

BEST VALUE REVIEW FRAMEWORK

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1. Purpose

- 1.1 To propose an outline framework for the conduct of Best Value reviews and Member involvement in these.

2. Summary

- 2.1 The paper describes a review framework that includes key points at which political discussions can take place. The notion of corporate efficiency targets for each review is discussed and a flexible approach suggested.

3. Recommendations

- 3.1 That the review framework incorporating four key referral points, as **Annexed** to the report, be adopted.
- 3.2 That monthly meetings of the Best Value/CCT Sub-Committee be scheduled (paragraph 5.10).
- 3.3 That the principle of a flexible approach to efficiency targets be adopted with a target of up to 5% being set by the Best Value/CCT Sub-Committee (or its future equivalent) at the outset of each review (paragraph 5.16).

4. **Background**

- 4.1 The Local Government Act 1999 requires all local authorities to devise a programme of Best Value reviews and to publish it in the Local Performance Plan. The programme will have to cover all council functions over a five-year cycle.
- 4.2 In preparation for this, four Best Value pilot service reviews were commenced in November 1998. A programme of phase two pilot reviews is now beginning
- 4.3 Members were involved in the phase one pilot reviews through participation in the reference group set up for each review and through periodic reports to the Best Value/CCT Sub-Committee. Whilst this approach was designed to ensure close involvement, it was apparent that individual Members varied in the attention they were able to give each review. The heavier review load necessary to complete the required five-year programme of service reviews means that close involvement by members in reference groups will be even more impractical.

5. **Issues and Choices**

- 5.1 Although in many respects Best Value is a highly managerial approach to service improvement, being heavily based on data, technical assessments and comparisons with other providers, it is also highly political in that reviews will directly consider questions such as whether, to what level, and how, services should be provided.
- 5.2 A review framework is therefore required that will make provision for political direction and decisions throughout the course of each review. This framework must allow for the sizeable number of reviews that will need to be conducted in any one year. A diagram of a suggested framework is **Annexed** to this report and its principal features are described below.

Referral points

- 5.3 The key principle is that of identifying set points ("referral points") in each Best Value service review at which a political discussion can take place and appropriate decisions taken about the next steps. These referral points would be:
- (a) At the **outset of the review**, to agree terms of reference and project plans.
 - (b) After information about **the current position** has been collected, to consider the strengths and weaknesses of the service and decide on what is required in the next stage.
 - (c) When **evaluation of options** for the future delivery of the service is undertaken.
 - (d) When **action plans** for service improvement are to be considered.:

- 5.4 Such an approach would allow political input but avoid the need for close member involvement in each review, although such close involvement would be possible if it were felt to be desirable or necessary in a particular case.
- 5.5 A guide to service reviews was developed for the phase one pilots and is currently being revised to reflect learning from those reviews. The structure of the guide is being developed in line with the four key review phases identified here.

Frequency of Meetings

- 5.6 It will not be possible to manage an annual programme of reviews in such a way that each review will pass through the same phases at the same time. It will therefore be necessary for the Best Value/CCT Sub-Committee (or its equivalent under any new decision-making regime - see below) to meet more often than at present. It is suggested that monthly meetings would be appropriate and that these should be scheduled immediately in order to deal with the phase 2 reviews.

Options Appraisal at Phase 3

- 5.7 The extent of the review of future options for delivery of the service in phase 3 may depend to an extent on how well the service is judged to be performing currently. For example, if a service were judged to be performing poorly it may be necessary to explore future delivery options more extensively than would otherwise be the case. However, the recent draft Best Value guidance issued for consultation suggests that all reviews should include some consideration at least of a range of options for future service delivery. They must *'show that they have explored the full range of practical alternatives and considered the scope for fair and open competition'*. The guidance also points to authorities becoming more proactive in their approach to procurement. Further consideration of this developing context is required to ensure that any local approach is consistent with national requirements.

Targets

- 5.8 The Best Value Draft Guidance contains the following paragraph:

"Authorities need to take a corporate approach to improving efficiency, as well as improving overall effectiveness. The Performance Plan should set out how authorities have assessed the scope for improvements in efficiency, both in individual services and in the way the authority manages itself and its assets; how they propose to deliver better performance; and the scope for efficiency improvement that they expect to achieve. The government accepts that the scope for efficiency improvements will vary between authorities and services, but councils should ensure that their proposed aggregate efficiency gains are consistent with the 2 % per annum target set for local authority expenditure as a whole".

- 5.9 A corporate approach to efficiency savings could be built into the annual budget process but some councils have included corporate targets for efficiency improvements in their Best Value review frameworks. For example, the London Borough of Newham has set a target of 5 per cent efficiency savings to be identified by each Best Value review.

- 5.10 Such targets might be included in the Milton Keynes Council Review Framework. The way in which it would operate would need to be made clear. For example, the target could be a set figure which all reviews must achieve or it could be an aspirational target that reviews should aim for but may not necessarily achieve, although the reasons for non-achievement would need to be clearly explained
- 5.11 Given that the potential for efficiency savings will vary across services, it is suggested that a flexible approach be adopted wherein an aspirational target of up to 5 per cent improvement in service efficiency is set by the Sub-Committee at the outset of each review, when terms of reference are considered. The Sub-Committee may vary the target at this stage according to various factors, which might include:
- (a) whether the service had a recent history of major efficiency savings; and
 - (b) whether demanding efficiency targets had already been set in other contexts, e.g. as part of the annual budget process or other planning regimes.

6. **Implications**

6.1 Environmental

The Best Value Draft Guidance states that new performance targets set by reviews need to reflect the principles of sustainable development, set out in "*A better quality of life - a strategy for sustainable development for the UK*" (May 1999).

6.2 Equalities

The Best Value Draft Guidance says that reviews will need to address equity considerations, looking at ways in which services impact on all sections of the community and setting targets to redress disparities in the provision of services to those who are socially, economically, or geographically disadvantaged.

6.3 Financial

The notion of efficiency targets for best value reviews is discussed in the reports.

6.4 Legal

Best Value is a requirement on local authorities under The Local Government Act 1999. The Government has powers to specify, by Order, what elements comprise a Best Value Review and the elements that must be included in a Best Value Performance Plan, and to issue guidance on them. The Government is currently consulting on the draft statutory guidance.

6.5 Staff and Accommodation

None directly arising from this paper, although there are training and development needs on the part of staff involved in reviews which are being addressed through the corporate training programme. Additionally, Best Value Reviews will make considerable demands on staff time.

7. **Conclusions**

- 7.1 Best Value Reviews will often involve contentious political decisions and the process described will give opportunities for political guidance at key stages.
- 7.2 The use of efficiency targets will ensure an appropriate focus on that aspect of reviews.

Background Papers: Implementing Best Value - A Consultation Paper on Draft Guidance, DETR, September 1999. (Available on Best Value section of DETR web-site. <http://www.detr.gov.uk>).