentiate regulation according to the needs of each council;
- review how best to adapt best value, including inspection and audit, to the particular challenges facing smaller councils, mainly district councils; and

R E C O M M E N D A T I O N S



Changing Gear

- find better ways to communicate the findings of inspection and audit to local people in order to support local accountability.

Action for councils

Councils should critically evaluate their progress in best value to date and identify how they measure up against the building blocks:

- Ownership of problems and willingness to change.
- A sustained focus on what matters.
- The capacity and systems to deliver performance and improvement.
- Integration of best value into day to day management.

Councils should identify where they can build up their capacity to improve themselves, as well as where they need to call on others to help them.

Councils should re-focus their current BVRs to ensure they are ambitious yet realistic – focused on delivering improvements while stretching and challenging the council to deliver more:

- **Top performing councils** – Should stretch their role as community leader and broker of multi-agency work to tackle the toughest challenges. They should share their knowledge and capacity with local government as a whole, working with weaker neighbours alongside other agencies.
- **Striving councils** – Should begin to tackle more challenging cross-cutting issues, taking to heart their role as catalyst for improving the quality of local life. They must use existing reviews and other improvement work to build up capacity and confidence for any of the building blocks where problems remain.
- **Coasting councils** – Need to be more challenging and more open to alternative and innovative ways of working ('fair' services with middling BVPIs are not good enough). Also, they need to tighten up performance management systems and ensure that officers are held to account for delivering improvements for users.
- **Under-performing councils** – Need to focus on building their capacity for self-improvement. It is likely they will have to draw on help from outside (inspection, audit, IDeA, other councils and in dialogue with Government) to get their systems up to standard, while effective use of external challenge should help them clarify their priorities.

Appendix 1

Study methodologies

This is the Audit Commission's second best value statement (following up last year's report, *A Step in the Right Direction*). It draws on a wide range of evidence, including:

- A telephone survey commissioned from MORI of 236 council officers and members from a representative sample of 59 councils in England and Wales. In each council interviews were conducted with the Chief Executive, a lead member on best value, a best value officer and a departmental officer with significant experience of BVRs. A copy of the survey and a summary of its results can be downloaded from <http://www.audit-commission.gov.uk>
- MORI were also commissioned to carry out a series of detailed telephone interviews with a selection of council staff involved with BVRs (as identified by best value inspectors) and carry out an analysis of existing data on public satisfaction with council services.
- The study team analysed a sample of 40 BVPPs and 50 BVPP summaries. The analysis of BVR outcomes was based on the summary of 284 BVRs as reported in BVPPs.
- The report includes analysis of the findings of all 500 of the best value inspections up to and including those that had reached 'interim challenge' by 1 August 2001. A sample of 100 best value inspection summaries were analysed, as were a selection of published full inspection reports. Discussions were also held with a range of best value inspectors.
- The Commission's Knowledge and Information directorate carried out analysis of BVPI information. The full data-set for 2000/2001 BVPIs can be found at www.local-regions.dtlr.gov.uk/bestvalue
- The study also drew on: the findings of the audit of 2001/2002 BVPPs; analysis of press coverage of best value in local papers; analysis of BVR programme information as held by the best value inspection service; as well as various published reports and articles examining the impact of best value.

Acknowledgements

The Commission would like to thank the organisations and individuals that have helped with the production of this report, in particular the councils that took part in the survey work.

The study also drew on expertise from across the Audit Commission including inspectors, auditors and central directorate staff. The study team consisted of Michael Carpenter, Yasir Dharsi, Ingrid Koehler and Sean Quiggin of the Commission's Public Services Research Directorate, under the direction of Peter Thomas.

Appendix 2

Summary of inspection results

Type of council	Number of councils	Score				Improvement judgement				Total inspections
		0 star	1 star	2 star	3 star	No	Unlikely	Probably	Yes	
County Council	34	2	21	15	1	3	12	19	5	39
District Council	238	17	92	65	4	34	68	67	9	178
London Borough	33	3	57	31	2	2	36	46	9	93
Metropolitan Council	36	11	53	25	3	12	26	48	6	92
Unitary Authority	47	1	22	15	2	3	11	21	5	40
Wales	22	6	33	25	0	7	36	18	3	64
Grand Total	410	40	278	176	12	61	189	219	37	506

Type of service	Score				Improvement judgement				Total inspections
	0 star	1 star	2 star	3 star	No	Unlikely	Probably	Yes	
Environmental	8	94	68	2	23	59	78	12	172
Corporate	14	75	43	2	17	50	63	4	134
Culture/Leisure	2	49	30	6	11	35	30	11	87
Cross cutting	2	10	12	1	4	8	11	2	25
Housing	11	33	12	1	5	20	25	7	57
Other	3	17	11	0	1	17	12	1	31
Grand Total	40	278	176	12	61	189	219	37	506

Source: All inspections that have reached interim challenge as of 1 August 2001, Audit Commission Inspection Service (for further details of published inspections see <http://www.bestvalueinspections.gov.uk/>)

Appendix 3

Checklist for action

Building blocks for best value: a useful checklist for challenging BVRs

1. Ownership of problems and willingness to change

- Do members and senior managers lead the scoping process and ensure reviews are ambitious, challenging and likely to deliver value-for-money?
- Does the BVR ensure the service is contributing to local and national priorities (community plans, Local Agenda 21, e-government, local equalities and regeneration strategies)?
- Is 'challenge' just a stage of the process or do all elements of the BVR challenge existing views and means of delivering the service and provide an honest and accurate assessment of what improvements are required?
- Does the BVR embrace external challenge; other authorities, agencies and service users from an early stage?

2. A sustained focus on what matters

- As part of scoping, are PIs, consultation, service plans, etc, drawn together to prioritise areas most needing improvement?
- Do scopes reflect users' experiences rather than traditional service boundaries?
- Is the BVR making a sustained effort to ensure 'hard-to-reach' and 'low user' groups as well as established user groups are able to contribute?
- Are benchmarking exercises going deeper than PIs and cost data and asking 'how' and 'why'? Are benchmarking partners 'top performers'?
- Is 'compete' open and thorough? Have optimum service levels and means of delivery been identified *before* trying to decide who is best placed to provide the service?

3. The capacity and systems to deliver performance and improvement

- Are lessons learned from previous BVRs? Where BVRs drive improvement are successive reviews more strategic, stretching, cross-cutting and user-focused? Where BVRs are faltering are challenging aspects recognised and faced?
- Are review programmes co-ordinated with neighbouring authorities promoting efficiency in the BVR as well as, potentially, economies of scale in service delivery?
- Are the recommendations of BVRs timed to coincide with the budget-setting process?
- Are implementation plans followed up? Is monitoring linked to key management systems?

4. Integrate best value into day-to-day management

- Are members and front-line staff – those in direct contact with local people and users – involved from the start of the BVR?
- Is 'compare' encouraging new relationships that support change and transfer 'good practice' skills and techniques?
- Has a comprehensive procurement strategy been developed? If so, does the service meet its aims?
- Are senior managers and members ensuring each BVR results in measurable improvements, including some that users will notice? Are BV action plans then part of service planning and linked to budgets?
- Are BVRs helping the council lift performance and meet its key aims?
- Are officers and managers held accountable for delivering improvement? Are BV action plans reflected in personal performance targets with suitable incentives? Is appropriate action taken if improvements aren't achieved?

The Audit Commission has produced a number of reports covering related issues.

Step in the Right Direction **Lessons from Best Value Performance Plans**

The best value performance plans and audit reports are the first universal evidence of the progress and impact of the best value approach. *Step in the Right Direction* looks closely at the 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 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.

National Report, 2000, ISBN 1862402523, £20,
stock code LNR1434

Change Here! **Managing Change to Improve Local Services**

Managing Change is one of the greatest challenges facing public services. *Change Here!* is a guide for top managers in local government and the NHS that draws together the Audit Commission's considerable knowledge and experience of how local bodies can manage change successfully and overcome barriers to improving services. A light and interesting read for chief executives and their executive teams, this guide is illustrated with case studies which highlight some of the key lessons and show how they have been applied in practice in a variety of situations.

Management Paper, 2001, 1862402752, £25,
stock code GMP1804

Listen Up! **Effective Community Consultation**

Under best value councils, police and fire authorities will consult on each of their services at least once every five years and about overall priorities more frequently. *Listen Up!* examines the problems of consultation and looks at how some innovative authorities are responding to the challenge. The paper looks at how consultation programmes can be strengthened, new skills developed and joint consultation arrangements with partners improved, in order

to meet new challenges. It also suggests how new communications technologies can be effectively used alongside the best traditional techniques.

Management Paper, 1999, 1862401969, £15,
stock code LMP1359

Performance Measurement titles

The Audit Commission produced three publications in 2000 looking at how performance measurement can be used to as a way of improving service delivery. *Aiming to Improve* is aimed at helping managers develop and use performance measurement as a key component of their overall strategic and operational management. *On Target* gives detailed advice on devising and evaluating robust performance indicators, essential for effective performance measurement. *Getting Better All the Time* analyses benchmarking as a technique to evaluate performance, and discusses factors that leads to successful benchmarking.

Aiming to Improve: The Principles of Performance Measurement, Management Paper, 2000,
ISBN 1862402272, £15, stock code LMP1400

On Target: The Practice of Performance Indicators,
Management Paper, 2000, ISBN 1862402280, £15,
stock code LMP1398

Getting Better All the Time: Making Benchmarking Work,
Management Paper, 2000, ISBN 1862402531, £15,
stock code LMP1497

Free publications

Another Step Forward **The Audit Commission's Expectations from Year Two of Best Value**

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The best councils have shown that best value can deliver real improvements for service users. Many others are likely to deliver such improvements this year. Best value performance indicators (BVPIs) show encouraging signs of progress.

The principles of best value are almost universally accepted and have led to significant changes in how councils do business. Most councils have built up their understanding of users and the public, and strengthened their performance management. This success needs to be consolidated by modifying best value to take account of the lessons learned so far.

There are stark differences in how well councils are coping with best value. While many have done well, others have yet to get to grips with underlying problems. Too many services are poor or fair and not enough of the effort going into BVRs is leading to real improvements for service users.

Four key factors are critical to the success of best value within authorities – ownership and willingness to change, sustained focus on what matters, the capacity and systems to deliver improvement, and integration of best value into 'the day job'. Their presence (or absence) explain how well set a council is to deliver best value, as well as the sort of external challenge and support they need. Smaller, generally district, councils are finding best value particularly hard.

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