



*The long-term evaluation
of the Best Value regime:
Final Report*



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November 2006
Centre for Local & Regional Government Research,
Cardiff University
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On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

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Executive Summary

E1 Introduction

This summary highlights the main findings of the evaluation of the long-term impact of the Best Value regime on English local government.

The research was commissioned by the Department for Communities and Local Government and undertaken by Cardiff University's Centre for Local and Regional Government Research between 2001 and 2005.

E2 The Best Value regime

The Best Value regime came into force in April 2000. It placed a statutory duty on local councils in England and Wales to 'make arrangements to secure continuous improvement in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. Local authorities in England were required to:

- Develop a strategy which set out their corporate objectives, how these were to be achieved and the criteria against which progress would be measured;
- Publish annual performance plans giving details of their current performance and targets for improvement; and
- Undertake a programme of fundamental performance reviews covering all of their functions over a five-year period.

Performance reviews had to examine the need for, and the most effective means of, procuring services using the 'four Cs' of challenge, comparison, consultation and competition. Reviews and performance plans were subject to external inspection and audit respectively. The Secretary of State had powers to intervene where services were thought to be at risk of persistent or serious failure or where councils had failed to implement the Best Value framework.

Changes to the Best Value guidance in 2002 and 2003 removed the requirement for all functions to be reviewed within a five-year period and gave authorities more discretion over the way in which they conducted reviews and published performance data. Under the Comprehensive Performance Assessment (CPA) regime, introduced in 2002, inspectors rated each council's overall performance and capacity for improvement, and this prompted authorities to switch attention away from service based reviews in favour of corporate processes of improvement.

E3 Research objectives

The Department's research specification stated that the evaluation should provide 'an objective, rigorous and robust evaluation of:

- the success of approaches adopted by local authorities to implement Best Value; and
- the impact of Best Value both in relation to its aims and objectives and as a key component of the Local Government Modernisation Agenda'.

To this end the research team was asked to evaluate:

- ‘the extent to which processes by which local authorities seek to deliver Best Value are having an effect upon the outputs and outcomes of service delivery, and extent to which this is through organisational and cultural changes aimed at bringing about continuous improvement’; and
- ‘the impact of the Best Value regime on the achievement of economy, efficiency and effectiveness in service delivery’.

E4 Evidence

The evaluation therefore sought to establish the extent of the causal links between the implementation of the Best Value regime and improvement in services. In order to do this the research team gathered robust longitudinal data about:

- How authorities implemented Best Value;
- The impacts that the regime had on their internal characteristics and management practices; and
- The impact that internal changes had upon on the performance of local services.

The evidence on which the evaluation is based was drawn from three main sources:

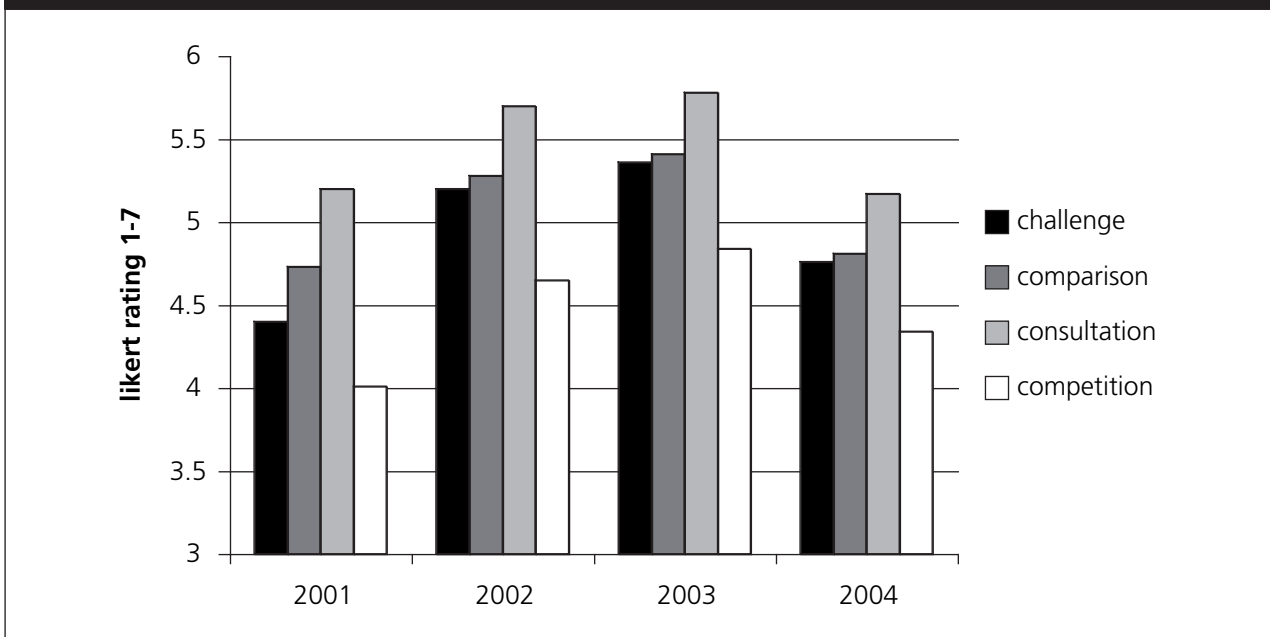
- Detailed tracking over time of the outcomes of more than 60 Best Value reviews in a sample of 10 authorities;
- Annual surveys of more than 3,000 local authority officers and elected members from 100 authorities;
- Data from Best Value performance indicators, CPA scores and User Satisfaction BVPIs.

The analysis involved content analysis of interview transcripts and other qualitative information provided by authorities plus rigorous statistical analysis of the survey data and a number of measures of performance.

E5 Implementation of Best Value

The evidence suggests that by 2001 most authorities had put in place the key elements of the Best Value regime with the possible exception of the duty ‘to use fair and open competition wherever practicable’. We asked corporate officers to rate their authority’s implementation of the four Cs in each of the survey years. As can be seen from Figure E5.1, an increasing number of reviews adopted the four Cs between 2001 and 2003, but that there was a decline in percentage of reviews that used them in 2004. As noted above, competition was adopted less widely than the other Cs.

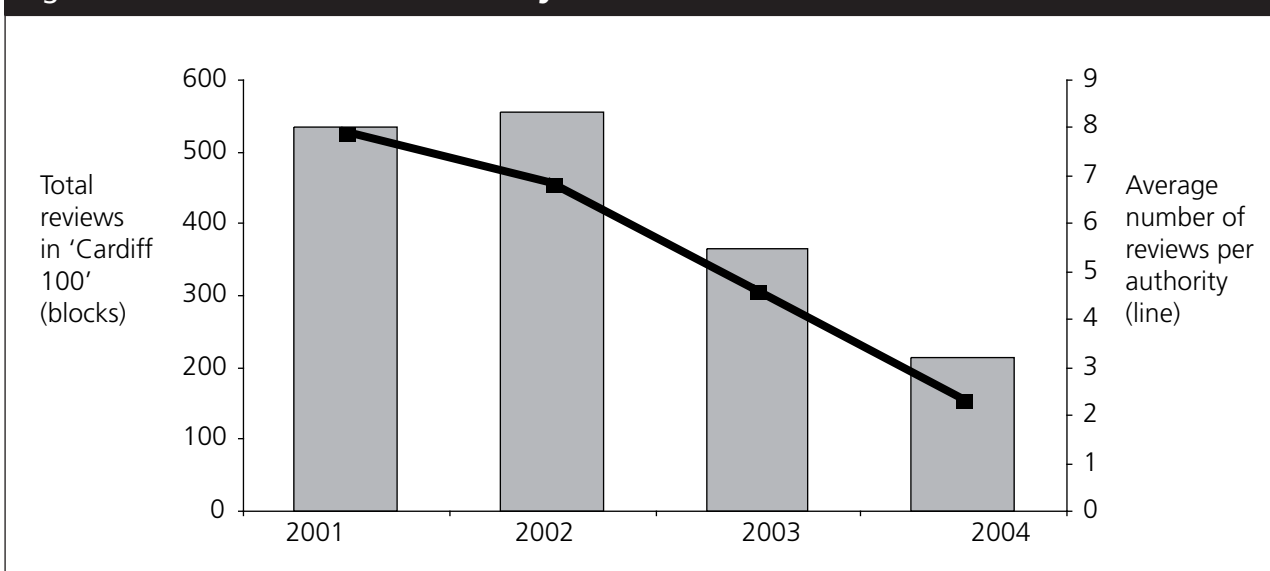
Figure E5.1: Adoption of the 'four Cs'



Our data also suggested that district councils found the Best Value regime more difficult to implement than did larger authorities, and both large and small authorities reported that they had at times found it difficult to keep pace with the volume of new Government initiatives and the demands which they placed upon them.

In response to the changes in the performance framework introduced in 2002 and 2003, authorities scaled back their review programmes, and some abandoned them altogether. Figure E5.2 reports the level of review activity in the 100 authorities that we surveyed in 2001, 2002, 2003 and 2004 (the so-called 'Cardiff 100').

Figure E5.2: Level of review activity



The evidence suggests that from 2003 onwards authorities interpreted the 'four Cs' more flexibly, and in many cases overlooked the requirement for competition altogether. Other elements of the Best Value regime like performance management, which were encouraged by CPA assessments, were reported by officers to be an increasingly important part of day-to-day management practices by 2003 and 2004.

E6 Changes in internal characteristics

Most authorities increasingly developed the kinds of internal characteristics and managerial practices that the Government hoped that the Best Value regime would encourage. In particular, during the course of the study most councils reported:

- An increased focus on improvement;
- Clearer corporate priorities;
- More robust performance management systems;
- Improved consultation with users and the public at large; and
- A greater willingness to work in partnership with other agencies.

Authorities rated as 'excellent' or 'good' in CPAs were more likely to exhibit these characteristics than those judged to be 'fair', 'weak' or 'poor', but the gap between authorities in different CPA categories narrowed over time.

Overall district councils made less progress than did upper tier and unitary authorities in some of these areas, notably the development of new partnerships with the private sector and improvements in performance management systems. In many authorities the Best Value regime encouraged greater central control over performance planning and management, and in some services (notably customer contact centres, procurement functions, IT support teams and revenues and benefits) functions that had previously been distributed across council departments or neighbourhood offices were brought together in order to achieve improvements in service quality and efficiency.

Most authorities became more positively inclined towards working in partnership with the private sector during the first half of the period covered by the study. But by 2004 enthusiasm for public-private partnerships appeared to have levelled off, in part because of difficulties with some high profile attempts to deliver strategic service delivery partnerships.

E7 Drivers of improvement

The Best Value regime was widely seen by officers and elected members as having encouraged improvement in their council's services. Half of the reviews that we tracked in detail led to positive signs of service improvement. Detailed analysis of the reviews showed that some elements of the Best Value review methodology – notably comparison and consultation – led to change in their own right. In addition reviews helped to create the conditions in which other drivers of change – such as leadership, re-engineering, partnership working, the use of competition and improved performance management – could become more established. Figure E7.1 shows the number of reviews in which each of the main drivers of improvement played a positive role.

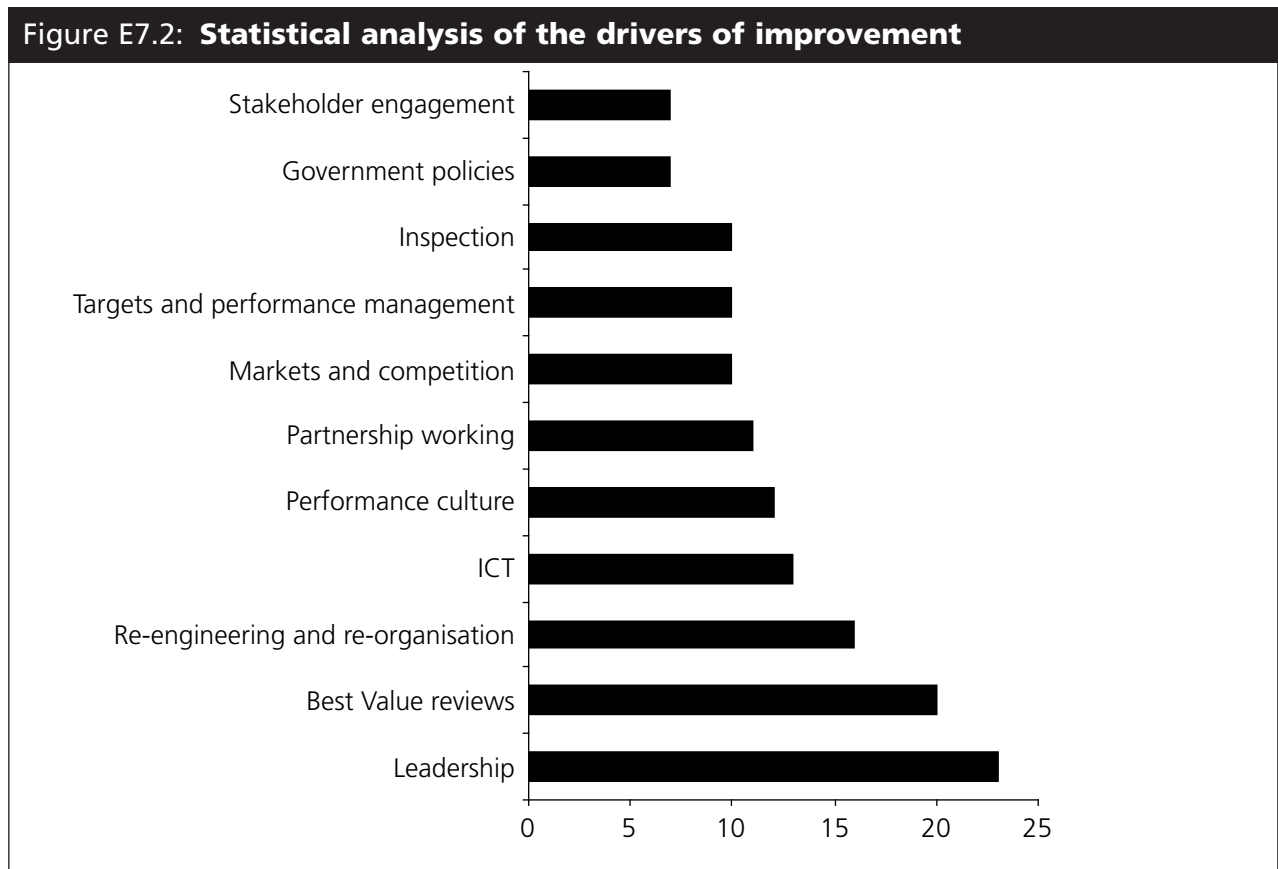
Figure E7.1: Drivers of improvement in case study reviews



We used the survey data to analyse the impacts of these drivers on performance by testing for a positive association between the rating of each driver in 2001 and a local authority's performance in 2004. In simple terms, for nine of the 13 drivers, high ratings in 2001 meant strong performance in 2004. Positive correlations for three of the four Cs – consultation, comparison and competition – confirm the importance of Best Value reviews as drivers of improvement. Figure E7.2 shows the number of different aspects of performance that each driver was associated with.

Taken together the case study and statistical analyses underline the importance of six other distinct drivers in promoting service improvement.

Leadership by officers and elected members was described as a key driver of improvement in 23 of our case study reviews, and statistical analysis suggested that there was a positive association between leadership by managers and some aspects of performance. The case study evidence showed that both senior managers and politicians often played a key role in making the case for change and ensuring that the authority stuck by difficult and sometimes unpopular decisions. This kind of leadership was important in establishing a performance-oriented culture which in turn encouraged the undertaking of rigorous reviews and re-engineering of services through the adoption of information and communications technology and other innovations.



The adoption of new **information and communications technologies** was key to change and improvement in 13 of the reviews that we studied, and the adoption of ICT was positively associated with three of the five measures of performance that we used. In particular it was seen as a significant enabler of improvement in customer contact and access, benefits and revenues services, procurement and IT support. The Government’s e-government targets and the availability of funding for investment in new technology were important in encouraging these changes.

Interviewees in the case studies claimed that a **performance-oriented culture** was critical to improvement in 12 of the reviews that we tracked. It was also positively associated with three measures of performance. A performance-oriented culture improved services by focussing on the key outcomes and enabling continuing change.

The use of **markets**, broadly defined, played a part in 10 of the reviews. A test of corporate attitudes to outsourcing or externalisation – not tied to any particular review – suggested a positive association with two measures of performance. Market type reforms included the closure of specific services or functions perceived as redundant or uneconomic; the establishment of arms length business units; and market testing and externalisation of functions.

Targets and performance management featured prominently in 10 of the reviews and was positively associated with performance. Robust performance management was associated in particular with improvement in services – like recycling – that have been the subject of demanding targets and received significant additional resources.

Stakeholder and user engagement played a part in seven of the reviews and statistical analysis suggested that it drives improvements in the perceived equity of service delivery.

The importance of these drivers varied between services. Best Value reviews involving consultation and competition were particularly effective in facilitating change in waste management and leisure services.

There were also significant variations between different types of council. Officers in upper tier and unitary authorities saw central government policies, political leadership and additional investment as being more important than did their counterparts in district councils.

The evidence showed that those Best Value reviews that used most or all of the 'four Cs' stood the best chance of acting as a catalyst for significant change and improvement. But reviews alone were not sufficient. In most cases where significant changes were achieved there was also:

- Effective leadership at corporate and service level;
- Accurate data on current performance;
- A strong incentive to improve the service; and
- A readily available means of re-designing processes of service delivery, which often involved the adoption of new technology.

E8 Conclusions

The overall conclusion from the five-year study of the implementation and impact of Best Value is that it operated as an important driver of internal change in local authorities and led to some significant improvements in local services. The evidence from the evaluation suggests that many internal changes would not have occurred so rapidly or have been so widespread in the absence of the Best Value regime and other Government policies. It also demonstrates that many of the internal changes that were encouraged by Best Value have been associated with improvement in their own right.

Best Value reviews, on their own, were not a sufficiently strong driver of change. In particular they seemed not to provide a strong push for increased competition between service providers and did little to encourage councils to develop and manage supply markets more effectively. And where there was little appetite for change – either at service and/or corporate level – review teams often simply went through the motions and recommendations focused on relatively minor adjustments in services. However, where there was the will to change, rigorous reviews did help authorities to gauge how good their services were and to explore alternative approaches to delivering them.

The evidence from the evaluation suggests therefore that continuous improvement requires a combination of effective leadership and performance management at the corporate level and good planning and delivery at service level. In order to achieve this, local authorities need to have:

- Accurate data on current and comparative performance (such as that provided by the 'compare' element of Best Value reviews and by external inspection and the CPA regime);

- A strong imperative for improvement (such as that provided by rising user expectations, the requirement for efficiency savings, and the rewards and sanctions associated with CPA scores);
- Effective leadership at corporate level; and
- The capacity to identify, evaluate and implement new approaches to service delivery.

More recent policies Government policies (particularly the CPA regime) have encouraged the development of better performance management and a stronger focus on improvement at corporate level. But as a result of the changes in Best Value guidance and inspection in 2002 and 2003, very few councils now undertake rigorous service level performance reviews.

Chapter 1

Introduction

This final report of the evaluation of the long-term impacts of the Best Value regime has been prepared for the Department for Communities and Local Government ('the Department') by the Centre for Local and Regional Government Research at Cardiff University.

The report draws on a comprehensive and detailed analysis of the implementation of the Best Value regime undertaken over the five-year period from 2001 to 2005. It builds upon a number of other reports produced by the research team, which have already helped to inform policy developments. Previous outputs from the research include:

- a report on the findings of the first annual survey undertaken by the research team which is available at: www.clrgr.cf.ac.uk/bestvalue;
- a baseline report presenting the early findings of the evaluation, which is available at: <http://www.communities.gov.uk/index.asp?id=1137654>;
- a report entitled 'Changing to Improve' which gives examples of the impacts of some of the early Best Value reviews undertaken by a range of local authorities, which is available at: <http://www.communities.gov.uk/index.asp?id=1137640>;
- a survey of the perceptions of frontline staff, available at: <http://www.communities.gov.uk/index.asp?id=1501633>;
- the first interim report of the study available at: <http://www.communities.gov.uk/index.asp?id=1501657>;
- a second (unpublished) interim report produced in 2005;
- a series of unpublished notes and presentations on specific issues which have been prepared by the research team for policy makers; and
- a wide range of presentations to local government policy makers and practitioners in the UK and a range of other countries.

The evaluation has also played an important role in the meta-evaluation of the local government modernisation agenda as a whole, which has been commissioned by the Department, by contributing much of the evidence on the nature and extent of service improvement and stakeholder engagement.

This report builds upon the earlier reports, research notes and presentations to provide an overall assessment of the impacts of the Best Value regime using the data collected throughout the whole five-year period of the study. The earlier reports sought to describe the ways in which Best Value was being implemented and the changes that were occurring in authorities. The main aim of this report is to try to establish the nature and extent of causal relationships between Best Value and the kinds of impacts that it was hoped the regime would have on the performance of local services, using a combination of rigorous statistical tests of survey data and in-depth analysis of information from interviews in a series of case study authorities.

Identifying causal links, as opposed to simply describing how the regime operated, is a complex task because there is no way of knowing what would have happened in the absence of the regime (what researchers call the 'counterfactual') and because Best Value was only one of a number influences on performance. Moreover, changes in performance framework in 2002 and 2003 (described in detail Chapter 2 below), meant that the impact of Best Value processes *per se* has become less relevant to future policy than the impacts of a range of internal process and management practices that have been encouraged not just by Best Value but by other more recent Government policies. In this final report we have therefore analysed the impact of 20 potential drivers of service improvement. These include all of the key elements of the Best Value regime and some additional potential drivers of improvement that did not feature prominently in the regime but have subsequently been encouraged by other government policies.

Chapter 2 of the report describes the key elements of the Best Value regime and the changes in the statutory performance framework applying to English local government that occurred during the course of the study.

Chapter 3 describes the methodology and data sources used in the evaluation and explains why we chose these.

Chapter 4 analyses the operation and impact of Best Value in different types of authority and services and differences of view between officers and members.

Chapter 5 gives an overview of the results of our statistical analysis of the main drivers of performance improvement.

Chapter 6 considers the impacts of drivers of improvement specifically associated with Best Value reviews.

Chapter 7 analyses the impacts of a broader range of drivers that have been encouraged both by Best Value and other more recent policies.

Chapter 8 sets out the overall conclusions of the research.

Chapter 2

The Best Value performance framework

The Best Value regime

The Best Value regime came into force in the 1999 Local Government Act and took effect from April 2000. It replaced the requirement for local authorities to submit specified functions to compulsory competitive tendering (CCT), which was repealed in January 2000.

In place of CCT, Best Value placed a statutory duty on local councils in England and Wales (along with other 'Best Value' authorities including police, fire and national park authorities) to 'make arrangements to secure continuous improvement in the way [their] functions are exercised, having regard to a combination of economy, efficiency and effectiveness' (DETR 1999a, clause 3.1).

The regime was part of a wider programme which the government hoped would transform the politics and performance of local government. The 1998 White Paper stated that this required 'nothing less than a radical re-focusing of councils' traditional roles'. Local councils had to become more 'in touch' with local people. 'The old culture of paternalism and inwardness (had) to be swept away' and authorities would need to respond to 'a demanding agenda for change'. The public deserved 'a bigger say and a better deal' (DETR 1998). The Best Value regime was designed specifically to facilitate improvements in the services for which local councils were responsible.

A set of Best Value principles (Annex 1), published in July 1997 by the (then) Department of the Environment, was piloted by selected authorities in England and Wales between 1998 and 2000 (Martin *et al.* 2001). (Scotland adopted a rather different approach to 'Best Value' based initially on the Business Excellence Model.) Drawing in part of the early lessons from the English pilot programme, the government formulated a Best Value performance management framework, which it published initially as a consultation paper and then as guidance in 1999, which required authorities to:

- Develop a corporate strategy that defined their corporate objectives, how these were being pursued and the criteria against which success would be measured;
- Undertake a programme of fundamental performance reviews covering all of their functions over a five-year period; and
- Publish annual performance plans setting out strategies and targets for improvement and criteria for monitoring progress.

Performance reviews had to examine the need for and the most effective means of procuring services. In undertaking reviews authorities were required to use what were known as the 'four Cs' namely to:

- '*challenge* why, how and by whom a service is provided;
- secure *comparison* with the performance of others;

- *consult* local tax payers service users, partners and the wider business community; and
- use fair and open *competition* wherever practicable as a means of securing efficient and effective services' (DETR 1999b: 6; emphasis in original).

Reviews were subject to inspection by a newly established Best Value Inspection Service which rated services on a four-point scale in terms of their current performance and their prospects for improvement.

Authorities had to publish performance plans and summaries for the public each year. These were subject to external audits, which checked that they contained the information required by law and that the data were accurate. Councils were told that they must achieve efficiency savings equivalent to 2% savings per annum and achieve the standards attained by the top performance quartile in April 2000 within five years. The targets they set in their performance were supposed to reflect these aspirations. Their progress towards achieving them was measured through 'Best Value performance indicators' set by central government departments (DETR 1999c). The Secretary of State took powers to intervene directly where he/she deemed that councils were at risk of persistent or serious failure or where they had failed to comply with the requirements of the Best Value regime (for example failure to develop a comprehensive programme of reviews or to publish a performance plan). Both the triggers for, and conduct of, intervention were defined in a protocol agreed between the government and the Local Government Association (DETR 1999d).

Comprehensive Performance Assessment

Just over a year after the introduction of the statutory Best Value regime the Secretary of State announced a review of its operation (DTLR 2001a), which eventually led to the introduction of a code of practice on workforce issues (ODPM 2003). In the autumn of 2001 the Audit Commission published its first annual report on the regime, which concluded that there was a need for significant changes. It found that there had been improvements in the overall performance of local government and that the Best Value regime had helped some councils to be more open about their performance and to engage more effectively with service users and council tax payers. However, it claimed that two thirds of councils were 'coasting' or 'performing poorly', and many had 'yet to get to grips with the most challenging elements of best value' (Audit Commission 2001). It concluded that the existing performance framework therefore needed to be changed to allow the 'speedy implementation of a differentiated regime of inspection and audit of best value which took account of the different performance and prospects for improvement of individual councils' (Audit Commission 2001).

The 2001 Local Government White Paper took up these recommendations and announced changes designed to address the problems identified by the Commission. These took effect over the following two years – through revised guidance and changes in the Audit Commission's activities. The key changes were that:

- Authorities were no longer required to review all of their functions within five years or to report externally on their review programmes (DTLR 2002);
- The Audit Commission no longer inspected most reviews (DTLR 2001b);

- From 2002 onwards the Audit Commission conducted Comprehensive Performance Assessment (CPA) that provided an assessment of each council's overall performance and capacity for improvement (Audit Commission 2002a; 2002b); and
- Authorities classified as 'excellent' or 'good' in CPA were subject to 'lighter touch' regulation. For example the government accepted their corporate plans as satisfying the requirement for a Best Value performance plan (provided that they were identified as such and contained outturn data for BVPIs, targets for the current year and subsequent two years, and provided that the authority confirmed that it was adopting the Code of Practice on Workforce Issues). Authorities that were judged to be 'weak' or 'poor' were afforded external support designed to increase their capacity for improvement and in some cases were subject to direct intervention by teams appointed by the Secretary of State.

The statutory duty of Best Value under section 5 of the 1999 Local Government Act, which stipulates that 'a Best Value authority must conduct Best Value reviews of its functions in accordance with the provisions of any order made under this section', remained in place. But in practice authorities now had much greater discretion about which functions they reviewed and how they chose to do so. Many authorities abandoned their review programmes altogether, those that continued to conduct reviews did so on a much more limited basis. Those reviews which were launched after 2002 were more likely to be tailored to their subject, and more selective in their use of the four Cs.

In 2005 the CPA was re-designed to provide what the Audit Commission called a 'harder test'. The new framework included assessments of an authority's use of resources, and its engagement with services users and the wider community (Audit Commission 2005).

Policy developments and evaluation

The long-term evaluation of the Best Value regime has therefore been conducted at a time of rapid policy development and change. The Government's stated aspirations for the Best Value regime were that it would encourage councils to achieve significant improvements in the cost and quality of the services they provide and to be more 'in touch' with service users and other members of local communities. It has remained committed to these objectives, but the policies through which it is has attempted to achieve them have changed.

Best Value evolved from being a set of general principles, which authorities were invited to test out and develop, into a tightly prescribed performance management framework and then eventually into a general duty which is interpreted in a variety of different ways by different authorities. Meanwhile the government has introduced a range of new policies designed to improve services (including the Beacon Scheme, CPA, intervention and recovery support for authorities rated as 'weak' and 'poor' or 'one' or 'zero' stars, the Local Government Capacity Building Fund, Public Service Agreements, Local Area Agreements (LAAs), capital and asset management plans and powers to trade) and increase public engagement (Community strategies, Local Strategic Partnerships (LSPs) and devolution to neighbourhoods).

Of course, it is not unusual for policies to change during the course of a long-term study; our approach to the evaluation of the Best Value regime has been designed to accommodate change by focusing on outcomes as well as processes. Our aim was to gather comprehensive evidence that enabled analysis of whether, and if so to what extent, the Best Value regime achieved the impacts that government intended. The next chapter explains the way in which we approached this task and the main sources of evidence that we have used in the evaluation.

Summary

- The Best Value framework introduced in April 2000 required councils in England to develop corporate strategies; publish performance plans; and undertake a programme of reviews covering all of their functions over a five-year period.
- Changes in the performance framework in 2002 and 2003 relaxed the requirements relating to Best Value reviews and performance plans, and introduced a range of new requirements as part of the CPA regime.
- The evaluation gathered comprehensive evidence in order to analyse whether the Best Value regime achieved the impacts that central government hoped that it would.

Chapter 3

Methods and evidence

Research specification

The research specification for the evaluation (DETR 2000) stated that it should provide ‘an objective, rigorous and robust evaluation of:

- the success of approaches adopted by local authorities to implement Best Value; and
- the impact of Best Value both in relation to its aims and objectives and as a key component of the Local Government Modernisation Agenda’.

To this end the research team was asked to:

- ‘evaluate the extent to which processes by which local authorities seek to deliver Best Value are having an effect upon the outputs and outcomes of service delivery, and the extent to which this is through organisational and cultural changes aimed at bringing about continuous improvement;
- evaluate the impact of the Best Value regime on the achievement of economy, efficiency and effectiveness in service delivery; and
- undertake a feasibility study and develop proposals for a system-wide research framework to enable the long-term process and impact evaluation of all components of the Local Government Modernisation Agenda and, where relevant, to develop research tools that might be used as core elements in this wider research’.

The third of these tasks was completed in 2001 with the production of a report that assessed the feasibility of evaluating the local government modernisation agenda and made recommendations about how such a study should be undertaken (Bovaird *et al.* 2001). The report informed the commissioning and design of a meta-evaluation, which is currently being undertaken for the Department by a consortium of research organisations (Bovaird and Martin 2003). The first and second objectives specified in the Department’s specification were addressed through the long-term evaluation of the Best Value regime, which this report focuses on.

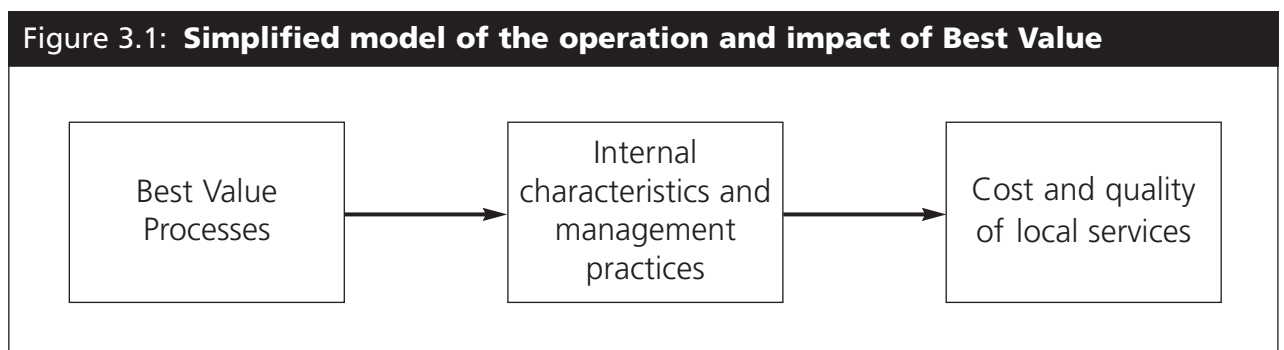
The theory of change

As explained in the baseline report published in 2003, the evaluation was underpinned by a simplified ‘theory of change’ approach. The theory described the way in which central government expected the Best Value regime to operate and impact on local government. It was developed in consultation with policy makers and research officers in the Department (Boyne *et al.* 2001; 2004).

Our discussions with the Department suggested that the Best Value regime was predicated on a ‘rational’, managerialist model according to which processes of service reviews, performance planning, external audit and inspection were expected to lead to internal change within authorities. These changes were, in turn, expected to lead to improvements in the services for which authorities were responsible.

The evaluation therefore focused upon three issues:

- (i) How local authorities implemented Best Value (what we called Best Value processes);
- (ii) The impacts that Best Value had upon the internal characteristics of authorities; and
- (iii) The impacts that internal changes had on the quality and costs of local authority services.



This is of course a highly simplified model. In practice, the impacts of the regime were unlikely to be linear. Nor would they be unidirectional as is implied by the model because the ways in which authorities implemented Best Value would be influenced by their existing characteristics. The regime would also, of course, interact with other policies, and might have important, unintended impacts (positive and/or negative) that were not included in our simplified model. Moreover, the cost and quality of local services was likely to be influenced by a wide range of other factors such as changes in technology, UK and EU legislation and the levels of funding available to councils. Notwithstanding these complications, the model provided a very useful starting point for the study, because it enabled us to identify the kind of data needed to evaluate whether the regime operated in the way intended and whether it had the produced impacts that were anticipated.

Implementation of the Best Value regime

We defined ‘Best Value processes’ as the key activities that authorities and others were required to undertake under the provisions of the 1999 Local Government Act and associated secondary legislation and statutory guidance (Box 3.1).

Box 3.1: Best Value processes

The four main elements of the regime were:

Corporate aims and priorities – The regime required authorities to develop a strategic approach that defined their overall aims and priorities. Possessing the ‘corporate capacity’ to deliver on these aims has become increasingly important since the introduction of CPA, and is seen by the government and Audit Commission as being a key determinant of performance and ability to improve.

Performance planning and management – Accurate performance data and robust performance plans were intended to be central to the process of designing and scoping Best Value reviews, reviewing performance, setting targets for improvement and monitoring progress. Changes in the guidance (described above) removed some of the requirements relating to the production and publication of performance plans, but performance monitoring continues to be seen as an important driver of improvement and plays a key role in CPA.

Best Value reviews – were the focal point of the Best Value regime between 2000 and 2002. Authorities were required to undertake fundamental reviews which challenged the need for services and current approaches to delivering them, consulted with local tax payers, service users and other stakeholders, compared alternative approaches to service delivery, and tested the competitiveness of different providers. Reviews were expected to produce recommendations for action, which would improve service delivery, and targets against which progress would be monitored.

External audit of performance plans and inspection of services – was central to the Best Value regime. The inspection of Best Value reviews and the auditing of performance plans became less important over time although under CPA the Audit Commission began to conduct corporate assessments of local authority capacity.

We collected systematic data over the five years of the study about each of these four key sets of Best Value processes in order to determine whether and how they were implemented.

Impacts on internal characteristics and management practices

In line with classical models of strategy making in the private sector, we identified four main kinds of impact that Best Value might be expected to have on the internal characteristics of authorities (Box 3.2).

Box 3.2: Internal characteristics and management practices

Structure – is defined in the academic literature as the rules and roles that shape the relationships between the different parts of an organisation, for example whether an authority's strategy and operations are centralised or decentralised, whether functions are organised on a departmental or 'crosscutting' basis, whether management procedures are flexible and fluid. Indicators of changes in structure associated with Best Value might include:

- The development of closer links between corporate objectives and service plans;
- Devolution of operational decisions to the front-line; and
- Increased reliance on written policies and procedures as a result of new requirements for corporate and service plans and the demands of audit and inspection.

Culture – the core values and beliefs that are shared by the members of an organisation. The Best Value regime sought to promote widespread changes in the culture of local authorities including increased customer-focus, innovation, continuous improvement and 'step changes' in service delivery, new approaches to corporate management and higher levels of trust between different groups within authorities.

Strategy formulation processes – concerns the way in which organisations design the services they deliver. The Best Value regime was intended to encourage in particular 'rational' forms of strategy making based on planning and evaluating options in detail on the basis of evidence.

Strategy content – is the way in which organisations actually deliver the services for which they are responsible. The Best Value regime sought to encourage greater use of partnership working with other sectors, and the externalisation, contracting out and outsourcing of services.

Service improvement

There are a number of different dimensions of performance including: economy, efficiency, effectiveness, quality of services, access to services and responsiveness to users' and citizens' needs. And there is a range of benchmarks that can be employed including national minimum standards, comparisons to the best in class and comparisons over time (i.e. rates of improvement of which the Best Value regime used two. As explained in Chapter 2, it required authorities to increase their cost effectiveness consistent with making a 2% per annum saving, and also to match by 2005 the performance scores achieved by the top quartile of councils in 2000. (The first is a minimum requirement relating to efficiency, the second a comparison to best in class relating to aspects of quality, efficiency and effectiveness.) The ways in which these improvements were to be monitored was, however, not made clear and we could not therefore be confident that authorities were collected the data or that these criteria would provide an adequate basis for the evaluation. Accordingly, we assessed service improvements in terms of four sets of measures (Box 3.3). Each of these has drawbacks, but they were the best available, and by using four sets of different data we were able to obtain a 'rounded' view of performance.

Box 3.3: Measures of improvement

Best Value performance indicators

The advantages of these measures are that they:

- are audited;
- cover the whole period of the study (from 2000/01 onwards);
- cover a range of different aspects of performance; and
- span most local authority services.

The disadvantages of these measures are that:

- definitions have changed over time and some measures have been dropped;
- performance in many services is gauged in terms of a narrow range of measures; and
- many BVPIs focus on costs and activity levels

Reported performance

The advantages of these measures are that they cover:

- the whole period of the study;
- a range of key services; and
- outputs and outcomes.

The key disadvantage is that they:

- are dependent on respondents' perceptions of performance.

CPA scores

The main advantage of CPA scores are that they:

- provide a summary of an authority's performance.

The main disadvantage is that they:

- are not available for the whole of the period covered by the evaluation.

Best Value User Satisfaction Performance Indicators

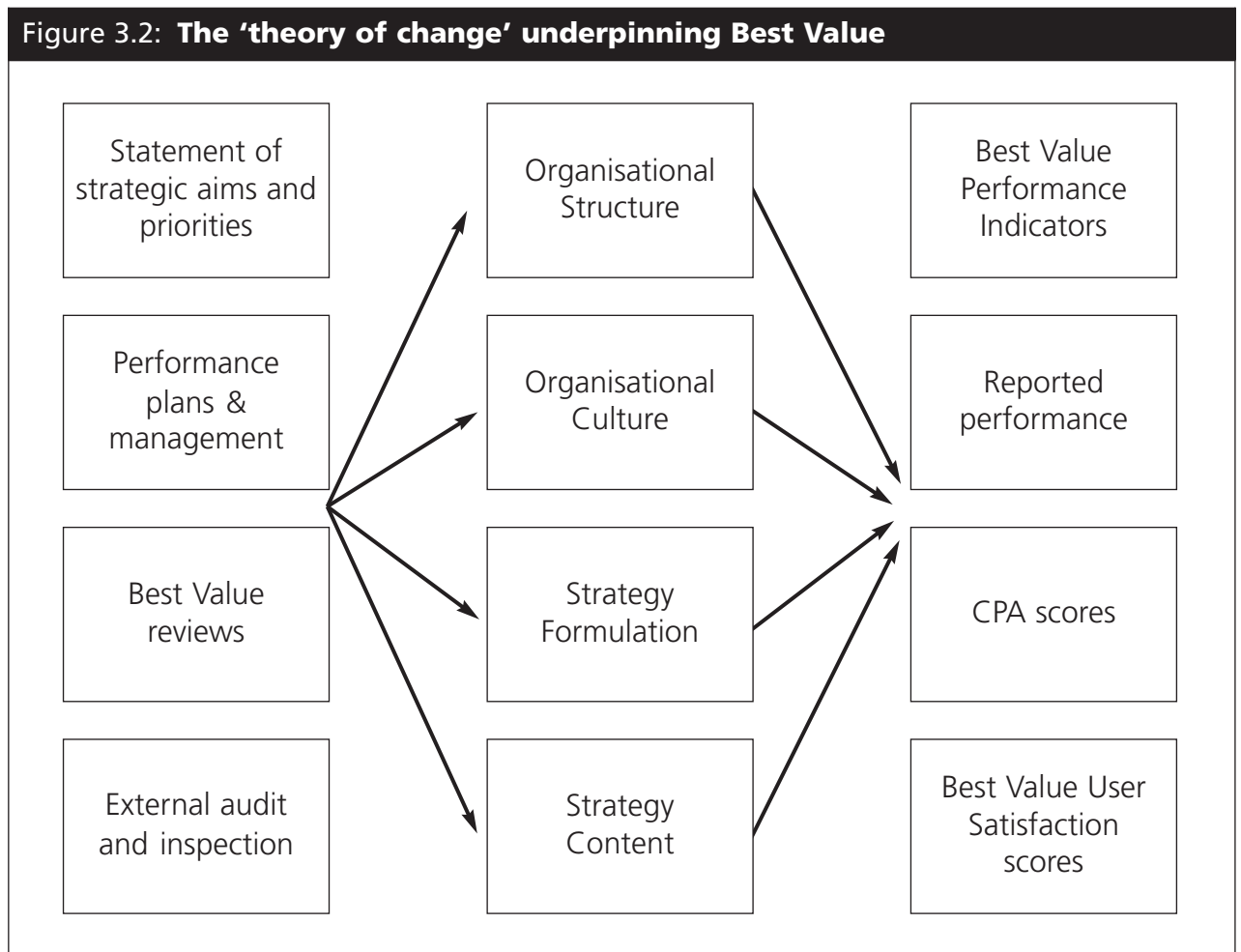
The advantages of these measures are that they:

- provide evidence of the public's perceptions of services.

The disadvantages are that:

- data are only available for 2002/03;
- they rely on public perceptions which are known to be determined by a range of factors not just service performance;
- there are some doubts about the rigour of the methodology used to collect the data.

The full model of the intended operation and impacts of Best Value that we used to design the study was therefore a more developed version of Figure 3.1 which included a range of different aspects of Best Value processes, internal characteristics and management practices, and perspectives on performance (Figure 3.2).



Research methods

Much of the evidence we needed had to be gathered first hand. We drew on three main sources:

- Detailed tracking over time of more than 60 Best Value reviews undertaken by 10 case study authorities. This provided qualitative data that enabled us to build up an in-depth understanding of the operation of Best Value in these councils;
- Annual surveys of a large sample of local authority officers and elected members conducted in 2001, 2002, 2003 and 2004. This provided quantitative data that enabled us to build up a comprehensive analysis of the operation and perceived impact of Best Value across a wide range of authorities.
- Secondary data from Best Value Performance Indicators, CPA scores and user satisfaction BVPIs

Case studies

The 10 case study authorities¹ were selected on the basis of an analysis of population size, levels of deprivation, performance (in terms of Audit Commission performance indicators, political control, type of authority, and responses to our 2001 survey). These criteria enabled us to ensure that there was a good geographical spread and that the sample contained a mix of different kinds of council (Table 3.1). The case studies included:

- three county councils – Derbyshire, Devon and Oxfordshire;
- three shire district councils – Bolsover, Huntingdonshire and Vale Royal;
- one metropolitan district – Knowsley Metropolitan Borough Council
- one London borough – Westminster; and
- two unitary authorities – Bristol and Derby City Councils.

The first round of case study visits was conducted in the summer of 2002 with follow up visits in 2003, 2004 and 2005. We tracked the progress and outcomes of 61 reviews through an analysis of council documents and in-depth interviews with corporate officers, service managers, staff, executive and scrutiny members, external auditors and others. We focussed on reviews in seven services areas – Revenues and Benefits, Leisure and Culture, Education, Housing Management, Planning, Social Services and Waste Management, which we chose to ensure that the evaluation covered ‘frontline’, ‘back office’ and regulatory functions; ‘blue collar’ and ‘white collar’ services; and both services that had previously been subject to CCT and those which had not.

Table 3.1: Case study authorities

| Authority | Type (and total population of (type)) | Political Control | Resident population* (rank by type of authority) | Deprivation* (rank by type of authority) |
|------------------------|---------------------------------------|-------------------|--|--|
| Derbyshire | County (of 34) | Lab | 11 | 7 |
| Devon | | Con | 12 | 10 |
| Oxfordshire | | Con/Lib | 22 | 30 |
| Bolsover | District (of 238) | Lab | 195 | 5 |
| Huntingdonshire | | Con | 8 | 195 |
| Vale Royal | | Lab | 55 | 82 |
| Knowsley | Met (of 36) | Lab | 36 | 1 |
| Bristol | Unitary (of 46) | Lab | 1 | 19 |
| Derby | | Lab | 11 | 14 |
| Westminster | LB (of 32) | Con | 17 | 23 |

*(1=high throughout)

¹ We originally selected 12 case study authorities, but two (Manchester and the London Borough of Redbridge) withdrew from the study due to circumstances beyond our control.

In the first round of visits (in 2002) we examined up to three reviews per authority. On subsequent visits we continued to track the outcomes of these reviews while also adding more recent reviews to the sample thereby building up to the eventual sample of 61 by 2005.

For each review, semi-structured interviews and documentary analysis were used to develop an understanding of the review and the changes included in the improvement plan. Reviews were then 'tracked' in subsequent visits to monitor whether proposals were implemented and what impact they had on performance. Tracking activity varied depending upon the content of the improvement plan and the scale of proposed reform. We used the well established distinction between significant or radical proposals for organisational change and small or incremental proposals (Weick and Quinn 1999). Where the proposals for change were only very modest, tracking meant little more than keeping an eye on the review to confirm that the initial judgement was correct. Where proposals were significant or radical, we conducted telephone or email inquiries and further semi-structured interviews with relevant informants.

Interviews were structured using a topic guide and recorded using a standard template. These were catalogued electronically under a common format which allowed easy retrieval and analysis. Initially reviews were coded on the basis of the quality of the review, the degree of change proposed and the extent of improvement (Entwistle *et al.* 2003). We stopped attempting to code the quality of reviews in 2004 because changes in the guidance and inspection made these judgements increasingly arbitrary. We continued however, to code for both the scale of change and the delivery of improvement. All coding was done by the researchers who conducted the interviews. These decisions were explained on reporting sheets held and subject to discussions by the whole case study team to ensure that a consistent conclusion was being taken across all case studies.

While the primary unit of analysis was the Best Value review, each case study was also designed to monitor corporate changes in the local authority. Particular attention was paid to performance planning and management, changes in leadership, structures and processes. To this end a number of interviews were conducted with informants who were not involved in the reviews but were involved in wider Best Value processes.

Interviewees included:

- Chief Executives;
- Other senior managers involved in implementing Best Value across the authority as a whole (e.g. heads of strategy or corporate performance);
- Corporate Best Value officers;
- Council leaders;
- Other members with an involvement in Best Value (e.g. the lead member for Best Value);
- Leaders of the review teams;
- Review team members;

- External partners;
- Commissioning inspectors; and
- External auditors.

Most case studies involved a combination of one to one semi-structured interviews and focus groups. The numbers of participants varied between authorities and over time but they included a good mix of individuals and groups able to comment in detail on corporate structures and objectives, authority-wide Best Value processes, individual service reviews, and performance at all levels within the authorities. In addition to telephone and email contacts, each case study visit typically took 2.5 days on-site and involved about a dozen interviews each year.

Survey methods

The quantitative data about Best Value processes and changes in internal characteristics and performance that we used to conduct statistical analyses of the operation and impact of Best Value were gathered from in-depth, structured surveys which we conducted in 2001, 2002, 2003 and 2004.

At the start of the study in 2001 we undertook a ‘baseline survey’ of senior corporate officers, service managers and elected members in all English authorities. This gave a comprehensive picture of the early operation and impacts of the regime. We based the survey questions on the key elements of the model of Best Value that we had developed, asking a series of questions about:

- How authorities were implementing Best Value;
- Whether it was leading to the kinds of organisational changes that it was intended to encourage; and
- Whether it was perceived to be encouraging service improvement.

More than 3,000 officers and elected members from 314 authorities responded to the survey, which meant that it provided by far the most comprehensive assessment of the implement action and impacts of Best Value that has been produced. This information was used in a variety of ways by policy makers and helped to inform discussions about some of the changes in the performance framework which were described in Chapter 2.

As well as providing early feedback to policy makers on the operation and impacts of the regime, this first survey also provided the ‘baseline’ against which we measured changes in subsequent years of the evaluation. And in addition to these benefits, it demonstrated for the first time that it was possible to collect large amounts of detailed data from a range of authorities. As such it provided a model which has been followed by many of the other evaluations of local government policies that have been commissioned by the Department over the last six years.

The methodology we developed was innovative in that it used multiple informants, whereas previous studies have tended to rely on the views of senior individuals (often chief executives). We sent questionnaires to the following groups in each authority:

- elected members – including the leader, the member with lead responsibility for Best Value, and members with lead responsibility for the key service areas;
- corporate officers – the chief executive, the most senior officer with overall responsibility for Best Value and the corporate Best Value officer; and
- service officers – including the heads of service, assistant directors and senior managers in seven service areas: Revenues and Benefits; Leisure and Culture; Education; Housing Management; Planning; Social Services; and Waste Management.

We sent the questionnaire to between 10 and 32 officers in each authority and up to nine cabinet or lead members. Members and officers were asked the same set of the same ‘core’ questions plus additional questions of particular relevance to their group. Corporate officers were asked additional questions about the implementation of Best Value, organisational changes across the authority as a whole and the overall performance of their councils. Services managers were asked about the implementation and impacts of Best Value and organisational changes in their particular services. Members were asked to focus on the service(s) that they oversaw. Copies of the survey forms are available on our website at www.clrgr.cf.ac.uk/bestvalue/bvquestionnaires.html

This approach enabled us to get a more ‘rounded’ view of the operation and impacts of Best Value than would have been provided by a survey sent to just one respondent. The information from the survey of elected members provided insights into the levels of political engagement with and perceptions of the regime and the wider improvement agenda. The survey of service managers provided information from those who are ‘closest to the action’ in terms of day-to-day management of services and who were best placed to judge the impact of Best Value on service improvement. The information from the surveys of corporate officers complemented that from service managers by providing an overview of the whole authority’s approach to Best Value.

We were able to survey much larger numbers of officers and members than has previously been attempted by researchers because we conducted the surveys electronically, an approach that had not previously been tried in local government research (Enticott, 2003). The majority of the questions required respondents to respond using a 7-point Likert scale (on scale anchored by ‘agree’ – ‘disagree’).

We received a remarkably high response with surveys returned from 81% of authorities. Response rates were broadly similar across different kinds of authority (Table 3.2). We are therefore confident that the data provided a reliable guide to the ways in which Best Value has been implemented and the changes that have taken place in authorities’ internal characteristics across the whole of English local government.

Table 3.2: Response rate by type of local authority

| | Counties | Unitary Authorities | London Boroughs | Mets | Districts |
|--|----------|---------------------|-----------------|------|-----------|
| Total no. of authorities | 34 | 47 | 32 | 36 | 238 |
| Participating authorities | 27 | 36 | 26 | 32 | 193 |
| Response rate | 79% | 77% | 81% | 89% | 81% |
| Authority type as % of total no. of participating authorities | 9% | 12% | 8% | 10% | 61% |
| Authority type as % of total respondents | 10% | 15% | 12% | 16% | 47% |

Response rates by type of respondent were more varied. More than three quarters of corporate Best Value officers responded, compared to 54% of service officers and 44% of elected members (Table 3.3).

Table 3.3: Response rate by type of respondent

| | Corporate officers | | | Service officers | Elected members |
|-------------------------------------|--------------------|---------------------|---------------------|------------------|-----------------|
| | Chief Executives | Corporate Directors | Best Value Officers | | |
| Number of Responses | 130 | 160 | 244 | 1821 | 481 |
| Response Rate | 45% | 70% | 77% | 54% | 44% |
| Proportion of total response | 4% | 6% | 9% | 64% | 17% |

Having established an overall picture of the operation and impact of Best Value in 2001, in subsequent years we sent to the survey to a smaller, stratified sample of 100 authorities. The benefit of focusing on this sample was that it enabled us to reduce the burden on local government as a whole whilst still providing a comprehensive analysis of the operation of Best Value.²

This group, which became known as the 'Cardiff 100', was selected from a representative sample of all English authorities in terms of a range of criteria including their performance in 2001, levels of deprivation, geographical location and authority type (Table 3.4). They were not a statistically representative sample for three reasons:

- To avoid 'swamping' the sample with district councils it was agreed to select 20 authorities from each of the main types of council (county councils, shire district councils, metropolitan districts, London boroughs and unitaries);
- The Department asked us to exclude some authorities from the sample; and
- Some authorities originally selected for inclusion declined to participate in the study.

² By 2002/03 several other evaluations commissioned by the Department were also undertaking surveys and it was important to avoid overloading councils with requests for data.

We therefore compared the responses of the Cardiff 100 to those of the other authorities. We found that the pattern of responses was different in fewer than a third of questions. In most of these cases the responses of officers and members from the Cardiff 100 were slightly more up-beat about the implementation of Best Value and about their councils' organisational characteristics than those from other authorities. However, the views expressed by officers and members in the Cardiff 100 were broadly representative of those of local government as a whole.

We also tested for differences between early and late responders to the survey and found almost no significant differences between them. This meant that we could include all responses in the analysis. (Full details of this analysis are given in the baseline report.)

| Table 3.4: The 'Cardiff 100' | |
|-------------------------------------|------------------|
| | Frequency |
| County Council | 21 |
| Unitary Authority | 16 |
| London Borough | 18 |
| Metropolitan | 20 |
| District Council | 26 |
| Total | 101 |

In 2002, 2003 and 2004 respondents were asked to report on the position as of April at that year. When added to the data from the 2001 survey, their responses enabled us to build up a detailed picture of change since the introduction of the Best Value regime. (Evidence from previous research suggests that responses based on recall going back any length of time are not as reliable as data based on perceptions of the situation in the recent past.)

We achieved remarkably good response rates from both officers and members in these authorities throughout the study. Over the four years we received more 4,000 responses from officers and from elected members – an overall response rate of 56% from officers and of 48% from members (Table 3.5). As a result we were able to build up the most comprehensive dataset of officers' perceptions of the characteristics and performance of their authorities as well as the operation and impact of Best Value.

Table 3.5: Response rates

| | | Corporate | Service | All officers | Elected members |
|-------|---------------|------------------|----------------|---------------------|------------------------|
| 2001 | Surveys sent | 280 | 1609 | 1889 | 679 |
| | Received | 195 | 907 | 1102 | 274 |
| | Response rate | 70% | 56% | 58% | 40% |
| 2002 | Surveys sent | 280 | 1553 | 1833 | 721 |
| | Received | 199 | 999 | 1198 | 356 |
| | Response rate | 72% | 64% | 65% | 49% |
| 2003 | Surveys sent | 279 | 1554 | 1833 | 721 |
| | Received | 206 | 820 | 1026 | 430 |
| | Response rate | 74% | 53% | 56% | 60% |
| 2004 | Surveys sent | 316 | 1555 | 1871 | 1076 |
| | Received | 178 | 658 | 836 | 473 |
| | Response rate | 56% | 42% | 45% | 48% |
| Total | Surveys sent | 1155 | 6271 | 7426 | 3197 |
| | Replies | 778 | 3384 | 4162 | 1533 |
| | Response rate | 67% | 54% | 56% | 48% |

In order to overcome any potential problems associated with sample bias we aggregated responses to produce a mean score for each authority for each question for each of the three groups of respondents – corporate officers, service officers and elected members. Most of our analyses are based on these mean authority scores. The exception is our analysis of differences between services, which are based on all respondents in order to ensure a sufficiently large number of responses.

Survey analysis

We used data from the surveys in two main ways:

1. To analyse changes over time in the ways in which authorities implemented Best Value; their internal characteristics; and reported performance; and
2. To test the association between changes in these three sets of variables.

Statistical analyses of the data from the 2001, 2002 and 2003 surveys, which we reported in the baseline and first and second interim reports, produced a number of important findings:

- Many respondents believed that their authorities had already had in place many of processes that Best Value was intended to encourage prior to the inception of the regime, but that it had nevertheless provided an added impetus, particularly for more effective corporate working;
- Most believed that their authorities had implemented most elements of the Best Value regime, although use of the ‘four Cs’ was uneven.

- There was clear evidence that authorities were increasingly developing the kinds of internal structures, processes and cultures that Best Value was intended to encourage;
- The regime was, though, seen as imposing substantial additional costs on authorities, and many smaller authorities had found it difficult to implement; and
- Evidence of improvement was mixed. Most officers expected reviews to lead to improvements, but they often involved relatively small, incremental changes.

Robust statistical tests on the survey data showed that there were some positive associations between Best Value processes and the kinds of organisational changes that the regime was intended to encourage. But there was little evidence that these organisational changes were, in turn, associated with improvements in services. This was not surprising because changes in internal characteristics were likely to take time to have an impact on performance and because Best Value was just one of a large number of number factors affecting authorities.

As noted in Chapter 1, in the final stages of the evaluation we took a slightly different approach to the statistical analysis. There are two reasons for this. First, we had four years of data which provides a longer period of time for changes associated with Best Value to have had an impact. Second, given the changes in the performance framework (described in Chapter 2), the impact of Best Value processes *per se* is less relevant to future policy than the impacts on performance of a range of processes and internal characteristics which are fostered by current policies as well as Best Value.

In this final report we have therefore analysed the impact of a range of potential drivers of service improvement. These include all of the key elements of the Best Value regime and some additional variables that did not feature prominently in the regime but have subsequently been encouraged by other government policies (Table 3.6). The drivers that we examined were based on the results of previous research on the determinants of performance, our own case study analysis and analysis of inter-relationships (in the form of correlations) between drivers. Several of measures of drivers that we used are 'labelled factors' i.e. combinations of questions from the survey which statistical analysis (called factor analysis) showed focused on the same or very similar drivers.

Table 3.6: Drivers of improvement included in the statistical analysis

| FACTOR | RELEVANT QUESTION(S) FROM SURVEY OF OFFICERS |
|--|---|
| Challenge (reviews) | 136 00 REVIEWS – CHALLENGE: whether existing services should be provided at all |
| (factor) | 137 00 REVIEWS – CHALLENGE: whether existing approaches to the provision of services was best |
| Compare (reviews) | 139 00 REVIEWS – COMPARE: private and voluntary sector services |
| (factor) | 140 00 REVIEWS – COMPARE: other local authorities |
| Consult users (reviews) | 147 00 REVIEWS – CONSULT: service users or their representatives |
| Consult staff (reviews) | 150 00 REVIEWS – CONSULT: front line staff |
| Compete (reviews) | 154 00 REVIEWS – COMPETITIVENESS: market test through open competition |
| | 156 00 REVIEWS – COMPETITIVENESS: test for the externalisation of the service |
| Political leadership | 65 01 INTERNAL ISSUES: political leadership |
| Managerial leadership | 66 01 INTERNAL ISSUES: managerial leadership/key individuals |
| Re-engineering and re-organisation | 36 01 MANAGEMENT APPROACH: New management processes |
| | 40 01 ORGANISATION: Restructuring |
| | 8 01 AUTHORITY/SERVICE CHARACTERISTICS: control devolved to managers/Chief Exec has considerable control |
| | 39 01 ORGANISATION: Centralisation |
| Performance culture | 06 01 There is a strong focus on continuous improvement in our authority service |
| | 07 01 There are strong incentives for managers to achieve step change in performance |
| Targets and performance management | 12 01 AUTHORITY/SERVICE CHARACTERISTICS: well developed framework of performance targets to drive what we do/has little influence over what we do |
| Markets and competition | 42 01 ORGANISATION: externalisation |
| | 43 01 ORGANISATION: contracting out/outsourcing |
| Partnership working | 05 01 PARTNERSHIP This Authority welcomes partnership with the private sector and others |
| Stakeholder and user engagement | 3 01 AUTHORITY/SERVICE CHARACTERISTICS: needs of users are foremost/needs of users not placed foremost |
| | 52 01 SERVICE DELIVERY: working more closely with users |
| Information & communications technology | 30 01 MANAGEMENT APPROACH: introduction of new information technology systems |
| Inspection | 72 01 EXTERNAL ISSUES: pressures from auditors and inspectors |
| Central government policies | 80 01 EXTERNAL ISSUES: central government policies |

In order to allow the maximum possible length of time for changes to have an impact on performance, in this final report we tested for statistically significant differences between the data from the 2001 and 2004 surveys. We did this using factor analysis and multiple regression. First, questions about Best Value process were subjected to factor analysis to derive 10 factors as follows:

- Performance plans – two factors
- Inspection – one factor
- Reviews (consult, compare and challenge) – four factors
- Reviews (competition) – one factor
- Review recommendations – two factors

Second, the differences between 2001 and 2004 responses for each Best Value process were calculated. Each of the measures of organisational characteristics and management practices was used in multiple regression as a dependent variable and the 10 measures of Best Value processes were treated as independent variables. The 2001 value for each measure of organisational characteristics and management practices was also used in the regression as an autoregressive term in order to allow for differences between authorities in levels of deprivation and other socio-economic characteristics. Only those outcomes showing statistically significant improvement between 2001 and 2004 were included.

The analysis of the relationships between intended drivers of change and performance was based on the five sets of measures:

- The perceived value for money and efficiency of services based on data from our surveys of officers;
- The equity of services, also based on data from our survey of officers;
- CPA performance scores in 2002 (the first year for which they were available) and 2004;
- Consumer satisfaction BVPIs published in 2003; and
- A sample of statutory BVPIs that we believe give a reasonable indication of the overall performance of local government.

Summary

- The evaluation was charged with analysing the extent to which local authorities implemented Best Value, how this affected their internal characteristics and management processes and what impacts changes in these attributes had on the economy, efficiency and effectiveness in service delivery.
- We developed a simplified model of the intended operation and impact of the Best Value regime which enabled us to identify the data that was needed for rigorous evaluation.

- Data about the implementation of Best Value and changes in internal characteristics and management practices were gathered from a series of in-depth interviews with a wide range of officers, councillors and representatives of other local agencies in 10 case study authorities and four annual surveys of a large number of officers and elected members from a sample of 100 English councils.
- Data about performance came from the case studies and surveys plus three sources of secondary data: Best Value performance indicators, CPA scores and BVPI user satisfaction scores.
- Between these sources of data provide an extraordinarily comprehensive evidence base which provides a well rounded view of the operation and impacts of the Best Value regime over the five-year period covered by the study.

Chapter 4

Differences between authorities, services and respondents

The evaluation sought to provide an overall assessment of the operation of impact of Best Value. By undertaking surveys of large numbers of officers and members from a large sample of authorities we were able to gain a 'rounded' picture based on analysis of the overall results from a range of different types of authorities and from respondents working in different services. Chapters 5, 6 and 7 analyse the survey and case study findings at this overall level. In this chapter we summarise the variations in the views of:

- Respondents from different types of authority;
- Respondents from councils in different CPA categories;
- Respondents with different types of roles in their authorities; and
- Respondents from different services.

The analysis is based on rigorous statistical tests of the differences in responses to 15 key questions in our surveys of officers and elected members that between them provide a test of the impact of Best Value.³

Authority type

As explained in our baseline report, the results of the 2001 survey suggested that small district councils were finding it more difficult to implement Best Value than larger authorities and that they have developed fewer of the organisational characteristics and management practices that Best Value was intended to encourage (Martin *et al.* 2003). These early findings were in line with the conclusions of the Audit Commission's first annual report on Best Value which expressed concerns about the capacity for improvement in some smaller authorities (Audit Commission 2001). They were also reflected in comments from some of our case study authorities where some officers and members reported that a lack of corporate policy officers (of the kinds employed by larger councils) made it difficult for them to respond to recent government initiatives.

In this final report we have compared the survey responses of officers from different types of authority at the start of the study in 2001 and in 2004 (the final year in which survey data were collected). Like the earlier analysis, the results show some significant differences between district councils and upper tier/unitary authorities. The full results of the statistical analysis are given in Annex 2. In this section we highlight issues where there were statistically significant differences between the views of respondents from districts and one or more of the four types of unitary/upper tier authorities (i.e. county councils, London Boroughs, metropolitan authorities and unitary councils).⁴

³ The statistical tests involved comparisons of multiple mean scores for these questions using Scheffe tests and Games-Howell tests. We analysed questions that were put to officers and elected members and covered the key elements of the regime.

⁴ The analysis is based on mean scores to questions which local authority officers in the 'Cardiff 100' group of councils were asked to answer on seven-point scale ranging from 1=strongly disagree to 7=strongly agree.

In 2001 (but not in 2004) a statistically significant larger proportion of respondents from upper tier/unitary authorities reported that the:

- Benefits of inspection outweighed its costs (Figure 4.1).

In 2004 (but not in 2001) a statistically significant larger proportion of respondents from upper tier/unitary authorities reported that:

- Their authority had a clear set of performance measures and targets which drove their actions (Figure 4.2);
- Performance management information enabled them to judge progress towards meeting targets;
- Political leadership was a driver of improvement (Figure 4.3); and
- Additional resources had acted as a driver of improvement.

There were two differences that were significant in both 2001 and 2004 – a higher proportion of respondents from upper tier/unitary authorities reported that:

- Their authority welcomed public-private partnership sector (Figure 4.4); and
- Central government policies had driven improvement (Figure 4.5).

Figure 4.1: The benefits of inspection outweigh the costs

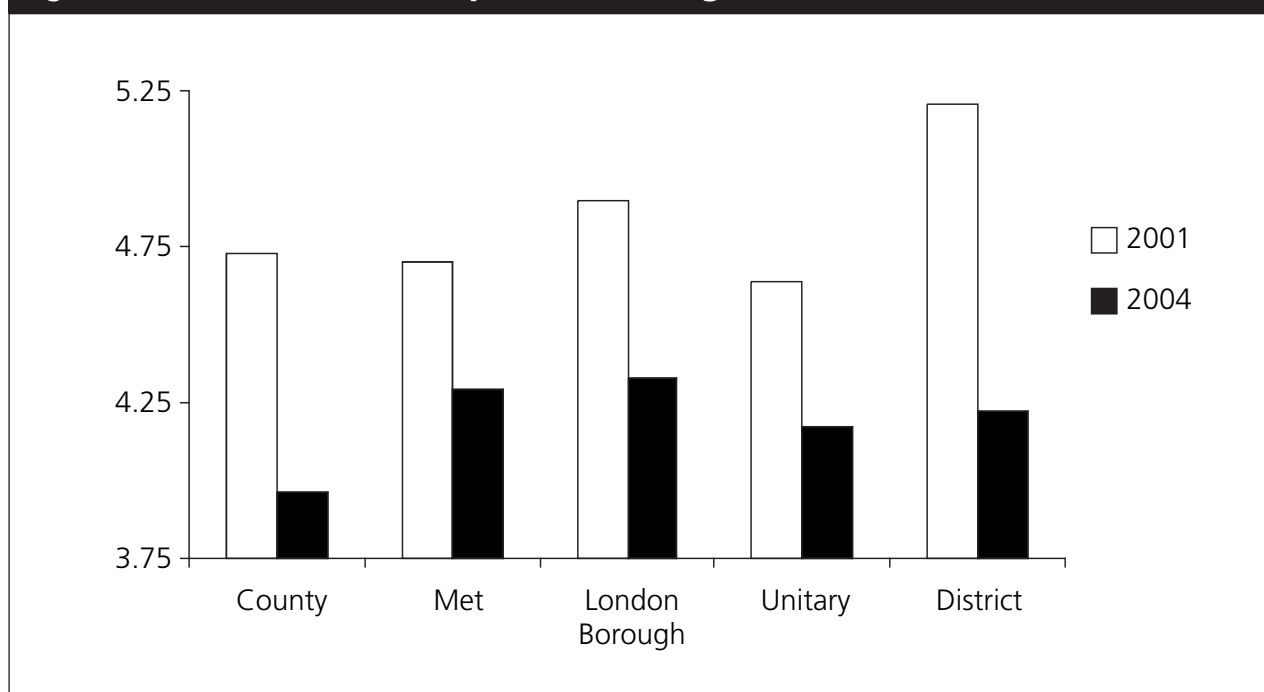


Figure 4.2: My authority has clear performance measures and targets to drive what we do

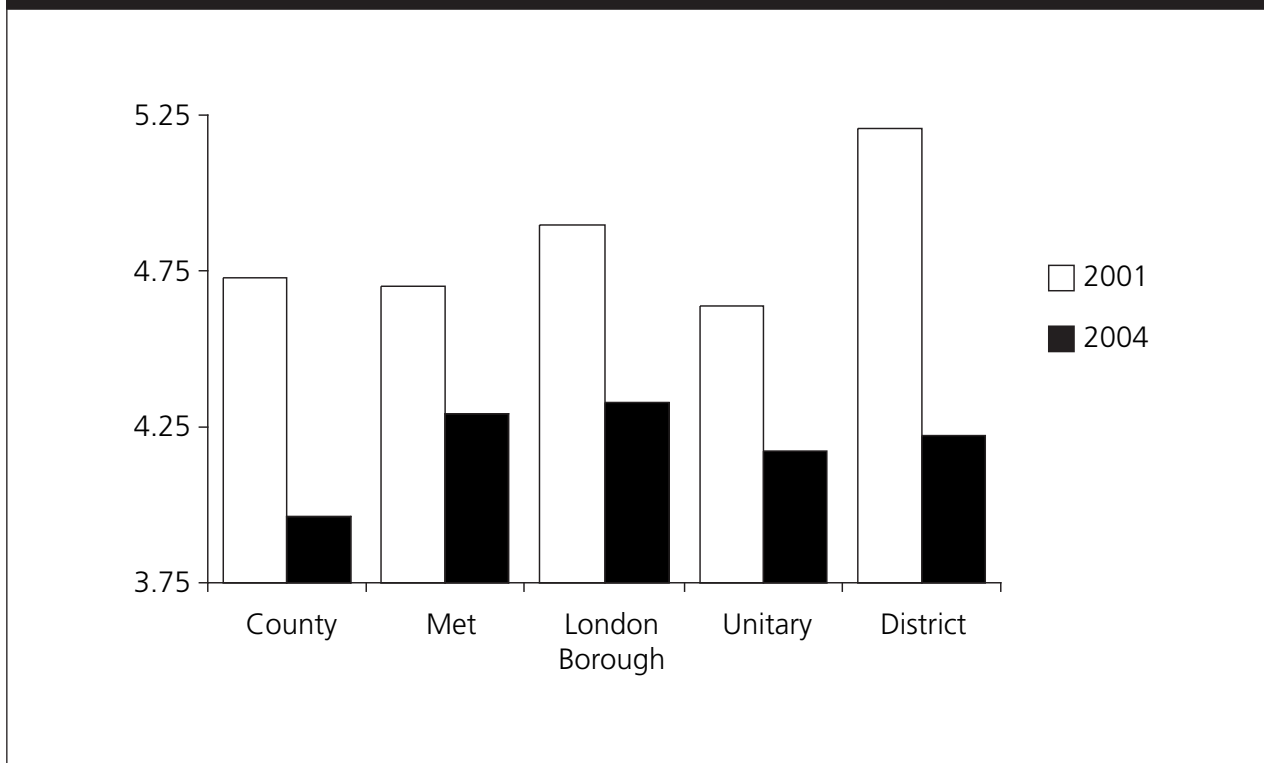


Figure 4.3: Political leadership is a major driver of improvement

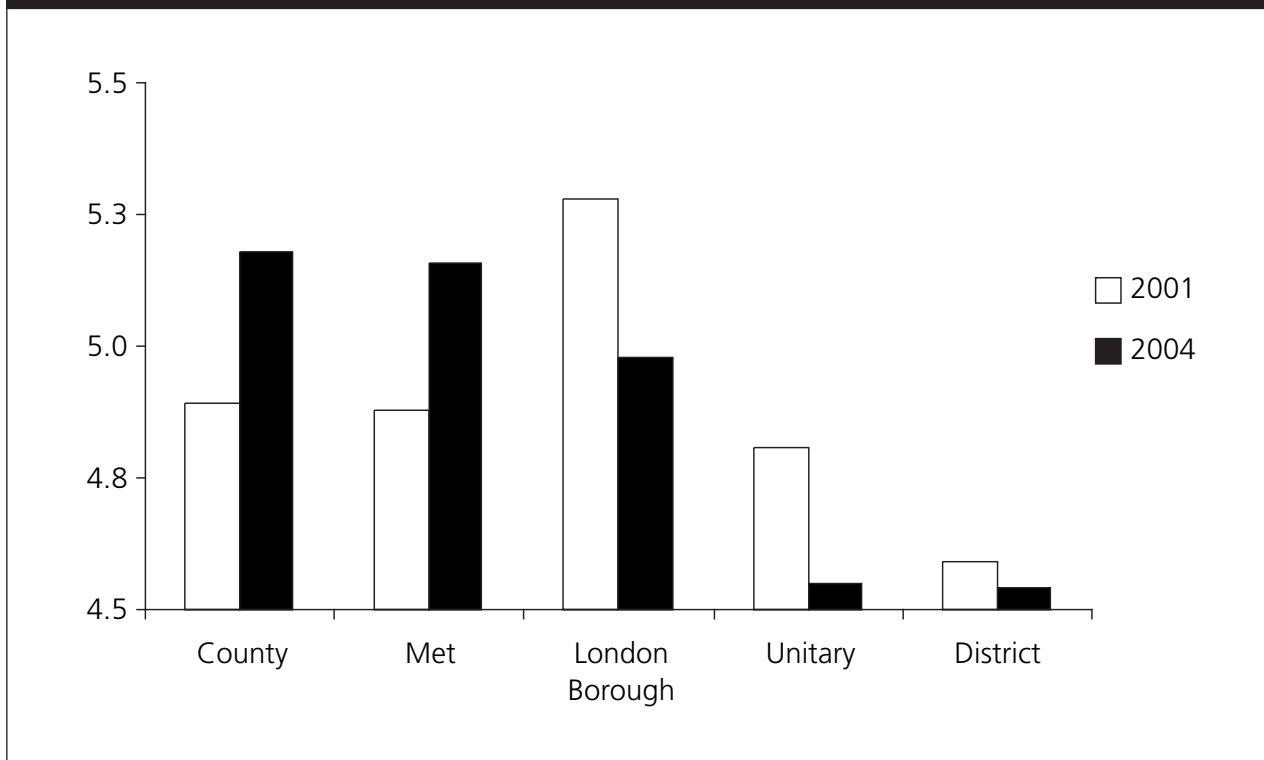


Figure 4.4: My authority welcomes partnership with private sector

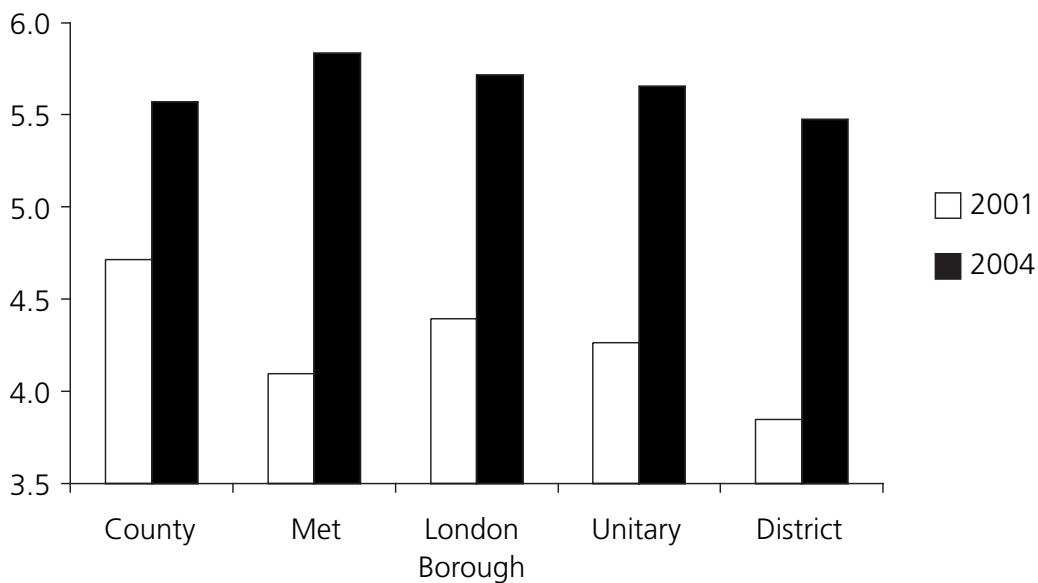
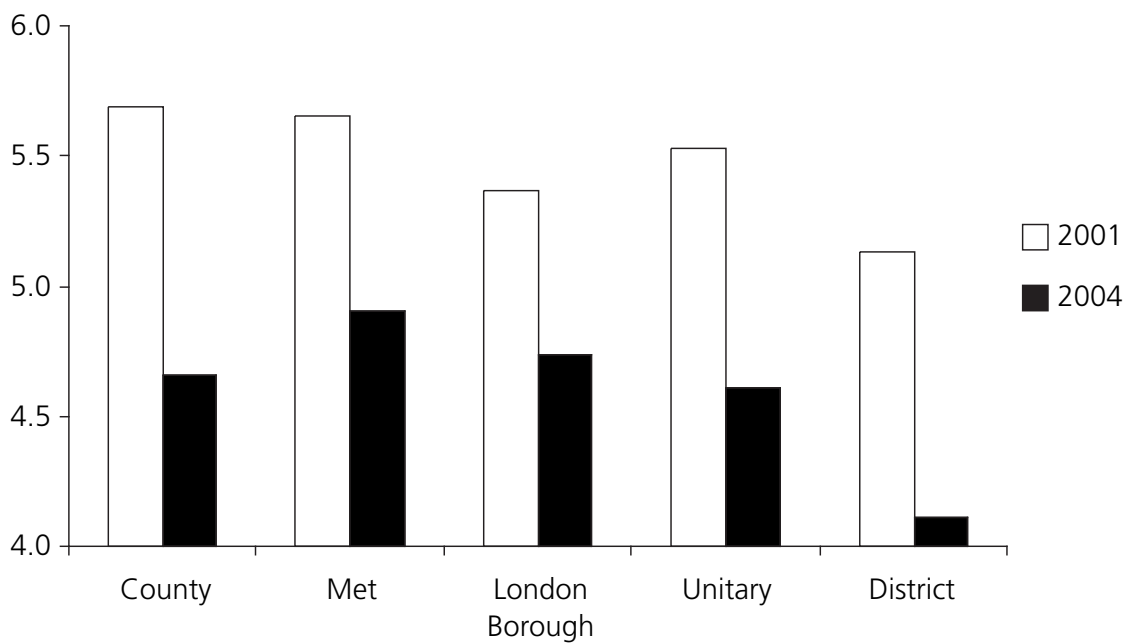


Figure 4.5: Central government policies are a major driver of improvement



Taken together the statistical analysis and the evidence from our interviews in the case study authorities suggest that in general districts have been slower than other authorities to develop some of the internal characteristics and management practices that the Best Value regime was intended to encourage. The evidence also suggests that political leadership and government policies have had less of an impact on districts than other councils, although inspection has been more important driver of improvement in districts than in other authorities.

CPA category

There were statistically significant differences between the responses of officers from authorities that were ranked 'excellent' or 'good' in CPA and those from authorities rated as 'fair', 'weak' or 'poor'. However, the number of differences decreased between 2001 and 2004.

In 2001 a statistically significant larger proportion of officers from authorities that were rated 'excellent' or 'good' in the 2002/2003 CPA than their counterparts in 'poor', 'weak' or 'fair' authorities reported that:

- Their authorities welcomed partnership with the private sector;
- Their authorities had well developed performance measures and targets;
- They used rigorous performance measures to judge progress;
- Improvement had been driven by leadership, additional resources, user demands and new technology drove; and
- The benefits of inspection outweighed the costs.

By 2004 there were no significant differences between the responses of officers in authorities in different CPA categories in respect of partnership with the private sector, managerial leadership, user demands or the benefits of inspection. But there were continuing differences in perceptions of:

- Performance management frameworks (Figure 4.6);
- The importance of political leadership (Figure 4.7);
- Extra resources (Figure 4.8); and
- The impact of new technology in driving improvement (Figure 4.9).

(Full results are shown in Annex 3).

Figure 4.6: My authority has clear performance measures and targets to drive what we do

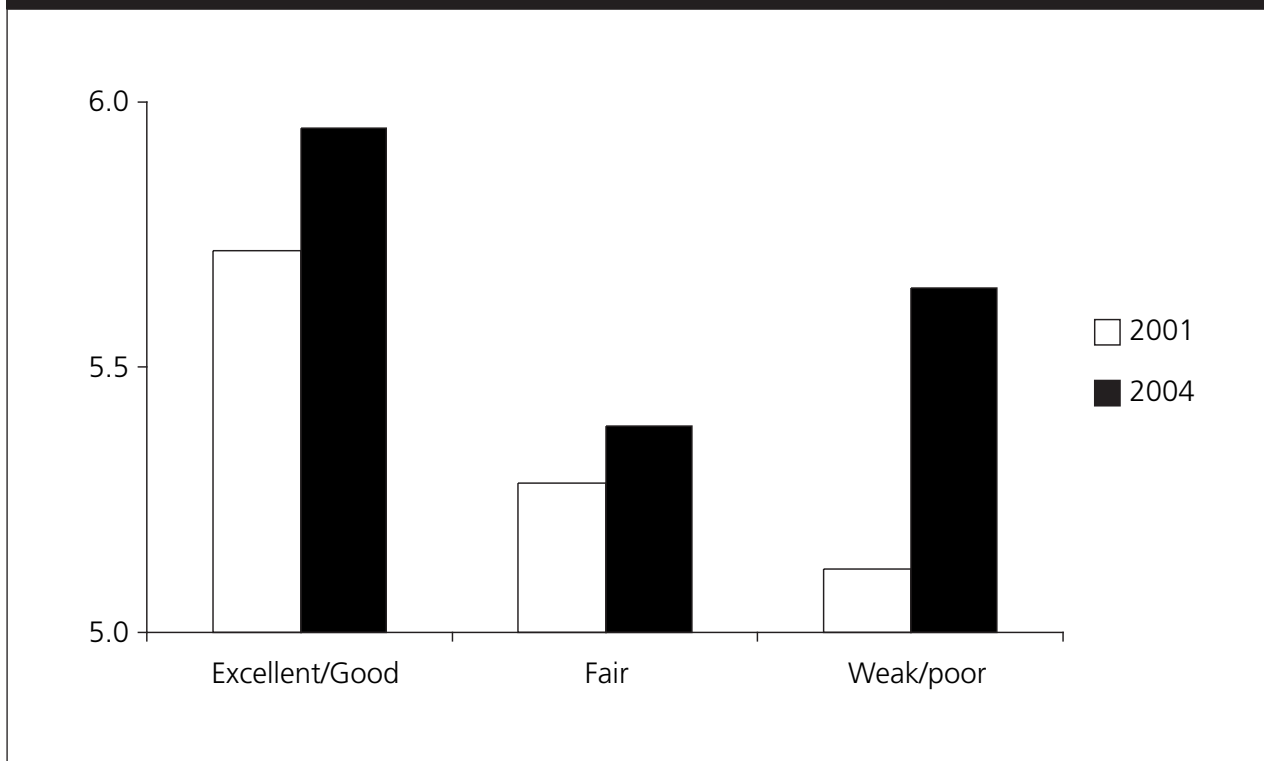


Figure 4.7: Political leadership is a major driver of improvement

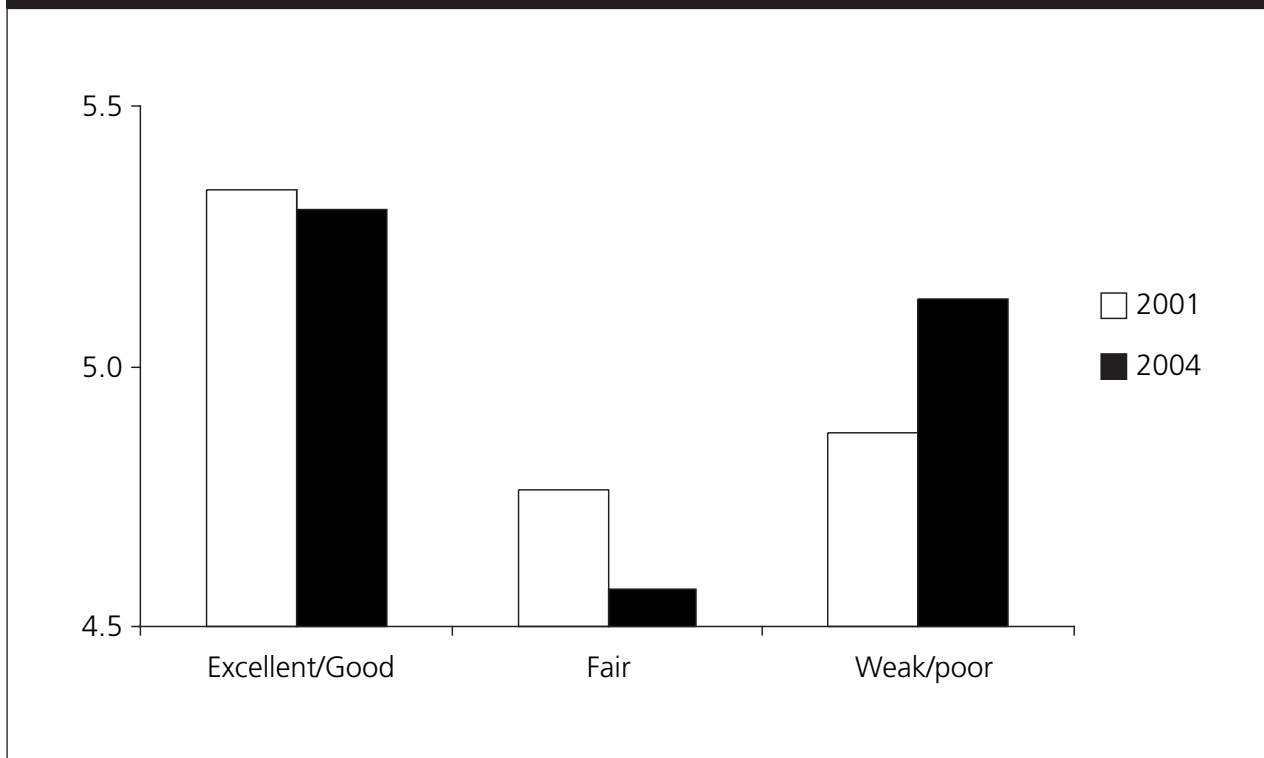


Figure 4.8: **Extra resources are a major driver of improvement**

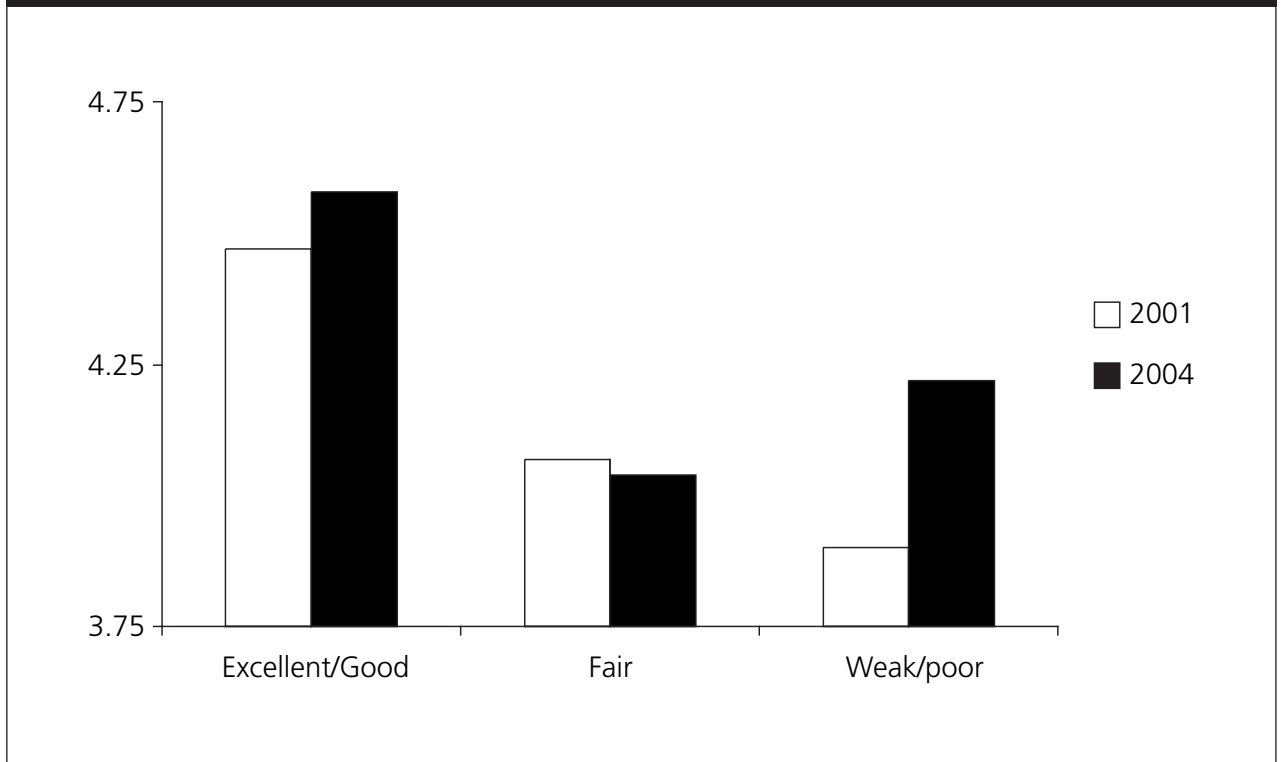
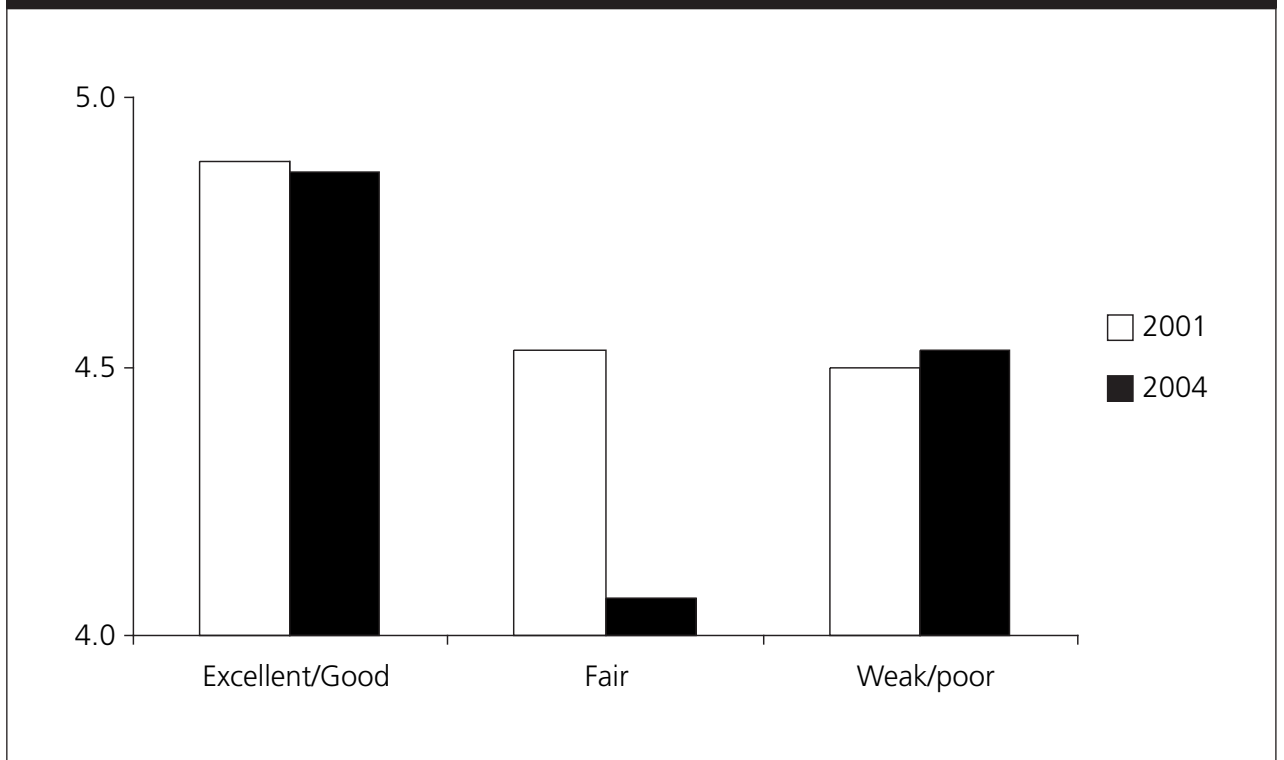


Figure 4.9: **New technology is a major driver of improvement**



Services

Analysis of the Department's 'basket of cost effectiveness' performance indicators suggests that there have been considerable variations between services in rates of improvement. The performance indicators covering recycling, housing, culture, benefits administration and social services for children suggests that there have been improvements in these services, with particularly large improvements in recycling. Conversely, indicators of performance in the education of primary school children, community safety and planning suggest that there has been very little improvement in these functions. CPA scores and our surveys paint a similar picture (Martin and Bovaird 2005). And evidence from the case studies that we have undertaken in this evaluation and for the meta-evaluation (which has also been commissioned by the Department) suggest that the most rapid and significant improvements have been achieved in services in which it has been relatively easy to change approaches to delivery through the application of new technology, new business processes and/or the use of new providers. The availability of additional resources and the existence of incentives for improvement (in the form of targets backed by rewards and/or sanctions) also appear to have been important.

Analysis of the survey data highlighted a number of significant differences between respondents from different services:

- The level of public-private partnership was relatively high in leisure, social services and waste management;
- Inspection was seen as being a relatively important driver of improvement in education, social services and housing;
- Central government policies were perceived to have been a relatively important driver of improvement in education and social services; and
- Consultation and tests of competitiveness within Best Value reviews were seen as having been relatively important in driving improvement in waste management and leisure (full details are shown in Annex 4).

These results suggest that the core elements of the Best Value regime (performance reviews and plans) may have had a more direct impact on services like waste and leisure, than upon social services and education, which seem to have been more strongly influenced by a wider range of government policies.

Type of respondent

Our previous reports (based on the 2001, 2002 and 2003 surveys) have highlighted differences in the views of corporate officers, elected members and service managers about the extent of partnership working with the private sector, the degree of trust between officers and members, the coherence of their authorities' plans, the level of user focus and the extent to which control is delegated to service managers. There have also suggested that different groups have differences views about the impact of political leadership, central government policies, inspection and new technologies on improvement.

Analysis of the 2001 and 2004 survey data show that over the period covered by the whole evaluation there was no clear pattern of differences between officers and members (Annex 5 gives full details of these results). In many other cases where there were significant differences in 2001, these were reversed in 2004. For example in 2001 a higher proportion of elected members than officers believed that political leadership was an important driver of improvement. In 2004 more officers than members believed it to be more important. Similarly, in 2004 officers were more convinced of the efficacy of inspection in driving improvement than they had been in 2001, but members believed it had less impact than they previously had. In 2001 significantly more members than corporate officers believed that user demands were driving improvement. By 2004 the reverse was the case.

There was just one issue on which there was the same kind of statistically significant difference between the views of different types of respondent in both years – a higher proportion of service managers than elected members reported that their actions were driven by performance measures and targets.

The views of elected members are important and we have reported these in previous feedback to policy makers. However, the analysis of survey results in the next three chapters focuses on the views of officers for three reasons:

- Because they have different roles we asked members and officers different questions and it was not therefore possible to combine the two datasets;
- Our interviews in case study authorities suggested that officers were better placed than members to give details of the operation and impact of Best Value in their authorities; and
- We received more than 2.5 times as many responses from officers as members. The data from the former therefore provide a better basis on which to conduct rigorous statistical analyses that require large sample sizes.

Summary

- Rigorous statistical tests of the differences in responses to 15 key survey questions in 2001 (at the start of the study) and 2004 (the last year in which we undertook a comprehensive survey) showed that on the whole district councils had found the Best Value regime more of a challenge to implement and been slower to develop some of the internal characteristics and management practices that it was intended to encourage.
- In 2001 authorities rated 'fair', 'weak' or 'poor' in subsequent CPA assessments had developed fewer of the characteristics and practices that Best Value was intended to foster. But by 2004 the gap between them and 'good' and 'excellent' authorities had narrowed.
- The responses of officers working in different services suggest that the core elements of the Best Value regime (performance reviews and plans) may had the most direct impact in services like waste and leisure. The evidence suggests that social services and education were more strongly influenced by a wider range of government policies including inspection.

- Overall, there were statistically significant differences in the responses of corporate officers, service managers and elected members to both the 2001 and 2004 surveys. However, there was no consistent pattern of results over the four years.

Chapter 5

Implementation of Best Value, organisational change and performance

Introduction

This chapter analyses the overall changes that occurred between 2001 and 2004 in the implementation of Best Value and the organisational characteristics and management processes that the regime was intended to encourage. It then gives an overview of our findings on the impacts of the drivers of improvement associated with the Best Value regime and other recent government policies.

Implementation of Best Value

The analysis of the 2001 and 2002 surveys (presented in our first interim report) showed that most officers believed that their authorities were implementing most elements of the Best Value performance management framework.

The 2003 survey showed that the arrival of CPA and other changes in the performance framework (described in Chapter 2) led to a downgrading of some of the key elements of the regime (including a reduction in the number of Best Value reviews and less emphasis on performance plans). Performance management – one of the principles that underpinned the Best Value regime – was still seen however, as an important driver of service improvement.

In this final stage of the evaluation we analysed the differences in responses to the 2001 and 2004 surveys using rigorous statistical tests.⁵ This enables us to identify the major changes that occurred in approaches to implementing Best Value over the whole period covered by the evaluation. This chapter provides an overview of the key findings. Further details are shown in Annex 6.

Implementing Best Value

By 2004 significantly fewer officers reported that implementing Best Value was a major challenge for their authorities than had been the case in 2001.

Best Value reviews

There was a significant increase between 2001 and 2004 in the proportion of officers who reported that review teams:

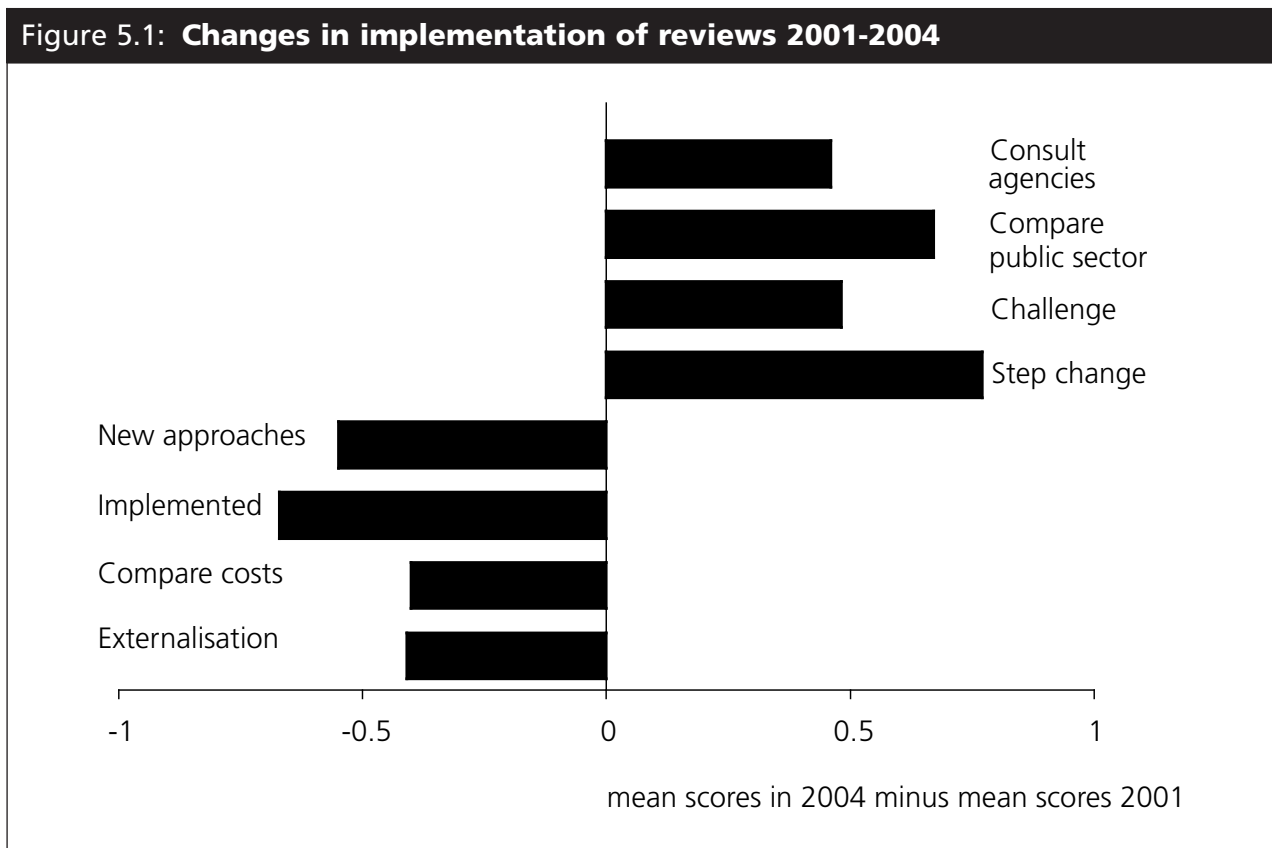
- Challenged existing approaches to service delivery;
- Made robust comparisons with other public sector providers;

⁵ The analysis used t-tests to analyse the significance of differences in mean scores of officers' perceptions. As explained in Chapter 4, their views were rated on 7-point Lickert scales from 1=strongly disagreed to 7=strongly agree. Results reported here were all significant at $p>0.01$

- Consulted with other local agencies; and
- Produced recommendations that were likely to lead to step changes in performance.

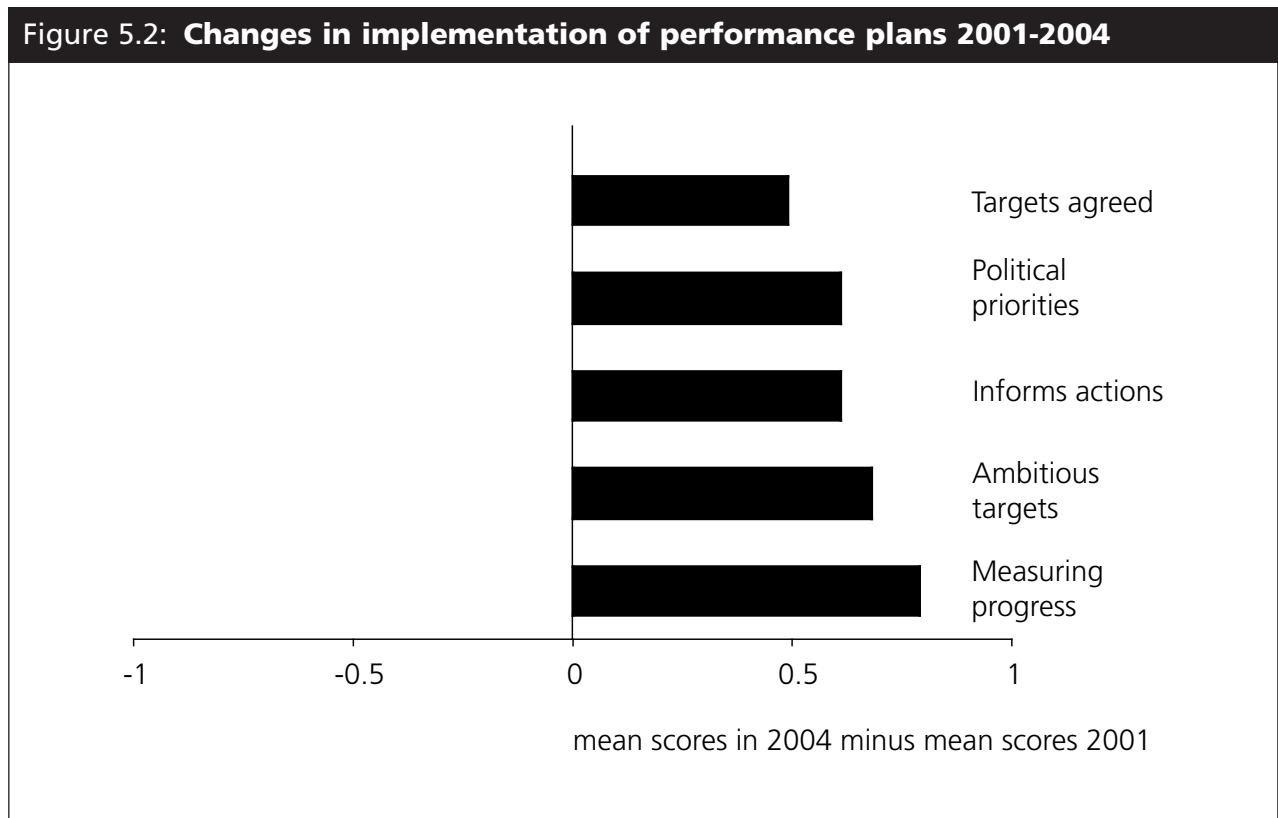
But there was significant decrease in the proportion of officers who reported that reviews led to:

- Comparisons of the costs of alternative approaches to service delivery;
- Recommendations that respondents believed would be implemented;
- Recommendations that would lead to more externalisation; and
- Recommendations that would lead to the adoption of new approaches to service delivery (Figure 5.1).



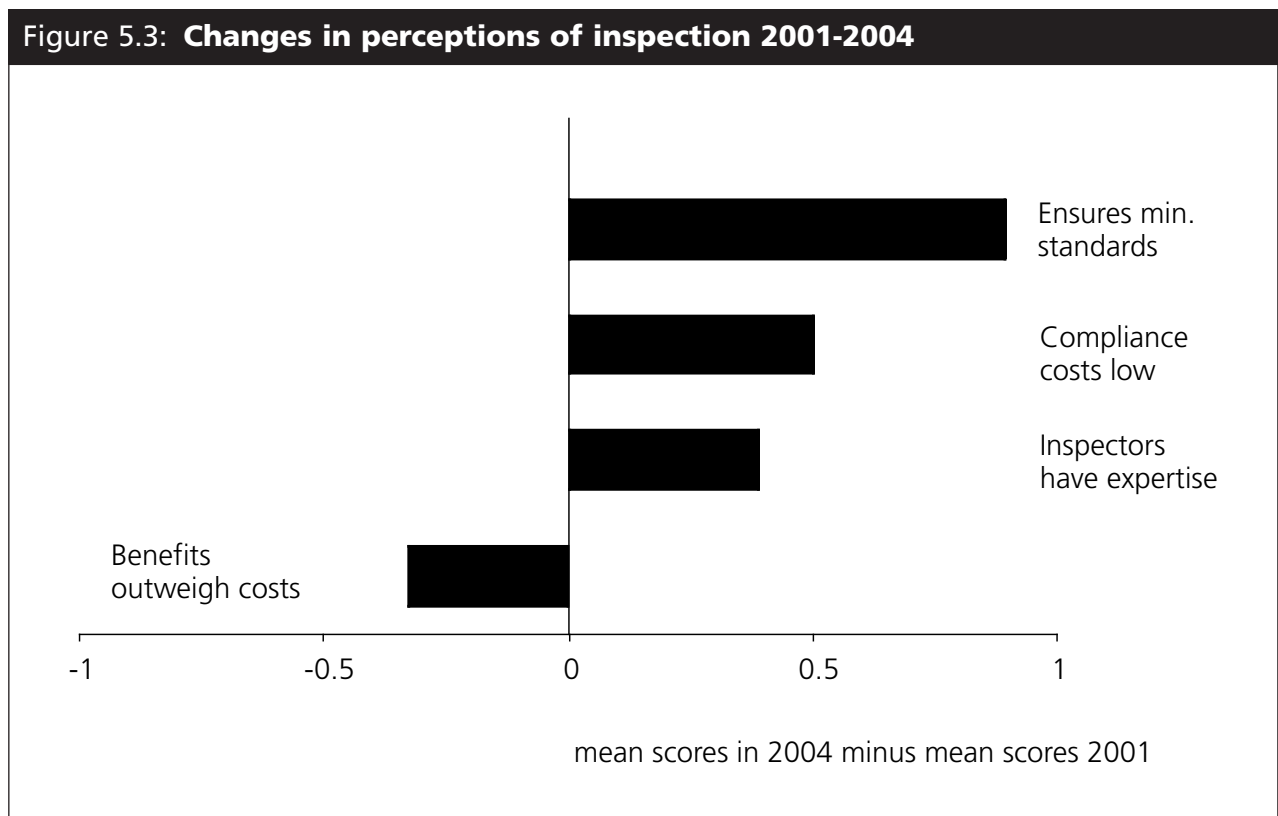
Performance Plans

There was a statistically significant increase in the proportion of officers who reported that their authority's performance plans were based on political priorities (i.e. those of elected members), that the targets in them would be achieved, and that plans were used to measure progress and regularly informed the actions of service managers (Figure 5.2).



Inspection

By 2004 significantly more officers believed that inspection ensured minimum standards, inspectors had the appropriate expertise, and the costs of complying with inspection were low. But there was a significant decrease in the proportion of officers who believed that the benefits of inspection outweighed its costs (Figure 5.3).



Organisational changes

Comparisons of the 2001 and 2004 survey results showed that there had been statistically significant increases in mean scores for most of the organisational characteristics and managerial practices that the Best Value regime was intended to encourage (full details are shown in Annex 7).

Overall the findings indicate statistically significant increases between 2001 and 2004 in the proportion of officers reporting that:

- Their authorities had effective performance planning and performance management systems;
- Their authorities' mission and values were widely shared;
- There were clear links between corporate and service objectives and priorities;
- There was a high level of trust between officers and politicians
- Their authorities cared about staff;
- Their authorities were prepared to take risks where appropriate;
- Their authorities consulted with external stakeholders; and
- There had been changes in the services offered to the public – including providing new services and offering existing services to new users.

In many cases the mean scores for these characteristics and practices increased year-on-year throughout the four-year period. In some others there had been an initial increase in 2001 and 2002 followed by a decline in 2003 and 2004, but mean scores in 2004 were nevertheless still significantly higher than those in 2001.

There were just four measures for which mean scores declined significantly over the four years: the degree of political influence over strategies, the use of contracting out/outsourcing, the externalisation of services and the effectiveness of external communications.

These findings provide strong evidence that the Best Value regime (and other government policies, notably CPA) have encouraged authorities to develop the kinds of practices that central government believed would facilitate service improvement. Although, as shown by our previous analyses of the 2001, 2002 and 2003 data, there were relatively few statistically significant associations between specific Best Value processes and specific organisational changes, and the number of positive correlations was almost equalled by the number of negative associations.

Service improvement

As explained in Chapter 2, because of the changes in the Best Value guidance and legislation the impact of Best Value processes *per se* became less relevant than those of a wider range of intended drivers of improvement fostered by current policies such as CPA and LAAs. In this final report we have therefore taken a slightly broader approach and analysed the impacts of a wider range of potential drivers of improvement than were covered by the Best Value framework.

Forty-two of the 61 reviews that we studied in the case study work led to the introduction of significant organisational change. We dubbed these our ‘high change reviews’. Change could be attributed, in part, to the review methodology defined by the four Cs. But perhaps more importantly, the qualitative evidence suggests that reviews provided an opportunity or a platform for other drivers of change and improvement to take effect. By documenting evidence of these drivers we found that of the high change reviews:

- 55% owed their success at least in part to effective leadership by managers and/or elected members;
- 38% involved substantial re-engineering of services;
- 31% owed their success in part to the introduction of new information and communications technology;
- 29% owed their success to a performance culture; and
- 26% involved new partnership working.

The full count of drivers identified in the 42 high change reviews is given in table 5.1.

| Table 5.1: Drivers of improvement in 42 high change reviews | |
|--|--------------------------|
| Characteristics | Number of reviews |
| Leadership | 23 |
| Best Value reviews | 20 |
| Re-organisation or re-engineering | 16 |
| New information and communications technology | 13 |
| Performance culture | 12 |
| Partnership working | 11 |
| Markets and competition | 10 |
| Targets and performance management | 10 |
| Inspection | 10 |
| Central government policies | 7 |
| Pressure from external stakeholders | 7 |

The importance of these drivers of change was also borne out by our statistical analysis. Table 5.2 shows the impact of each driver on the five measures of performance that we used. Table 5.3 summarises shows the total number of statistically significant relationships between each driver and the five performance measures.

Table 5.3 shows the results of regression analysis. These indicate that between them drivers of improvement associated with Best Value and other recent government policies explain much of the variation between authorities in levels of performance.

Our analysis shows that measures of baseline performance often had a strong positive impact on changes in performance. This suggests that subsequent changes in performance were likely to be strongly influenced by how well an authority was performing in 2001. Moreover, whilst some drivers (including 'compete', 'compare', and 'performance culture' had a positive impact on a number of different dimensions of performance, some others (such as leadership by politicians, leadership by officers, re-organisation and re-engineering and target setting and performance management) had positive impacts on some measures of performance but negative impacts on other.

Table 5.2: Summary impact of drivers of performance

| Driver ⁶ | Reported performance – efficiency | Reported performance – equity | CPS performance score 2004 | User satisfaction BVPIs 2003 | BVPIs | Total |
|---|-----------------------------------|-------------------------------|----------------------------|------------------------------|-------|----------|
| Challenge (reviews) | | – | | | | 1– |
| Compare (reviews) | | + | | + | | 2+ |
| Consult users (reviews) | | + | | | | 1+ |
| Consult staff (reviews) | | + | | | | 1+ |
| Compete (reviews) | | + | | | + | 2+ |
| Political leadership | | | – | | + | 1+ 1– |
| Managerial leadership | | + | – | + | | 2+ 1– |
| Re-engineering and re-organisation | + | | | – | | 1+ 1– |
| Performance culture | | | + | + | + | 3+ |
| Targets & performance management | | – | | + | + | 2+ 1– |
| Markets and competition | + | | | | + | 2+ |
| Partnership working | | | | | | 0 |
| Stakeholder and user engagement | | + | | | | 1+ |
| New information & communications technology | + | + | + | | | 3+ |
| Inspection | | | | | | 0 |
| Central government policies | | | | – | + | 1+ 1– |

⁶ As explained in Chapter 3, measures of some drivers were based on 'factors' derived from combinations of questions; others were based on single questions.

Table 5.3: Explaining variations in reported performance⁷

| Performance measures | Statistically significant variables |
|--|--|
| Reported performance – efficiency | Markets and competition New Information and communications technology |
| Reported performance – equity | Compare (reviews) Consultation with service users (reviews) Compete (reviews) New Information and communications technology Managerial leadership Targets and performance management (negative) Challenge (reviews) (negative) |
| CPA performance score 2004 | Performance culture New Information and communications technology Political Leadership (negative) Managerial leadership (negative) Service delivery/management factor (negative) |
| Consumer satisfaction BVPIs 2003 | Compare (reviews) Managerial leadership Performance culture Targets and performance management Central government policies (negative) Management factor (negative) |
| BVPIs (without autoregressive) ⁸ | Consult front line staff (reviews) Compete (reviews) Political leadership Performance culture Targets and performance management Markets and competition Central government policies |

The next two chapters analyse these results and the evidence from the case studies in more detail. Chapter 6 focuses on the impacts of drivers of improvement primarily associated with Best Value reviews. Chapter 7 analyses the impacts of a broader range of drivers that have been encouraged by Best Value and a range of other recent government policies.

⁷ Performance measures based on survey respondents’ perceptions of the performance of their authority or service in 2001 and 2004 rated on a four point Lickert scale. All results are statistically significant at or above the 90% confidence. Associations are positive unless otherwise indicated.

⁸ An autoregressive allows for the impact of the baseline conditions.

Summary

- The survey data suggest that in 2004 a significantly higher proportion of respondents reported that reviews included rigorous challenge, and comparison and consultation with other parts of the public sector than had been the case in 2001. A larger proportion of respondents also believed that reviews would lead to 'step changes'.
- The evidence also points to a reduction in the number of reviews that were expected to lead to externalisation or other changes in approaches to service delivery or compared the costs of alternative providers. The number of reviews that produced recommendations that officers believed would be implemented was also lower than in 2001.
- By 2004 a significantly larger proportion of officers reported that performance plans were based on political priorities (i.e. the priorities of elected members), contained achievable targets, were used to measure progress and regularly informed the actions of service managers than had been the case in 2001.
- By 2004 a significantly larger proportion of respondents believed that inspection ensured minimum standards, that inspectors had the appropriate expertise, and that the costs of complying with inspection were low. But there was a significant decrease in the proportion that believed that the benefits of inspection outweighed its costs.
- There is strong evidence that the Best Value regime (along with other more recent government policies) have encouraged authorities to develop the kinds of practices that central government believes will facilitate service improvement. The survey data suggests that in comparison to 2001 by 2004 a significantly larger proportion of authorities:
 - Had effective performance management systems;
 - Had a mission and values that were widely shared in the council;
 - Had established clear links between corporate and service objectives and priorities;
 - Had a high level of trust between officers and politicians
 - Were seen as caring about staff;
 - Were prepared to take risks where appropriate;
 - Consulted with external stakeholders; and
 - Had expanded existing services or introduced new services.
- There is strong evidence that a number of the organisational qualities encouraged by Best Value and other government policies – including performance management, new information technologies, the use of markets and Best Value reviews themselves – are positively associated with service improvement.

Chapter 6

Best Value reviews

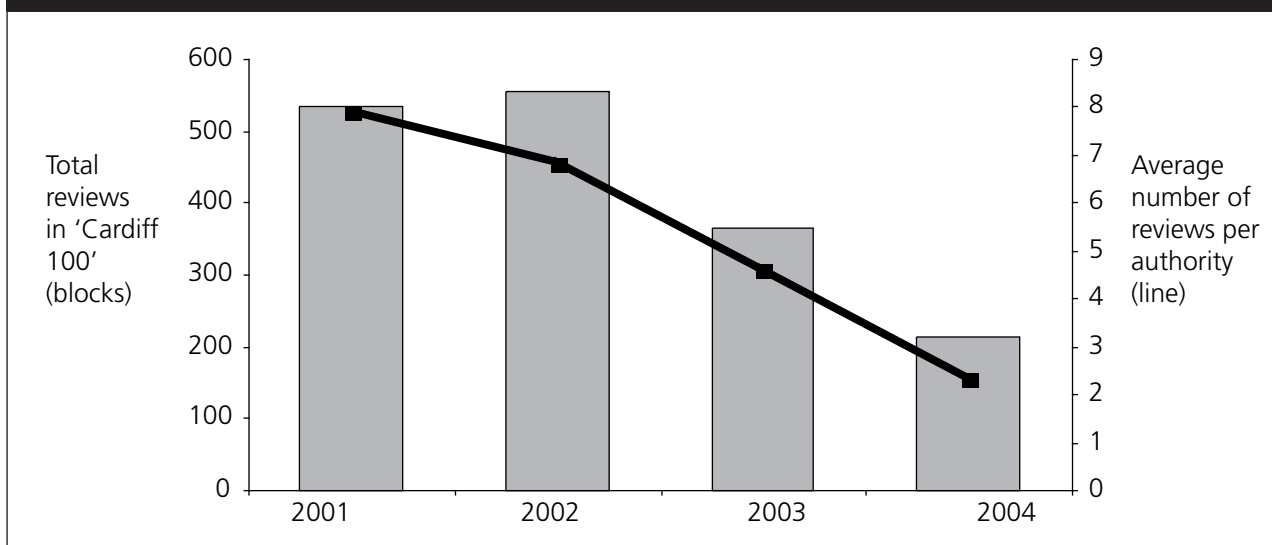
Introduction

As explained in Chapter 2, the statutory requirement to review all services or functions over a five-year period was at the heart of the Best Value regime, and reviews were intended to prompt local authorities to ask very fundamental questions in the search for continuous service improvement. Updated guidance published in 2003 suggested that authorities might focus reviews in particular on services that might no longer be needed, or where costs were significantly out of line with comparators or where there were opportunities 'to work with other authorities to deliver common services' (ODPM 2003: 14).

Compliance with these requirements was monitored by the Audit Commission, which initially sought to inspect all reviews. However, in 2000 and 2001 authorities scheduled many more reviews, which were often much smaller in scope, than the Audit Commission anticipated. As a result, councils became bogged down in very large programmes of reviews that often over ran, and the Audit Commission found that it only had the resources to inspect a fraction of them. Changes in the performance framework introduced in 2002 designed to tackle these problems fundamentally changed the pattern of review activity in subsequent years. By far the most significant of these changes was the introduction of CPA, which switched attention from service based reviews to corporate processes. Central government also removed the requirement to review all services or functions over five years (DTLR 2002) and to report on review activity in Best Value Performance Plans (DTLR 2001b). The requirement that: 'a Best Value authority must conduct Best Value reviews of its functions' remained but the supporting policy infrastructure, which stipulated a timetable for the reviews, the reporting of review activity in performance plans and the inspection of reviews by the Audit Commission, was all removed.

Review activity

In our annual surveys we asked Best Value officers to report on the number of reviews currently underway in their authority. Figure 6.1 shows a substantial decline over time in both the total and average number of reviews per authority. The average number of reviews per authority fell from 7.9 in 2001 to 2.3 in 2004. Our interviews in the case study authorities suggested that this was the result of changes in the statutory guidance.

Figure 6.1: Level of Review Activity

Our case study work corroborates these findings. By 2003 most of the case study authorities had either abandoned or scaled down their review programmes, and that officers and members attributed this to the revised guidance and the introduction of CPA. All of the case study authorities were continuing to conduct management reviews of one form or another, some reporting that these were informed by 'Best Value principles', but there was a marked decline in the numbers of reviews that implemented all four Cs.

Our case study work also suggested that the Best Value lexicon was falling into disuse from 2003 onwards. Authorities no longer spoke of 'Best Value performance plans' or 'Best Value reviews', Best Value posts were being re-badged and Best Value panels had often also been closed down or renamed. Box 6.1 provides extracts from interviews with four Best Value officers conducted in the summer of 2004, which illustrate these trends.

Box 6.1: Implementation of Best Value in 2004

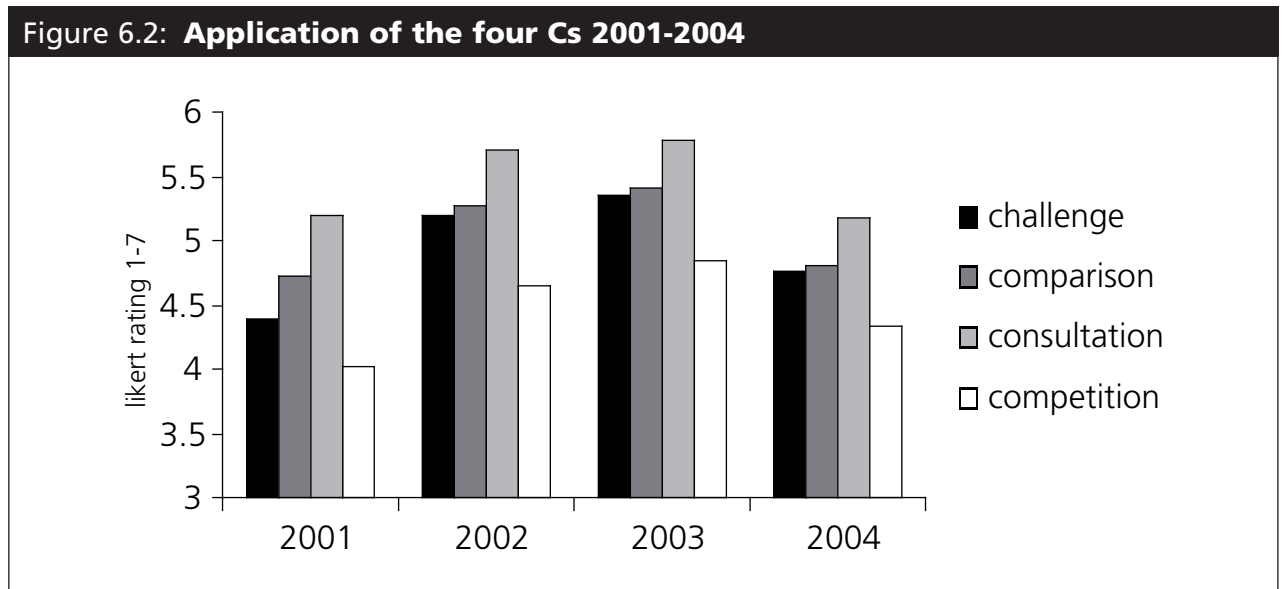
"Our new Chief Executive has been pretty clear that Best Value is not particularly of interest to him, Best Value reviews anyway . . . I think while we are struggling to complete quite a few and trying to make them good pieces of work, we are not taking on any new ones in this financial year . . . and there doesn't seem to be much organisational appetite to plan for them. So it feels like our Best Value review programme is coming to an end really. . . Well what is the Audit Commission doing? Bringing in CPA and with it not really taking much account of BV, shifting their inspection regime so that Best Value reviews are no longer the starting point . . . I think the Audit Commission are sending a pretty clear message that they are not particularly interested in Best Value."

"Yeah, we're going to complete the five-year plan I think . . . but I don't think it will go beyond year five. . . I think it's too short a time space to be able to go in and do a fundamental review again, you know whether that will be the same in another five years time, who knows."

"The environment directorate is one that has found Best Value really useful on a service basis and they want to continue doing that . . . it raises the question of what's labelled as a Best Value Review I suppose. There is some work in resources on internal charging, which is going on look at the whole internal trading thing and again that is not being called a Best Value Review, so it has largely become a matter of semantics I suppose."

"To a degree Best Value has either been absorbed into the sort of culture or it has just got a very low profile now. It was something that became all important for a while. Now it is either not there at all or it is something we had to go through but is now part of management thinking . . . One thing it is not being used for is to produce quantum change in anything."

We asked corporate officers to rate their authority’s implementation of the four Cs in each of the survey years (Figure 6.2). Their responses and our case studies both showed that few reviews undertaken after 2003 sat comfortably with the original Best Value guidance. Some were cross cutting reviews involving a wide range of external agencies where some of the four C tests were difficult to apply. Others were more tightly focused management reviews where it was often felt that some of the four types of tests were unnecessary. As a result only two or three of our case study authorities could be said to have active Best Value review programmes likely to extend beyond 2005.



It is also clear from Figure 6.2 that there were marked differences in the implementation of the four Cs throughout the period covered by the evaluation. Consultation and comparison were more widespread than challenge and competition, a finding which was also corroborated by interviews in the case studies.

Challenge

The 1999 guidance called for local authorities to ‘*challenge* why, how and by whom a service is being provided’ (DETR 1999: 6), and explained that challenge ‘is the key to significant improvements in performance...it requires a fundamental re-think, asking basic questions about the needs that each service is intended to address and the method of procurement that is used.’ (p.10). It continued: ‘although the past can provide useful lessons as to what works and does not work it will usually point to incremental rather than fundamental change that may be insufficient to secure the step change in performance that the government expects from reviews.’ ‘Challenge’ the guidance concludes ‘is intrinsically tied up with the competition element as well as those of comparison and consultation’ (DETR 1999: 10).

The challenge ‘C’ was then less a process that should be performed in a review than the result of having used the other three Cs in a rigorous way. But many authorities missed this point, puzzled about what challenge might mean, and ‘doing’ comparison, consultation and competition in an entirely unchallenging way.

Box 6.2 gives quotations drawn from our interviews, which offer a sense of the confusion and doubt surrounding the challenge element of Best Value reviews.

Box 6.2: Problems with Challenge

“The big opportunity that has been missed is in the challenge area, certainly in the BVRs we’ve done the challenge tends to be someone from another local authority, generally done through the personal network so it’s someone who you know who comes along and has a look at what you do and surprise, surprise it isn’t actually all that challenging, certainly isn’t particularly unkind and certainly doesn’t say well if you are really going to develop this service you need to get rid of the head of service because they are mired in the past. ”

“All that challenge and compete stuff doesn’t work. We’re doing a housing BVR as well at the moment and we’ve not used it, well we’ve used it as far as we can, but in truth it is not appropriate.”

“We brought in external representation in a fairly late stage and that person didn’t have a sound enough understanding of economic development to really challenge us in what we were coming up with.”

“Fundamentally what we lacked, I think, was challenge within the reviews. And often we found the external people we got were either non-challenging types of individuals themselves or they just didn’t know enough. . .”

“Having sat in a few of the reviews, it was difficult for project leaders to get to grips with the topic area. In the end I don’t think challenge comes naturally to a lot of people.”

“We did have some external challenge on the review team and one of the comments they made was this is refreshing, you’ve been honest and open, you’ve told us where you are weak and we look forward to seeing some improvements.”

One of the key points to emerge from the case study interviews concerned the difficulty of finding someone capable of challenging the service or function under review. Managers responsible for developing the service over a lengthy period would inevitably find it difficult to challenge decisions they had already made. Asking service managers to do this was, as one officer explained to us like asking “*turkeys to vote for Christmas*.” Recognising this, many corporate Best Value officers hoped that external members of the review team would provide challenge. But, although there are some good examples of some external team members doing this, very often their limited knowledge of the service constrained their ability to take on service managers.

Where challenge was done well this was because, whether through luck or judgement, a key member of the review team saw the review as a good opportunity to question the assumptions of the service. Four patterns of challenge were discernible.

New Manager Challenge – in a number of cases reviews were launched on the appointment of new managers. These new managers often took the opportunity presented by the review to put their stamp on the service. Because they weren’t associated with previous decisions, they felt free to question them and other assumptions about a service.

Middle Level Challenge – Best Value reviews were often led by middle managers who in some cases welcomed them as an opportunity to get to grips with issues which they felt senior managers and elected members had ignored in the past.

High Level Challenge – in a small number of cases, senior managers decided that Best Value could be used to shake up a service which they believed to be underperforming and appointed senior managers to review services outside their operational responsibility.

External Challenge – in a very small number of instances, external members of the review or, external stakeholder groups consulted in the review, managed to inject some challenge into the review process. Challenging ideas only had any traction, however, when they also were supported by internal managers (see above).

Irrespective of where the challenge came from, it depended for its effects on a reasonably formalised and supportive corporate culture which allowed ‘challengers’ to pitch their ideas to senior managers and members.

Consult

The 1999 and 2003 guidance required that local authorities ‘*consult* with local stakeholders as to their experience of local services and their aspirations for the future’ (ODPM 2003: 13).

Consult was rather better understood and implemented than challenge. Almost all of the reviews we tracked had engaged in some kind of consultative activity. There was particularly strong evidence of user consultation. As we have explained in a previous note to the Department (Law and Martin 2004), there is good evidence that user engagement can lead to service improvement. The case study evidence suggests however that improvement ideas resulting from user consultation are often relatively small or incremental in scope.

Partly of course, this may reflect the manner in which users were consulted. There was a tendency for both service providers and users to think in terms of subtle variations from the status quo. Very often without experience of alternative forms of provision, it was difficult for either group to envisage a radical reshaping of service delivery. While there is some evidence that deeper consultative techniques – like citizen juries for example – can produce more radical results, the strongest examples of user engagement are often associated with campaigns to halt the closure of particular services (a school or a library for example). For many reviews then, the type of consultation employed by local authorities proved to be conservative in its effects. That’s not to say that consultation did not drive any improvement but rather that the case study evidence suggests that consultation was not strongly supportive of proposals for radical change.

Box 6.3 provides a flavour of the kinds of consultation undertaken in the reviews that we studied.

Box 6.3: Consultation and Incremental Improvement

‘We did consultation with all the users and the interested bodies and it just came back so bland, ‘no it’s great, yeah we like it’ . . . Whereas previous reviews had been quite radical I felt that it wasn’t radical. We were confirming that what we were doing was okay and I think we all felt that it was coming out a bit tame, this review, and it was tame when you look at the conclusions it’s a tame review.’

‘The main things that are coming back from all the consultation of the customers were things like you know, we don’t like being passed from pillar to post, you’ve got too many numbers to get through to, we don’t know which services are offered from different council points you know, throughout the city. The main, it wasn’t rocket science but it still made us sort of like address, you know, some of those main issues.’

‘We have our quarterly newspaper . . . and we issue questionnaires, we have three groups of 500 people, our community panel and if we have some proposal we write to the . . . five hundred and ask them what they think about it, so we’ve got fifteen hundred people spread across the borough who are contacted on a regular basis on issues. So we reckoned we were doing it but they [the Audit Commission] seemed to think we didn’t do enough. But people get fed up, there’s an overkill of consultation as you know. The government are very strong on consultation, you must consult, you must consult, local government reform, whatever, you’ve got to consult and people in the end get fed up of consultation don’t they?’

‘The consultation that we did informed us that people are concerned about their local environment, the fact that there’s graffiti on the local bench is in some respects more important than the wider environment; the parks may not be clean, in different sectors. That enabled new contracts to be written, Best Value contracts to be written which actually target resources at what people had told us they wanted. You start from a more confident place, I think in terms of service managers Best Value gives you a little more confidence to think outside the box, I know it’s a standard phrase but it does.’

‘It never should be [a blank piece of paper] because a blank piece of paper means that what you’ve got is wrong. Well no, because what you’ve got in any organisation whether you’re making widgets or local government, what you’ve got has already been constructed by people who you trust, that you’ve put in these positions to construct what you’ve got, so what you’ve got must be, if what you’ve got is wrong you don’t wait for a Best Value review to change it do you, you change it now. But if what you’ve got is right you keep it and you work on it and you develop it and it develops incrementally, and we do as much consultation as we can and you develop your services, we all develop our services incrementally based on the consultation that we’ve got, the feedback and technological changes and we move forward.’

Compare

The guidance required local authorities to ‘*compare* their performance with others across a range of relevant indicators, taking into account the views of both service users and potential suppliers’ (ODPM 2003: 13).

The first visits to the case study authorities in 2002 suggested that the duty to compare didn’t get off to a good start. Local government officers interpreted the duty a little too strictly, searching at considerable length for data which would allow robust comparison between services provided by different organisations in different contexts. Frustrated by those largely fruitless efforts, the Audit Commission advised local authorities to search for best practice – particularly amongst high performing organisations – rather than a level playing field for robust comparison. Interpreted in this way, as Box 6.4 indicates, our case studies suggest that compare became an important driver of change.

Box 6.4: Approaches to comparison

“Within the process, with the baseline position statement and the option appraisal we have a requirement to go out and look at best practice so we did major comparisons of ourselves against Beacon Councils . . . Changing Gear said ‘forget your navel gazing, just cut to the chase, go and see who is doing the job best and find out why you can’t do it.’”

“We were able to point to places like Knowsley which were pathfinders, Beacons and say look it is working there and we took a number of people along to see. The whole team went and it was so obvious that it was working there. I think it also helped us to get across the economies, the freeing up of other spaces for example and obvious economies of scale and job enrichment for the people involved in customer services.”

“Looking at private sector approaches as part of the compare aspect of the review showed us that there were other ways of doing things which were not really being adopted very widely in local Government but were widely used in the private sector. We looked at big organisations like Boots and Barclays for example and learnt from them how they were delivering their programme of work.”

“We’ve arranged a trip up to Liverpool and want to go to see Lewisham as well with the actual service managers . . . and they can get some idea as well of how it operates in other local authorities that have already gone down this route.”

The learning described by the interviewees was premised on the easy identification of good practice. As such, ‘compare’ depended considerably on the publication of BVPIs, service inspections and the Beacon Council Scheme. Without the clear identification of best practice indicated by these sources, it would have been impossible to draw lessons in the manner described by our interviewees.

Compete

The guidance required local authorities to ‘use fair and open competition whenever necessary as a means of securing efficient and effective services’ (ODPM 2003: 13).

In many ways, however, competition didn’t fit well into the review methodology. The procurement of significant services or functions requires an altogether longer time scale than ever was contemplated for a Best Value review. Very few of our reviews could have been said to fulfil the fourth ‘C’ within the normal time limits of a Best Value review. More frequently, review teams used their improvement plans to indicate a timescale for key procurement decisions.

Despite these difficulties, the Audit Commission interpreted the competition ‘C’ pretty strictly, in the first year of the regime at least, looking for a commitment to market testing in the service improvement plans emerging from reviews. Where there was no such commitment, or at least some plausible explanation of why market testing would be inappropriate, the Audit Commission marked down the improvement prospects accordingly in their inspection judgement.

From 2002, consistent with the changing nature of the regime charted earlier in this report, both central government and the Audit Commission appeared to play down the importance of market testing. The 2003 guidance criticised local authorities for ‘routinely market-testing services without considering how services could and should be improved and went onto explain that:

‘such market testing is unlikely to meet the Best Value test: it reduces effective challenge, potentially distorts the market for service provision; imposes costs on both authorities and other potential suppliers that are difficult to justify and importantly, fails to assure service users that they are receiving the quality of service that they might reasonable expect’ (ODPM 2003: 16).

Even more clearly the Audit Commission explained in 2002 that:

‘market testing remains an option but should only be undertaken, however, where it is not possible to choose between internal and external suppliers by any other means . . . where the investment required to provide a service is small in relation to the size of the contract, and where the product specification is likely to remain unchanged over the contract life’ (Audit Commission 2002c: 32).

Local authorities continued, of course, to make key procurement decisions. Increasingly, however, these were divorced from the formal processes of reviews. We consider market-based approaches to improvement in more details in the next chapter.

Change and improvement

This chapter draws on evidence from both the survey and the case studies to consider the improvement effect of reviews.

We tested organisational characteristics and management practices reported in 2001 against a variety of measures of performance recorded in 2004. The results of this exercise, reported in Table 6.1, suggest that three of the four Cs (compare, compete and consult) were positively correlated with performance. There was little evidence from the case studies that the level of service improvement was determined by the extent of challenge involved in a review, and analysis of the survey data suggested that strong challenge may be associated with a decrease in equity (Table 6.1).

Table 6.1: The four Cs and performance

| Variable | Reported performance – value for money and efficiency | Reported performance equity | CPA 2004 | User satisfaction 2003 | BVPIs | Total |
|---------------|---|-----------------------------|----------|------------------------|-------|-------|
| Challenge | | - | | | | 1- |
| Compare | | + | | + | | 2+ |
| Consult users | | + | | | | 1+ |
| Consult staff | | | | | + | 1+ |
| Compete | | + | | | + | 2+ |

The statistical finding that reviews drive improvement is corroborated by the case study interviews.

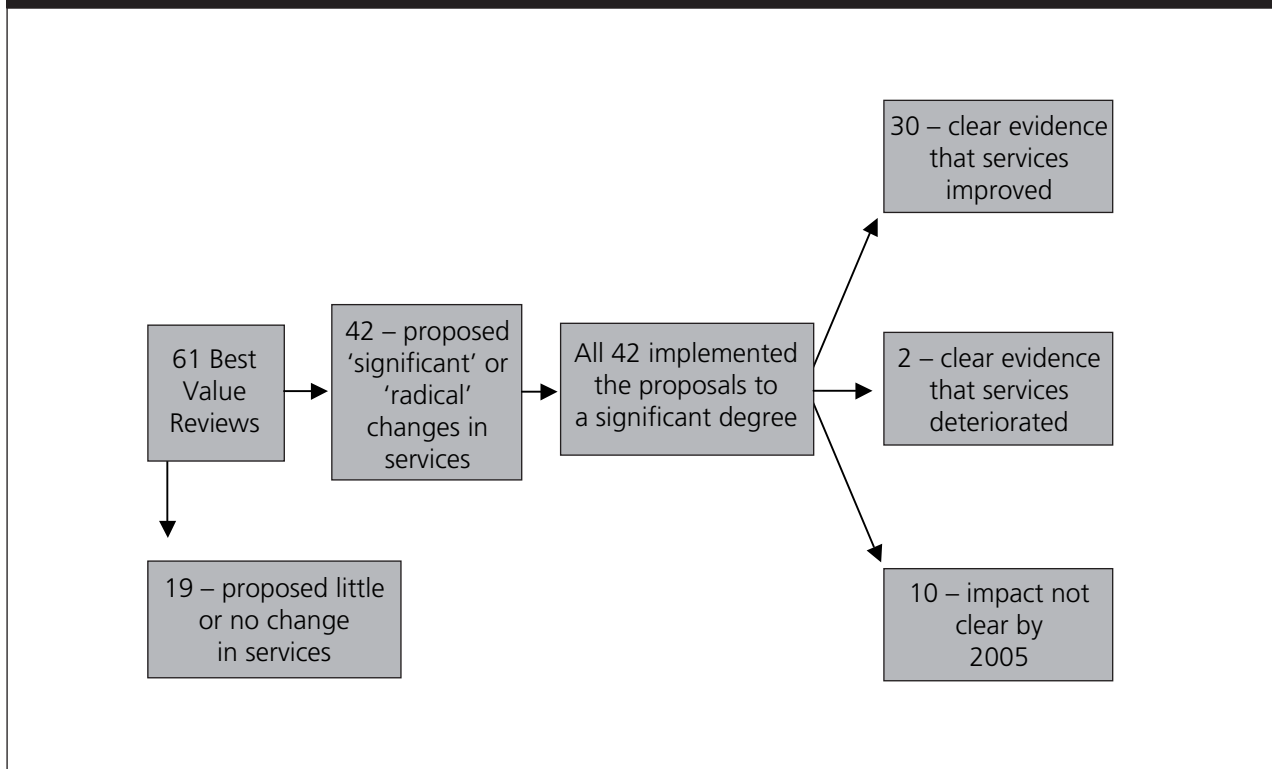
We asked our interviewees to identify the key drivers of change in their service. Their answers are coded in Table 6.2. Best Value reviews were cited as a key driver of change in 20 of the reviews we looked at. This puts the Best Value reviews second only to leadership as a driver of change.

Table 6.2: Drivers of change and improvement in 42 high change reviews

| Characteristics | Number of reviews |
|---|--------------------------|
| Leadership | 23 |
| Best Value reviews | 20 |
| Re-organisation or re-engineering | 16 |
| New information and communications technology | 13 |
| Performance culture | 12 |
| Partnership working | 11 |
| Markets and competition | 10 |
| Targets and performance management | 10 |
| Inspection | 10 |
| Central government initiatives | 7 |
| Pressure from external stakeholders | 7 |

It is possible that the data exaggerate the impact of Best Value reviews because officers wanted to present the impression of successful review activity to the Department via the evaluation. However, tracking of the impact of reviews over time provided further important evidence that reviews could have a positive impact on performance. We tracked 61 reviews from 2002 to 2005. As Figure 6.3 illustrates, 42 promised significant or radical change in their improvement plans, 19 made either no or very small proposals for change.

Figure 6.3: Progress of the case study reviews



As we have noted in a previous report to the Department, ‘good reviews . . . are more likely to generate change proposals than poorly done reviews’ (Entwistle *et al.* 2003: 27). And all of the change programmes proposed by the 42 reviews were implemented to a significant degree (Table 6.3).

By 2004 and 2005, 30 of the 42 reviews, which promised significant change, had resulted in positive evidence of service improvement. In other words approximately, 50% of the reviews we tracked had provided positive signs of service improvement by the end of the evaluation. Two reviews led to deterioration in the service. The impacts of a further 10 reviews were ‘uncertain’ for a number of different reasons described below.

We based our improvement judgements on three main types of data. In some services, performance can be judged very simply by reference to national measures like the Best Value performance indicators. In revenues, benefits and waste, for example, a number of BVPIs provide clear and widely accepted measures of improvement. Where these measures do not exist we relied on documentary or interview evidence. Documents were used, for example, to confirm performance against local indicators or to confirm the provision of new services. Where no other data were available we relied on interviews with officers and members to make our judgements. Box 6.6 provides some of the evidence behind our judgements for nine of the reviews that we judged had led to service improvement.

In one of the two cases where services had got worse there had been difficulties in the implementation of an ambitious programme of reform. Even with hindsight the reforms do not appear ill conceived, indeed there were signs in 2005, that performance had at long last started to improve. The deterioration of performance reported in the second case, while also partly explained by difficulties in implementation, would appear to be at least in part attributable to some naivety in the planning of reform (Box 6.6).

Box 6.5: Evidence of service improvement

National Indicators

In Review 2, officers claimed that the Best Value review was central to a series of changes introduced into the service which raised domestic rate collection (BVPI 10) from 96% to 99%, in the same period the percentage of council tax collected (BVPI 9) rose from 94% in 2000 to 95% in 2004.

In Review 9, officers attributed improvements in recycling (up from 13% to 21%) and landfill (down from 80% to 67%) in part to service changes introduced as a result the Best Value review.

In Review 30, officers tracked improvements in recycling performance (up from 12% to 21%) to the introduction of fortnightly waste and recycling collections first piloted as a result of the Best Value review conducted in 2001.

Finally in Review 22, officers similarly tracked improvements in recycling performance (up from 6% to 18%) to the introduction of fortnightly waste collection recommended by a review conducted in 2003.

Local Indicators

In Review 15, the authority centralised and re-engineered its IT services adopting a modern help desk format. An internal survey conducted before the reforms found that 45% of respondents rated the "response to queries and problems" as either very good or satisfactory. A survey conducted after the implementation of the reforms found that 100% of respondents rated the response as either good or very good.

New Services

In Review 39, the local authority, in partnership with a number of health agencies, decided to move from residential care for older people to very sheltered housing. To date, the partnership has delivered 350 of the 600 planned units.

In Review 13, the local authority decided to modernise access to council services by opening a series of one stop shops through the borough. These new access points offer extended opening hours, access to the internet and 'the ability to have several enquiries dealt with by one person in one place.'

Report performance

Review 25 led to the establishment of a school support service as an elbow length business unit. An officer reflected that they are "concentrating much more on delivering to the end user, I mean they got their charter mark which was ideal and I think they got it again, giving the end user what they want. They make a massive amount of surplus income and we retain it so it is helping us tremendously! They are very much customer focussed, they are one of our best examples of being customer focused, and being commercial has focussed their minds more."

Review 11 resulted in the creation of a new strategic partnership, an officer reflected that "You're getting people talking about joint investment much more positively than before, the added value is a joining of intelligence . . . there are some good examples of that where we are delivering more integrated services now across all of those partnership areas which wouldn't have been there without those structures really. The added value is that people are seeing that you can do things once instead of three or four times."

Box 6.6: Evidence of deterioration in services

"We had quite a well thought through plan which involved moving a team a fortnight roughly, a backlog busting team going in before they moved and then supporting them during the move so we didn't build up backlogs and quite a lot of training in that period of time. And there was an issue over accommodation which meant that we had to truncate that period down from about six months to about two so we ended up moving two teams a week instead of one a fortnight. And I think we somewhat fell into the trap of thinking that we could do it whereas I think if we had stood back at that point and looked at it harder we might have realised that actually we could achieve it but inevitably we were going to be taking backlogs in with us which was something we were trying to avoid. So the first three months of the year were characterised by organised chaos where we still had a lot of files . . . people ringing in and chasing their case which was in a crate somewhere. We did all of the right things we ring fenced the backlog and put a dedicated team on it and tried to keep on top of the incoming ones and so on but really for the first six months of the year we weren't going forwards fast enough. We weren't quite going backwards but each time we cracked the previous back log we found we had built up a new one somewhere else. We just weren't on top of it" (Review 28).

"Looking back on what we did, I think there was a certain naivety at several levels within the organisation that if we simply pass everything across to somebody else it will be some sort of panacea, all the problems will be solved and of course the reality is that's never true . . . It was very trendy stuff, very trendy, and one of the problems I think is that somebody comes up with a new buzz and a new way of doing things and suddenly everyone jumps into it with great enthusiasm without fully working through the ramifications and understanding exactly what it means" (Review 10).

The impact of 10 reviews remained unclear by the end of the evaluation in 2005. In some cases this was because it was too early to tell what the outcomes would be because reviews were still in the early stages of implementation. In others, implementation was well advanced but the evidence of improvement was conflicting (see Review 15 in Box 6.7). In a third group we didn't have sufficient evidence to make a judgement. A number of these involved process and partnership type reforms that while successfully implemented were somewhat removed from frontline service delivery.

We did not have the resources in this evaluation to conduct any systematic research into user perceptions of improvement in service quality and the measures we did use have limitations. Officers have a tendency to view all reforms as improvements. BVPIs, although objective and audited, do not necessarily reflect the aspects of performance most valued by service users. New services, like one-stop shops or a contact centres, are not necessarily seen by users as improvements even if they produce increased efficiency and/or more accessible services. Improvements in back office (ICT, and performance management for example) while highly rated by council officers and members may have few or no noticeable effects at the frontline.

Box 6.9 provides more detail on improvement in municipal recycling, which featured in several of the case study reviews. On the face of it, based as it is on objective and audited Best Value performance indicators, the evidence for improvement is very good. Even in this case however, some stakeholders question the value added from their perspective.

Box 6.7: Improvement Judgement: Uncertain

"The average procure to pay cycle in terms of involvement by staff was 4.5 hours that cost an average £73 to process and order an invoice. On average it had 18 steps to process a transaction within it. Now with [the new system] it has been gauged to be 52 minutes to complete the process with a £15 average cost to process an order and a seamless electronic end to end process, there are no steps. That is where the major saving is...The issue is realising the savings...but in all the organisations, they didn't have central purchasing units and staff so they had people with bits of the jobs as add ons...so yes you've made them more effective, yes you've freed them up to do a better job hopefully in serving the public but you haven't reduced your establishment numbers as a result of this initiative...That's an efficiency but it is un-cashable" (Review 14).

"We've got difficulties with this private sector provider. His performance has gone down the tubes. The biggest issue for us at the minute is number of orders delivered complete, so it is all the goods within an order being delivered on time and it isn't happening, 65% to 70%, whereas at the outset we were above the 90s...We have gone from being strategically important to being a minnow in a £300 m turnover business. We just feel they are not delivering their side of the bargain, although it is very hard to, and very costly to dispense with the contract. So we are just letting it run out now. We've told them they are very unlikely to get this contract again and they don't care" (Review 14).

"It is only really in the last few months that we have been able to draw breath and even look at the sort of technology...because the actual process of reorganising, getting people into different teams, offices, extracting the information etc etc was so time consuming that a lot of things got left in its wake. So in a sense it needed to be done, it should have been done, it was right to do it, the BV regime provided the key the spur which unlocked that, which made that happen. Once you sat down in a room with all of these people and thought Christ we've got nine help desks, five servers in the little building and we don't talk to each other, it became bit of a no brainer that we had to reorganise. It was a spur to that, but the actual service improvement, costs savings and better value are largely but not entirely still to be realised I think" (Review 6).

Table 6.3: Indicators of Change and Improvement in 42 high change reviews

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|---|------|--|--|--|---|
| 1. | Assessment of need for adult social services. | 2001 | Inspection, need for standardisation (quality and equity for service users). | Standardisation of service and new processes. | Yes. | Positive , evidence from staff and service users indicates equalisation of services across the county. |
| 2. | Tax | 1999 | Inspection, BVR, market discourse, access discourse, targets and leadership. | Re-engineering, new ICT and culture change. | Yes. | Positive , improved BVPIs and very positive inspection reports (interview, BVPIs, documents). See Box 6.5. |
| 3. | Sport | 2002 | Leadership, resources, BVR and pre-existing strategy. | New facilities and market testing. | Yes procurement of new leisure operator ongoing. | Positive , new facilities have been delivered, (interview and documents). |
| 4. | Waste Management | 2004 | Inspection, political and managerial leadership | Provide a more customer focused service and a more corporate approach to sustainability. | Yes. | Positive , improved recycling levels and street cleanliness staff claims to be nearer to hitting PIs. |
| 5. | Primary Support Teaching Service | 2000 | Poor OFSTED. | Restructuring, new processes and clearer targets. | Yes. | Positive , targets now met, evidence from staff and users |
| 6. | ICT | 2002 | BVR, ICT and managerial leadership | Centralisation with re-organisation and re-engineering. | Yes, although education remain separate | Uncertain , (interview). See Box 6.7 |
| 7. | Sports provision | 2001 | BVR, political and managerial leadership, culture, and market discourse. | Refocus service, partnership (especially with health). | Yes. | Positive quality improved, attendance at activities increased (evidence from staff and local PIs). |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (*continued*)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|---|------|---|--|---|--|
| 8. | Economic Development | 2001 | Market discourse. | Close down training arm and sell off industrial units | Training arm closed down, warehouses were scheduled to be sold in 2005. | Uncertain , decisions to close services depend for their improvement effect on the re-allocation of resources. |
| 9. | Waste | 2002 | Targets, central government policy, BVR and availability of additional resources. | Increase in staff from 10 to 16 ambitions for a unified waste service across the county. | Yes, although plans to unify the waste service have been stalled. | Positive , improved BVPIs (interview and BVPIs). See Box 6.5 |
| 10. | Property | 2001 | BVR, central government policy, market discourse and leadership | New partnerships, re-engineering, new service and externalisation | Partial implementation and then significant back tracking. | Negative , very high profile proposals pursued with ODPM at considerable cost to the Authority. Bad feed back from clients led to a u-turn (interview). See Box 6.6 |
| 11. | Physical Disabilities | 2004 | Central government policy, BVR, and stakeholder pressure. | Strategic partnership for people with physical disabilities. | Yes. | Uncertain , improvement in terms of user engagement, less evidence in terms of joining up service delivery (interview). See Box 6.5 |
| 12. | Education and social services transport | 2003 | Promise of potential cost savings. | Improvements in quality, safety and performance management information. | Yes, new systems in place, leading to improved joint working between education and social services. | Positive , evidence from staff. |
| 13. | Access to Services | 2002 | BVR, ICT, access discourse, culture and leadership. | Centralisation, re-Organisation and re-engineering of customer contact through one stop shops. | Yes | Positive , assuming we regard extended opening as an improvement (interviews and documents). See Box 6.5. |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (continued)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|------------------------------------|------|--|--|--------------|--|
| 14. | Back Office | 2002 | BVR, ICT, culture, leadership and market discourse. | New e-procurement partnership, ICT, centralisation of procurement through re-organisation and re-engineering. | Yes | Uncertain apparent savings not cashable and the private partner has been a major disappointment (interview). See Box 6.7 |
| 15. | IT services | 2000 | BVR, inspection, leadership and culture. | ICT, centralisation through re-organisation and re-engineering. | Yes | Positive , internal survey of customer satisfaction indicates big improvement (documents and interview) See Box 6.5. |
| 16. | A healthier City | 2002 | To improve partnership working between relevant agencies. | Streamline partnership working, increased focus on health, web based form produced for health impact assessment. | Yes | Positive , but the issues proposed were process based. Some evidence of health improvement, but this cannot necessarily be attributed to the review (internal documents). |
| 17. | Licensing | 2003 | BVR, central government policy, culture, ICT, political and managerial leadership. | Introduce a less adversarial system with better customer care. | Yes | Positive , (internal documents, evidence from staff and local PIs). |
| 18. | Housing management and maintenance | 2002 | Managerial and political leadership, BVR and culture. | Enhance engagement and single source contracts. | Yes | Positive , inspection reports, CPA, for 2004 housing graded as 4. The 2002 inspection reported "ongoing savings from the re-packaging of housing services contracts is forecast to be £867,000 in 02/02 and £890,000 in each of the following three years". |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (*continued*)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|-----------------------------------|------|---|---|--|--|
| 19. | SEN | 2001 | Leadership, desire to integrate services and culture. | Small, but a big review later, decentralisation through re-organisation and re-engineering. | Yes, from the big review. | Positive , statements down, speed up, BVPI 43a and 43b improving. |
| 20. | Looked after Children | 2001 | Inspection, BVR and additional resources. | Close residential care and increase adoptions. | Yes. | Positive , expenditure the same, % with 3 or more placements improving, adoptions increasing (not met target though). BVPIs 161,163 and 49 improving. |
| 21. | Residential Care for Older People | 2004 | Central government policy, resource issues. | Partnership development, strategy development, commissioning of specialist provision. | Yes in part, the strategy has been produced. | Uncertain. |
| 22. | Waste | 2003 | Targets, central government policy, leadership, BVR, stakeholders, resources and culture. | Fortnightly collections and extended recycling. | Yes | Positive , (interview and BVPIs). See Box 6.5 |
| 23. | Sustainable Development | 2003 | Inspection, political and managerial leadership | Drive improvement corporately to create awareness of sustainable development across all services; Better co-ordination at community level; Systems and process change; Better performance mgt. | In progress. | Uncertain (interview). |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (continued)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|--------------------------------|------|--|---|---|---|
| 24. | Access | 2004 | BVR, call centre discourse, ICT, leadership and inspection. | Centralisation through re-organisation and re-engineering. | On-going although services negotiated incrementally | Uncertain (interview). |
| 25. | School Improvement | 2001 | Leadership, BVR, market discourse, stakeholders, culture. | Put school consultancy service into an arms-length trust. | Pension difficulties torpedoed the trust, the service is now elbow length but still within the council. | Positive , officer reports that the service is more customer focussed and commercial in outlook (interview). See Box 6.5 |
| 26. | Cleanliness of environment | 2001 | BVR, Political and managerial leadership, targets, integration | Improve standards, Re-Org and Re-Eng (decentralisation), integrate services and increase recycling (how?) | Yes in part. % recycled increased, but from a very low base. % of pop served by recycling, % highways clean | Positive , BVPIs and staff evidence. Inspection report 2004. BVPIs 82a, 82b, 84, 91. Cost have increased however (BVPI 86). |
| 27. | Libraries Information Services | 2000 | Inspection, standardisation, profile raising, Need to increase service users. | Standardisation of service delivery/quality, new processes, ICT, better marketing. | Yes, all elements. | Positive , evidence from staff and customers, annual review process. |
| 28. | Benefits | 2001 | Inspection, BVR , post code lottery, leadership, cost of the service, targets. | Centralisation through re-organisation and re-engineering, ICT. | Yes | Negative , major back logs of work, deterioration of BVPIs and very critical BFI report in 2004. See Box 6.6 |
| 29. | Older People in the Community | 2003 | Customer focus need for standardisation | New processes, community engagement, standardisation of service quality. | Yes, old people's forums set up and older people involved in the development of policy. | Positive , positive feedback from service users and staff |
| 30. | Waste and Operations | 2001 | Targets, central government policy and the BVR. | Move to fortnightly collections, market and partnership. | Yes | Positive , (Interview and BVPIs). See Box 6.5 |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (*continued*)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|--|------|--|--|---|--|
| 31. | Regeneration | 2002 | Resources, partnership development. | Changes to strategic objectives, process changes in joint working and performance management | Yes, more effective working relationships. | Positive , (evidence from staff and partners). |
| 32. | Street cleaning | 2001 | Inspection and desire for cost saving | New contract with improved flexibility of cleansing provision. | Yes, contract operational. | Positive , (costs savings and evidence from customers). |
| 33. | Promoting Access to Learning and Jobs | 2002 | CPA Cross-cutting Addressing inclusion | Introduction of neighbourhood bases to improve access to IT and learning material, support for BME groups, better marketing and increased staff training | Partly, first bases set up, training delivered to staff | Positive , (evidence from staff and customers). |
| 34. | Customer Access | 2004 | CPA, customer focus, corporate capacity. | Develop a customer focused culture Improve corporate capacity, integrate present systems, improve management information; more efficient use of IT. | Ongoing | Uncertain , (too soon to say, targets are for 2007). |
| 35. | Economic Development and Regeneration | 2003 | Inspection, political and managerial leadership. | Step change in organisation and management of unit, plus review of strategic objectives. | Yes, new management processes, contracting out and greater partnership working, | Positive , evidence from staff and partners. |
| 36. | Repair and Maintenance, Housing Strategy | 2003 | Inspection, customer criticism, changing political/ managerial leadership. | New partnerships, new consultation processes, better quality controls. | Yes. | Positive , improved processes in contracting and customer involvement, better target setting and a more responsive service (evidence from staff and customers). |

Table 6.3: Indicators of Change and Improvement in 42 high change reviews (continued)

| Review | Service | Year | Drivers | Proposed reforms | Implemented? | Indicators of Improvement |
|--------|-------------------------------------|------|--|---|--|--|
| 37. | Student Awards and Support | 2002 | Political and managerial leadership, ICT and culture. | Increase opening hours, transfer staff to customer services centre. | Yes | Positive , extension of opening hours, mostly done within time targets (evidence from staff and local PIs). |
| 38. | Access | 2003 | Leadership, access discourse and ICT. | Centralisation through re-organisation and re-engineering to provide access through a call centre, together with new partnerships. | Yes | Uncertain , the new service has only just been launched (interview). |
| 39. | Older People | 2001 | BVR, stakeholders, central government policy, resources. | New facilities & market testing. | Yes, procurement process for homecare ongoing. | Positive , Council on course to deliver 600 units of very sheltered housing, (documents). See Box 6.5 |
| 40. | Waste Management | 2001 | Inspection. | Increase recycling; improved monitoring processes and the development of a joint waste strategy. | Yes. | Positive , recycling volume increased, better public awareness and improved performance data collection (evidence from staff and users). |
| 41. | Special Educational Needs Transport | 2000 | Inspection, resources and political leadership. | Costs savings by tightening eligibility criteria; more efficient joint management processes. | Partly, increased joint working between education and social services. | Uncertain , largely management processes (interview). |
| 42. | Libraries | 2001 | Standardisation, inspection, customer focus. | Standardisation of approach across county; structural changes in management, working processes, and performance management; greater customer focus and consultation | Yes, all elements. | Positive , evidence from staff and customers, annual service review. Cost savings in one service area were used to fund improvements elsewhere. |

Box 6.8: What is meant by 'improvement'

Household waste recycling rates doubled (DEFRA 2005) in the period of this evaluation giving recycling one of the best 'improvement' records in our sample of services. As Table 6.3 indicates Best Value has played its part in this process, allowing local authorities to introduce changes in service delivery critical to increases in their recycling rate.

Some people, however, question whether the changes introduced over the last few years amount to improvement at all. In many instances improved rates have required residents to invest considerable effort in the cleaning and sorting of their waste which is often now only collected on a fortnightly rather than a weekly basis at much greater cost to the tax payer than hitherto.

In this case improvement cannot be understood in the traditional terms of the service received by the user. Rather, the case for improvement is an environmental one focussed on the sustainability of our waste management practices. Judged in these terms, improvement can still be contested. Improvements in recycling have had little effect on the increasing trend of waste arising. While efforts to collect green waste involve, according to some, the collection of garden waste which would in many cases have been composted in back gardens without the need to for municipal collection.

Summary

- In the first two years of the regime most local authorities undertook far more reviews than central government and the Audit Commission had anticipated. As a result many found it difficult to complete reviews on time and inspectors could not deliver on their original intention to scrutinise all reviews.
- Changes in the performance framework and Best Value guidance led to a marked reduction in the scale of review activity from 2003 onwards, and by 2005 very few councils were conducting reviews that used the four Cs framework as it was set out in the original Best Value guidance.
- Many authorities failed to understand what was meant by 'challenge' and many reviews were weak in this area.
- Most reviews included some forms of consultation, often with users and/or staff. But this rarely led to proposals for radical changes in services.
- Detailed comparisons based on detailed benchmarking of performance data proved laborious and was often inconclusive. But process comparisons against high performing organisations enabled some reviews to identify ways of improving services.
- Competition featured strongly in the original Best Value guidance but was less widely used in reviews. By 2003 revised guidance and inspections appeared to attach less importance to competition. By 2004 and 2005 many authorities used market testing and other forms of competition in procurement their processes but not as part of Best Value reviews.
- Rigorous statistical analysis of the responses to our surveys and detailed tracking of reviews in 10 case study authorities showed strong evidence that Best Value reviews were associated with service improvement.

- A majority of the reviews that we tracked in case study authorities produced recommendations for significant changes in services and by 2005 there was strong evidence that these had led to improvements in services. In many cases they had provided a valuable opportunity for officers and/or members to explore approaches to improving services.
- Two of the four Cs – the duty to compare and to consult – were positively associated with service improvement.
- There is evidence of a link between competition and service improvement although thorough tests of competitiveness (beyond desk based analysis of market prices) were often too large an exercise to be conducted within the constraints of a single Best Value review.
- The evidence suggests that the extent of challenge was not an important determinant of whether a review led to service improvement.

Chapter 7

Other important drivers of improvement

Introduction

As described in the previous chapter, some of the key elements of the review framework – notably comparison and consultation – were important drivers of improvement. The evidence from both our in-depth interviews and annual surveys suggests that there were several other factors which were not explicitly part of the original Best Value performance management framework but have been encouraged by other recent government policies that were associated with improvements in services including:

- The quality of leadership by officers and/or politicians;
- Reorganisation and re-engineering of services;
- The existence of performance oriented culture;
- The introduction of robust targets and performance management;
- The use of markets and competition;
- Attitudes towards partnership working;
- User focus and engagement;
- New information and communications technology;
- External inspection; and
- Central government policies.

This chapter examines the evidence from the evaluation concerning the impact of these drivers of improvement.

Leadership

There is increasing evidence from research that leadership – at all levels in an organisation – plays a key role in shaping organisational culture and facilitating or blocking change and performance improvement. Good leaders clarify vision, purpose and direction, are receptive to change and validate new approaches, behaviours and organisational cultures. Many public service organisations, local government included, have dual leadership. The evidence suggests that in these situations leadership from both officers and members (in the case of local government) are critical to performance improvement.

This research evidence has increasingly informed the development of policy. The Best Value regime had relatively little to say about leadership, although the guidance stated that elected members needed to be actively involved in overseeing the development of review programmes. More recent government policies and statements have placed considerable emphasis on the importance of both managers and local politicians in championing

change and improvement in their authorities. And the titles of key reports and papers (such as ‘Strong local leadership – quality public services’ [DTLR 2001b] and ‘Vibrant local leadership’ [ODPM 2005a]) make explicit the assumed link between the leadership and the performance of local services and levels of engagement in local democratic processes.

Changes in the effectiveness of leadership

Our annual surveys showed that officers believed both political and managerial leadership were indeed important drivers of performance improvement and that the perceived importance of both kinds of leadership increased in 2002 and 2003 before falling back slightly in 2004 (Figures 7.1 and 7.2).

Figure 7.1: Importance of political leadership

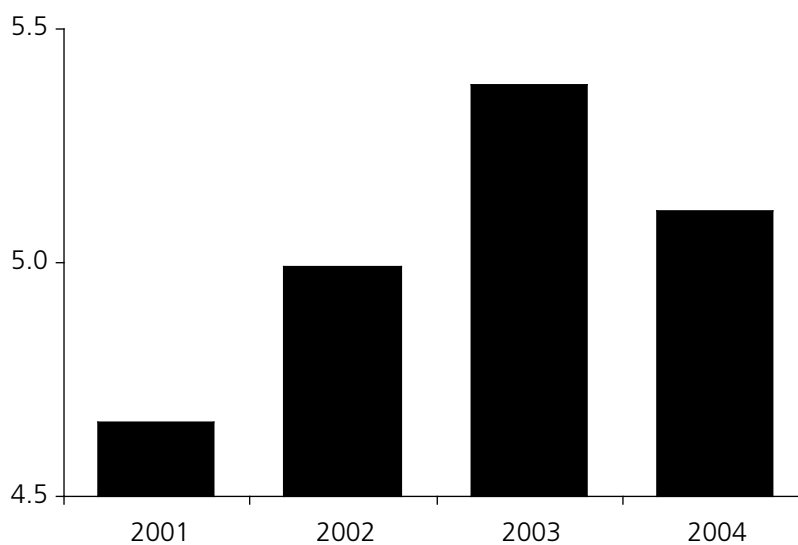
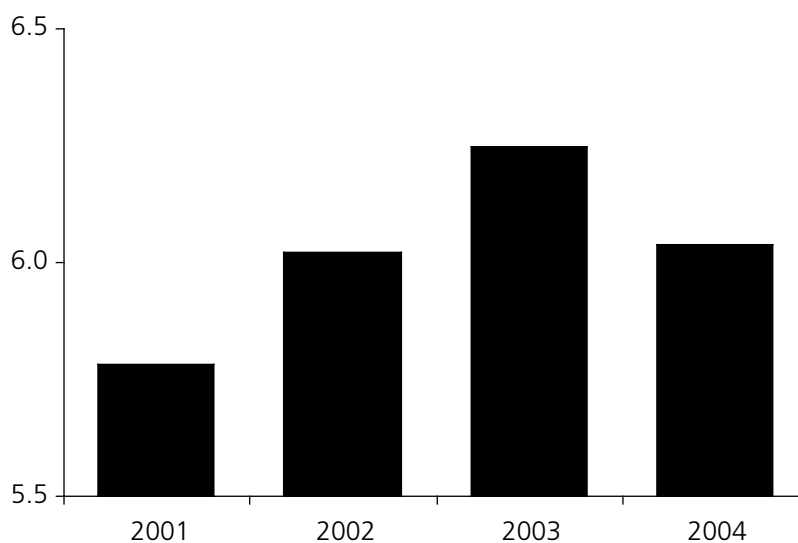


Figure 7.2: Importance of leadership by managers



Leadership and performance improvement

Rigorous statistical analysis of the relationship between leadership and performance produced mixed results. Leadership by managers was positively related to officers' perceptions of the equity of their services and to BVPI User Satisfaction scores. However, there was a negative relationship between managerial leadership and CPA percentage scores (i.e. authorities where the largest percentages of survey respondents believed managerial leadership to have been an important driver of improvement received lower CPA scores than those which saw leadership as managers as having been less important).

Political leadership was positively correlated with the basket of BVPI indicators but, like managerial leadership, was negatively related to CPA performance scores.

The reviews that we tracked in the case study authorities suggested, however, that leadership, broadly defined, was the single most significant driver of change and improvement. It was a key driver in 23 of the 42 reviews that led to significant changes.

The leadership cited by our interviewees took many different forms and operated at many different levels within the organisation. At least three different types are apparent in the transcripts. First, was the leadership involved in developing and selling a change idea to different constituencies within the organisation. The evidence from our case studies showed that one of the major benefits of Best Value reviews was that the formal requirement to review functions and the fact that reviews were inspected created new opportunities for officers to make the case for change (See Box 7.1).

Box 7.1: Reviews as opportunities for change

"I think Best Value has been very helpful. I have the firm opinion that it is probably the most radical thing to change hearts and minds I've ever seen in my career. "

"I suppose the one area where it changed the landscape was something that we knew we would get to at some stage is the operation of the sports centre and the swimming pools. We have a trust, in the main it works fine but I think BV really raised the issue about are they good enough in terms of service delivery, if you really are serious about brand new facilities, you really do need to test your market . . . So I think it notched it up in terms of priority."

"It has to be compulsory. I know for a fact that we wouldn't have done anything as radical as this had we not had BV."

"It was two things, one it was the mystique of Best Value, two it was the four Cs and three because of the mystique and compulsion the resources were made available. These were the only things that were required really. . . . Best Value has now lost that mystique. Senior Managers aren't afraid of it."

"the opportunity to take an in-depth look was fabulous...for middle managers it was an absolute awakening."

"BV process was helpful in drawing these out. If we had not gone through the exercise I don't think that we could have come up with these proposals"

The second form of leadership required for change was that exercised

Finally, while persuasion and negotiation can advance many change programmes, the evidence from the case studies shows that is often a need for a stronger approach. Many of the more radical change programmes that we tracked had been forced through by leaders sometimes in the face of determined opposition. In some cases the opposition came from within the authority, sometimes as in our last quote in Box 7.2, it was external. In some of these cases elected members had made difficult, perhaps unpopular, decisions and had then stuck to them in spite of external protest.

Box 7.2: Three Dimensions of Leadership

"So the strategy was put together by XXX . . . as it is a council wide change programme it is corporate, but it is XXX's baby . . . at the same time we also had a new Chief Executive and he very much came in and said 'this is a priority you know, we need to make the changes'".

"There was a new Director of Leisure, who had a sport background, and I think he gave us the confidence to believe in ourselves. I think he looked at what we were doing and said this is really good stuff . . . I think he just bought a whole new confidence."

"So Best Value gave us the opportunity to put the argument before the members in stages, bring the members with us and get the end result . . . the Liberal Democrat lead Councillor was brave, very brave personally, and he has been pilloried in the press for it since. But he said: "no, look, BV says it's the right way to go, I know it's the right way to go, nationally it's a Liberal Democrat issue, I want us to deliver this one."

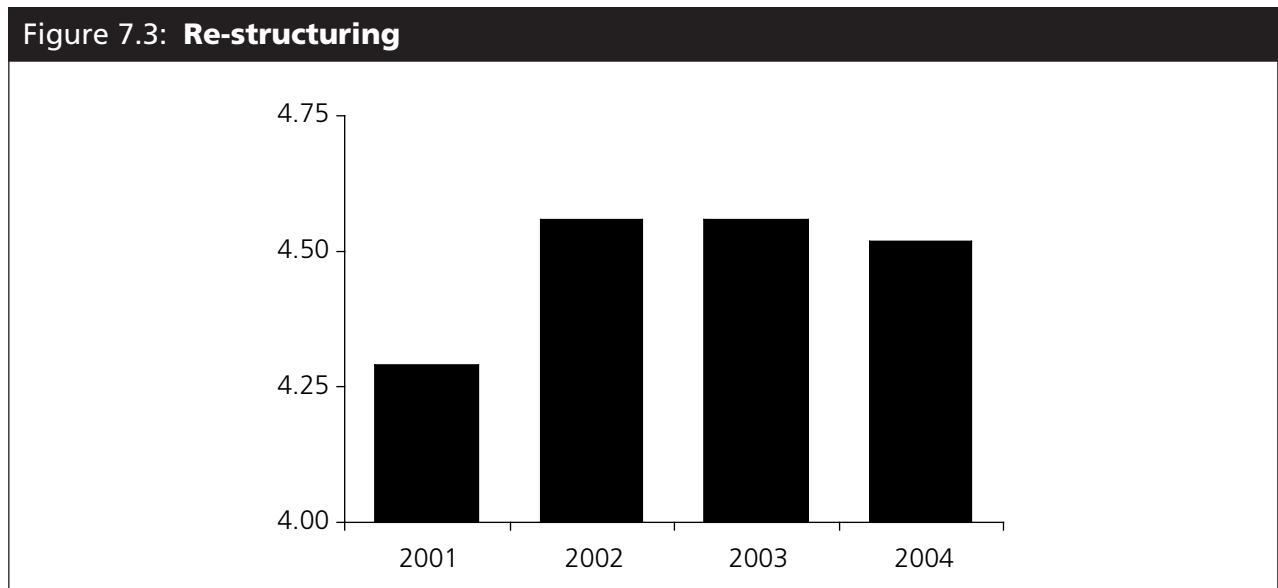
Reorganisation and re-engineering

Organisational structure can be defined as 'the set of rules and roles that shape the relationships between parts of an organisation'. Structures also provide a means by which strategies can be best achieved. Hence many change programmes involve attempts to re-structure the organisation and re-engineer its processes. However, developing strategies for organisations that already exist presents difficulties as they already have pre-existing structural and process characteristics.

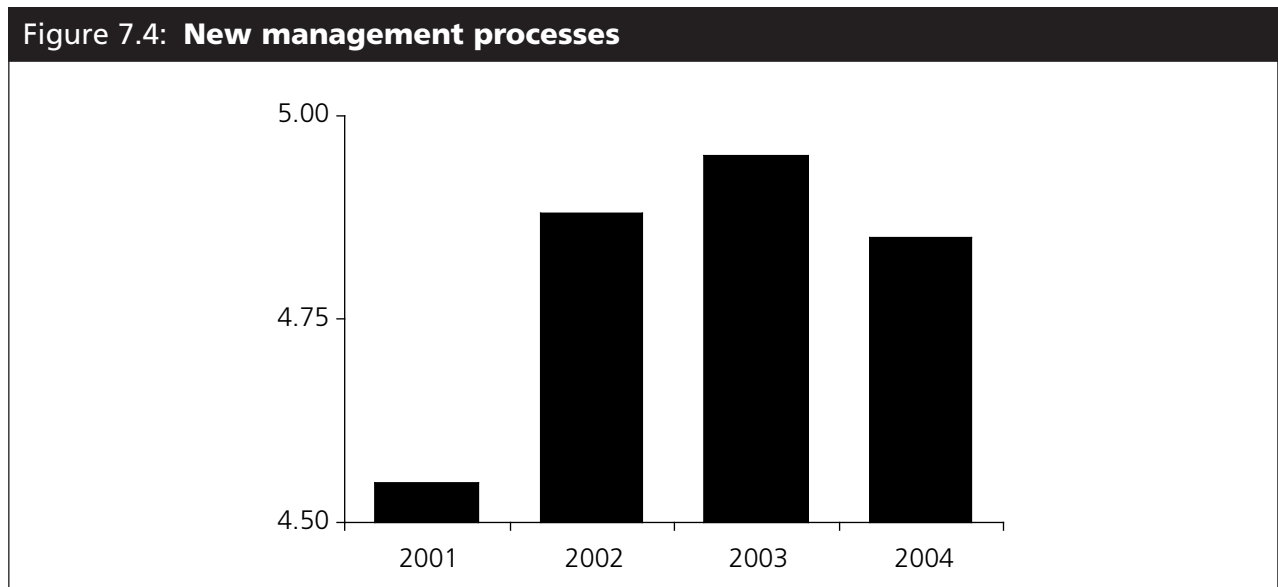
Some elements of the Best Value regime were likely to exert pressure for greater central control and orchestration. Others were likely to lead to more control being devolved to frontline staff and/or service users. The development of comprehensive performance management systems, corporate programmes of reviews and annual performance plans were, for example, all likely to require greater central control and orchestration and more joined up working across an authority. By contrast increased consultation with user groups was likely in to exert pressure for decentralisation of some services in order that they could be tailored to the particular needs of different localities and communities.

Changes in re-organisation and re-engineering

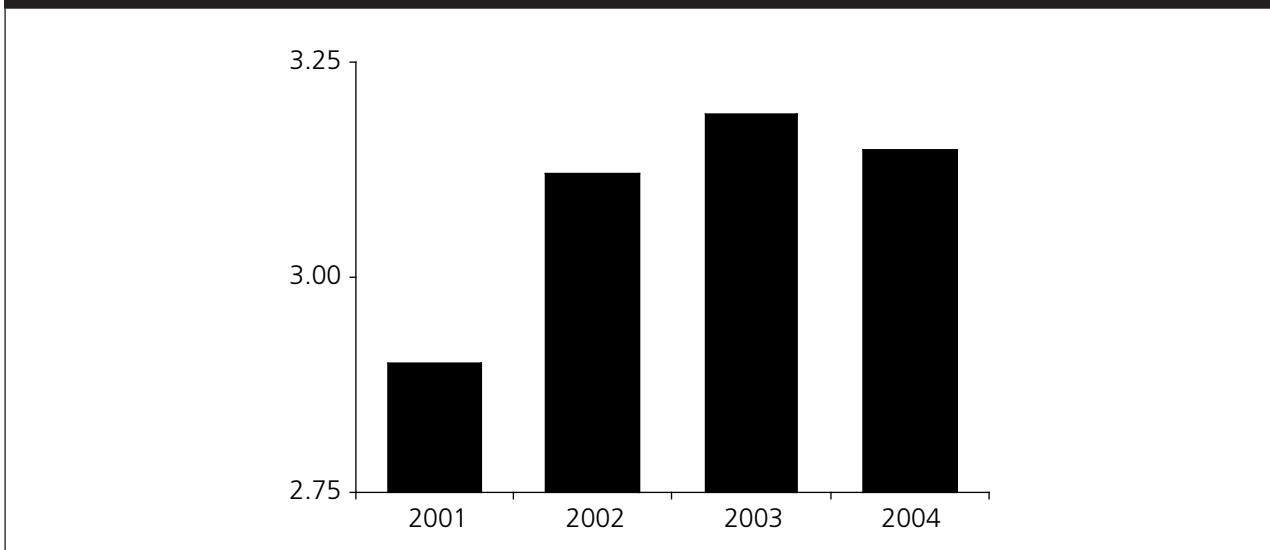
Responses to our survey showed that reorganisation and re-engineering did indeed take place in many authorities during the period covered by the evaluation. The incidence of re-structuring increased slightly in 2002 before falling back slightly in 2004 (Figure 7.3). The highest levels of re-structuring activity therefore coincided with the period during which authorities were pursuing comprehensive programmes of Best Value reviews.



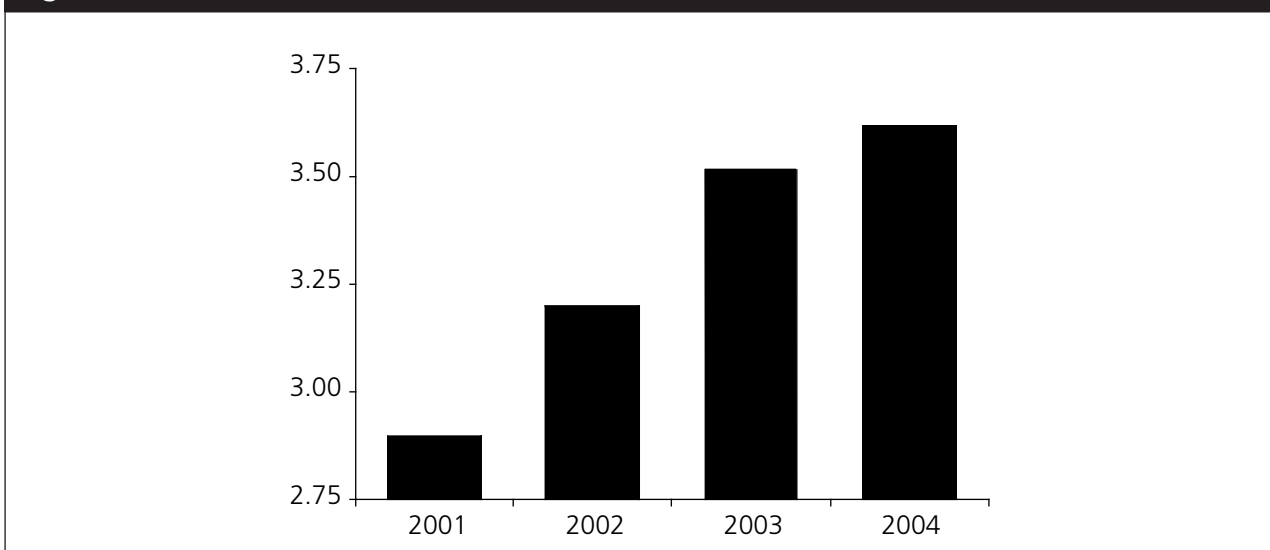
A very similar pattern occurred in the adoption of new management processes (Figure 7.4).



The survey data showed that part of these changes involved an initial increase in decentralisation in the early stage of the regime, which then fell back in 2004 (Figure 7.5).

Figure 7.5: Decentralisation

By contrast centralisation increased year on year (Figure 7.6) and was more common than decentralisation by 2004. This corroborates evidence from the case studies, which demonstrated a number of cases where reviews concluded that there were gains to be had by consolidating operations. It also reflects the increasing importance of corporate plans and management systems that were encouraged strongly by the introduction of CPA. It might appear to run counter to the Government's current emphasis on the importance of devolving power to neighbourhoods. However, the lesson is that there is no 'one size fits all' solution that can be applied to all services in all authorities. In some cases, such as customer contact, benefits and revenues administration and procurement where centralisation was often associated with the introduction of new information and communications technology (see below), there were benefits to be gained from bringing operations together. By contrast some other reviews concluded that they needed to find ways of making services more responsive to the different needs of diverse neighbourhoods and that decentralising more control over the design and delivery of services was a way forward.

Figure 7.6: Centralisation

Re-organisation, restructuring and performance

Rigorous statistical tests of the relationship between re-structuring and re-organisation and performance were inconclusive (probably because our definition of re-structuring and re-organisation included a wide range of different activities). However, there were a number of examples from the case studies that illustrated the benefits of internal re-organisation/re-structuring. Sixteen of our high change reviews involved internal structure and process changes. As noted above, some involved centralisation through combining operations that had previously been dispersed through different departments in the local authority. For example, many of the case study authorities introduced centralised IT functions which replaced separate departmental IT support systems. Other councils centralised their benefits and procurement systems (Box 7.3).

Box 7.3: The case for centralisation

“There are strong arguments for diversity – social services for example are under strong pressure to link up with health – but two things support centralisation: economies of scale and the richer and poorer cousin’s problem. Some get an excellent service others get a bowl of gruel. There is a need for greater consistency. There is also tremendous sales pressure in IT. People need a car but they end up buying a boat. The more you devolve to local decision making the worse it gets”.

“Benefits was divided into 14 areas, with 23 separate offices in total. It was managed non-centrally by non-benefits staff. It was a postcode lottery. The kind of service you got depended upon your area office”.

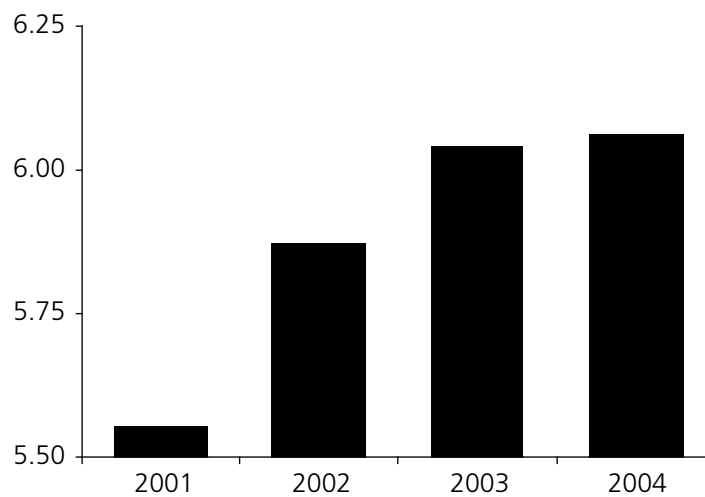
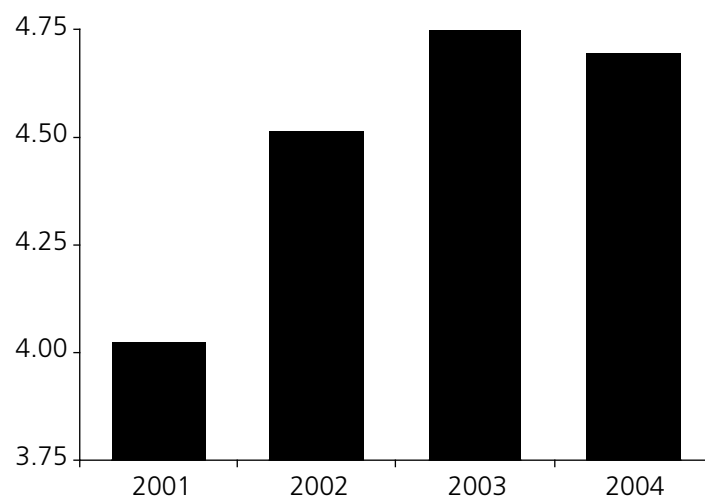
Organisational culture

The term ‘organisational culture’ refers to the behaviours, values and basic assumptions of an organisation. Research suggests that an organisation’s culture has a significant impact on its performance and further that culture can be altered in ways that enhance performance.

The need to change organisational culture has been at the heart of recent public sector reforms and was explicit in the 1998 and 2001 Local Government White Papers. Analysis of these and other government statements about Best Value indicate that it was intended to encourage the development of a more ‘performance oriented culture’ within local authorities through improvements in performance management and more open reporting of performance combined with external audit and inspection.

Changes in organisational culture

Our data show that authorities have increasingly developed performance oriented cultures over the last five years. Officers reported that their authorities and services were placing increased emphasis on continuous improvement (Figure 7.7) and that incentives for managers to achieve step changes in performance increased in 2002 and 2003 before falling back slightly in 2004 (Figure 7.8). Both sets of findings were corroborated by evidence from our case studies.

Figure 7.7: Focus on improvement**Figure 7.8: Incentives to achieve step changes**

Organisational culture and performance

Rigorous statistical analysis of responses to our surveys and independent performance data showed that there was a positive relationship between performance oriented organisational cultures and good performance i.e. authorities that were performance oriented in 2001 performed better than those that were not in terms of CPA performance scores, BVPI User Satisfaction scores and BVPIs.

The case studies also suggested that having a performance oriented culture is an important enabler of improvement and that more authorities have developed these cultures since the introduction of the Best Value regime. Performance culture was a positive driver of change in 12 of the 42 high change reviews (see Chapter 6). Typical quotes of the important of a strong focus on performance are shown in Box 7.4.

Box 7.4: Supportive Cultures

"I genuinely think the culture of this authority is that we want to improve, no one is precious about their service, we don't have a culture of 'I'm the expert don't criticise'. I think that has counted for an awful lot".

"I think it has become a lot more customer focussed than it probably was 10 years ago. I think communication is getting better, internally and externally. I think it is striving to perform much better...I think the implementation of the one stop shop has been one of the best pilots we have ever carried out in this authority. It was difficult at first, customers didn't like it but there was so much effort put into it from quite a number of the service departments and well pulled together and wanted it to work and we succeeded".

"There is a strong performance management culture in [the authority], with consequences for staff if they do not deliver"

"People in the department know the business, they are up for cultural change."

But our case study analysis also highlighted examples of councils which did not have performance oriented cultures and the persistence, in some authorities, of cultures that were resistant to radical changes (Box 7.5). Even in these cases, however, there was often evidence that a more performance oriented culture was developing in parts of the organisation, despite some authority wide resistance, and these were often departments or divisions that were the most engaged in Best Value reviews.

Box 7.5: Obstructive Cultures

"[Excellent authorities] have had in place performance management and they have in place a corporate discipline that is about there being consequences if you don't do certain things. [We have] a tradition of saying oh well the performance indicators are wrong therefore we won't pay them any attention. Well that's a load of, I mean sorry if that's the game we're in, you deliver what you are asked to deliver. Even if some of the excellent councils didn't agree with the performance indicators, they damn well delivered them."

"Now like all of these arguments, they are based on some sound reasoning, some sheer prejudice and some resistance to change. Attitudes amongst the work force vary from indifference – not another re-organisation – to some people who are keen and can see why we need to do this, to vitriolic abuse. We have all of that. One of the things that has kind of surprised me is that in some areas the very notion that you can do things better is seen as a taboo subject".

"Staff have settled into their new role, they can now see the benefit of moving from what was a very generic based approach to a more specialised one and they feel more comfortable with their identity and role. It was a difficult and contentious time, certainly the selection process [everyone had to apply for the new jobs] was not something they were used to. There was a lot of trade union resistance and in the past management had always backed down at the last moment. What we really had to sell and work hard at was the change in culture."

Targets and performance management

The Best Value regime is one of number of recent initiatives that have sought to encourage local authorities to adopt more 'rational' styles of service design and delivery. It features a number of elements drawn directly from rational planning (such as scanning the environment and evaluating service options) and performance management (with its emphasis on indicators and targets). And, as noted, it was intended to develop and embed a 'performance oriented culture' in councils, so that service planning, target setting and performance management would become normal practice.

Changes in the use of targets and performance management

The evidence from our surveys of service managers shows that there has been a significant shift towards more robust and systematic performance management at both corporate and service levels. By 2004, a much larger proportion of officers believed that their strategy processes were rational, that objectives were clear and widely shared, and that performance management systems allowed progress to be tracked and corrective action to be instigated when necessary than had been the case in 2001 (Figures 7.9, 7.10 and 7.11).

Figure 7.9: Well developed performance management

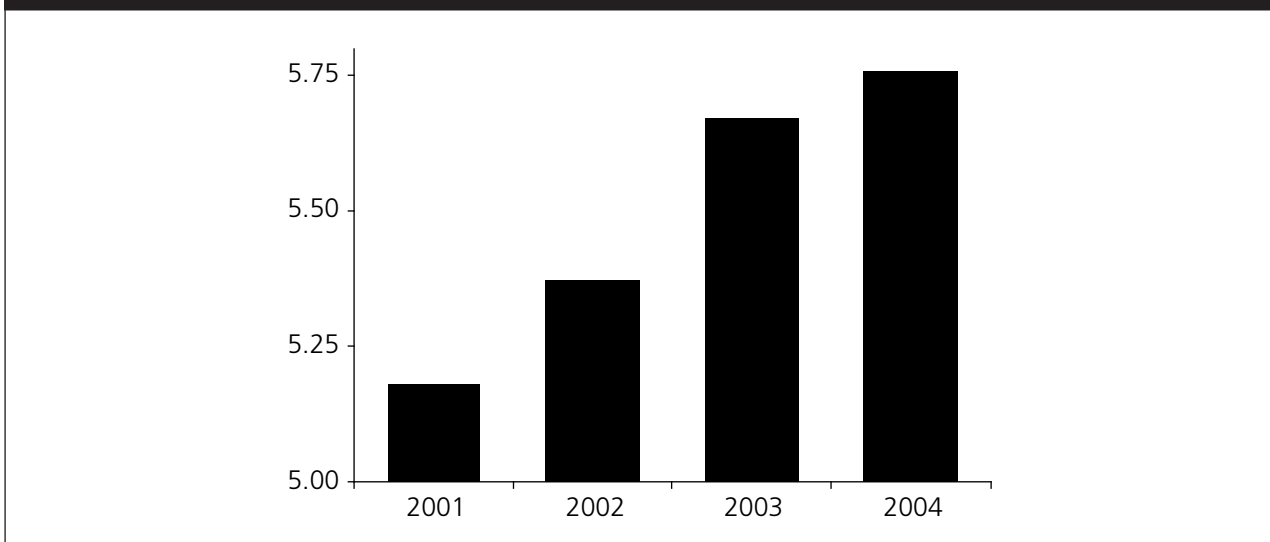


Figure 7.10: Clear links between service and corporate priorities

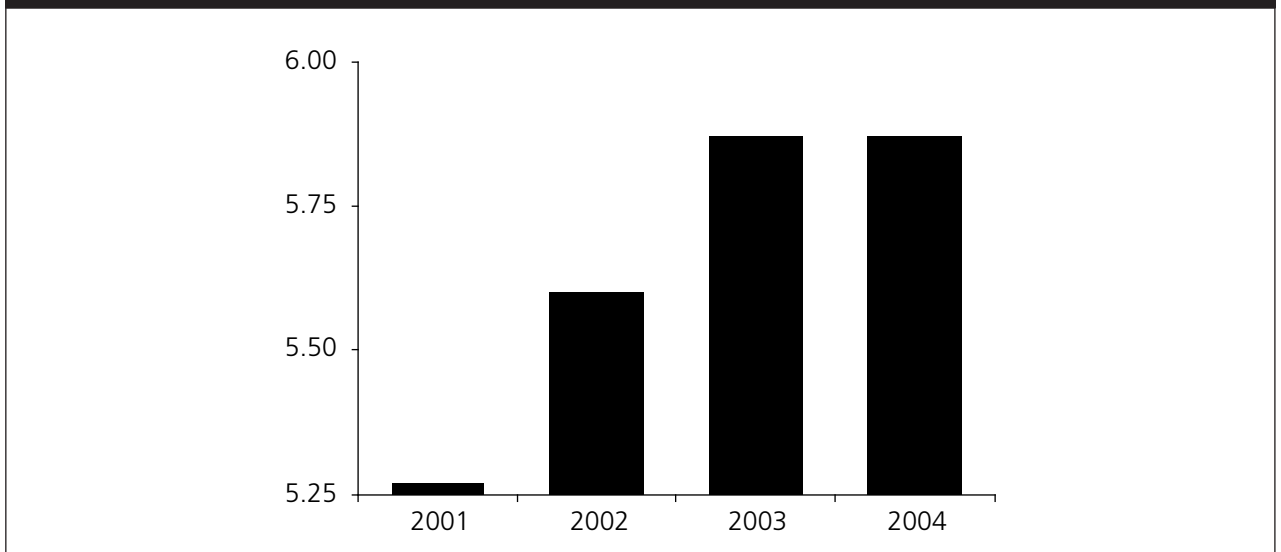
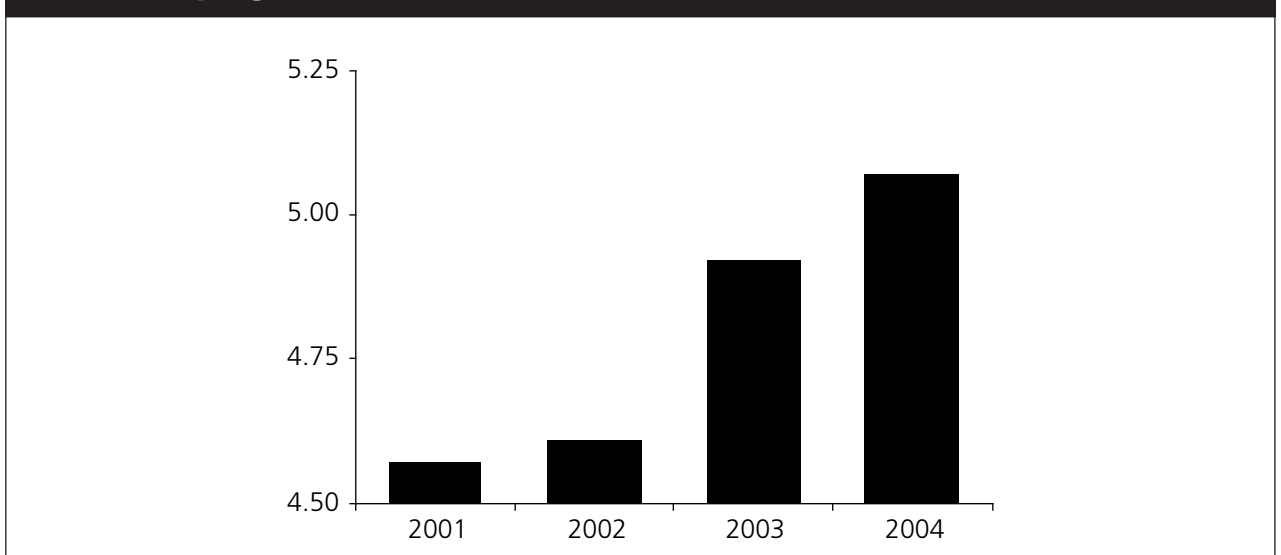


Figure 7.11: Management information systems enable managers to monitor progress



Performance management and performance

Rigorous statistical analysis showed that a well developed framework of targets was associated with good performance in terms of User Satisfaction and other BVPIs i.e. authorities with the most developed performance management systems in 2001 were performing best performance in terms of these measures in 2004.

Performance management also emerged as an important source of service improvement in 10 of the reviews that we tracked. Box 7.6 quotes two officers from two different reviews who identified targets as key drivers of improvement.

Box 7.6: Targets as drivers of improvement

“We were very low down in waste collection, we were down five, six, seven per cent, way down for recyclables. We were one of the worst in the county and county was one of the worst in the country and this country is one of the worst in Europe.”

“The vision was to be amongst the best. It was never to be the best. It’s kind of interesting, somebody said it was [typical of this authority] that you don’t want to be the best, but you only want to be amongst the best. I think it is more realistic, we may well never be the best, but there is no reason why we can’t be amongst the best.”

In waste management, targets have been accompanied by the threat of fines for failure to reduce dependence on landfill. A powerful combination according to those involved in the waste management reviews we tracked. The formula of ‘targets and sticks’ provides an interesting counterpoint to other government policies (such as Local Public Service Agreements [LPSAs]) which rely on ‘targets and carrots’. The relative effectiveness of these alternative approaches in different circumstances would be worth investigating in further research on target regimes.

More broadly, the importance of performance measurement and management was evident in a number of reviews. One manager described this process as “gathering data that drives the business”. In some cases, the connections between corporate, service and managerial performance were emphasised. As one interviewee reported, “there is management accountability here. If you are not delivering there are consequences...senior managers are expected to deliver. There are clear objectives, PRP, the annual speech from the leader etc. Consistent poor performance would put your job at risk”. This suggests that a necessary ingredient of performance management is the disaggregation of targets to appropriate levels in the managerial hierarchy. Otherwise there is a danger that targets remain too abstract, and the behavioural changes that are required to achieve them do not happen.

Markets and competition

In theory, markets can encourage service improvement in two main ways. First, contested markets incline suppliers to focus on their core performance for fear that a failure to please their clients will lead to a loss of business. This contestability effect can apply to all suppliers (whether public, private or voluntary) that operate in a competitive or potentially competitive market. At the high point of the CCT regime, the Audit Commission argued that it didn’t matter whether contracts were awarded to public or private suppliers since it was the process of competitive tendering which provided the drive for economy, efficiency and effectiveness (Audit Commission 1999).

The second way in which markets may lead to improvement is by giving access to resources (including expertise and funding) that can be commanded by other potential suppliers. Both the current government and a number of independent commentators have argued that private and voluntary sector suppliers have a range of resources – from private finance to voluntary sector empathy – which if marshalled correctly can aid service improvement.

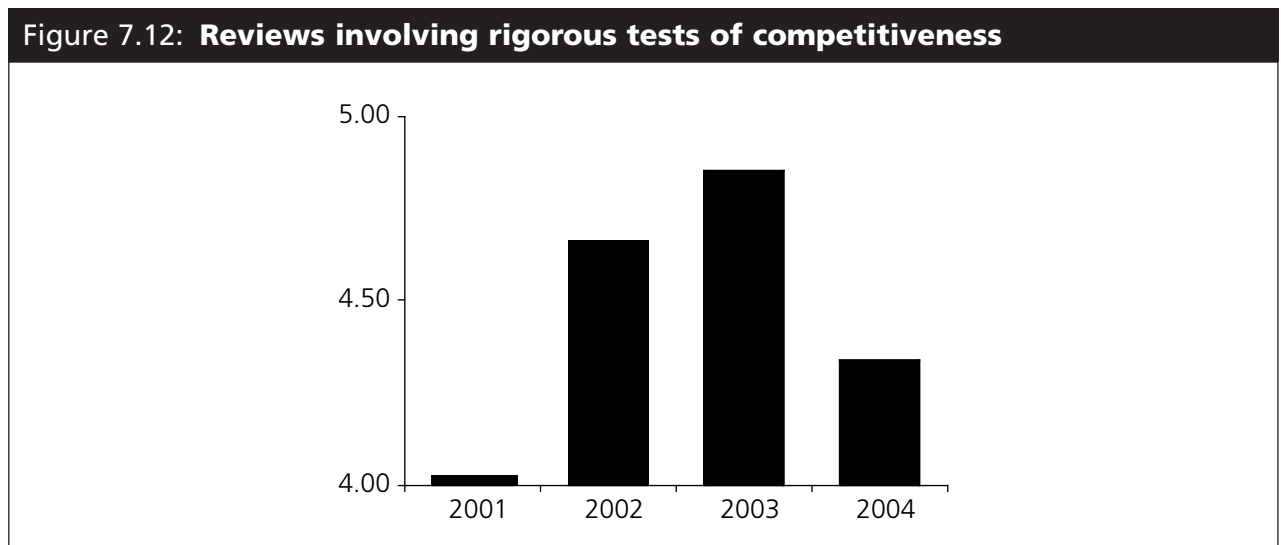
As described in Chapter 2, prior to the introduction of the Best Value regime, local authorities were required to subject defined services to competitive tendering so as to improve the efficiency of public services by exposing them to a contested market. The introduction of Best Value, and with it the very active promotion of strategic service

delivery partnerships by Central Government, marked a subtle, though significant, change in public sector procurement strategy. Best Value brought public sector procurement into step with private sector thinking which had long maintained that key supplier relationships should be organised on an enduring partnership rather than short-term contract basis (Parker and Hartley 1997).

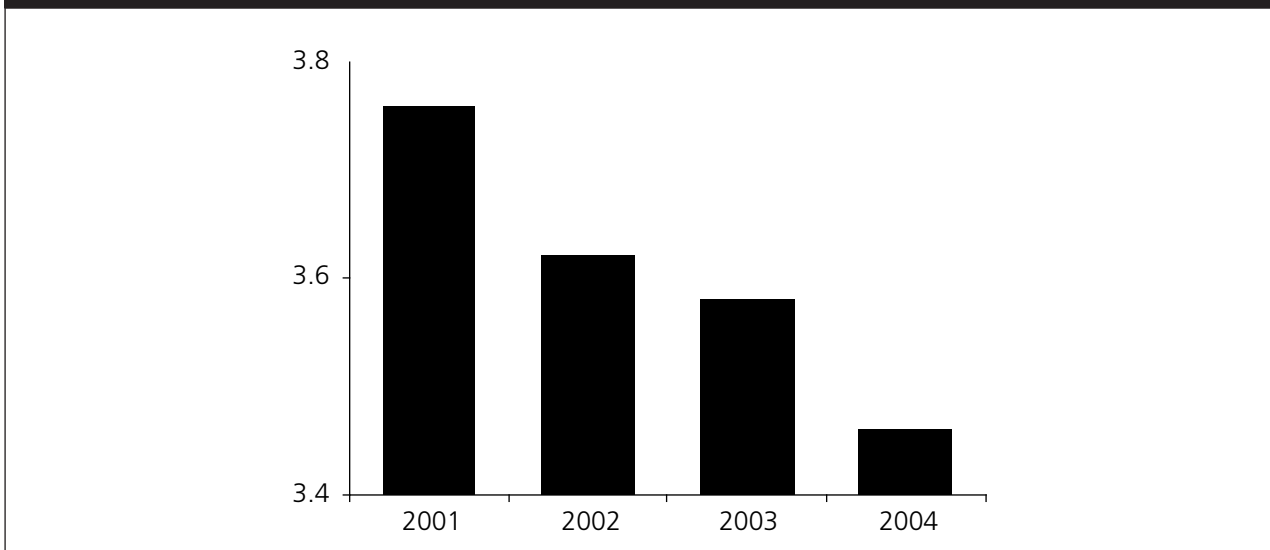
The changing approach to procurement means that this section on markets needs to be read very much alongside the following section on partnership.

Changes in the use of markets and competition

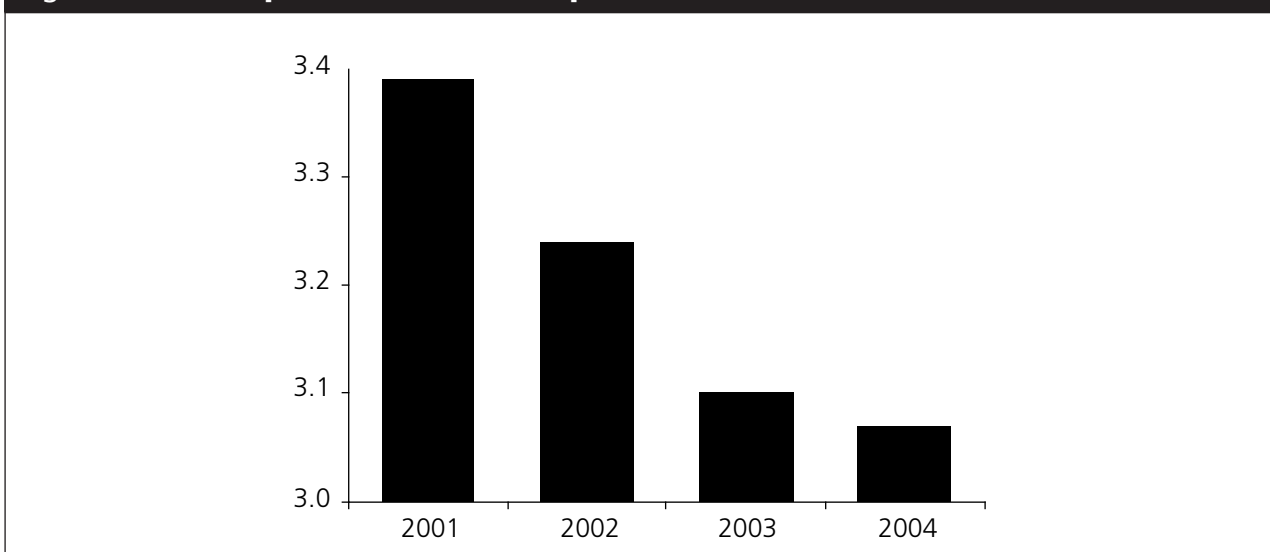
All of the evidence collected in the course of this evaluation points to the fact that most authorities found it difficult or were unwilling to embrace competition as part of Best Value reviews. Competition was often the element of Best Value reviews that was least well implemented (see above). The proportion of reviews involving a rigorous test of competitiveness increased in 2002 and 2003, but had fallen back by 2004 (Figure 7.12).



The importance attached to market testing declined over the period covered by the evaluation, and ‘contracting out’ and ‘externalisation’ became less important features of authorities’ approaches to managing services and were rarely seen as significant drivers of improvement (Figure 7.13). Measures of these activities were among the very few (14 out of 92 variables) which showed statistically significant decreases between 2001 and 2004.

Figure 7.13: Externalisation

Similarly, competition with other providers, which started from a low base compared to many other drivers in 2001, was seen as an even less important driver of improvement by 2004 (Figure 7.14).

Figure 7.14: Competition with other providers

The evidence from the case study authorities confirmed this finding. As we suggested in our baseline report, competition was the 'C' that review teams found most difficult to handle. As explained above, since 2002 the external pressure to subject services to market testing has declined markedly. While our case study authorities continued to conduct reviews of one form or another, over time they have moved further and further away from the ideal type review focussed on the four Cs. Already the weakest of the four Cs, the enthusiasm for competition has declined rapidly over time as a result.

Markets, competition and performance

We tested the improvement effect of competition by examining the association between the rating of competition questions in 2001 and performance in 2004. Because the survey posed respondents with a number of questions about competition we combined these into two factors. The first was based on two questions that asked whether Best Value reviews ‘market test through open competition’ and whether reviews ‘test for the externalisation of the service’. Taken together there was a positive correlation between responses to this question and two of our measures of performance.

| Table 7.1: Competition in reviews and Performance | | | | | | |
|--|--|--------------------------------------|-----------------|-------------------------------|--------------|--------------|
| Variable | Reported performance – value for money and efficiency | Reported performance – equity | CPA 2004 | User satisfaction 2003 | BVPIs | Total |
| Compete as part of reviews | | + | | | + | 2+ |

The second indicator of authorities’ use of markets was based on two general questions – not tied in any sense to a particular review – about the importance of contracting out/outsourcing and externalisation to the local authority. Tests of this factor again suggested a positive association to two measures of performance.

| Table 7.2: Non-Review Competition and Performance | | | | | | |
|--|--|--------------------------------------|-----------------|-------------------------------|--------------|--------------|
| Variable | Reported performance – value for money and efficiency | Reported performance – equity | CPA 2004 | User satisfaction 2003 | BVPIs | Total |
| Use of competition in general | + | | | | + | 2+ |

Taken together, these results suggest the greater the enthusiasm for market testing in 2001 the better an authority’s performance in 2004. It should be remembered however, that this finding is based on a survey of perceptions of attitudes towards competition rather than a measure of actual market testing. However, the evidence from our case studies provides some corroboration for these findings. Ten of the 42 high change reviews we tracked included proposals to close down, hive off or market test a service or function indicating that in these cases market type reforms were regarded by officers and members as a good way of improving performance. Services or functions were recommended for closure because they were perceived as redundant or uneconomic in some sense. Other services were organised as free standing or arms length business units in the belief that this would make them more business like. Some services already arranged in this way were market tested to ensure that their products and prices are competitive. Box 7.7 gives a flavour of how our interviewees described these reforms.

Box 7.7: Market Reforms as a Driver of Change and Improvement

"We had a typing pool, why did we have a typing pool for God's sake? Eight or nine staff sat there waiting for typing to come in, doing it and returning it. Fantastic service . . . it came back within hours, but how many of them were employed gainfully and how many of them were sitting there with their knitting out? At the end of the review the typing service was disbanded and reallocated to the directorates. The space was freed up and is now used by another service."

"Actually, the decision that was taken was absolutely right at the time, in order to put [the unit] on a more business like footing, because all the evidence shows us now that advisory services, even if they are to remain part of their LEAs . . . there'll be fewer of them and they'll have to be larger. We've effectively said right, well in that market environment we would like this outfit to be one of those educational consultancies. So they are now operating in that way and actually in a much more businesslike way than they were before."

"We have a trust and in the main it works fine, but I think Best Value really raised the issue are they good enough in terms of service delivery? If you really are serious about new facilities, you really do need to test the market . . . Because of the Trust and the way that it evolved, the relationship is a bit . . . a bit too cosy, there's partnership working and there's partnership working."

"We should have abandoned [a particular service] at some stage in the last 10 years. It wasn't even the BV review that was the final nail in the coffin. It was the director of resources coming round and saying are you aware what we are showing for this year, can we really put up with this? . . . Those conducting the review, and this is the authority's style, were all in favour of getting a life raft round [the service], it took myself, the director of resources and a few others and leading members to say no."

Partnership working

Partnership has, in the last decade or so, emerged across the world as one of the most fashionable policy solutions to a number of public management problems. As used in contemporary discourse, partnership does not refer to a particular organisational or legal structure like a partnership of accountants or lawyers. Rather, the word implies an enduring inter-organisational relationship based on equality, trust, reciprocity and common values.

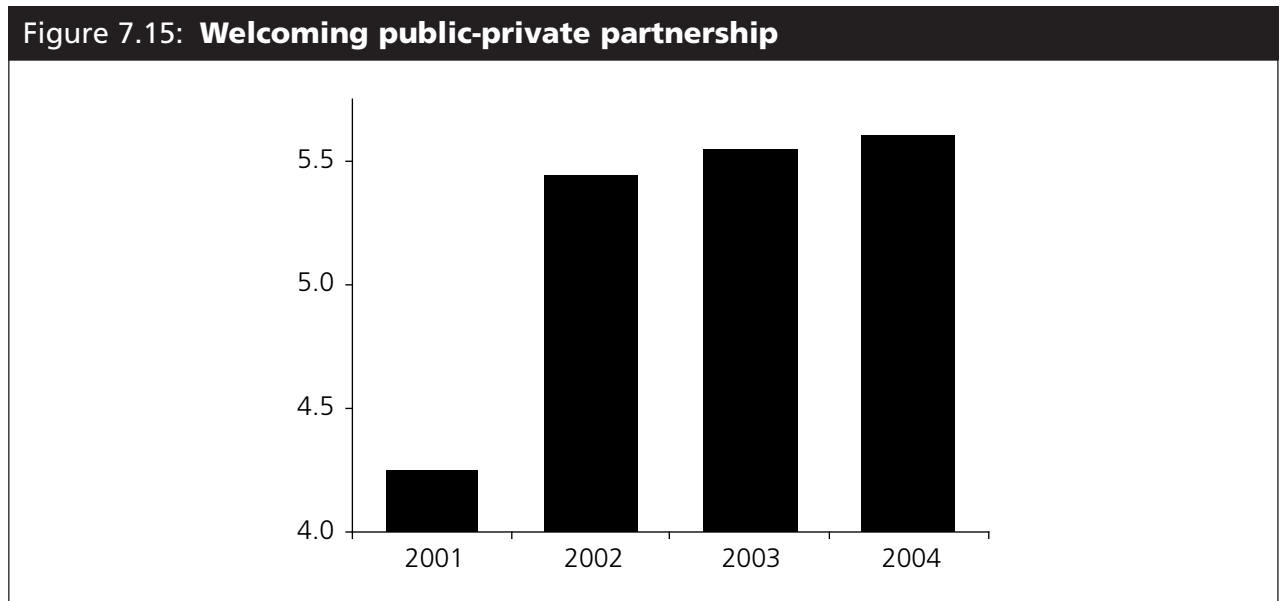
Trusting relationships can of course be developed with a number of different stakeholders for a number of different purposes. The literature suggests at least three different ways in which partnerships can improve services. First by including different groups and sectors in decision making – service users and the community sector particularly – partnership promises better policy and strategy making (Lowndes and Sullivan 2004). Second by accessing sectorally distinctive resources – like private sector finance or voluntary sector empathy – partnership promises more effective or efficient service delivery (Cohen 2001; Billis and Glennerster 1998). Third by tackling issues that cut across or fall between the mandates of existing agencies partnerships promises joined up government; reducing the unintended consequences of policies delivered through narrowly defined departments or silos (Keast *et al.* 2004).

The need for greater partnership was a key theme of the 1998 Local Government White Paper, which emphasised the need for greater trust and joint working between the public and private sectors. The Best Value guidance, issued in 1999, made 147 references to partnership (compared to just 18 mentions of competition [Entwistle and Martin 2005]).

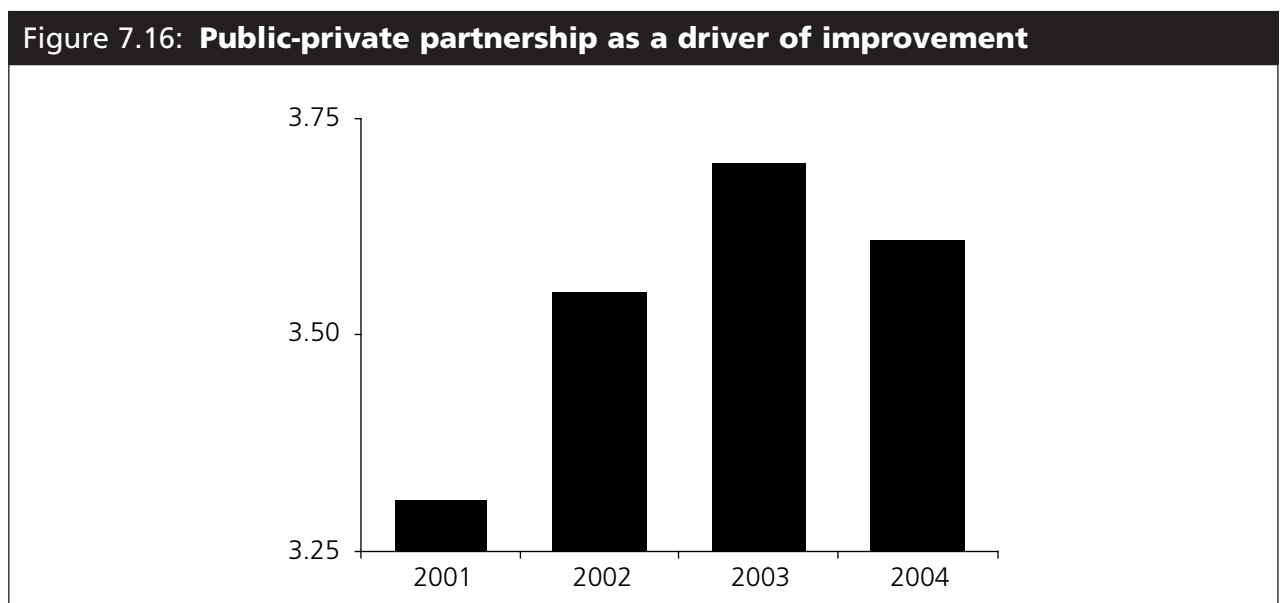
Changes in partnership working

Many authorities have picked up these cues. Our surveys showed that, in marked contrast to the declining importance of competition with other service providers, councils have

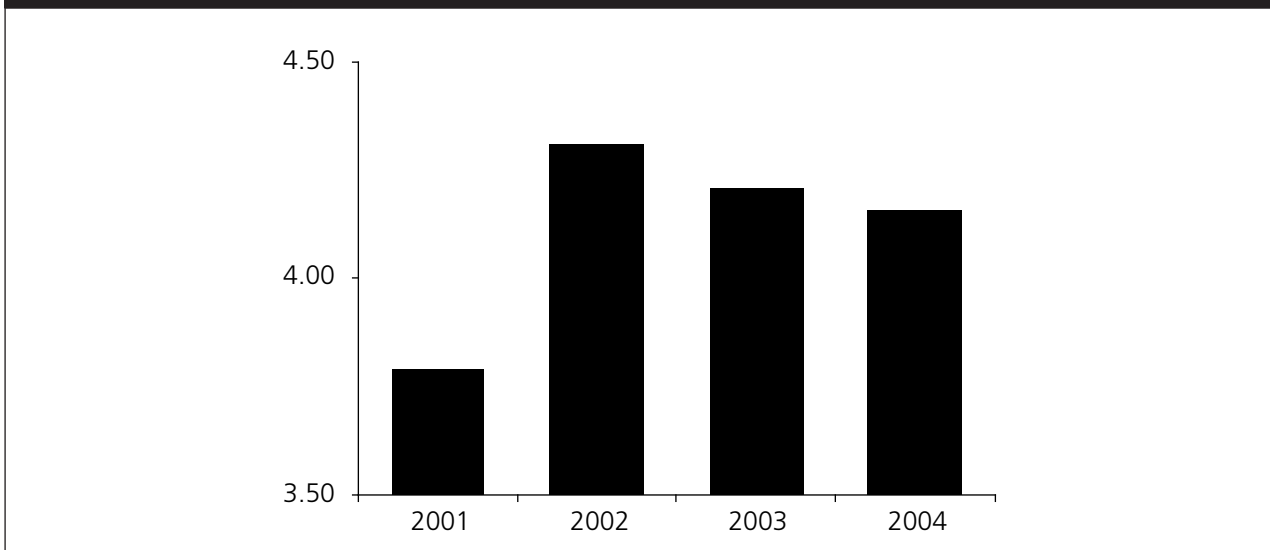
become much more positively inclined towards partnership working. The proportion reporting that their authority welcomed partnership with the private sector increased year on year throughout the study (Figure 7.15).



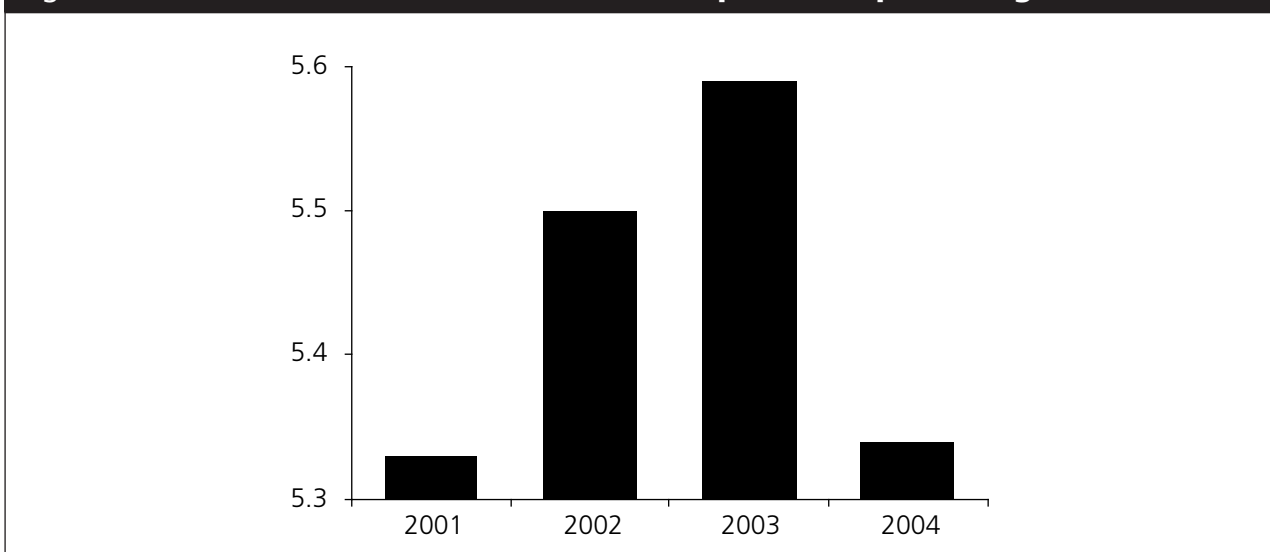
The Government's encouragement of strategic service delivery partnerships was reported as an increasingly important driver of improvement in authorities in 2002 and 2003 before falling back slightly in 2004 (Figure 7.16).



The number of Best Value reviews which considered the scope for joint ventures and other forms of partnership working increased in 2002 but then declined slightly in 2003 and again in 2004 (Figure 7.17).

Figure 7.17: Reviews considered scope for partnership

The proportion of reviews that officers expected would lead to recommendations to develop new partnerships increased in both 2002 and 2003 before dropping back in 2004 to the same level as was reported in 2001 (Figure 7.18).

Figure 7.18: Reviews that would lead to more partnership working

The evidence from the case studies suggests that the decline in the numbers of reviews contemplating partnership working may be explained by two developments. First, the relaxation of review methodologies described above, and second, the well-documented difficulties of some high profile strategic service delivery partnerships.

Partnership and Performance

Rigorous statistical tests of the relationship between partnership working and performance, based on our survey data and independent performance measures, were inconclusive. There are probably two main reasons for this. First, many of the new partnerships developed by authorities are still in their infancy and may not therefore yet have had a measurable impact on performance. Second, as noted above, the term 'partnership' covers a wide range of different kinds of arrangements which may well have very different improvement effects. The impact on performance may well therefore have been mixed.

Partnership was however a key component of 11 of the high change reviews we tracked in the case study work. In two of the three cases reported below, partnership was proposed as an alternative to traditional forms of contracting in the hope that partnership style relationships would make better use of contractor's capacity while reducing the transactions costs involved in supervising traditional contracts (Box 7.8).

Box 7.8: Partnering to increase efficiency

"We want a long-term relationship with a cleaning operation but how do you deal with the phased reconstruction of the portfolio and the handover difficulties was the thing that we struggled with. It seemed a lot easier to go down the route we are now going down . . . we want to give you at day one responsibility for our whole portfolio so you will be taking on the cleaning of them as they are at this point in time. You've got three years to rebuild them and then a further twelve years to operate them. What it basically did was bring all of the project management issues together . . . it shifts a lot of risk from us to the contractor"

"We are now using our contractors' resources to do an awful lot of detailed design. Getting them involved in things like value engineering and life cycle costs, all of these things that we have been told that we should be doing but you can't do unless you talk to the people who are going to construct the damn buildings. So we have now created an arena, in fact it is probably the best thing to come out of it on this side. We have got a number of improvement groups to look at areas where we think we can either improve our design standardisation or sustainability, standard of engineering etc."

In other authorities partnership has been used as a way of improving dialogue between key stakeholders (either service providers or service users). Partnerships addressing the former are intended to address issues that cut across or fall between the mandates of existing agencies. Theoretically, if agencies can come together in partnership meetings then it will be possible to rationalise service delivery by addressing inconsistencies and contradictions which arise from multi-agency delivery. Box 7.9 explains the way in which this thinking informed one of the reviews that we tracked in detail.

Box 7.9: Partnering to join up services

"There was a recognition that this is a client group or customer base or what ever you want to call it, which is very badly served even under served, under resourced across all partner organisations. There's a lack of joined up strategic planning across the County which needs to be put right . . . the establishment of a strategic partnership board . . . brings together all of the joint forces."

Stakeholder and user partnerships by contrast, offer a formal and enduring form of user engagement. That is, by including stakeholder groups in the development of policy and practice, it is possible to improve the design and delivery of services. Again, it is difficult for us to properly assess the effectiveness of these reforms, but overall, the officers we interviewed in 2004 and 2005 valued the new partnerships that had been created and claimed indeed that they had aided service improvement.

User focus and engagement

A central aim of the 1998 Local Government White Paper was to encourage local authorities to be more 'in touch with local people'. The paper argued that the public needed to be given a 'bigger say and better deal'. Best Value placed a new duty on authorities to consult with those who had an interest in the functions that they provide. A number of other initiatives, led by the (former) ODPM and Home Office, have sought to encourage civic engagement. The government has sponsored the production of good

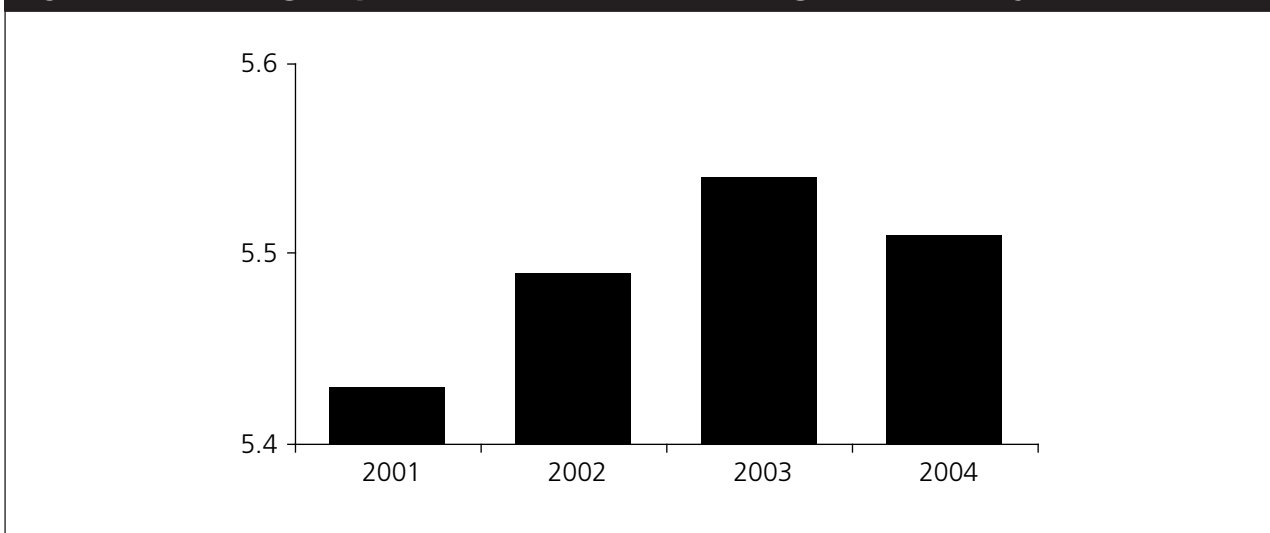
practice in communicating and engaging with the public, including the 'Connecting Communities' toolkit (produced jointly with the LGA, Audit Commission and IDeA) and guidance on civic engagement, published by the Department earlier this year (Andrews *et al.* 2006). The Government's Ten Year strategy for Local Government, published in 2005, also emphasised the importance of engagement at the neighbourhood level (ODPM 2005b). Recent ministerial speeches have proposed a process of securing greater involvement of local people as a means of securing much greater involvement of local people in the design and delivery of local authority services.

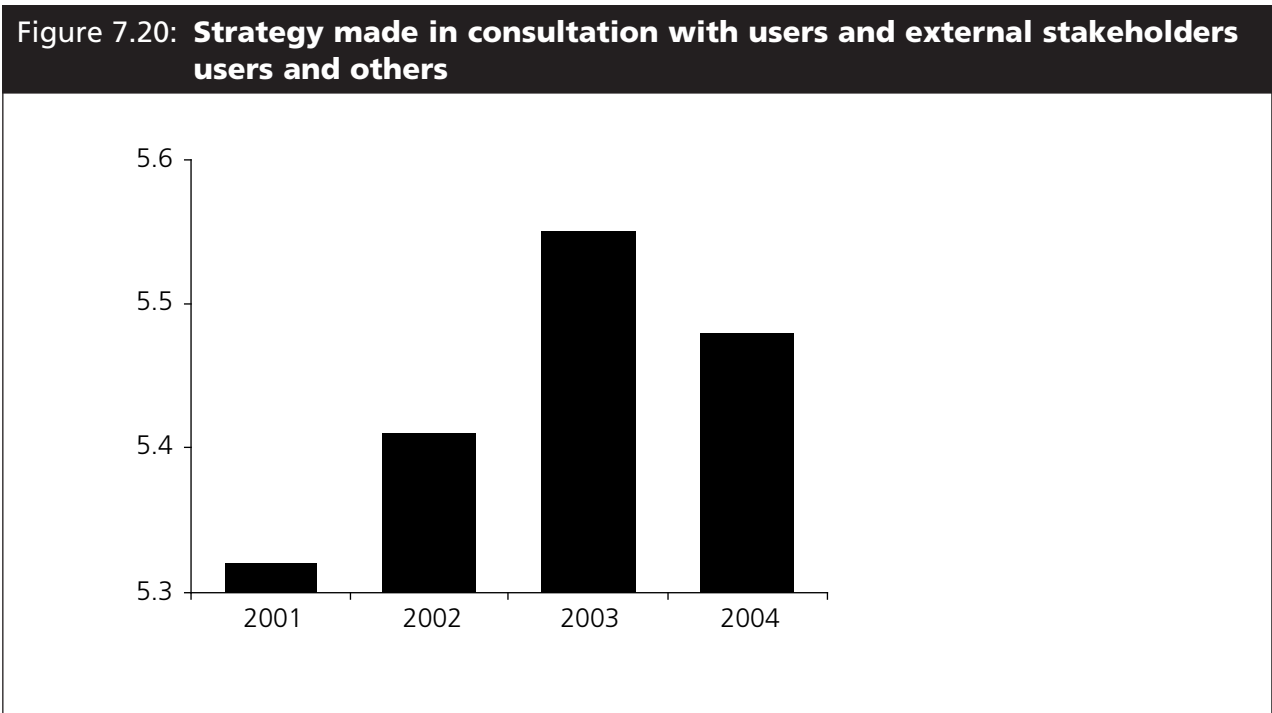
The emphasis on increased engagement with service users and citizens reflects a wide range of management thinking and research which suggests that customer-driven organisations tend to be high performers. The logic is simple: organisations that take steps to elicit the needs and preferences of their customers are better placed to provide responsive and effective services. A necessary first link in this chain of service production is to consult service users in order to discover their views about current and future provision.

Changes in user focus

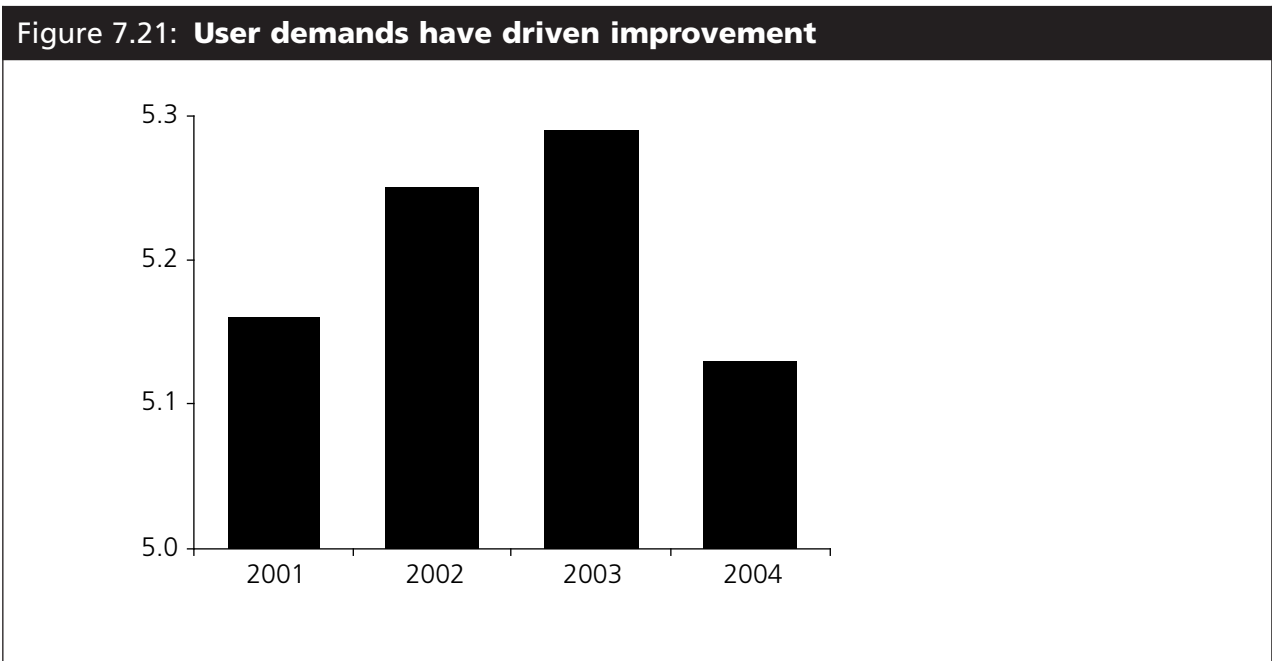
Most officers reported that their authorities and services were user-focused from the outset of the study (a finding that almost certainly reflects in part the significant increase in public engagement by local authorities in the 1990s noted by previous studies commissioned by the Department [e.g. Lowndes *et al.* 1998]). Almost all of the measures of user focus that we used showed that in both 2002 and 2003 it increased from what had already been a fairly high base in 2001 before falling back in 2004 (Figures 7.19 and 7.20). The highest levels of reported user focus therefore coincided with the years in which the Best Value regime was being implemented most widely and most robustly. The reduction in the Best Value reviews coincided with a reported decline in user focus.

Figure 7.19: Managers put users' needs first in design and delivery of services

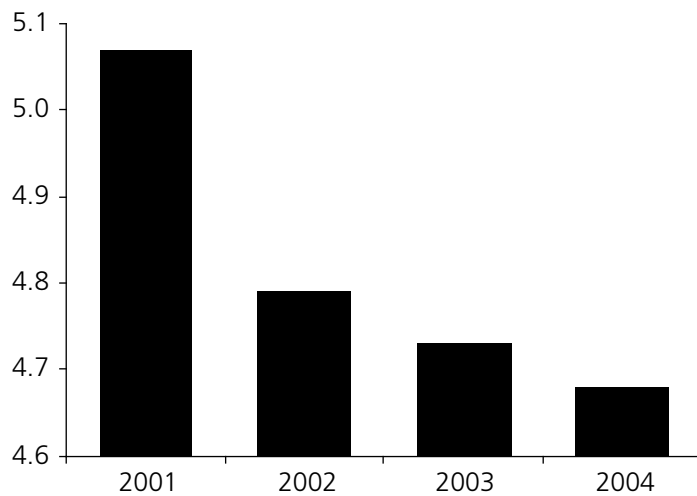




Similarly, there was an increase in 2002 and 2003 in the proportion of officers who saw demands from users as a significant driver of improvement in their authority or service; and a decline – to below 2001 levels – in 2004 (Figure 7.21).



In contrast to other measures of user focus and engagement, the proportion of officers reporting that there had been a significant change in external communications in their service or authority declined year-on-year throughout the four years of the study (Figure 7.22).

Figure 7.22: Significant changes in external communications

User focus and performance

The only statistically significant positive relationship between user focus and performance was in respect of officers' perceptions of the equity of service provision. Authorities that undertook more user engagement in 2001 did not score more highly in terms of CPA, User Satisfaction BVPIs or other BVPIs.

Similarly, pressure from external stakeholders or consultation with them was a significant driver of improvement in just seven of the 42 reviews that we tracked which had led to significant levels of change. Indeed, in some instances user involvement was described as barrier to organisational change (see Box 7.10).

Box 7.10: From consultation to collusion?

"We've got a customer panel in place but it is really not, they are not exciting meetings! In a way you could say that is good because we don't have a hundred people turn up and shout at us about how awful the service is. But I am quite disappointed because I think, it is quite strange isn't it, a lot of the customers who are on the customer panel have been with us since the beginning of the BVR ... what we are finding is that they are beginning to collude with us when we are not delivering ... they're saying, like, we know you are doing your best. I want to kind of shake them and say we are doing our best, but you need to tell us *it is not good enough!*"

Overall the evidence from the case studies suggests that it is not the quantity but the content and method of user consultation that counts. Consultation that descends into 'collusion' is unlikely to lead to service improvement. Equally importantly, it seemed that a number of reviews had consulted with users simply in order to be able to 'tick the consultation box'. The evidence suggests that, in order to be useful in driving improvement, consultation with users needs to be carefully targeted and seen as part of a genuinely challenging process of seeking ways of improving existing approaches to service delivery.

New information and communications technology

The adoption of new forms of information and communications technology (ICT) has been seen as providing a number of important benefits including: improving communication between public service organisations and service users, increasing access to services, making services more responsive and improving efficiency. Although ICT did not feature prominently in government statements about the objectives or operation of the Best Value regime, e-government targets required local authorities to increase rapidly the number and range of services that were available ‘on-line’. Perhaps more importantly, ICTs are central to the modernisation of a number of services.

Changes in the use of ICT

A large proportion of respondents to our survey reported that the adoption of new ICT had been a major feature of their approach to service delivery. This was particularly the case in 2001, but was evident throughout the period of the study (Figure 7.23).

A majority of respondents also reported that central government policies designed to encourage the adoption of new ICT had been a significant driver of improvement in their authorities. The proportion of respondents holding this view increased over the period of the study (Figure 7.24).

Figure 7.23: Adoption of new information technology

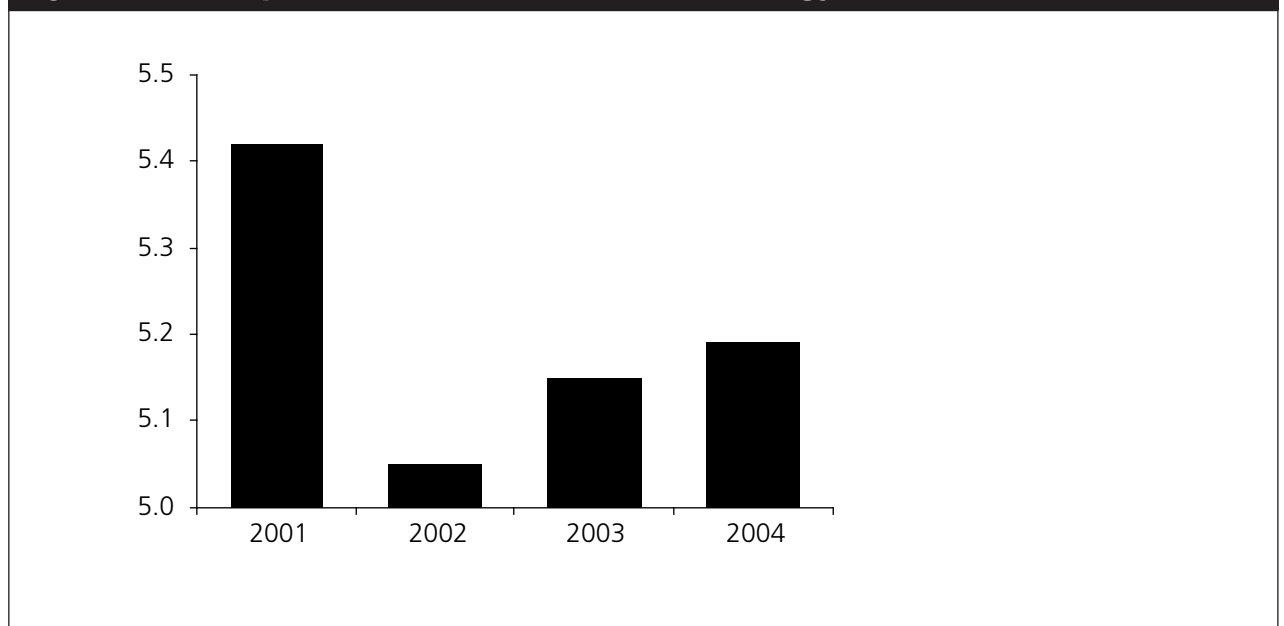
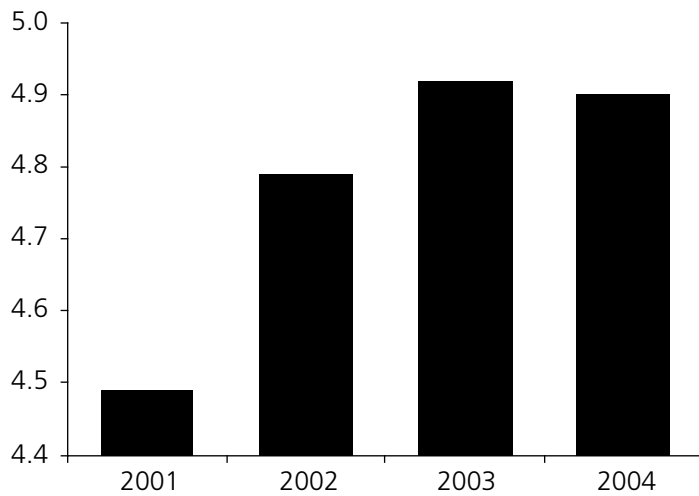


Figure 7.24: E-Government initiatives have driven improvement

ICT and Performance

The evidence from our surveys and case studies suggest that the adoption of new ICT has a positive impact on performance.

Rigorous statistical analysis showed that adopting new ICT was perceived to be a driver for performance improvement and was positively related to good performance in terms of the equity and value for money of services, and CPA performance scores for 2004.

The adoption of new information systems was a key factor in 13 of the Best Value reviews that we tracked and played a smaller influence but still important role in a number of other reviews. It was particularly significant in the case of attempts to improve customer contact, revenues and benefits, procurement and IT support services.

Five of the reviews that we tracked in detail focused on access to services. These typically involved a shift from multi-method contact to establishing a single contact point for all inquiries to the local authority. In most cases the aim was to have a single telephone number for the authority and either a single or a series of one-stop shops which could answer all citizen inquiries. Box 7.11 gives two quotations from two different access reviews to provide a flavour of these innovations.

Box 7.11: The access problem

"We've got receptions scattered all over the building, which for the customer is a nightmare. The benefits reception is on the second floor. It's only recently that we've had the lifts refurbished and upgraded, a lot of the time they weren't working, so you had people with wheelchairs, kids in buggies and all the rest of it, coming up to the second floor to claim their housing benefit. It was a real bug bear for me and it still is."

"The main things that are coming back from consultation . . . were things like you know 'we don't like being passed from pillar to post, you've got too many numbers, we don't know which services are offered from different council points you know throughout the city' . . . It wasn't rocket science . . . we weren't offering a consistent one council approach to customers serve really. People's experiences were so different."

Reviews leading to major changes in customer contact had a number of common characteristics. Most were launched in response to concerns about the high proportion of calls that were abandoned and low percentage of calls that were resolved at the first point of contact. All relied on the scripting software provided by Customer Relationship Management software in order to centralise customer contact. The Government's e-government targets and the availability of significant amounts of new funding for investment in IT systems played a key role in encouraging change. And the process usually required a strong push from the corporate centre.

Box 7.12 gives examples of the way in which ICT delivered service improvements.

Box 7.12: Improvement through the adoption of new ICT

"Because we were able to point to places like Knowsley which were pathfinders, Beacons, and say look it is working there...The whole team went and it was so obvious that it was working there...I think it is also helped us to get across the economies, the freeing up of other spaces for example, and obvious economies of scale and job enrichment involved for people in customer services."

"Well we've mapped out our process with and without DIP [data image processing] and just having DIP without making any other changes, would shave nine days off each claim turnaround time. It takes nine days, basically, to get the post, open the post, log the post, match the post to a file, get it to a processor, get all the information in there...OK nine days may not sound like much when we are currently at 70 or something...but that would be a big boost for people if they could see that big jump."

"The way in which the IT help desk was organised and worked was not conducive to getting the best service to users. The calls were taken by a clerical assistant who just logged the calls then there was a period of time before they were picked up by the technical team and actioned...we introduced remote management software which has greatly enhanced the performance of the help desk".

In addition to the use of IT for access and CRM purposes, wireless technology was also seen by some managers as central to future service improvement. For example, one authority uses technology to monitor the extent of crime in licensed premises: "CSI is part of the solution."

"The e-purchasing initiative and the purchasing consortium are big winners for us. It is ground breaking technology. We are first in the country in terms of a full end-to end solution for electronic ordering, electronic catalogues, electronic payments. Other people are doing that and other people are buying their supplies through a consortium, we've put the two together and we've got the online aspect and it's a consortium, so we won't be faced by having to manage individual suppliers, we've one supplier who sorts everything...so that's a massive project and the fact that we have done it in conjunction with two other authorities just presses all the right buttons: big project, massive streamlining, big efficiency savings and working in partnership. It just does everything so that is a big winner for us" (emphasis added, Review 23).

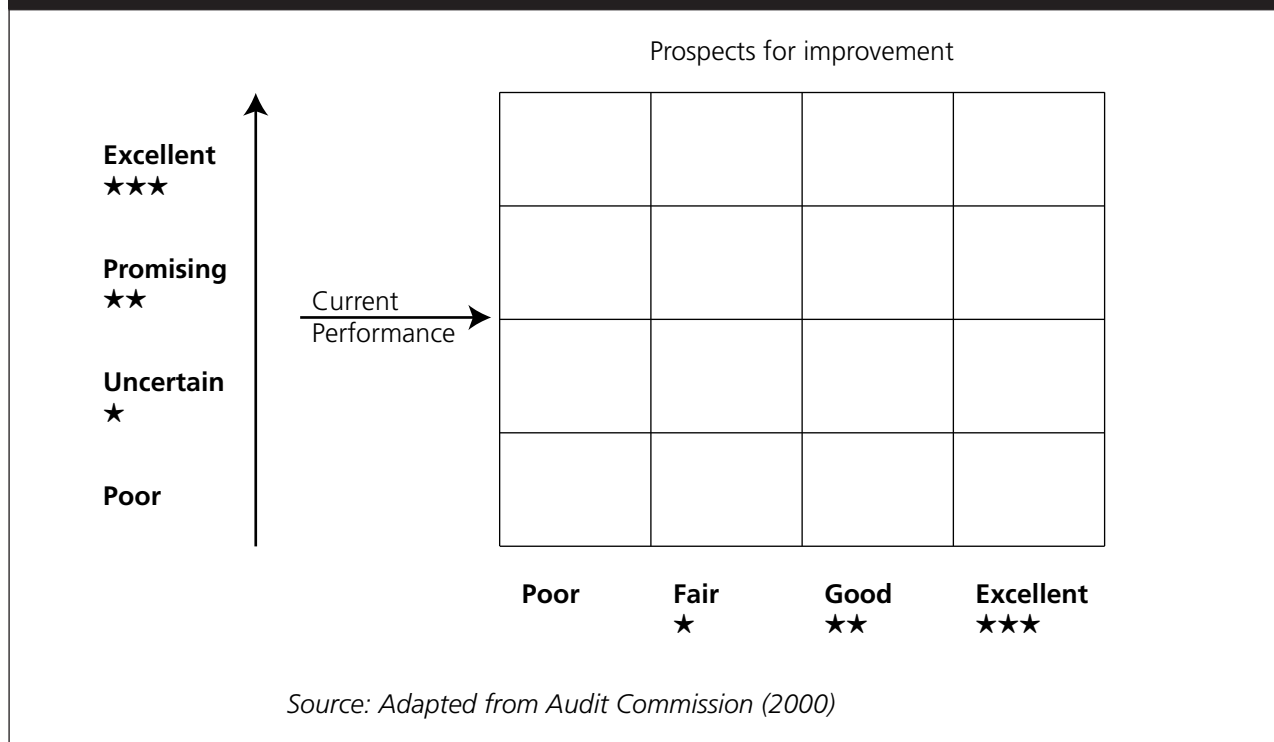
Inspection

The Best Value regime involved a very significant increase in the scope and scale of external inspection of local government services. It also changed the character and purpose of the inspection processes.

The ‘principles of Best Value’ published by the Department of the Environment in July 1997 made it clear that local authorities would be subject to external inspection and that those deemed to be ‘failing’ could be liable to intervention by the Secretary of State (DOE 1997). The details of the Best Value inspection regime were specified in the 1998 white paper and a number of instruments and documents published by the government (see in particular DETR 1999a; 1999b and Audit Commission 1999; 2000).

Inspectors were required to judge current performance and prospects for improvement and to rate both on a four-point scale (Figure 7.25). The Audit Commission initially aimed to inspect most Best Value reviews and suggested that the length and cost of inspections would vary depending on the nature of the services being inspected and the quality of a Best Value review. In practice the Audit Commission was not able to keep pace with the number of reviews being undertaken by authorities and most inspections followed the same basic pattern (Davis *et al.* 2004).

Figure 7.25: Best Value inspection categories



As described in Chapter 2, the introduction of CPA led to a much greater focus on corporate capacity, and a more targeted approach to the inspection of individual services which have become much less closely aligned with Best Value reviews.

In the last three years there has been an increasing recognition of the need to reduce the burden imposed by inspection and an increasing emphasis on the need for inspection to drive improvement. The Government’s Principles of Inspection (OPSR 2003) and the Audit Commission’s 2004-2007 strategy both emphasise these points. The Commission has promised a more ‘strategic’ approach to regulation which involves better joint working

between inspectorates, a more user focused approach and a reduction in the burdens placed on authorities. Alongside these developments, there has been increasing interest in the role of self-assessment. The Government's Ten Year Strategy, and its consultation document on the future role of inspection, both propose a new performance framework in which there is less reliance on centrally driven external inspection.

Much of the academic research is sceptical about the role of inspection. Concerns focus on three main issues: its effectiveness (or otherwise) in driving improvement; its costs; and the lack of a common approach to inspection across different sectors.

Several researchers have noted a lack of evidence about how inspection actually operates (Hood *et al.* 1999; Hood *et al.* 2000; Martin and Downe 2007). Some argue that it is simply a set of process driven 'rituals of verification' which fail to measure outcomes or have any impact on them (Power 2003). Others note that inspection has increased accountability 'upwards' to central government, but done little to stimulate public interest and engagement (Ashworth and Skelcher 2005).

James (2000) highlights the dangers of the capture of the inspection processes by regulators and/or regulated bodies. Doubts have been expressed about the use of aggregate measures of performance such as CPA scores, the potential negative impacts on staff morale, recruitment and retention of adverse inspection reports and the apparent tensions in the multiple roles that inspectors are being asked to undertake as regulator, quality assurance adviser, improvement agent, critical friend and mentor (Martin 2004).

Hood *et al.* (2000) criticise what they see as a disregard of the costs and burdens of public-sector regulation, and Hood and Peters (2004) claim that inspection has distracted middle and senior officers from the core task of service delivery. Finally, a number of researchers have criticised the lack of 'joined up' approach by the different inspectorates (Hood *et al.* 1999; Grace 2005).

Changing attitudes to inspection

In the first two years of the Best Value regime there was widespread criticism of the inspection processes. Local authority officers and members believed that many inspectors lacked the necessary expertise and there were criticisms of the time taken up by inspection visits and associated activities.

But many of the officers and members whom we have interviewed expressed support in principle for external inspection, believing that it has a valuable role in ensuring accountability to the public and acting as a spur to improvement. Some elected members, in particular, credited inspection with having raised awareness of the performance of their authority. We were told of instances where services were under performing and of problems which had gone unnoticed or overlooked.

There is also strong evidence that some of the early concerns about inspection have diminished. Concerns about the compliance costs have declined slightly (Figure 7.26) while criticism of inspectors has become more muted (Figure 7.27). The largest change over the four years of our survey was the increase in the proportion of respondents who believed that inspection helped to ensure minimum standards of service delivery (see Chapter 5 and Figure 7.28).

Evidence from the case studies suggests that these changes in attitudes to inspection were in part due to the bedding down of the processes of Best Value inspection and partly to the introduction of CPA, which were widely seen as a more useful form of external challenge than Best Value service inspections. CPA was seen as more effective in gaining the attention of members as a whole than were individual service inspections.

Figure 7.26: Compliance costs of inspection are low

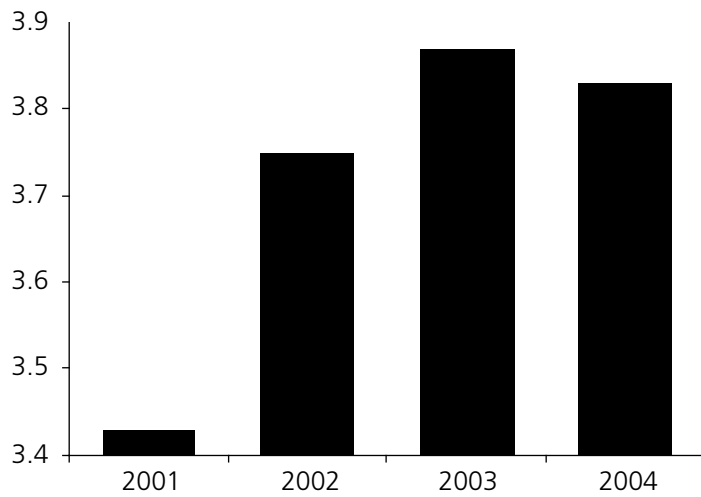
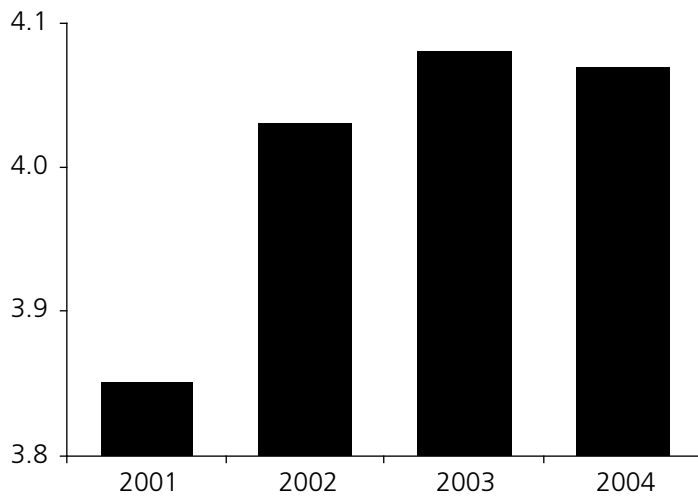
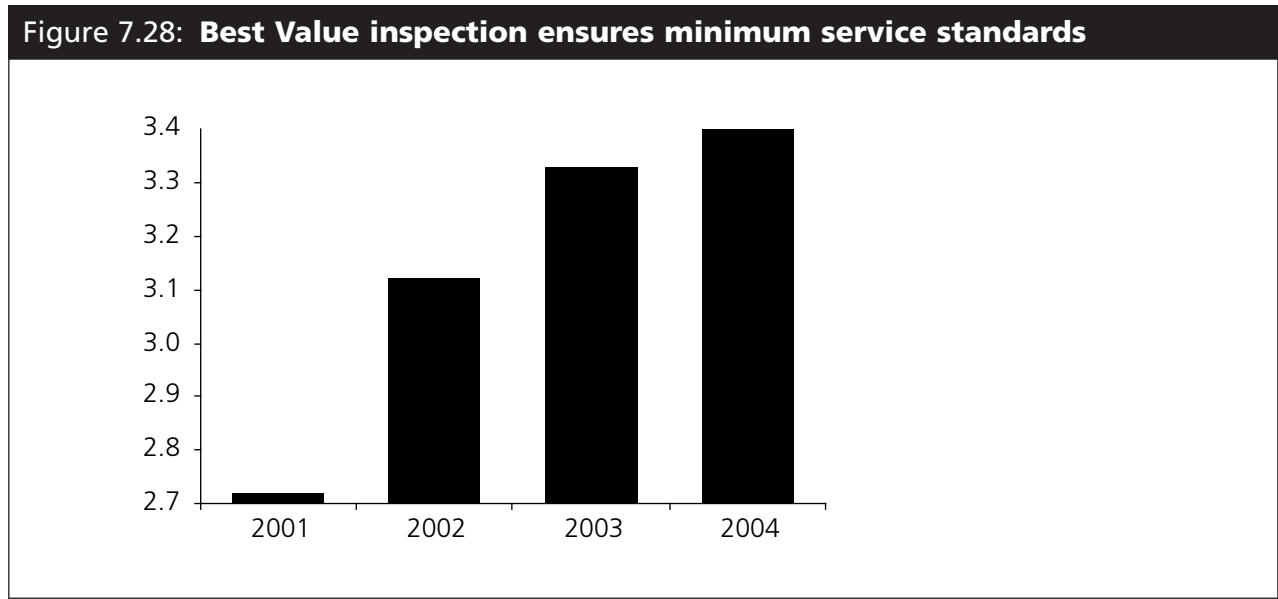


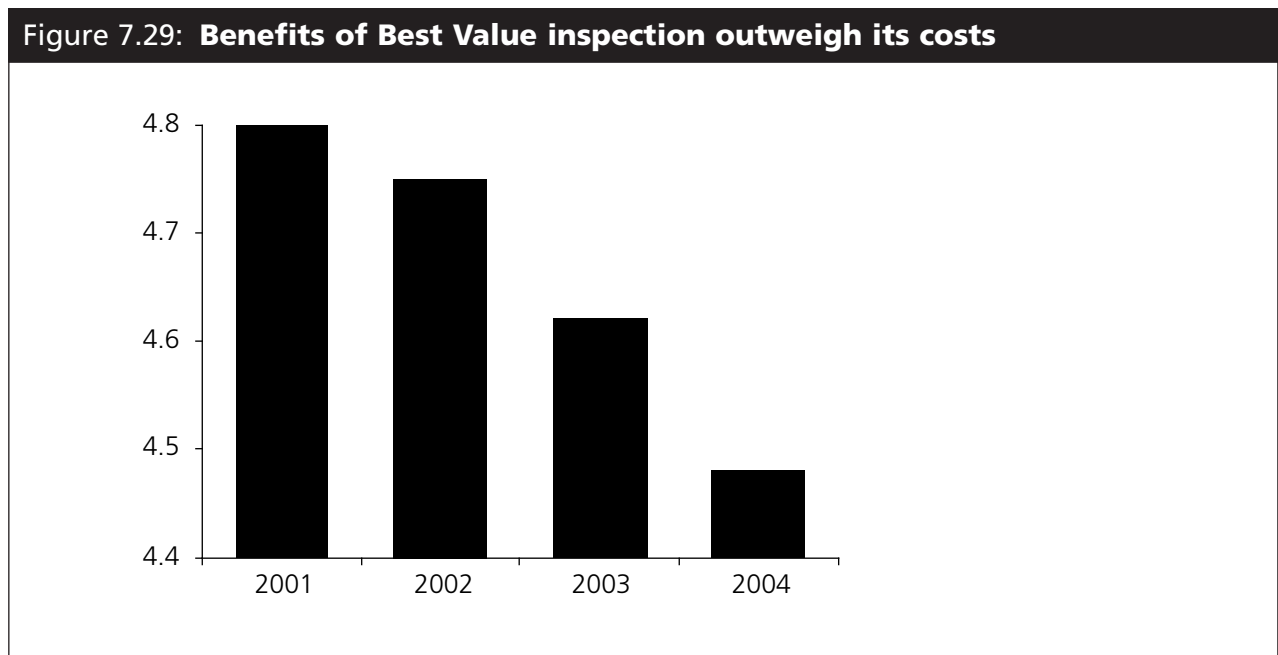
Figure 7.27: Best Value inspection have appropriate expertise



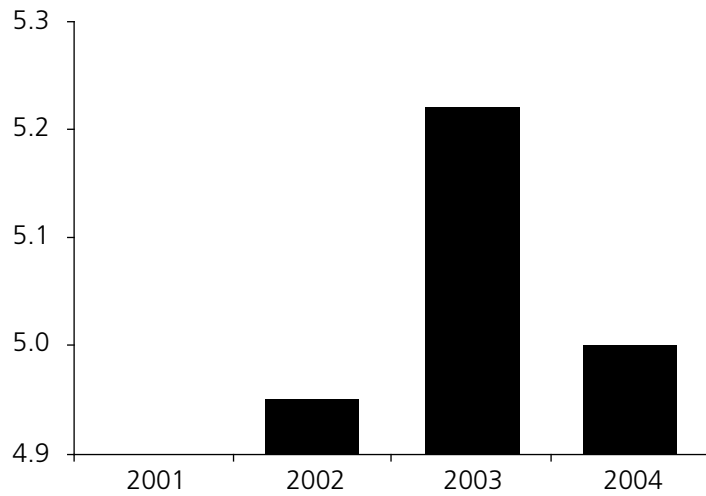
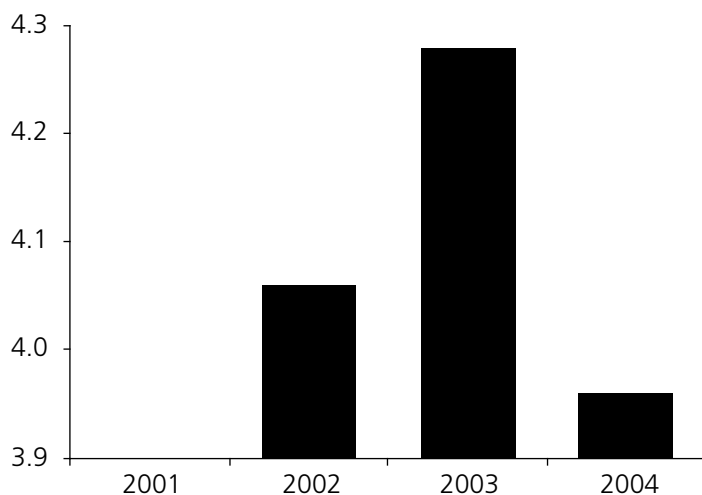


Inspection and performance

Inspection was seen as a significant driver of improvement by a large proportion of respondents. However, over time, an increasing proportion of respondents reported that the costs outweighed any benefit associated with inspection (Figure 7.29).



There was an increase between 2002 and 2003 in the proportion of respondents who believed that the activities of auditors had driven improvement in their authorities, followed by a decline to below the 2002 level in 2004 (Figures 7.30 and 7.31). (We asked the question in a different form in 2001 and so cannot draw direct comparisons for this year.) Perceptions of inspection as a driver of improvement followed a similar pattern but the decline in 2004 was less marked.

Figure 7.30: Inspection reports have been a significant driver of improvement**Figure 7.31: Activities of auditors have been a significant driver of improvement**

There was no statistically significant relationship between an authority's attitude to inspection and any of the five measures of performance that we used. But inspection was been a significant factor in 10 of the 42 high change reviews we tracked. In some cases it highlighted problems that authorities had not previously realised existed. In these cases inspection reports often came as a shock to the system. In other cases, some officers in the authority were already aware that a service was under performing but had been unwilling or unable to address the difficulties until it was highlighted by inspectors (Box 7.13). The fact that inspection reports were public, and the way in which performance and prospects for improvement were summarised in a simple 'star rating', made it difficult for the problem to be 'brushed under the carpet'. The arrival of CPA had also increased pressure on under performing services since they now had the potential to jeopardise their authority's overall rating. There were, for example, a number of councils which sought to address problems in social services with greater urgency because they were seen as the key to obtaining a better overall rating in future CPA exercises.

Box 7.13: The improvement effect of inspection

"Our BFI inspection was summer 2000 which was when we were kind of in the middle of the BVR. That was really helpful actually, although what they said was mostly quite critical it did help to raise the ante on the review saying that we needed to do something quite major."

"So when they came and gave us a bad result, rather than taking our bat home we wanted to prove them wrong . . ."

"I think in council tax it [inspection] helped . . . it made us speed it up . . . I think clear assessments are helpful."

"The Audit Commission coming in and saying 'this is a key standard' . . . them highlighting that meant that complaints are now very firmly under this project . . . so that was helpful, that sort of gave it the clout and I think it raised some awareness, particularly with members."

"Constant inspection focuses the mind.....inspection was a big driver."

Many of the officers and members whom we interviewed expressed disappointment that, according to them at least, inspectors rarely made helpful suggestions for tangible changes to improve a service. They would prefer them not just to diagnose problems but also to offer solutions.

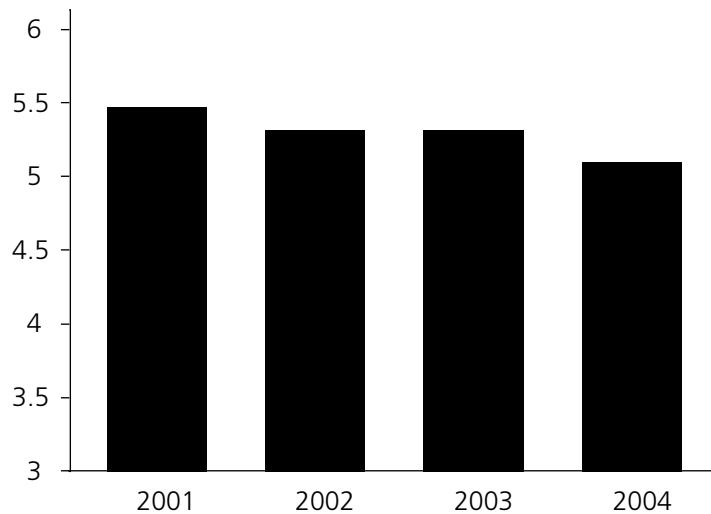
Where inspections had a positive impact on performance it was often working in tandem with Best Value reviews, reinforcing the need for change. In a number of the case studies interviewees reported that inspections had empowered them to make changes that would not previously have been possible. In others it had encouraged authorities to seek out and embrace more radical proposals for change than they would otherwise have contemplated and helped to stiffen members' resolve to stand by difficult decisions.

Central government policies

Best Value and a range of other policies introduced over the last 10 years are widely seen as having been driven centrally. It is important not to exaggerate the degree to which they have been imposed on councils. In practice many policies have been modelled on existing good practice at local level and most have the support of the Local Government Association and individual authorities that have vied with each other to pilot Best Value or be included in the first tranche of LPSAs and LAAs. Best Value and other policies are therefore perhaps best seen as an attempt by central government to encourage the wider adoption of existing good practice.

The evidence from our surveys suggests that central government policies have been one of the main drivers of improvement over the period of the study, but that their significance decreased year on year (Figure 7.32). The evidence from the case studies suggests that this is because over time many of the practices and attitudes that government initiatives have sought to encourage have become part of 'mainstream' management.

Figure 7.32: Central government policies have been a significant driver of improvement



Central government policies were mentioned as a driver of change in seven of the 42 reviews that we tracked in detail. Four of these were focussed on waste collection or disposal where central government has legislated to give effect to European Directives which seek to limit the landfill of biodegradable waste by fining local authorities which do not meet ambitious targets for reductions in landfill (Box 7.14).

Box 7.14: Service improvement through targets and fines

“The big driver for the government isn’t just recycling targets, it’s about reducing the amount that is going into landfill...If we as a county haven’t started to...reduce the volume of waste by 2010 it was estimated recently that you know we could be getting serious fines. I think it was something like £3 million by 2010 going up to like £20 million and that’s on a current landfill bill of £8 million so it’s going to be serious amounts of money if we don’t start, not dealing with recycling but dealing with our residual waste as well” (Review 24).

‘There are rapid changes taking place in the waste field so we justified an extra six staff in the team and an extra couple of million in the budget to deal with statutory recycling targets and the new European Directives that are beginning to bear on waste which changes the way we are doing things and tends to put costs up to satisfy environmental requirements’ (Review 10).

Central government policy impacts less dramatically, but still significantly in a number of other areas of service improvement (Box 7.15).

Box 7.15: Service improvement through context and focus

“You could say that it was a happy coincidence that two or three months after the review the NHS plan was published and 70-80% of what we had in our vision was there. There was a huge congruence of what we had already come out with in the review . . . If the NHS plan hadn’t been produced I’m not sure how successful implementation would have been.”

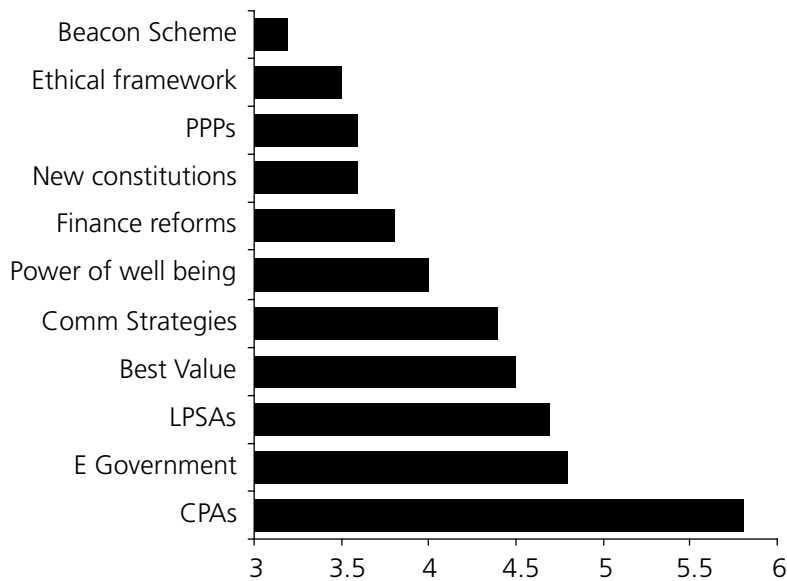
“Central government policy was sometimes seen less as driver of improvement, and more as a context within which they had to improve. For example, there were significant changes to the licensing system which meant that the service had to anticipate how they would respond to the new workload.”

“In one review central government policy had increased the focus on looked after children as a result of Every Child Matters, which had pushed the issue of looked after children up the agenda locally.”

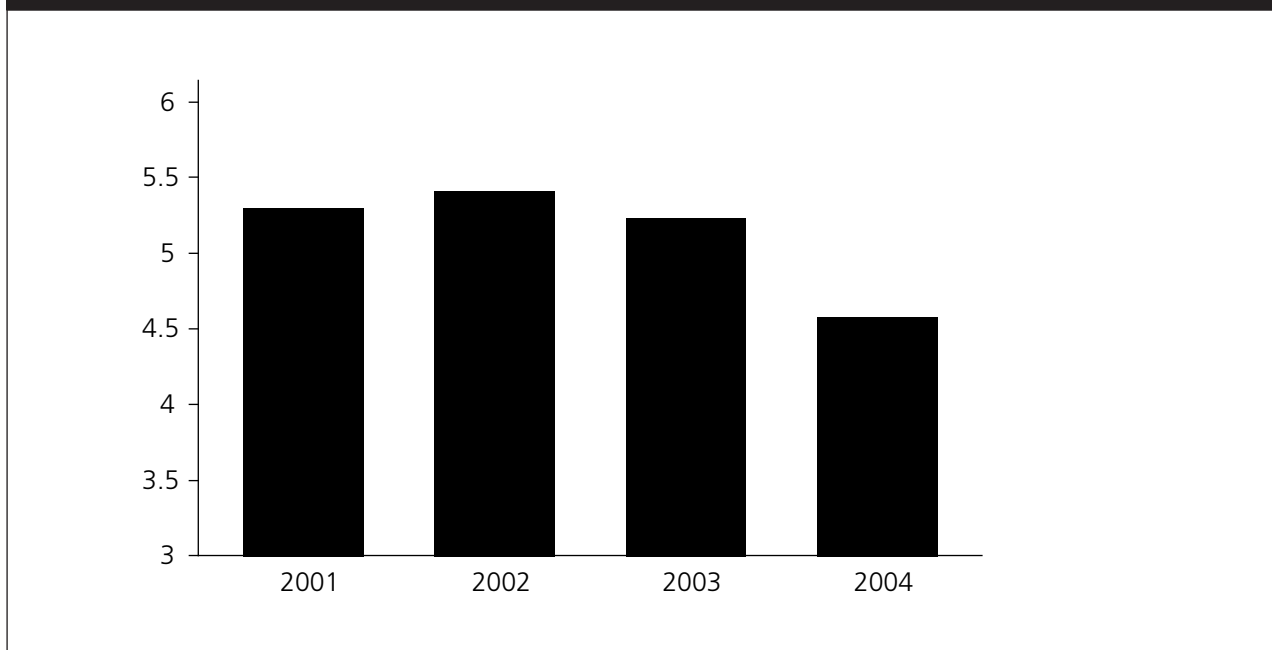
As noted above, e-government targets and the additional resources that the government has provided for the adoption of new information and communications technology have also been significant drivers of change.

The evidence suggests that some government policies have been more influential than others and that the relative importance has varied over time (Figure 7.33).

Figure 7.33: Government policies as drivers of improvement



The Best Value regime was perceived to be the most important driver of improvement at the outset of the study, but over time it became less significant as the changes described in earlier chapters took effect (Figure 7.31). But, contrary to the widespread view that it has been abandoned altogether, it still ranked among the top four drivers of improvement by the end of the study (Figure 7.32). More recent policies, notably the CPA, LAAs and LSPs, were all rated as important drivers in 2004, as was the Government’s e-government strategy.

Figure 7.34: Best Value has been a significant driver of improvement

Although there has been widespread concern about ‘initiative overload’, particularly among smaller authorities, evidence from some of the case studies suggests that there has been benefit in both fine-tuning individual policies and adding new policies over time. The meta-evaluation, funded by the Department, has found that many authorities now perceive there to be a greater coherence to government policies than there was at the outset of the Best Value regime. Policies such as CPA, LSPs, and LAAs are for example seen as interacting in a positive fashion (Downe and Martin 2006).

Summary

- There are a number of drivers of improvement which were not key elements of the original Best Value performance management framework, but which have been encouraged by the Best Value regime and other recent government policies.
- There was strong evidence from our tracking of case study reviews that 11 factors were important in promoting improvement:
 - The quality of leadership by officers and/or politicians;
 - Reorganisation and re-engineering of services;
 - The existence of performance-oriented culture;
 - The introduction of robust targets and performance management;
 - The use of markets and competition;
 - Attitudes towards partnership working;
 - User focus and engagement;
 - The adoption of new information and communications technology;

- External inspection; and
- Central government policies.
- There was additional evidence from rigorous test of our survey data and performance measures of the importance of six of these measures:
 - Leadership by managers;
 - The use of robust targets and performance management systems;
 - The existence of performance oriented culture;
 - The introduction of robust targets and performance management;
 - The use of markets and competition; and
 - The adoption of new ICT.
- The impact of these drivers varies between different measures of performance (some are associated with improvements in efficiency, others with user satisfaction scores and so forth), and there is no 'one size fits all' approach that can be applied to all services in all authorities. However, taken together, these factors are important in determining service improvement.

Chapter 8

Conclusions

Introduction

A report of this kind would normally end with a series of detailed recommendations about how to improve the effectiveness of the particular policy that has been evaluated. We have presented detailed conclusions of this kind in some of the previous internal notes and published reports that we have prepared for the Department. However, the changes that have taken place over the last five years mean that the original Best Value regime has been replaced by other more recent policies.

We therefore conclude this report by summarising our overall conclusions about the implementation and impact of the Best Value regime and then highlighting some wider lessons that are relevant to future policy.

Overall conclusions

The three overall conclusions from the five-year evaluation of the implementation and impact of Best Value are:

- Most authorities implemented most of the key elements the Best Value regime. The exception was the requirement that reviews included tests of competitiveness – a significant proportion of reviews did not do this;
- Along with other recent government policies, the Best Value regime had a significant impact on the organisational characteristics and management practices of English local authorities and encouraged many of the changes that the government intended that it would;
- There is strong evidence of a positive association between performance of services and the changes encouraged by the Best Value regime.

Set against these positive impacts the evaluation has found evidence that there were three main difficulties associated with the regime:

- Smaller authorities in particular found it difficult to respond effectively to number and range of different initiatives and the speed at which they have come and gone;
- The performance framework placed significant new burdens on authorities and the growth of inspection has consumed large amounts of time, effort and funding at local and national levels;
- Policies may not have been sufficiently attuned to the different circumstances of different authorities and the determinants of performance in different services.

Wider lessons

In addition to these findings relating specifically to the Best Value regime, the evidence has highlighted a number of wider lessons that may be relevant to future policy.

Government policies

Some local authorities argued that they would have adopted many of the changes that we have reported without the encouragement given by government policies, but the evidence we have gathered suggests that in general change would not have happened so rapidly or been so widespread in the absence of the strong central push.

Clearly, it is necessary to strike a balance between central prescription and inspection on the one hand and local initiative and innovation on the other. But the experience of the Best Value regime suggests that there is an important role for the centre to play in promoting change at local level.

That said, it is important to tailor policies to the circumstances of individual authorities and different types of authorities (including large and smaller authorities and good and poor performers). This could involve, for example, an enhanced role for government regional offices that are closer to the ground and can therefore fine-tune policies to the needs of individual authorities in a way that Whitehall departments can not be expected to.

Central government also needs to pay more attention to the combined and cumulative impact of its policies on local authorities. There needs to be more effective co-ordination of the policies of different departments and to this end the government needs to take a 'whole system' view of the volume and scale of new initiatives that authorities can reasonably be expected to respond to at any one time.

Imperatives for change

The evidence suggests that the best performing authorities have performance-oriented cultures. This in turn often depends on there being a strong imperative for improvement which can take many forms including rising user expectations, inspection reports, government requirements for efficiency savings, peer pressure, externally imposed targets and minimum standards, external sanctions for poor performance, 'earned autonomy', self-imposed targets for improvement, pressure on resources, media campaigns and so forth.

External pressure need not therefore come from prescription and inspection by central government. It could be generated by other mechanisms such as highlighting and transferring good practice may prove as valuable and these could be co-ordinated by the LGA, the IDeA and/or other agencies. But it is important that such pressures exist.

Leadership

One of the most important features of Best Value reviews was that they provided service managers with an opportunity to secure support for changes that they could not otherwise have been able to implement. Conversely though, where there was no real appetite for significant change – either at service and/or corporate level – review teams often simply went through the motions, producing recommendations which were too modest to lead to significant improvement.

This highlights the importance of effective leadership at both corporate and service level. The former provides a framework within which changes in the ways services are delivered can be contemplated or even insisted upon. The latter identifies and sees through the detailed changes in service delivery which produce improvements 'on the ground'.

Mechanisms for change at service level

As well as incentives to achieve changes, authorities need to be able to identify how improvements can be achieved 'on the ground'. Mechanisms for improvement take a variety of forms including internal restructuring, the use of new technology and new forms of partnership working and the evidence that their effectiveness and the ease with which they can be implemented varies between services.

Government policies (particularly CPA) have encouraged the development of improved better performance management, a stronger focus on improvement and enhanced corporate capacity, but they do not enable authorities to identify mechanisms for redesigning particular services in the way in which rigorous Best Value reviews did.

The issues to be addressed will vary from authority to authority and service to service, as will the availability, ease of application and cost of alternative approaches. It is not therefore appropriate to insist on a 'one size fits all' approach to reviews. In some cases the 'four Cs' approach was useful; in others the time and resources needed to implement this very comprehensive approach was out of all proportion to the benefits that could be gained. Authorities should therefore adopt a flexible but rigorous approach to service performance reviews that deploys the most relevant forms of enquiry and challenge on a case by case basis.

The experience of Best Value also shows that many authorities are disinclined to undertake service level performance reviews unless required to do so and unless they have to report on progress and outcomes. This does not necessarily mean that reviews have to be inspected. But it does suggest that there is a need for them to document what reviews they are undertaking, the purpose of reviews and the impacts which they have. This information could be subject to external scrutiny by auditors, inspectors or central government and/or might be reported to the public.

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Annex 1 The Principles of Best Value

The 12 principles of Best Value were:

1. The duty of Best Value is one that local authorities will owe to local people, both as taxpayers and the customers of local authority services. Performance plans should support the process of local accountability to the electorate.
2. Achieving Best Value is not just about economy and efficiency but also about effectiveness and the quality of local services. The setting of targets and performances against these should therefore underpin the new regime.
3. The duty should apply to a wider range of services than those now covered by CCT. Details will be worked up jointly with Departments, the Audit Commission and the LGA.
4. There is no presumption that services must be privatised and, once the regime is in, there will be no general requirements for Councils to put their services out to tender but there is no reason why services should be delivered directly if other more efficient means are available. What matters is what works.
5. Competition will continue to be an important management tool, a test of Best Value and an important feature in performance plans. But it will not be the only management tool and is not in itself enough to demonstrate that Best Value is being achieved.
6. Central government will continue to set the basic framework for service provision, which will in some areas, as now, include national standards.
7. Detailed local targets should have regard to any national targets and to performance indicators and targets set by the Audit Commission in order to support comparative competition between authorities and groups of authorities.
8. Both national and local targets should be built on the performance information that is, in any case, needed by good managers.
9. Auditors will confirm the integrity and comparability of performance information.
10. Auditors will report publicly on whether Best Value has been achieved and should contribute constructively to plans for remedial action. This will include agreeing measurable targets for improvement and reporting on progress against an agreed plan.
11. There should be provision for intervention at the direction of the Secretary of State on the advice of the Audit Commission when an authority has failed to take agreed remedial action or has failed to achieve realistic targets for improvement.
12. The form of intervention should be appropriate to the nature of failure. Where an authority has made limited use of competition and, as an exception to the usual rule, intervention may include a requirement that a service or services should be put to competition. Intervention might also take the form of a requirement that an authority should accept external management support and may relate either to specific services or to the core management of the Council.

Annex 2 Differences by authority type

| Question | | 2001 | | | 2004 | | |
|--|----------|------|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| The authority/service welcomes partnership with the private sector | County | 235 | 4.71 | C>D, M, U | 271 | 5.75 | M, C>D |
| | District | 265 | 3.85 | L>D | 269 | 5.48 | |
| | Metro | 307 | 4.10 | | 304 | 5.83 | |
| | LB | 240 | 4.39 | | 244 | 5.71 | |
| | Unitary | 228 | 4.26 | | 218 | 5.65 | |
| | Total | 1275 | 4.24 | | 1306 | 5.69 | |
| There is a well developed framework of clear performance measurement and targets to drive what we do | County | 236 | 5.00 | L>C, D, M | 270 | 5.82 | C, M, L>D |
| | District | 264 | 4.96 | | 269 | 5.20 | M, L > U |
| | Metro | 307 | 5.10 | | 306 | 5.92 | |
| | LB | 244 | 5.49 | | 243 | 5.98 | |
| | Unitary | 227 | 5.20 | | 217 | 5.56 | |
| | Total | 1278 | 5.15 | | 1305 | 5.70 | |
| Our management information systems enable me to judge progress towards meeting goals and targets | County | 233 | 4.37 | L>C | 271 | 5.25 | C, M, L>D |
| | District | 264 | 4.67 | | 267 | 4.76 | |
| | Metro | 304 | 4.52 | | 304 | 5.21 | |
| | LB | 244 | 4.78 | | 242 | 5.30 | |
| | Unitary | 227 | 4.62 | | 216 | 4.97 | |
| | Total | 1272 | 4.59 | | 1300 | 5.10 | |
| Political leadership | County | 233 | 4.89 | L>D, M, U | 269 | 5.18 | C, M, L>D |
| | District | 265 | 4.59 | | 265 | 4.54 | C, M > U |
| | Metro | 304 | 4.88 | | 304 | 5.16 | |
| | LB | 246 | 5.28 | | 240 | 4.98 | |
| | Unitary | 227 | 4.81 | | 216 | 4.55 | |
| | Total | 1275 | 4.89 | | 1294 | 4.90 | |
| Managerial leadership/ key individuals | County | 232 | 5.78 | — | 162 | 6.12 | M>D |
| | District | 265 | 5.66 | | 157 | 5.78 | |
| | Metro | 306 | 5.89 | | 212 | 6.19 | |
| | LB | 246 | 5.88 | | 166 | 6.11 | |
| | Unitary | 225 | 5.74 | | 136 | 5.95 | |
| | Total | 1274 | 5.79 | | 833 | 6.04 | |
| Extra resources | County | | | | 264 | 4.67 | C, M>D |
| | District | | | | 261 | 4.11 | C, M, L>U |
| | Metro | | | | 302 | 4.65 | |
| | LB | | | | 241 | 4.52 | |
| | Unitary | | | | 215 | 4.05 | |
| | Total | | | | 1283 | 4.42 | |
| Inspectors reports | County | 234 | 4.67 | M>C, D, L, U | 264 | 5.03 | C, M>L |
| | District | 264 | 4.59 | | 263 | 4.71 | M>D |
| | Metro | 306 | 5.19 | | 301 | 5.19 | |
| | LB | 244 | 4.75 | | 238 | 4.48 | |
| | Unitary | 226 | 4.81 | | 217 | 4.89 | |
| | Total | 1274 | 4.82 | | 1283 | 4.88 | |

| Question | | 2001 | | | 2004 | | |
|---|----------|------|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| Users demands | County | 235 | 5.07 | — | 265 | 4.98 | M, L>D |
| | District | 263 | 5.16 | | 267 | 4.78 | |
| | Metro | 305 | 5.32 | | 300 | 5.20 | |
| | LB | 245 | 5.11 | | 237 | 5.17 | |
| | Unitary | 227 | 5.28 | | 217 | 5.10 | |
| | Total | 1275 | 5.19 | | 1286 | 5.04 | |
| New technologies | County | 234 | 4.87 | — | 265 | 4.76 | C, D, M>U |
| | District | 264 | 4.63 | | 266 | 4.76 | |
| | Metro | 299 | 4.99 | | 300 | 4.86 | |
| | LB | 245 | 4.75 | | 239 | 4.67 | |
| | Unitary | 228 | 4.86 | | 216 | 4.28 | |
| | Total | 1270 | 4.82 | | 1286 | 4.69 | |
| Central government policies | County | 233 | 5.69 | C, M, U > D | 266 | 4.66 | C, L, M, U>D |
| | District | 261 | 5.13 | C>L | 265 | 4.11 | |
| | Metro | 302 | 5.65 | | 301 | 4.90 | |
| | LB | 244 | 5.37 | | 239 | 4.73 | |
| | Unitary | 226 | 5.53 | | 217 | 4.61 | |
| | Total | 1266 | 5.47 | | 1288 | 4.61 | |
| The benefits of best value inspection outweigh its costs | County | 239 | 4.73 | D>C, M, U | 254 | 3.96 | — |
| | District | 265 | 5.21 | | 258 | 4.22 | |
| | Metro | 316 | 4.70 | | 299 | 4.29 | |
| | LB | 263 | 4.90 | | 224 | 4.33 | |
| | Unitary | 230 | 4.64 | | 213 | 4.17 | |
| | Total | 1313 | 4.84 | | 1248 | 4.19 | |
| Best Value reviews provided a rigorous challenge of the need for service(s) and approaches to providing them? | County | 198 | 5.12 | M>D | 66 | 5.19 | — |
| | District | 204 | 4.80 | | 81 | 4.93 | |
| | Metro | 242 | 5.27 | | 87 | 5.19 | |
| | LB | 217 | 5.03 | | 82 | 5.10 | |
| | Unitary | 185 | 5.23 | | 57 | 5.15 | |
| | Total | 1046 | 5.09 | | 373 | 5.11 | |
| Best value reviews provided consultation with the public | County | 198 | 4.25 | D>C | 66 | 4.64 | D>L |
| | District | 203 | 4.84 | | 81 | 5.09 | |
| | Metro | 242 | 4.53 | | 88 | 4.50 | |
| | LB | 215 | 4.65 | | 79 | 4.32 | |
| | Unitary | 182 | 4.73 | | 57 | 4.58 | |
| | Total | 1040 | 4.60 | | 371 | 4.63 | |
| Best Value reviews provided a rigorous test of the competitiveness of the services | County | 196 | 3.97 | L>M | 64 | 3.77 | — |
| | District | 203 | 3.55 | | 79 | 3.92 | |
| | Metro | 237 | 3.52 | | 87 | 3.67 | |
| | LB | 216 | 4.09 | | 79 | 3.75 | |
| | Unitary | 180 | 3.81 | | 57 | 3.33 | |
| | Total | 1032 | 3.78 | | 366 | 3.70 | |

Annex 3 Differences by CPA category

| Question | | 2002 | | | 2004 | | |
|--|----------------|------|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| The authority/service welcomes partnership with the private sector | Poor/weak | 18 | 5.27 | EG>PW | 8 | 5.34 | — |
| | Fair | 20 | 5.55 | | 14 | 5.66 | |
| | Excellent/good | 41 | 5.59 | | 51 | 5.68 | |
| | Total | 79 | 5.51 | | 73 | 5.64 | |
| There is a well developed framework of clear performance measurement and targets to drive what we do | Poor/weak | 18 | 5.12 | EG>PW, F | 8 | 5.65 | EG>F |
| | Fair | 20 | 5.28 | | 14 | 5.39 | |
| | Excellent/good | 41 | 5.72 | | 51 | 5.95 | |
| | Total | 79 | 5.48 | | 73 | 5.81 | |
| Our management information systems enable me to judge progress towards meeting goals and targets | Poor/weak | 18 | 4.30 | EG>PW, F | 8 | 4.79 | EG>PW |
| | Fair | 20 | 4.42 | | 14 | 4.91 | |
| | Excellent/good | 41 | 4.94 | | 51 | 5.31 | |
| | Total | 79 | 4.66 | | 73 | 5.17 | |
| Political leadership drives improvement | Poor/weak | 18 | 4.87 | EG>F | 8 | 5.13 | EG>F |
| | Fair | 20 | 4.76 | | 14 | 4.57 | |
| | Excellent/good | 42 | 5.34 | | 51 | 5.30 | |
| | Total | 80 | 5.09 | | 73 | 5.14 | |
| Managerial leadership/key individuals drives improvement | Poor/weak | 18 | 5.85 | EG>PW, F | 8 | 5.98 | — |
| | Fair | 20 | 5.95 | | 14 | 5.87 | |
| | Excellent/good | 42 | 6.23 | | 51 | 6.17 | |
| | Total | 80 | 6.07 | | 73 | 6.09 | |
| Extra resources drive improvement | Poor/weak | 18 | 3.90 | EG>PW | 8 | 4.22 | EG>F |
| | Fair | 20 | 4.07 | | 14 | 4.04 | |
| | Excellent/good | 42 | 4.47 | | 51 | 4.58 | |
| | Total | 80 | 4.24 | | 73 | 4.44 | |
| | Fair | 20 | 4.98 | | 14 | 5.21 | |
| | Excellent/good | 42 | 5.05 | | 51 | 4.86 | |
| | Total | 80 | 5.09 | | 73 | 5.00 | |
| | | | | | | | |
| Users demands drive improvement | Poor/weak | 18 | 5.04 | EG>PW | 8 | 5.01 | — |
| | Fair | 20 | 5.21 | | 14 | 5.14 | |
| | Excellent/good | 42 | 5.39 | | 51 | 5.21 | |
| | Total | 80 | 5.26 | | 73 | 5.18 | |
| New technologies drive improvement | Poor/weak | 18 | 4.50 | EG>PW, F | 8 | 4.53 | EG>F |
| | Fair | 20 | 4.53 | | 14 | 4.07 | |
| | Excellent/good | 42 | 4.88 | | 51 | 4.86 | |
| | Total | 80 | 4.71 | | 73 | 4.67 | |
| | Fair | 20 | 5.39 | | 14 | 5.07 | |
| | Excellent/good | 42 | 5.48 | | 51 | 5.24 | |
| | Total | 80 | 5.39 | | 73 | 5.17 | |
| | | | | | | | |
| The benefits of best value inspection outweigh its costs | Poor/weak | 18 | 4.90 | EG>PW | 8 | 4.62 | — |
| | Fair | 20 | 4.85 | | 14 | 4.55 | |
| | Excellent/good | 42 | 4.46 | | 51 | 4.35 | |
| | Total | 80 | 4.65 | | 73 | 4.42 | |

| Question | 2002 | | | | 2004 | | |
|---|----------------|----|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| Best Value reviews provide a rigorous challenge of the need for service(s) and approaches to providing them | Poor/weak | 18 | 5.46 | EG>F | 8 | 4.97 | — |
| | Fair | 19 | 5.42 | | 14 | 5.16 | |
| | Excellent/good | 40 | 5.68 | | 50 | 5.13 | |
| | Total | 77 | 5.57 | | 72 | 5.12 | |
| Best Value reviews provide a rigorous comparison of performance in relation to other providers | Poor/weak | 18 | 5.16 | EG>F | 8 | 4.54 | — |
| | Fair | 19 | 5.07 | | 14 | 5.04 | |
| | Excellent/good | 40 | 5.39 | | 50 | 5.12 | |
| | Total | 77 | 5.26 | | 72 | 5.04 | |

Annex 4 Differences by service

| Question | | 2001 | | | 2004 | | |
|--|-----------------------|------|------|------------------------|------|------|-----------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| The authority/service welcomes partnership with the private sector | benefits and revenues | 122 | 3.75 | SS>Benefits | 91 | 5.24 | Leisure>Benefits, Ed |
| | leisure and culture | 151 | 4.28 | | 105 | 5.90 | SS>Ed |
| | education | 100 | 4.04 | | 89 | 5.20 | Waste>Benefits, Ed |
| | housing | 119 | 4.18 | | 94 | 5.53 | |
| | planning | 111 | 4.02 | | 82 | 5.61 | |
| | social services (SS) | 110 | 4.56 | | 70 | 5.91 | |
| | waste management | 122 | 4.48 | | 121 | 5.88 | |
| | Total | 835 | 4.19 | | 652 | 5.62 | |
| There is a well developed framework of clear performance measurement and targets to drive what we do | benefits and revenues | 122 | 5.32 | — | 91 | 5.95 | SS>Leisure |
| | leisure and culture | 150 | 5.13 | | 105 | 5.49 | Benefit>Leisure |
| | education | 100 | 5.33 | | 90 | 5.90 | |
| | housing | 119 | 5.28 | | 94 | 5.59 | |
| | planning | 112 | 5.15 | | 82 | 5.85 | |
| | social services | 111 | 5.38 | | 70 | 6.13 | |
| | waste management | 122 | 5.19 | | 121 | 5.78 | |
| | Total | 836 | 5.25 | | 653 | 5.79 | |
| Inspectors reports | benefits and revenues | 121 | 4.55 | SS>Benefits, Leisure | 91 | 4.84 | Housing>Leisure (10%) |
| | leisure and culture | 152 | 4.22 | SS> Waste | 103 | 4.50 | Housing>Waste (10%) |
| | education | 100 | 5.11 | Ed>Leisure, Waste | 89 | 5.25 | |
| | housing | 118 | 4.98 | Housing>Leisure, Waste | 94 | 5.38 | |
| | planning | 109 | 4.87 | Planning>Leisure | 80 | 4.68 | |
| | social services | 111 | 5.35 | | 70 | 5.24 | |
| | waste management | 123 | 4.29 | | 119 | 4.54 | |
| | Total | 834 | 4.73 | | 646 | 4.89 | |

| Question | | 2001 | | | 2004 | | |
|--|-----------------------|------|------|-----------------------|------|------|---------------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| Users demands | benefits and revenues | 121 | 4.98 | Leisure >SS, Benefits | 91 | 4.86 | — |
| | leisure and culture | 151 | 5.47 | Housing > SS | 104 | 5.45 | |
| | education | 100 | 5.26 | | 88 | 5.03 | |
| | housing | 118 | 5.48 | | 94 | 5.26 | |
| | planning | 112 | 5.13 | | 82 | 5.02 | |
| | social services | 110 | 4.82 | | 70 | 4.96 | |
| | waste management | 123 | 5.21 | | 117 | 5.19 | |
| | Total | 835 | 5.20 | | 646 | 5.13 | |
| New technologies | benefits and revenues | 121 | 5.01 | — | 90 | 5.00 | Benefit> Waste |
| | leisure and culture | 151 | 4.84 | | 103 | 4.80 | Planning> Waste |
| | education | 99 | 4.95 | | 89 | 4.31 | |
| | housing | 119 | 4.76 | | 93 | 4.51 | |
| | planning | 110 | 4.79 | | 82 | 5.16 | |
| | social services | 108 | 4.56 | | 70 | 4.57 | |
| | waste management | 123 | 4.52 | | 119 | 4.16 | |
| | Total | 831 | 4.77 | | 646 | 4.62 | |
| Central government policies | benefits and revenues | 120 | 4.99 | Ed>Benefit, Leisure, | 91 | 4.69 | SS>Benefits, Leisure, Ed, |
| | leisure and culture | 151 | 5.27 | Planning, Waste | 104 | 4.87 | Planning, Waste |
| | education | 99 | 5.95 | SS>Benefits, Leisure, | 90 | 5.30 | |
| | housing | 119 | 5.61 | Planning, Waste | 94 | 5.26 | |
| | planning | 107 | 5.19 | Housing> Benefits | 81 | 4.93 | |
| | social services | 111 | 6.03 | | 69 | 5.90 | |
| | waste management | 121 | 5.50 | | 119 | 5.17 | |
| | Total | 828 | 5.48 | | 648 | 5.13 | |
| The benefits of best value inspection outweigh its costs | benefits and revenues | 130 | 5.10 | Leisure> Housing, SS | 77 | 4.82 | — |
| | leisure and culture | 150 | 5.19 | | 99 | 4.48 | |
| | education | 107 | 4.79 | | 81 | 4.47 | |
| | housing | 125 | 4.44 | | 91 | 4.59 | |
| | planning | 108 | 4.84 | | 80 | 4.78 | |
| | social services | 114 | 4.60 | | 63 | 3.98 | |
| | waste management | 125 | 4.88 | | 115 | 4.35 | |
| | Total | 859 | 4.85 | | 606 | 4.50 | |

| Question | | 2001 | | | 2004 | | |
|---|-----------------------|------|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| Best Value reviews provided a rigorous comparison of performance in relation to other providers | benefits and revenues | 77 | 4.36 | Housing>Benefit, SS | 23 | 5.22 | — |
| | leisure and culture | 93 | 4.86 | SS>Planning | 21 | 5.32 | |
| | education | 69 | 4.66 | | 26 | 4.99 | |
| | housing | 92 | 5.19 | | 40 | 5.03 | |
| | planning | 78 | 4.33 | | 26 | 4.47 | |
| | social services | 71 | 5.12 | | 27 | 5.64 | |
| | waste management | 86 | 4.79 | | 41 | 5.18 | |
| | Total | 566 | 4.77 | | 204 | 5.12 | |
| Best value reviews provided consultation with the public | benefits and revenues | 78 | 3.65 | Leisure>Benefit, Ed | 22 | 4.45 | — |
| | leisure and culture | 95 | 4.97 | Leisure>Housing, SS | 25 | 4.72 | |
| | education | 71 | 3.11 | Planning>Ed, SS | 25 | 3.68 | |
| | housing | 94 | 3.66 | Waste>Benefit, Ed | 40 | 3.75 | |
| | planning | 78 | 4.19 | Waste >Housing, SS | 25 | 4.52 | |
| | social services | 73 | 3.22 | | 29 | 3.62 | |
| | waste management | 87 | 4.92 | | 40 | 4.75 | |
| | Total | 576 | 4.01 | | 206 | 4.20 | |
| Best Value reviews provided a rigorous test of the competitiveness of the services | benefits and revenues | 76 | 2.54 | Waste >Benefits, SS | 22 | 2.86 | — |
| | leisure and culture | 95 | 3.03 | | 24 | 2.92 | |
| | education | 70 | 3.27 | | 23 | 2.65 | |
| | housing | 93 | 3.39 | | 39 | 2.92 | |
| | planning | 77 | 2.84 | | 25 | 3.20 | |
| | social services | 73 | 3.34 | | 27 | 3.33 | |
| | waste management | 85 | 3.93 | | 41 | 3.98 | |
| | Total | 569 | 3.20 | | 201 | 3.19 | |

Annex 5 Differences by type of respondent

| Question | | 2001 | | | 2004 | | |
|--|-----------|------|------|---------------------|------|------|---------------------|
| | | N | Mean | Multiple Comparison | N | Mean | Multiple Comparison |
| The authority/service welcomes partnership with the private sector | Corporate | 167 | 4.52 | C>S | 179 | 5.53 | M>C, M>S |
| | Service | 839 | 4.20 | | 659 | 5.62 | |
| | Member | 269 | 4.22 | | 468 | 5.85 | |
| | Total | 1275 | 4.24 | | 1306 | 5.69 | |
| There is a well developed framework of clear performance measurement and targets to drive what we do | Corporate | 167 | 4.83 | S>C, S>M | 179 | 5.62 | S>M |
| | Service | 840 | 5.25 | | 660 | 5.79 | |
| | Member | 271 | 5.01 | | 466 | 5.61 | |
| | Total | 1278 | 5.15 | | 1305 | 5.70 | |
| Political leadership has driven improvement | Corporate | 167 | 5.00 | M>C>S | 175 | 5.45 | C>S>M |
| | Service | 838 | 4.60 | | 658 | 5.03 | |
| | Member | 270 | 5.71 | | 461 | 4.51 | |
| | Total | 1275 | 4.89 | | 1294 | 4.90 | |
| Extra resources have driven improvement | Corporate | | | | 175 | 4.06 | S>C |
| | Service | | | | 652 | 4.56 | |
| | Member | | | | 456 | 4.35 | |
| | Total | | | | 1283 | 4.42 | |
| Inspectors reports have driven improvement | Corporate | 166 | 4.75 | M>S, M>C | 175 | 5.39 | C>S, C>M, S>M |
| | Service | 838 | 4.73 | | 653 | 4.89 | |
| | Member | 270 | 5.13 | | 455 | 4.65 | |
| | Total | 1274 | 4.82 | | 1283 | 4.88 | |
| Users demands have driven improvement | Corporate | 166 | 4.93 | S>C, M>C | 174 | 5.15 | S>M, C>M |
| | Service | 839 | 5.21 | | 653 | 5.13 | |
| | Member | 270 | 5.31 | | 459 | 4.89 | |
| | Total | 1275 | 5.19 | | 1286 | 5.04 | |
| New technologies have driven improvement | Corporate | 167 | 4.73 | M>S, M>C | 174 | 4.97 | C>S, C>M |
| | Service | 835 | 4.77 | | 653 | 4.62 | |
| | Member | 268 | 5.01 | | 459 | 4.68 | |
| | Total | 1270 | 4.82 | | 1286 | 4.69 | |
| Central government policies have driven improvement | Corporate | 166 | 5.42 | | 175 | 4.95 | C>M, S>M |
| | Service | 832 | 5.49 | | 655 | 5.14 | |
| | Member | 268 | 5.46 | | 458 | 3.72 | |
| | Total | 1266 | 5.47 | | 1288 | 4.61 | |
| The benefits of best value inspection outweigh its costs | Corporate | 193 | 4.93 | | 176 | 4.41 | C>M, S>M |
| | Service | 862 | 4.84 | | 613 | 4.50 | |
| | Member | 258 | 4.76 | | 459 | 3.69 | |
| | Total | 1313 | 4.84 | | 1248 | 4.19 | |

Annex 6 Implementation of Best Value 2001–2004

| BV Process | | Paired Samples Test | Paired Differences | | |
|------------|-------------------|---|---------------------|-----|----------------------------------|
| No | Question Type | Question | 2001 – 2004 Mean | Sig | Std. Deviation |
| 9 | Inspection | Best Value inspection ensures that minimum standards of service delivery are achieved | -0.888 | *** | 0.958 Largest Improvement |
| 2 | Performance Plans | Performance plan was useful in measuring the progress of the authority and its departments on an annual basis | -0.788 | *** | 1.007 |
| 24 | Reviews | Reviews led to specific recommendations that will result in step change in performance. (CORPORATE) | -0.770 | *** | 1.566 |
| 7 | Performance Plans | Targets in the performance plan were ambitious | -0.681 | *** | 0.990 |
| 31 | Compare | Compare - other public sector providers | -0.668 | *** | 1.545 |
| 18 | BV Approach | Best Value is now part of our everyday management processes | -0.649 | *** | 1.732 |
| 3 | Performance Plans | I used the full performance plan on a regular basis to inform my actions | -0.611 | *** | 1.219 |
| 6 | Performance Plans | Targets in the performance plan were based on political priorities | -0.608 | *** | 1.085 |
| 16 | BV Approach | We have been able to achieve effective working between departments on cross-cutting reviews | -0.583 | *** | 1.654 |
| 10 | Inspection | The compliance costs of Best Value inspection for our service/authority are low | -0.500 | *** | 1.190 |
| 4 | Performance Plans | The targets in the full performance plan were agreed by all those who will be held responsible for meeting them | -0.490 | *** | 1.062 |
| 19 | Reviews | Best Value reviews provided a rigorous challenge of the need for service(s) and approaches to providing them? (CORPORATE) | -0.481 | *** | 1.485 |
| 38 | Consult | Consult – other local agencies | -0.455 | *** | 1.517 |
| 25 | Reviews | Reviews led to specific recommendations that will lead to the adoption of new approaches to service delivery. (CORPORATE) | -0.443 | *** | 1.429 |
| 13 | Inspection | Best Value inspectors have the appropriate expertise | -0.391 | *** | 1.036 |
| 5 | Performance Plans | The full performance plan contains a range of new local performance indicators to measure service delivery in our authority | -0.368 | *** | 1.255 |
| 23 | Reviews | Reviews led to specific recommendations to improve the performance of the authority/services (CORPORATE) | -0.349 | *** | 1.149 |
| 22 | Reviews | Best Value reviews provided a rigorous test of the competitiveness of the services (CORPORATE) | -0.326 | | 1.483 |

| BV Process | | Paired Samples Test | Paired Differences | | |
|------------|-------------------|---|---------------------|-----|----------------|
| No | Question Type | Question | 2001 – 2004 Mean | Sig | Std. Deviation |
| 12 | Inspection | Best Value Inspection leads us to focus unduly on the concerns of inspectors | -0.325 | *** | 1.069 |
| 8 | Performance Plans | Targets in the performance plan will be achieved | -0.277 | *** | 0.827 |
| 44 | Compete | Competitiveness – test opportunities for strategic alliances and partnerships | -0.239 | | 1.708 |
| 14 | BV Approach | Precise model for Best Value reviews | -0.215 | | 1.942 |
| 20 | Reviews | Best Value reviews provided a rigorous comparison of performance in relation to other providers (CORPORATE) | -0.183 | | 1.438 |
| 45 | Compete | Competitiveness – test for externalisation of the service | -0.177 | | 2.031 |
| 39 | Consult | Consult – local businesses | -0.133 | | 1.877 |
| 34 | Compare | Comparisons – outcomes | -0.123 | | 1.206 |
| 49 | Recommendations | Recommendations are ambitious | -0.098 | | 1.342 |
| 36 | Consult | Consult – the public as a whole | -0.093 | | 1.846 |
| 46 | Compete | Competitiveness – develop the market in order to encourage alternative providers | -0.075 | | 1.874 |
| 35 | Compare | Comparisons – performance | 0.002 | | 1.152 |
| 32 | Compare | Comparisons – generic management | 0.005 | | 1.597 |
| 28 | Challenge | Challenge – whether there were any new services needed | 0.014 | | 1.553 |
| 30 | Compare | Compare – other local authorities | 0.037 | | 1.112 |
| 26 | Challenge | Challenge – whether existing service should be provided at all | 0.051 | | 1.704 |
| 29 | Compare | Compare – private and voluntary sector | 0.051 | | 1.613 |
| 41 | Consult | Consult – trade union | 0.054 | | 1.648 |
| 21 | Reviews | Best Value reviews provided consultation with the public (CORPORATE) | 0.081 | | 1.463 |
| 48 | Recommendations | Recommendations will be implemented in two years | 0.106 | | 1.900 |
| 43 | Compete | Competitiveness – market test all or part of the service through open competition | 0.111 | | 2.062 |
| 53 | Recommendations | Recommendations will lead to more partnership working | 0.147 | | 1.442 |
| 50 | Recommendations | Recommendations are widely agreed and owned | 0.156 | | 1.550 |
| 37 | Consult | Consult – service users | 0.197 | * | 1.182 |
| 42 | Compete | Competitiveness – analyse the market | 0.201 | | 1.521 |
| 40 | Consult | Consult – front line staff | 0.204 | ** | 1.048 |

| BV Process | | Paired Samples Test | Paired Differences | | | |
|------------|-------------------|---|---------------------|-----|----------------|------------------------|
| No | Question Type | Question | 2001 – 2004 Mean | Sig | Std. Deviation | |
| 27 | Challenge | Challenge – whether existing approaches were best | 0.206 | * | 1.155 | |
| 11 | Inspection | The benefits of Best Value inspection outweigh its costs | 0.321 | *** | 1.091 | |
| 33 | Compare | Comparisons – costs | 0.359 | *** | 1.256 | |
| 54 | Recommendations | Recommendations will lead to more externalisation | 0.412 | *** | 1.620 | |
| 51 | Recommendations | Recommendations will lead to significant service improvement | 0.470 | *** | 1.412 | |
| 52 | Recommendations | Recommendations will lead to new approaches to service delivery | 0.548 | *** | 1.559 | |
| 47 | Recommendations | Recommendations will be implemented in full | 0.665 | *** | 1.478 | |
| 1 | Performance Plans | Summary Performance Plans worked well in enabling the public to hold the authority to account | 0.957 | | 0.735 | |
| 15 | BV Approach | Managing Best Value has been a major challenge for this authority | 1.725 | *** | 1.349 | |
| 17 | BV Approach | Best Value is officer-led at this authority | 2.667 | | 2.082 | Largest Decline |

Key: *** = p<0.01; ** = p<0.05; * = p<0.1

Notes: negative means indicate higher scores in 2004 compared to 2001

Annex 7 Organisational characteristics and management practices 2001-2004

| Paired Samples Test | | Paired Differences | | |
|---------------------|---|--------------------|-----|----------------------------------|
| No | Question | 2001 – 2004 | | |
| | | Mean | Sig | Std. Deviation |
| 17 | There are strong incentives for managers to achieve step change in performance in this service | -0.819 | *** | 0.997 Largest Improvement |
| 12 | The authorities mission and values are shared by all | -0.775 | *** | 1.060 |
| 8 | There are clear links between the objectives and priorities of the service and those of the authority as a whole | -0.736 | *** | 0.967 |
| 18 | This authority/service cares about its staff | -0.714 | *** | 0.904 |
| 35 | Providing existing services to new users | -0.695 | *** | 0.967 |
| 7 | There is a well developed framework of clear performance measurement and targets to drive what we do | -0.692 | *** | 0.968 |
| 33 | Providing new services to new users | -0.646 | *** | 1.026 |
| 16 | There is a strong focus on continuous improvement in our authority/service | -0.635 | *** | 0.844 |
| 34 | Providing new services to existing users | -0.634 | *** | 1.004 |
| 5 | Corrective action comes from the top | -0.600 | *** | 0.943 |
| 19 | There is a high level of trust between top-management and staff | -0.585 | *** | 0.973 |
| 4 | Centralisation | -0.567 | *** | 1.150 |
| 13 | The authority/service is prepared to take risks where appropriate | -0.455 | *** | 0.897 |
| 36 | Making minor modifications | -0.390 | *** | 1.037 |
| 20 | There is a high level of trust between officers and politicians | -0.358 | *** | 1.058 |
| 22 | When the service/authority formulates strategy, options are identified and evaluated before the best option is selected | -0.330 | *** | 0.837 |
| 1 | Written policies and procedures are important in guiding actions | -0.301 | *** | 0.744 |
| 14 | The authority/service is at the forefront of innovative approaches | -0.274 | *** | 0.951 |
| 21 | When the service/authority formulates strategy it is planned in detail | -0.243 | *** | 0.929 |
| 2 | There is extensive use of staff task and project groups | -0.238 | *** | 0.924 |
| 27 | Strategy develops through a process of bargaining and negotiation between groups or individuals | -0.228 | *** | 1.024 |
| 37 | Doing away with services | -0.222 | *** | 1.129 |
| 31 | Developing local strategic partnerships | -0.197 | ** | 0.989 |
| 28 | Strategy is made in consultation with our external stakeholders | -0.186 | *** | 0.841 |

| Paired Samples Test | | Paired Differences | | | |
|---------------------|---|--------------------|-----|----------------|-----------------------------|
| No | Question | 2001 – 2004 | | | |
| | | Mean | Sig | Std. Deviation | |
| 25 | Strategy develops through an ongoing process of adjustment | -0.180 | *** | 0.811 | |
| 6 | Control is devolved to service managers | -0.148 | * | 0.908 | |
| 15 | Most managers place the needs of users first and foremost when planning and delivering services | -0.133 | ** | 0.728 | |
| 11 | Enhancing co-ordination and joint working | -0.125 | * | 0.789 | |
| 26 | When we make strategy we produce broad goals and objectives | -0.120 | * | 0.759 | |
| 3 | Decentralisation | -0.071 | | 1.391 | |
| 24 | When we make strategy we produce policy options which are very similar to those we already have | -0.068 | | 0.757 | |
| 32 | Developing statutory partnerships | -0.019 | | 1.059 | smallest improvement |
| 9 | Internal communications | 0.121 | | 1.185 | smallest decline |
| 23 | The strategy with the greatest political support is usually adopted as our policy | 0.172 | *** | 0.751 | |
| 30 | Contracting out/outsourcing | 0.272 | *** | 1.228 | |
| 29 | Externalisation | 0.275 | ** | 1.422 | |
| 10 | External communications | 0.382 | *** | 1.228 | Largest Decline |

Key: *** = $p < 0.01$; ** = $p < 0.05$; * = $p < 0.1$

Notes: *negative means indicate higher scores in 2004 compared to 2000*