

Best? Value

A critical guide to Best Value, the government's new regime for local authority services



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Best Value presents both serious threats and new opportunities for the future of our public services. Its political importance is too often disguised. Too many local authorities treat it as a technical, management issue to be left to officials to sort out. This pamphlet seeks to open up the underlying issues of social need, democracy and resources, as a tool in the struggle to achieve high quality public provision and employment.

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Best Value

What's it all about?

Best Value, the government's new scheme for local authority service provision, has the ring of a supermarket ad. Its promise of 'value-for-taxpayers-money' involves an action plan for 'continuous improvement', with a five-yearly review of all services which sets and assesses 'performance targets'.

It also applies to police, fire and waste disposal. The Housing Corporation and Registered Social Landlords expect fully to embrace Best Value.

A similar system, Best Quality of Services applies in other government departments, and the NHS is developing a similar approach.

Four 'Cs' form the framework of a review. These are: Challenge (whether existing services are needed), Compare (performance with other authorities, and with private firms and voluntary organisations), Consult (the community), and assess Competitiveness (of services).

Best Value local authorities come under the whip: a new inspection regime tracks all authorities and reprimands the so-called lax ones that don't achieve centrally decided 'performance indicators' of service efficiency or compare favourably with other authorities.

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YORK: REWARDED FOR CUTTING QUALITY

Residents in elderly persons homes in York are to get hospital food for the rest of their lives. In order to save £80,000, the council has abolished the preparation of freshly-made meals in the homes and has sacked the cooks. Cook-chilled meals will in future be delivered from the local hospital. And because this was an example of 'joined-up government', the council received a cheque for £48,000 from the government's Modernisation Fund.

A fifth 'C' at the heart of Best Value is 'Cuts': authorities are expected to improve efficiency by a 2% cut in costs per annum. They are meant to use the resources saved to improve or extend services, but local government is under such financial pressure that these savings will tend to get swallowed by the finance departments' black holes.

In theory, savings are meant to fund additional service provision and will not be used to reduce local authority spending as a whole. However, some councils are using the 2% saving to push through real cuts.

Superficially, Best Value attempts to redress the problems of Compulsory Competitive Tendering (CCT), the local authority agenda brought in by the Tories, which the Labour government met its commitment to abolish in January 2000. As the Department of the Environment, Transport and the Regions (DETR) recommendations say, under CCT 'all too often the process of competition has become an end in itself', resulting in 'significant costs for employees' and 'uneven and uncertain' gains in terms of efficiency.



The commitment, made under political pressure, to abolish CCT left New Labour facing the embarrassing prospect of defending and improving public provision, which would sit uneasily with its wider commitments to the 'dynamism of the market' (see Labour's new Clause 4). Best Value is the ambiguous compromise.

So far, so good?

The government sees itself making a concerted effort to turn 'problem' authorities into efficient service providers. But 'efficiency' is a loaded word, especially when 'cost-cutting' and 'competitiveness' are its keynotes.

So while Best Value guidance for local councils refers to democratic accountability, social and economic equity, the danger is that the prime purpose of Best Value – efficiency, economy and effectiveness – remains exactly the same as the commercially driven objectives set nearly 20 years ago under the Tories. Efficiency first and foremost, and everything else second, is becoming the reality in many authorities.

There is an alternative

As it stands, the priority of Best Value is to get 'more for less', where its definition of 'efficiency' is of trimming finances. However, Best Value priorities can be reversed by challenging this narrow definition. Efficiency should mean taking into full account the quality of services, including their ability to develop in response to unmet needs. Standards of Best Value practice should ensure that social equity, the importance of the environment and powerful democratic participation of all stakeholders, are part of effective service provision.

**Nottingham
Putting Business in Charge**

Nottinghamshire County Council has established a Best Value board with representatives from National Westminster Bank, Pork Farms PLC, management consultants Pannell Forster Kerr and other business representatives. This board is responsible for assessing the council's approach to Best Value and it can also participate in individual reviews.

Although extreme, this example shows how the private sector is encroaching on public policy making, where democratic forms of consultation, involving trade unions and community organisations, are being sidelined.

The threats

Crude competition

Instead of 'joined-up' government, authorities are pitted against each other. The government requires authorities to attain the performance standard of the top 25% of authorities within a five-year period. This takes no account of the difference in social need between authorities.

League tables and Benchmarking – comparing the performance of similar services between councils, and between local authority, private and voluntary sector pay rates – are being used to justify cuts in jobs, pay and conditions of service. These crude comparisons are particularly hitting women, because the jobs most affected are cleaning, home and community care – work which tends to be done by women.

LIVERPOOL WHERE **BEST** INTERESTS ARE **VESTED** INTERESTS

Liverpool City Council engaged consultants Deloitte & Touche to undertake a Best Value review of Information and Communications Technology (ICT) at a cost of £127,000. There was no trade union involvement, the Scrutiny Committee accepted a UNISON submission that the consultants had not met all the statutory requirements, that the final review withheld all the performance information, and not only recommended outsourcing ICT but all related services.

The leading councillor responsible ignored the concerns flagged by the committee (including the fact that the in-house service option had not received an equal evaluation) and went ahead with Deloitte & Touche's recommendation to outsource and extend the contract to a wide range of other services. It remains guesswork as to how many jobs will be lost or transferred.

Pressure to privatise



Authorities must use competition to show that every service and function of local government is being carried out competitively. This guidance is likely to mean that where leading councillors and managers are on the political right, or looking for an easy way out, they are likely to outsource many services, rather than take on the more difficult job of working with staff and users to explore how to improve in-house provision.

A new outsourcing, externalisation and privatisation agenda is replacing CCT.

Externalisation and privatisation of local government services has continued at the same rate as that under the Tories since the early 1990s, and there is evidence that contracts now cover a wider range of services – since 1997 there have been eight transfers of over 500 council jobs to the private sector (plus many smaller ones).

At the same time the Labour government is fulfilling the Tories' desire to eliminate council housing. The housing stock transfer programme has increased to 129,000 in 1999/2000 and is expected to increase up to 300,000 per annum – at this rate council housing will be virtually extinct within a decade.

'Partnership': another way of saying privatisation?

Partnership working between authorities, private and community organisations has existed for many years. What is new is the rebranding of what are essentially service contracts under the partnership umbrella, with an easing of the way for 'joint ventures' in which the private sector is awarded the main responsibility for running public services.

Drumming up business

Instead of directly providing services and regulating markets, local authorities are now expected to 'develop markets': authorities are expected to go to private and voluntary sector providers to find out how they could provide services. Best Value advises authorities to package work according to the dictates of the market (to 'reflect prospective market competencies' – DETR 1999), with an end goal of financial saving rather than improving social provision.

This is at the same time as outsourced housing benefit contracts are being terminated or severely criticised for service failures and soaring backlogs by tenants and local authorities.

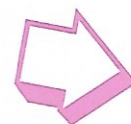
Turning local government from a service provider to an 'Enabler': this amounts to encouraging outsourcing, by taking a neutral position on who provides services. Under this 'enabling' model, local government finances services but relies on others to deliver them, and in the process makes services even less accountable and responsive to local people than they already are.

The World Trade Organisation (remember Seattle?) proposes to introduce regulations that will 'open up' public services to the market, and therefore private takeovers.

The British government is already leading the way with steps to marketise health, education and social services, in advance of any international agreement.

The government claims that 'what matters is what works', in other words it does not take a stance on whether the service should be provided directly by the council or outsourced. Adopting a neutral position on who provides services encourages the private sector to bid for an ever wider range of contracts.

Lip service



While some councils are involving employees and trade unions when they decide on how services can best be run, many are adopting only superficial forms of 'consultation of the community' which is often little more than market-research. There has been a flourish of new citizens panels and focus groups, but many authorities are bypassing existing community organisations and failing to think imaginatively about how to enable users to share in decisions over Best Value, especially how to reach people of whose unmet needs the council are ignorant.

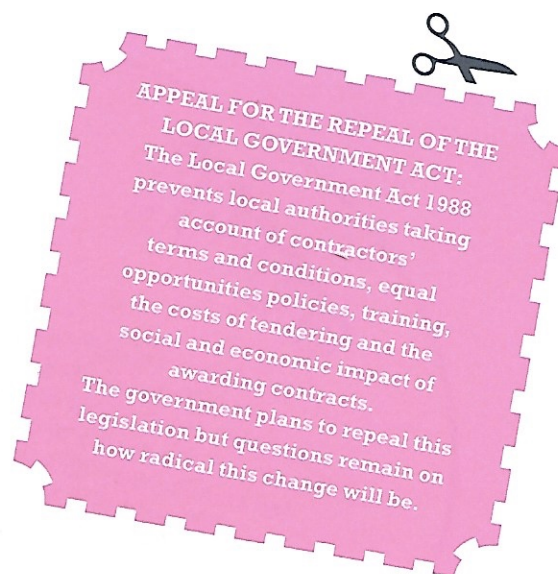
They justify this on the basis that they already know their demands and now want to obtain the views of a cross-section of the community by polling, for example, 1000 - 2000 samples or 'panels'. Citizen panels take a sample of the electorate but they do not fully reflect the views of users, whose needs and reliance on services will vary according to their social and economic status.

Polling panels and focus groups should be a supplement to, not a replacement for the involvement of representatives from democratic civil society organisations throughout the Best Value process.

While businesses are often wooed onto consultation panels, trade unions and frontline staff may be left out altogether. Many local authorities have established boards or panels to seek the views and support of local business. In contrast, there is no legal requirement to consult either with the staff who provide services or with trade unions. The level of staff and trade union involvement in service review teams varies widely in different authorities.

Fears are that the quality of employment will be the last consideration in the drive to improve performance. The 'more for less' ideology will inevitably have the greatest impact on jobs and the quality of employment because labour costs represent a high proportion of the cost of public services. The virtual absence of performance indicators relating to the quality of employment (apart from negative ones, covering sick and absence levels) in Best Value reviews is indicative of the likely impact on jobs.

Service reviews will produce proposals for co-ordinating or merging service delivery which may affect management structures, job descriptions, staffing levels and rotas. Generic working under a facilities management arrangement could be positive for staff, with the possibility of enhanced job satisfaction, multi-skilling, career development and improved training.



Alternatively, it could mean job losses, flexible working with the loss of all enhancements for unsocial hours and a more highly-stressed working environment as a result of pressure to achieve productivity targets.

Best Value means fundamental changes to the organisation of work – some positive, some negative.

The more extensive use of information and communications technology is likely to flatten middle management structures. But competition and externalisation will mean staff transfers from the public to the private and voluntary sectors, and cuts in pay and conditions of service, particularly for women. Equalities and family-friendly policies could be marginalised under Best Value.

SEFTON

Ignoring the views of local people in favour of crude benchmarking

Sefton Council's Best Value review of home care last year included crude benchmarking between the cost of the in-house service with those of the private and voluntary sectors. Differences in the quality of care, pay rates, conditions of service, pensions and training were ignored. It also surveyed service users – nearly 90% said they wanted to retain the in-house service.

The Best Value regime requires service users' views to be taken into account in policy-making but social services managers ignored this and proposed to outsource the service. However, following a 20,000 name petition, lobbies of council meetings and a detailed report showing that the review did not fulfil the statutory requirements, the council agreed to abandon the outsourcing plans and review the service again.

Big Brother

Best Value imposes a new audit regime, costing £56m per annum in England and Wales, which could divert badly-needed funding from frontline services and capacity building to support democratic involvement and accountability.

The threat of inspection, surveillance and an auditing implosion

The rapid growth of regulatory bodies ranging from the privatised utilities to transport to OFSTED, the Social Services Inspectorate, the Housing Inspectorate, and the Best Value Inspectorate could lead to an inspection implosion.

Increased monitoring and assessment could divert badly-needed resources from services themselves or from deepening local accountability, it could create an unacceptable working environment and lead to a blame culture. Equally, it could lead to claims and counter claims between departments, authorities and contractors when each seeks to claim the credit for positive outcomes.

Failure to improve could result in intervention by the Secretary of State who could order services to be privatised, and/or could send in management advisors. An antidote to these dangers of an OFSTED-like inspection system would be that just as Health and Safety Inspectors in the 1970s were required to work closely with the workplace health and safety representatives, so Best Value inspectors should be required to work closely with user and worker representatives.

Measuring performance is not a science

Despite rhetoric to the contrary, determining the effectiveness of performance outcomes is very difficult in most public services. It's not a statistical science; it is about the meeting of human needs and desires. The best people to determine how to measure a service's effectiveness should be the people who use and work for that service. These democratically-decided indicators must cover the quality of life as well as the meeting of basic needs.

Calling in the professionals

Some managers are opting out of the Best Value process by outsourcing service reviews to management consultants. This has a number of problems including:

- The assessment of options is likely to be narrowly focused on efficiency and to be pro-competition – consultants are often employed to justify management's privatisation agenda
- Consultation and involvement of users, community organisations and trade unions is likely to be superficial
- Managers and staff are unlikely to 'own' the review and recommendations, and continuous improvement is unlikely to be achieved
- The options and competition are likely to expand into other areas even though they have not been reviewed; for example, ICT reviews expand to include financial services, payroll and housing benefits
- Consultants often lack the local knowledge essential to making the process democratic and responsive to local people



The opportunities

Better practice and better service provision can be achieved by responding to the opportunities Best Value offers, while addressing the problems inherent in Best Value as it stands.

Involvement: to make Best Value a democratic process, in which councillors work with trade unions and community organisations from start to finish, planning and assessing reviews, and coming up with positive ideas for future service provision

Local interest: to link Best Value reviews with local authorities' new power to promote the economic, social and environmental well-being of their area

Best for all: to drive equalities, fairness, social inclusion, environmental and employment issues through the Best Value process – a weakness in many reviews to date

Open to all: to ensure that local user/community and trade union representatives are involved in the assessment of service performance, and that benchmarking is transparent.

NEWCASTLE making the BEST of BEST VALUE

In Newcastle, UNISON and the city council have negotiated standards of Best Value, going well beyond narrow commercial values and emphasising democratic accountability, quality of service and employment.

Their agreed approach says that they are committed to using council providers to achieve these standards and only if these fail will they consider contracts with the private sector. It will be a struggle to make this agreement stick.

For details contact Kenny Bell
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(email: kenny.bell@newcastle.gov.uk)

Democratising Best Value

Making Best Value a democratic – not a technocratic – process

Many officers and managers believe that Best Value is about 'performance management'. They see it as a technical process driven by market research and implemented by managerial technocrats, without the involvement or formal representation of trade unions or community organisations.

In this model, Elected Members merely rubber stamp review recommendations. Targets are set from above using narrow commercial criteria, taking little account of the service delivery process imposed on both users and staff.

In order to stop this technocratic drift, councillors must be encouraged to put themselves in the driving seat at all stages of the Best Value process. They play a key role in the interpretation of government guidance, ensuring that:

- Options (for means of service provision) are fully assessed
- The council draws on best practice elsewhere
- Service quality is safeguarded
- Equity, environment and quality of employment are factors at the forefront of Best Value
- Genuine employee/trade union involvement is made a reality

Scrutiny panels, which advise on Best Value reviews, also have a responsibility to highlight key issues and to identify the social and economic costs of Best Value. However, the headlong rush into the cabinet model of government is likely to accelerate this technocratic drift.

Shifting the priorities

A new agenda for public management



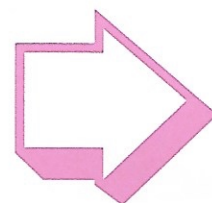
Should Best Value be abolished or are there elements which should be retained under a new agenda for public management? Which parts of Best Value should be amended and what could be added to make it more effective? Here, we identify the substantial changes urgently needed to prepare local government for the 21st century.

What should be retained in Best Value

- The commitment to user and community involvement
- The idea of performance plans drawn up locally
- The principle of a regular review of the quality of services
- The goal of continuous improvement

What should be amended

- Ensure staff/trade union and user/community involvement is about shared power not market research or PR
- Make both goals of equality and sustainable development into mainstream priorities
- Broaden definition from the 3Es – 'efficiency, economy and effectiveness' – beyond narrow commercial values
- Reduce focus on crude benchmarking with other local councils
- Introduce more selective performance indicators
- Broaden methods of service reviews
- Change Secretary of State response to 'problem' authorities
- Strengthen the commitment to fair employment with clear focus on quality of employment



What should be added

- Emphasis on rewarding local government for good performance rather than reprimanding it for failure
- An explicit commitment to public provision
- Encouragement to innovate, to improve the quality of services
- The development of an ethic of moral public service against corrupt, secretive and authoritarian behaviour
- Broaden service reviews to identify unmet needs
- Make overcoming social inequality an integral part of the meaning of high quality
- Widen the power of local authorities to extend their services and to intervene in the market
- Abolish centralised constraints on local councils' capital spending

What should be abolished

- Competition and requirement to develop markets
- Focus on league tables and top 25% performance requirement
- 2% per annum savings requirement
- Involvement of the private sector in service reviews
- Financial regulations which inhibit innovation, joint initiatives and capital expenditure
- Restrictions which prevent local government from engaging in trade

Local authorities will shortly have the power to take action to promote the economic, social and environmental well-being of communities. However, this must be extended to a duty, funded to enable local authorities to make the legislation meaningful, and accompanied by abolition of all the punitive restrictions and their replacement by a power of general competence enabling councils to finance, promote, provide and take wide-ranging action in the local economy.

Strategic issues: action plan

Commitment to public services – the alternative to 'Enabling'

An alternative to the 'enabling' model for local government is to encourage the improvement of in-house services. Councils committed to in-house services should use Best Value to campaign with community organisations and trade unions for more resources, and to build on their ideas for ways to improve and expand services.

Direct involvement – the alternative to cursory 'consultation'

The government's consultation paper on local democracy refers to 'recognising communities by increasing their involvement in direct decision making' and 'seeking the direct involvement of the citizen to keep the services secured by the authority up to the mark' (DETR 1999). This can only be achieved with the direct involvement of current and potential service users and frontline staff.

MIDDLESBROUGH MAKING PARTNERS IN CRIME

Middlesbrough City Council brought in consultants Capita to do a 'scoping' exercise as part of plans to develop Information and Communications Technology (ICT) functions across the council. The Best Value process was pre-empted when companies were shortlisted, the contract taking in every ICT function from core services including housing benefits, rent collection, leisure, administration and personnel (amounting to nearly 1000 jobs), although no reviews of the services to be covered had been undertaken.

The council claims that its plans were not privatisation but a 'strategic partnership'. Its approach ignores the evidence from 14 local authorities across the country of contracts (mainly for housing benefits) where services are in dire straits, and where in three cases authorities have terminated failed contracts. There is a huge gap between the need to use new technology to develop services, and the credibility of the companies called upon to do this job.

A House of Commons Select Committee has reported on the appalling track record of companies engaged by national government (including Passports and National Insurance contracts).

Community organisations and trade unions have a key role to play throughout the Best Value process and their involvement is a precondition to achieve real and sustainable continuous improvement. New democratic structures will be needed, and wide-ranging involvement must be funded by taking into account the central cost of democracy, rather than squeezing service budgets.

Co-operative decision-making – the alternative to technocratic local government

Government rhetoric often pitches users, 'customers' or the community against council workers; of course there are tensions but there are also common interests in both high quality services and good employment conditions.

There is a need therefore for democratic and co-operative decision-making through which unions and user organisations work together. For example, in Newcastle both the unions and the Tenants Federation – which brings together tenant representatives from throughout the city – are part of the Best Value review team, deciding on performance targets, identifying the central problems and addressing unmet needs on all issues that concern council house tenants – repairs and environment maintenance, waste management, leisure, community facilities and so on.

The new challenge is how to involve users of services like libraries where user organisations rarely exist. Surveys and focus groups are not the only answer: instead the need is to identify likely sources of users such as schools, black and ethnic minority groups, women's groups and adult education to jointly identify their specific needs.



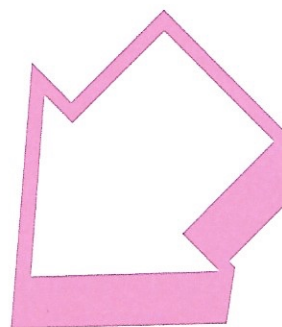
Applying the Best Value Code for Quality Employment

The Code for Quality Employment is a 12-part code covering involvement in Best Value, information disclosure, workplace improvement, application of information and communications technology, reemployment, equalities and other issues prepared by the Centre for Public Services. It has been used very effectively by some trade union branches to negotiate comprehensive agreements which ensure employment issues are integrated into council policies and the Best Value framework.

In order to capture the Best Value opportunities and minimise the threats

- Trade unions and community organisations must be proactive in trying to set the local Best Value agenda. A wait-and-see approach will inevitably mean a managerial and technocratic approach. They must vigorously monitor the Best Value regime and expose bad practice.
- Elected Members must make Scrutiny Panels effective by drawing on independent advice and calling on trade unions and community organisations to give evidence. They must be able to challenge management practices and attitudes when this is justified.
- Trade unions, community organisations and Elected Members should ensure they build up their ability, capacity and understanding of Best Value through training and campaigning.
- Ensure that equity, equalities, employment and environmental issues are mainstreamed in practice.
- Consistently make the case for in-house services and expose the consequences of outsourcing and marketisation of public services.
- Take action against outsourcing, externalisation and transfers of services and assets to the private sector.
- Form coalitions and alliances between community organisations and trade unions.

Useful reports



- Best Value Implementation Handbook

- User/Employee Involvement in Best Value

- Management Consultants: A Best Value Handbook

Available from the Centre
for Public Services
1 Sidney Street
Sheffield S1 4RG
Tel 0114 272 6683

- Externalisation by Privatisation

- Trade Union Strategies for Opposing Externalisation

Available from UNISON
1 Mabledon Place
London WC1H 9AJ
Tel 020 7388 2366



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