



*The Long-term Evaluation
of the Best Value Regime
Final Report*

Executive Summary



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1. 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.

2. 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 Assessments (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.

3. 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'.

4. Evidence base

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.

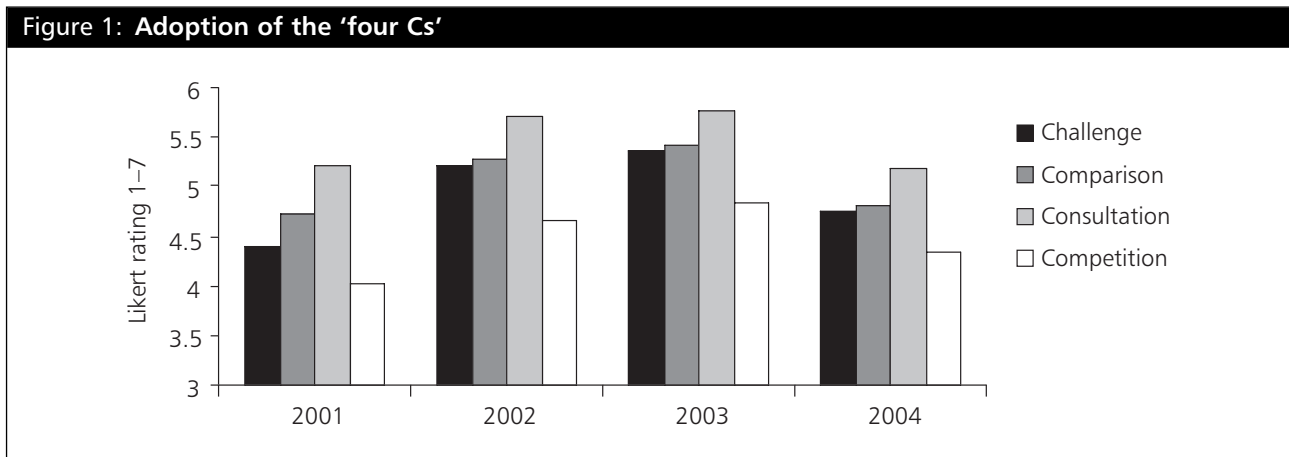
The evidence on which the evaluation is based was drawn from three main sources:

- Detailed tracking over time of the outcomes of more than 60 Best Value reviews in a sample of ten 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.

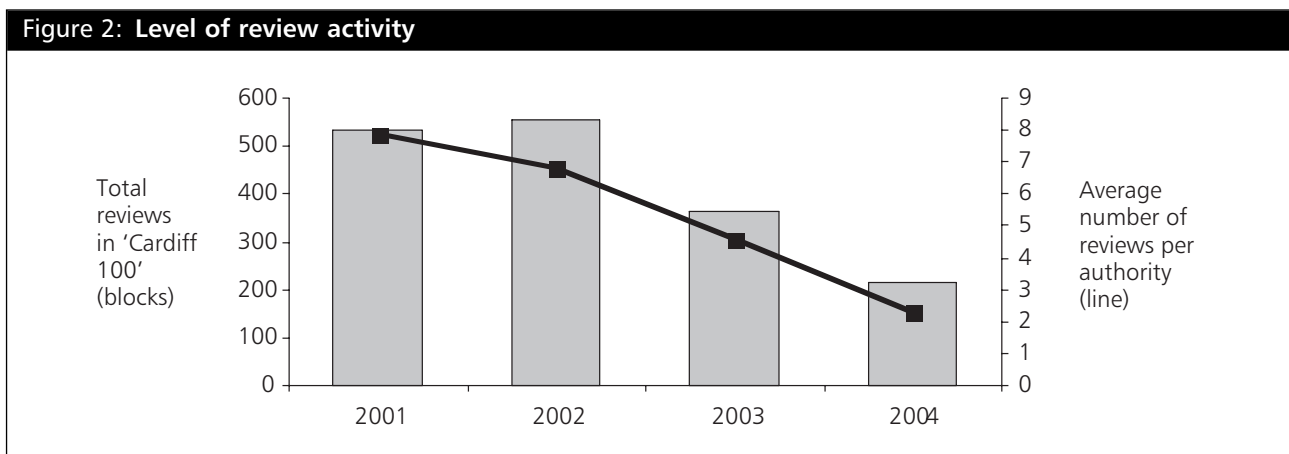
5. Implementation of Best Value

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 1, an increasing number of reviews adopted the four Cs between 2001 and 2003, but 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.



Our data also suggest 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 2 reports the level of review activity in the 100 authorities that we surveyed in 2001, 2002, 2003 and 2004.



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.

6. 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.

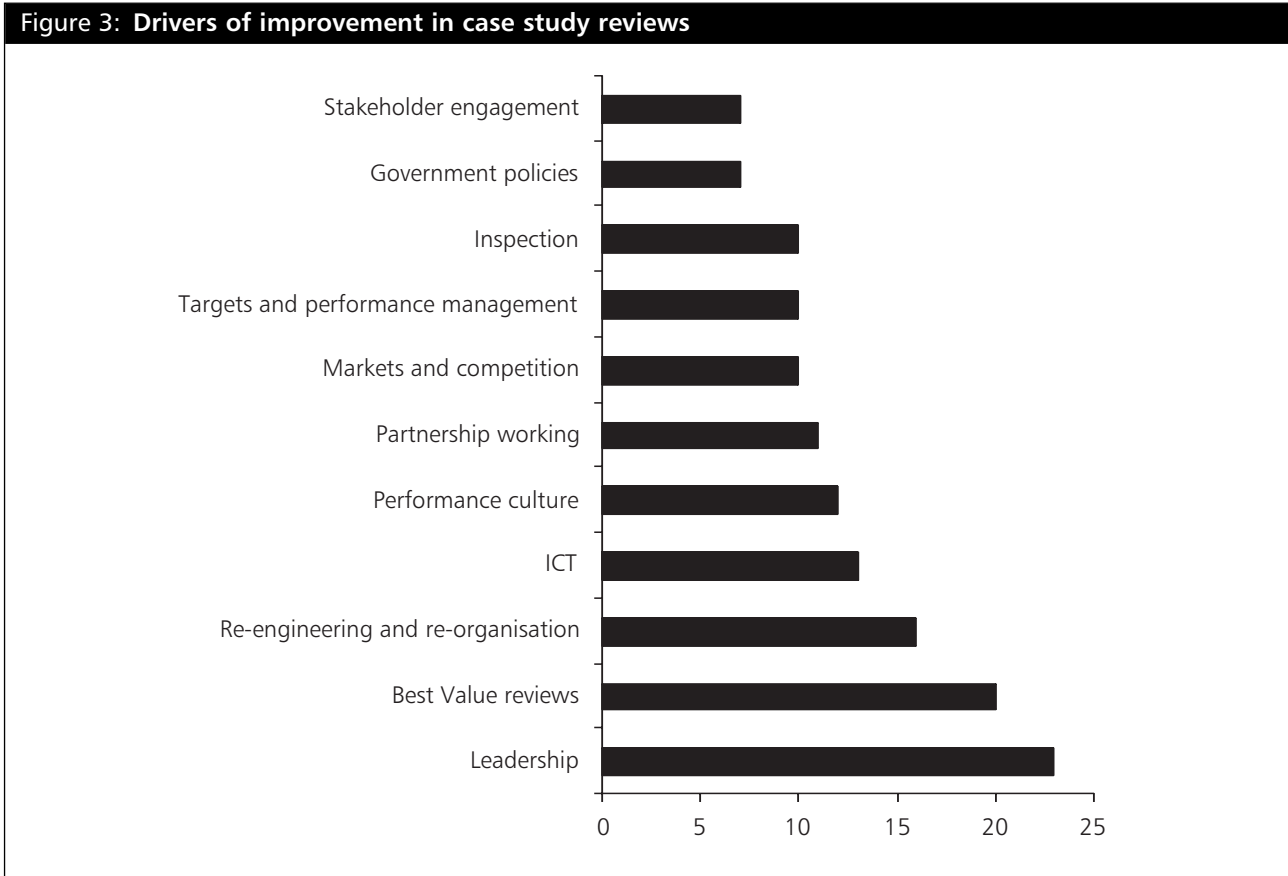
Overall district councils made less progress than did upper tier and unitary authorities in some of these areas, notably the development of new partnerships with the private sector and improvements in performance management systems. In many authorities the Best Value regime encouraged greater central 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.

7. 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

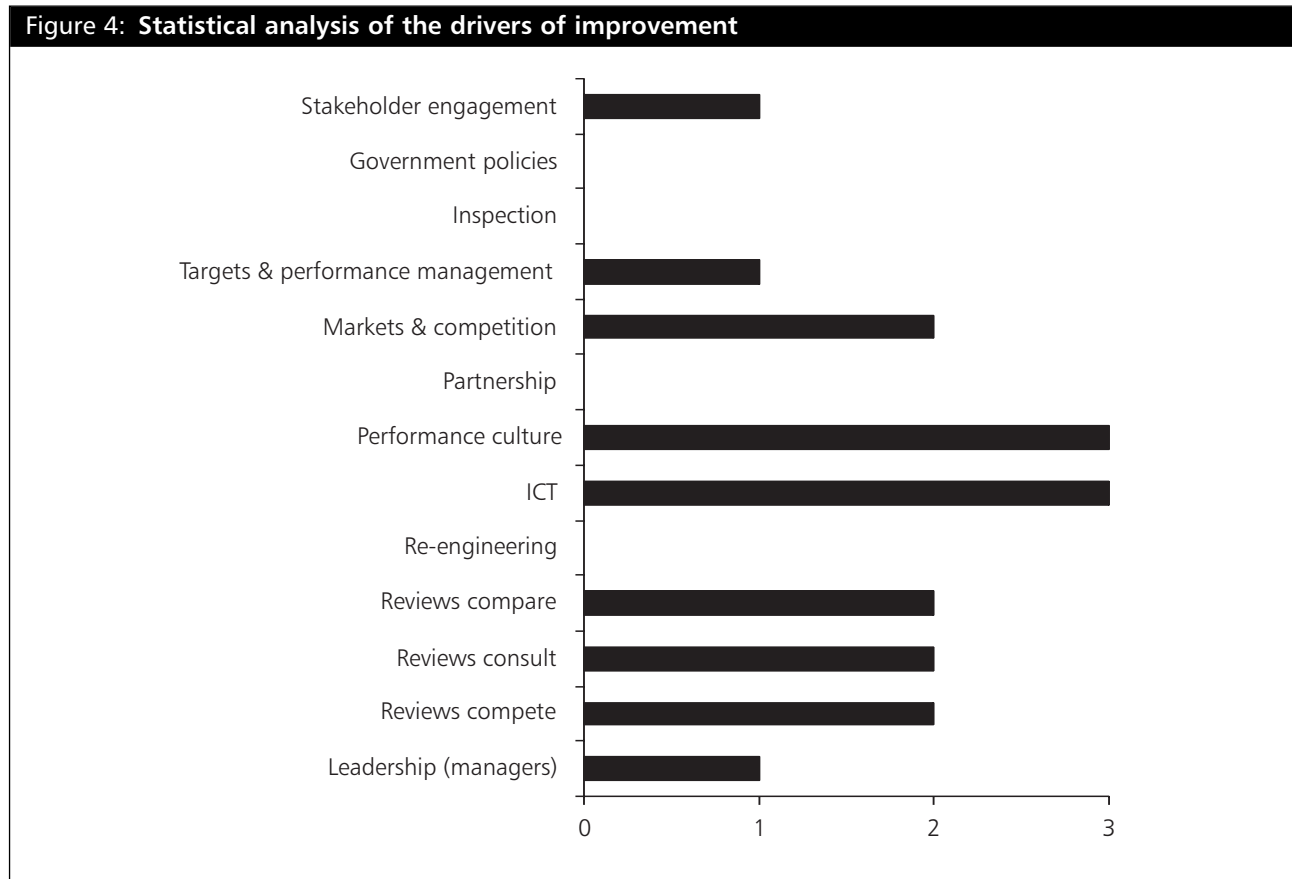
that some elements of the Best Value review methodology – notably comparison and consultation – led to change in their own right. In addition reviews helped to create the conditions in which other drivers of change – such as leadership, re-engineering, partnership working, the use of competition and improved performance management – could become more established. Figure 3 shows the number of reviews in which each of the main drivers of improvement played a positive role.



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 thirteen 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 4 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. These are detailed below.

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 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.

8. 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 performance reviews at service level.