



Service Quality



Office of the
Deputy Prime Minister
Creating sustainable communities

LOCAL AND REGIONAL
GOVERNMENT RESEARCH
PROGRAMME

Research Summary

Evaluation of the long-term impact of the Best Value regime: First interim report

Objectives

The Best Value regime requires local authorities to make arrangements to secure continuous improvement in the way functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Councils have to develop strategies to secure improvement and where appropriate conduct reviews to identify the most effective means of procuring services in consultation with local stakeholders. Their performance and prospects for improvement are subject to external inspection, which is summarised in Comprehensive Performance Assessments.

The Office of the Deputy Prime Minister has commissioned the Centre for Local and Regional Government Research at Cardiff University to study the impact of the Best Value regime between 2001 and 2005. The research is designed to provide an objective, rigorous and robust evaluation of:

In this issue...

	Page
• Objectives	1
• Methodology	2
• Data	2
• Implementing Best Value	3
• Internal changes	4
• The impact of Best Value	5
• Conclusions	5
• Further information	6

- 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.



Participation



Finance



Management



Regions

Methodology

The research is focused on three key sets of variables:

- Best Value processes – the ways in which local authorities implement the regime;
- Process outcomes – the impacts that the regime has upon the internal characteristics of authorities;
- Performance change – the impacts that the regime has on the economy, efficiency and effectiveness of local authority services.

The first report of the study (published in 2003) gave details of the ‘baseline’ position in 2001 in terms of the ways in which authorities were implementing Best Value, their internal characteristics and their performance. A second report, published in 2004, reported the findings of a survey of frontline staff. This is the third report from the study. It builds upon the baseline report by summarising the findings of the second year of the study analysing:

- Changes in the ways in which authorities implemented Best Value between 2001 and 2002;
- Changes between 2001 and 2002 in authorities’ internal characteristics (organisational structure, culture, processes of strategy formulation and the ways in which council services were procured and delivered (what the management literature call ‘strategy content’); and
- the links between Best Value and changes in authorities’ internal characteristics (i.e. process outcomes of the regime).

Data

This report is based on two large sets of first hand data collected by the research team:

- Findings of two surveys of more than 1,000 local authority officers and elected members in 87 authorities undertaken in 2001 and 2002; and

- Detailed analysis of 52 Best Value reviews in 11 case study authorities based on in-depth interviews with officers, members and other stakeholders conducted in 2002 and 2003.

Both the surveys and case studies secured good response rates. The first survey, which was conducted in 2001, secured a response rate of 58% (1,102 respondents); the second survey, which was conducted in 2002, secured a response rate of 65% (1,198 respondents).

The sample of authorities is broadly representative of English authorities as a whole in terms of a range of criteria including: performance, deprivation, geographical location and authority type.

The survey was sent to a carefully stratified sample of officers and elected members including:

- corporate officers (the chief executive, the head of policy and corporate Best Value officer);
- senior officers from seven key service areas (Revenues and Benefits, Leisure and Culture, Education, Housing Management, Planning, Social Services and Waste Management);
- council leaders and members with responsibility for overseeing the seven services.

Corporate officers were asked questions about the implementation of Best Value and process outcomes across the authority as a whole. Officers from the seven services were asked about their particular areas of responsibility.

The local authorities in which we examined Best Value reviews were selected on the basis of an analysis of population size, levels of deprivation, performance, political control, type of authority, responses to the 2001 survey and the need to ensure a geographical spread. The interviews in these authorities typically included a range of different groups including chief corporate, service managers, procurement managers, Best Value officers, elected members and external auditors.

We are therefore confident that the data collected provide a reliable guide to perceptions of the ways in which Best Value has been implemented and the changes that have taken place in authorities' internal characteristics.

Implementing Best Value

The research examined the ways in which authorities had implemented Best Value focusing in particular on the activities that the Best Value legislation and 1999 guidance require including:

- Development of a corporate strategy defining priorities, how these will be achieved and the criteria against which success is to be measured;
- Performance reviews to examine the purpose of functions and the most effective means of procuring services;
- Publication of annual performance plans setting out strategies and targets for improvement and criteria for monitoring progress; and
- External audit of performance plans and inspection of reviews.

The surveys in 2001 and 2002 used 52 measures of how Best Value had been implemented. These covered authorities' overall (corporate) approaches to Best Value and the ways in which reviews had been conducted in the seven service areas in which respondents worked.

Overall the results of the surveys demonstrated that most respondents believed their authorities had implemented the key elements of the Best Value regime and that over time increasing numbers of authorities were embracing the regime more wholeheartedly.

The survey findings echoed many of the conclusions of the evaluation of the Best Value pilot programme. They showed that:

- most respondents believed that the reviews undertaken by their authority had produced ambitious recommendations and would lead to significant improvements;

- reviews were more likely to have involved 'consultation' and 'comparison' than 'competition' or 'challenge';
- where competition had featured it was most likely to have involved an analysis of the market or the scope for partnership working. Attempts to develop new markets or the market testing of services were less common;
- more than eight in ten respondents believed that central government policies were a significant driver of improvement in their authority;
- the Best Value regime was seen as the most significant government policy that was driving improvement (followed by electronic service delivery, community planning and local public service agreements);
- There was widespread dissatisfaction with Best Value inspection, which respondents saw as being too time consuming and not necessarily assisting them to improve services.

The results of the 2001 survey suggested that authorities were implementing Best Value processes more fully than the Best Value pilot authorities had. Similarly, the results of the 2002 survey suggested further progression – respondents reported that their authorities were implementing Best Value processes to a greater degree than in 2001. In particular by 2002:

- 80% respondents believed that most or all of the reviews undertaken by their authorities involved what they considered to be a rigorous process of 'challenge' (compared to 63% in 2001);
- 68% believed that most or all of the reviews undertaken by their authority involved what they regarded as rigorous competition (compared to 53% in 2001);
- 55% reported that reviews involving competition were exploring the scope for new partnership working (compared to 43% in 2001);
- 87% believed that the recommendations from reviews were ambitious (compared to 77% in 2001); and

- 34% believed that inspectors had the necessary expertise (compared to 26% the previous year) and 35% believed that the benefits of inspection outweighed the costs (compared to 25% the previous year).

The proportion of respondents who regarded central government policies as an important driver of improvement decreased slightly between 2001 and 2002. However, they were still regarded as the second most significant external driver and the proportion of respondents who believed the Best Value regime was a significant driver of improvement increased from 74% to 79%.

The analysis of Best Value reviews in the case study authorities confirmed that councils were becoming more proficient at implementing Best Value. However, by the summer of 2003 when the researchers visited authorities for the second time, most authorities had either abandoned or scaled down and re-focused their review programmes. Interviewees reported that they were responding to new guidance from central government which they saw as placing much less emphasis on reviews and the Comprehensive Performance Assessments which they saw as encouraging improvement planning as opposed to reviews as the primary vehicle for securing improvement.

Internal changes

The surveys collected data about 37 measures of authorities' internal characteristics (their structures, culture processes of strategy formulation) and their approaches to service design and delivery.

The data demonstrated that in 2001 most respondents believed their authorities already possessed most of the internal characteristics that the Best Value regime is designed to encourage and the proportion who reported that their authorities had these characteristics had increased by 2002 in the case of 32 of the 37 measures.

In the case of 22 (69%) of these measures increases were statistically significant¹ and it can therefore be assumed that the data represent real

changes in respondents' perceptions of their authorities. Most of these measures related to culture, structures and approaches to the design and delivery of services. There was less evidence of statistically significant changes in the ways in which authorities formulated strategy, although the survey results indicated that there was increasing involvement of external stakeholders in the development of strategies and more widespread use of options appraisal in 2002 than in 2001.

By 2002:

- 76% of respondents reported that their authorities encouraged innovation (compared to 66% in 2001);
- 79% reported that their authorities encouraged appropriate risk taking (compared to 56% in 2001);
- 82% reported that their authorities were interested in developing public-private partnerships (compared to 44% in 2001);
- 85% reported that their authorities cared about staff (compared to 71% in 2001);
- 91% reported that there was a strong focus on improvement (compared to 82% in 2001).

Almost all respondents in 2002 believed that their authorities faced up to problems (94% of respondents) and were willing to change where necessary (93%). (The extent to which authorities focused on improvement, faced up to problems and were willing to change were key criteria used by the Audit Commission in its assessments of 'corporate capacity' in 2002 and 2003).

There were five measures in the survey data which indicated a decline in respondents' perceptions of their authorities' internal characteristics namely the importance which authorities attached to:

- internal communication;
- external communication;
- externalisation of services;
- contracting out of services; and
- political support for decisions.

¹ at least 0.05 significance level using t-tests of the overall means of the two survey samples.

However, the difference between the mean scores for 2001 and 2002 for externalisation, contracting out and political support for decisions were not statistically significant.

The analysis of Best Value reviews in the case study authorities suggested that there had been significant changes in internal culture, structures, processes and approaches to service delivery in some authorities but that these were patchy. Most of the 11 authorities had made some significant changes at the corporate levels and there were usually significant changes in some, but not all, of the services that the research team examined.

The impact of Best Value

The surveys indicate that respondents believed there to be a link between Best Value and the internal changes that they reported. The research team analysed the nature and statistical significance of the link using multiple regression models.

Best Value processes are likely to take some time to have an impact. The analysis therefore analysed evidence of a link between Best Value processes implemented in 2001 and internal changes that had apparently occurred over the following twelve months.

The analysis examined the relationship between internal changes in authorities and nine types of Best Value process: performance planning, inspection, an authority's overall (corporate) approach to Best Value, the overall rigour of Best Value reviews, the extent of challenge, competition, comparison and consultation in reviews, and the perceived robustness of their action plans.

The analysis identified 56 instances where there was a statistically significant link between these Best Value processes and the internal changes reported by survey respondents. The association between these processes and changes in culture were the strongest – on average they explained 40% of the variance, compared to 32% of the variance in approaches to the service design and delivery, 29% of the variance in internal structures and 24% of the variance in approaches to strategy formulation.

The analysis of the 52 Best Value reviews in the 11 case study authorities provided strong evidence that rigorous Best Value reviews which deployed all of the 'four Cs' were much more likely to produce recommendations for major changes than reviews where one or more of the 'four Cs' had been disregarded. There were some instances where major changes had occurred in spite of a weak Best Value review. However, Best Value had often acted as a catalyst for change. In many cases it was also seen as having accelerated the pace of change and/or led to changes on a larger scale than would otherwise have occurred.

Conclusions

The baseline report, published in 2003, suggested that one year into the Best Value regime, most local authority officers and members believed their councils were implementing most of the key elements of the regime well and already possessed most of the internal characteristics that the Best Value regime seeks to encourage.

The findings presented in this report show that by 2002 most believed that their organisations were embracing Best Value even more whole heartedly. In particular elements of the regime that had previously been the least widely adopted (for example competition and public-private partnership) were apparently becoming more common practice.

It also seems that there were significant changes in 2001/2002 in the internal culture and structures of many authorities and their approaches to the design and delivery of services. And the Best Value regime was cited by a very large majority of respondents as a key driver of improvement in their authorities.

All of this suggests an encouraging picture by 2002. Best Value processes appear to have been having a positive impact on the internal characteristics of many authorities and services at that stage and the kinds of changes that respondents reported were those that the Best Value regime was intended to encourage.

These results must though be interpreted with some caution. They are based on the perceptions of local authority officers and elected members

some of whom may have overestimated the scale of changes. And, whilst the results of the multivariate analysis suggest a link between some elements of the Best Value regime and changes within authorities, the number of cases of statistically significant relationships represented fewer than 3% of the tests run by the research team. Moreover, a fifth of the statistically significant relationships that were found were negative ones i.e. implementing Best Value appeared to have had an adverse effect on authorities' internal characteristics. On the other hand, at this relatively early stage in the study it would be surprising to find unequivocal evidence of a large number of statistically significant relationships between Best Value processes and internal changes in authorities.

The next stage of the study will build upon the analysis to date by examining changes in authorities' internal characteristics and approaches to service design and delivery between 2001 and 2003. It will also analyse the links between these changes and improvements in performance as measure by BVPIs and CPA scores. A key issue will be how authorities have responded to changes in the Best Value guidance (which places much less emphasis on reviews and performance plans than the earlier guidance) and what affect this has on performance improvement.

Further information

Copies of this summary and previous reports from the study are available on at the ODPM website:
www.odpm.gov.uk/localgovresearch/bestvalue

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