

Best Value Implementation Handbook

Incorporating the

Best Value Code for Quality Employment

- *Best Value Strategic Management Framework*
- *Corporate policies, strategic objectives and definition*
- *Performance standards, indicators and benchmarking*
- *User, employee and public involvement*
- *Mainstreaming equalities*
- *10 stage implementation plan*
- *Baseline profile*
- *Service reviews and competitiveness policy*
- *Local Performance Plan for continuous improvement*

CENTRE *for* **PUBLIC SERVICES**

Research • Strategy • Planning • Training

1 Sidney Street Sheffield S1 4RG Tel: 0114 272 6683 Fax 0114 272 7066

www.centre.public.org.uk

E-Mail: ctr.public.serv@mcrl.poptel.org.uk

Best Value Implementation Handbook

Incorporating the Best Value Code for Quality Employment

ISBN 1897692 09 9

(c) Copyright Centre for Public Services, November 1998

Price: £25.00 to local authorities, health and other public bodies

£15.00 to trade unions and community organisations

(£2.00 postage and packing on all orders)

Please contact the Centre for bulk order rates.

Researched and Written by

CENTRE *for* PUBLIC SERVICES

Research • Strategy • Planning • Training

1 Sidney Street Sheffield S1 4RG Tel: 0114 272 6683 Fax 0114 272 7066
www.centre.public.org.uk EMail: ctr.public.serv@mcrl.poptel.org.uk

Contents

	Page
Introduction	3
Part 1	
Best Value Strategic Management Framework	5
Part 2	
Corporate policies, strategic objectives and definition of Best Value	16
Part 3	
Performance standards, indicators and benchmarking	20
Part 4	
User, employee and public involvement	26
Part 5	
Best Value Code for Quality Employment	30
Part 6	
Implementation plan	34
Part 7	
Baseline profile	37
Part 8	
Service reviews and competitiveness policy	40
Part 9	
Local Performance Plan for continuous improvement	49
References	52

This report was prepared in conjunction with Newcastle City UNISON and also draws on national work on Best Value and a Best Value Audit for the Environment & Development Department, Manchester City Council.

Glossary of terms

Balanced Scorecard

A framework for aligning corporate policies, strategic plans and performance measurement.

Baseline Profile

A statement about current service performance based on existing information and the resources used to provide the service.

Benchmark

A fixed point or standard against which measurements can be made.

Benchmarking

Selection of criteria covering quality, performance, productivity, resources and other indicators which are compared with the same or similar service provided by other departments or organisations.

Continuous improvement

Regularly reviewing and improving the performance of services and activities.

Gap analysis

A process for identifying the difference in current and likely future performance.

Local Performance Plan

Draws together the elements of the Best Value framework into an annual public document which is used to assess performance of services against targets.

Performance indicator

Indicates level of performance achievement towards an objective.

Performance measure

Another name for a performance indicator.

Performance standard

A measure which establishes a minimum or acceptable qualitative or quantitative level of service.

Performance target

Changes in performance to be achieved in a given timescale.

Process mapping

A flowchart that traces the sequence of tasks and information exchanges that make up a process or service.

Self-assessment

Authorities carrying out their own regular reviews of their services and activities and implementing improvement.

Service review

Assessment of the purpose, quality and cost of a service or activity. Includes proposals to improve performance and effectiveness to meet user needs.

Introduction

This report presents a strategic framework for the implementation of Best Value and provides a clear path for local authorities to follow. The aim of the report is to encourage best practice, local initiatives and creativity, linked to a coherent strategy. Clarity in terms of defining Best Value and developing local policy is essential if local authorities are to avoid the pitfalls and problems of a purely technical and unimaginative approach, or one which merely resorts to efficiency and value for money.

The modernisation of local government

Best Value is only one aspect of the recent White Paper and the Government's approach to modernisation. Clearly, the context within which Best Value will be developed is vitally important. The other major themes of modernisation are:

- * Democratic renewal
- * Strategy for capital investment in services and facilities
- * A duty to promote economic, social and environmental well-being
- * New political structures
- * A new ethical framework

One of the central issues is the degree to which authorities and the Government believe that fundamental change can be achieved within local government. Many authorities recognise that the CCT regime must be disbanded, and that the client-contractor spilt and internal markets should be replaced by a new organisational and management culture. They also believe that democratic renewal, performance management, continuous improvement, and making a reality of a new duty to promote economic, social and environmental well-being will require additional public investment.

Others believe that this approach only reinforces direct provision and want local authorities to become, first and foremost, enabling and regulatory agencies and that any direct delivery of services will be marginal. Any additional resources will come from partnerships with the private sector.

Best Value is a priority on every authority's agenda but the practical application is often ad-hoc and inconsistent

- In some authorities preparation for Best Value is well organised but the process is taking far longer than planned, and in some cases, managers are attempting to reinvent service reviews and to perfect performance indicators and benchmarking rather than learning from best practice and initiating discussions with frontline staff.
- Some authorities have done the analysis but lack managerial skills to kick-start the process at operational level.
- Some authorities are using Best Value as a cover to increase externalisation and competitive tendering. This is often in the false belief that if they do adopt this approach, they will be treated more favourably through the Rate Support Grant, improve their chances in the challenge competitions for resources or gain DETR project approvals.
- Some authorities are locked into benchmarking and are unable to recognise that there are other equally, or more, appropriate service review methods which can be more effective in demonstrating Best Value.
- Most Best Value initiatives are management dominated and thus are in danger of marginalising Members, staff and the public; this allows current managerial fads to have an unhealthy influence on the Best Value process.
- Some authorities are trying to reinvent consultation and involvement by concentrating structures and resources into new forms of participation, but avoiding the genuine involvement of staff, user, community and civic organisational representation which is a basic requirement of Best Value.
- There is confusion and frustration about the approach and most appropriate forms of implementation. Much of the current debate on Best Value is limited to techniques such as performance indicators and benchmarking. A critical appraisal of local government services is essential, but this must be planned and developed in the context of local priorities and policy initiatives.

Whilst this report places great importance on a commitment to in-house services, many of the points made, particularly in relation to the Best Value Code for Quality Employment are also crucial to competitive tendering or externalisation.

The report is the third in a series of briefing papers and handbooks the Centre has produced on Best Value.

Role of Elected Members

Elected Members have a key role to play in

implementing the Best Value process. They have a responsibility to ensure that the Best Value process is democratic and transparent with accountability built into each stage. They must ensure that user and community organisations are genuinely involved in addition to public participation through panels and focus groups. They must ensure that trade unions are fully represented in corporate structures and frontline staff are involved in designing, planning and implementing changes to achieve continuous improvement.

How the 'challenge' part of service reviews is carried out will be of fundamental importance to the whole Best Value process because it is at this stage that decisions will be made regarding in-house or external provision. Elected Members will need to ensure that corporate policies form the basis of decision-making. And they have to ensure officers do not

privatise performance measurement and reports on the District Auditors verification and inspection. Once the Local Performance Plan is approved, they must ensure that monitoring and evaluation of progress is fully reported and publicly discussed.

The main tasks of Elected Members are:

- * Formulating corporate policies and strategic aims
- * Approving the definition of Best Value
- * Approving the adoption of a strategic framework for Best Value
- * Agreeing the level of resources to be devoted to implementing Best Value (and approve use of consultants if required)
- * Selecting the services/issues to be reviewed annually

Review teams

- * Approving local performance standards
- * Negotiating and approving the Best Value Code for Quality Employment
- * Being involved in drawing up the strategy for user/employee and public involvement in Best Value
- * Approving the method of service reviews and agree level of devolved managerial responsibility for carrying out reviews
- * Participating in agreeing annual targets in the Local Performance Plan
- * Receiving and commenting on the District Auditors verification and inspection of Best Value process and Local Performance Plan.
- * Monitoring and evaluating the implementation of proposals arising out of service reviews and setting of targets.

Elected Members should use this checklist to assess their involvement in the organisation and planning of the Best Value regime in their authority.

The membership and accountability of service review teams is vitally important. The team will be responsible for progressing reviews through the challenge, compare, consult and demonstrate competitiveness stages which will involve interpretation of corporate policies and raise key political questions. Teams will be required to apply performance indicators but also to develop new measures and means of assessing more subjective matters.

Part 1

Best Value Strategic Management Framework

Need for a framework

The Best Value Strategic Management Framework is built on eleven key elements which form the core of the Best Value process. The aim is to present a clear and simple methodology which authorities can use to plan the implementation of Best Value so that progress can be checked by user groups, community organisations, trade unions and other bodies involved.

The starting point is preparing a working definition of Best Value which incorporates the authority's corporate policies. This is followed by establishing performance standards, user/employee involvement and the Best Value Code for Quality Employment. At this point the authority will have agreed the terrain on which Best Value will be carried out. Once this has been completed, an implementation plan can be prepared which will set a timetable for service reviews including indicating how the gaps in performance data will be plugged.

The next stage is the completion of the baseline profile and the carrying out of service reviews. The completion of these reviews will establish the basis for the preparation of the Local Performance Plan which will draw on current performance from the baseline profile in the process of setting targets and objectives.

Key themes

Ten key themes are highlighted throughout the framework:

- * The need to assess performance and achievements of policies and activities, not

just services and those which can be more readily quantified.

- * Quality of employment is just as important as the quality of service.
- * The implementation of equal opportunities and other corporate policies must be a central part of Best Value.
- * The involvement of user groups, community organisations, staff and trade unions and other stakeholders is essential throughout the Best Value process. Unless users and providers are genuinely involved, Best Value is unlikely to succeed.
- * A variety of service review methods are available and must be developed and used in the framework. Performance indicators and benchmarking alone will have a limited role in identifying best practice.
- * The requirement to challenge, compare, consult and demonstrate competitiveness should reinforce the demand for effective in-house services. The lessons of CCT should form a key part of this process. It does matter who delivers the service and there is wide support for directly delivered services, despite rhetoric to the contrary.
- * The search for continuous improvement must be broadly defined and balanced with more subjective achievements.
- * There is considerable scope for local creativity and innovation in local government.
- * Developing performance indicators, learning from best practice, changing the culture of an organisation is a long term process and implementing the requirements of Best Value cannot be achieved overnight or with management fixes or fads.
- * Best Value will not be achieved on the cheap or with the expectation of 'more for less'. Competitive tendering has high transaction costs but so does Best Value. Developing performance indicators, baseline profiles, carrying out service reviews and involving users and staff is resource intensive, particularly in the early stages of establishing the regime.

Each element of the strategic management framework is further developed in the subsequent chapters of this report.

Selecting services for Best Value review

It is important that authorities do not simply repeat the defined activity approach of CCT by selecting services such as grounds maintenance, property services, school meals, IT and so on. Another approach is to target issues such as 'services to the elderly or to children' which cover a wide range of issues such as care, safety, income maintenance, healthy eating, health and fitness. Some authorities have selected a number of issues within a geographic area where, for example, several departments are working together targeting improvements on repairs or environmental services. An issued based approach also draws in the responsibilities of other organisations and agencies.

The core requirements of the Best Value Strategic Management framework

There are two basic priorities which the framework must achieve. The first priority is to provide a system of performance measurement which is practical and transparent.

The second priority is to encourage and support continuous improvement. It is secondary only to the extent that continuous improvement will be fatally flawed unless it is underpinned by a credible and comprehensive performance measurement system.

There are eight objectives:

1. To provide a direct link between performance indicators and comparisons to an authority's corporate policies, strategic objectives, a definition of Best Value and performance measurement and incorporate the mainstreaming of equalities and sustainable development so that they sit side by side with other indicators and measures.
2. To provide a process of performance measurement which links performance indicators and targets; benchmarking, comparisons and competitiveness; the Best Value Code for Quality Employment to action and operational plans to implement change and provide a clear methodology for assessing performance. It must be practical.
3. To provide a practical tool for middle and junior managers in carrying out their work and be an integral part of the operational management process. They should be involved in its development and implementation so that they 'own' the methodology and to help to ensure that it is embedded throughout the organisation. It should be a means of aligning continuous improvement with the corporate policies and strategic objectives of the authority.
4. To provide a framework based on user, employee and public involvement which is easily understood and has a clarity of purpose for managers, staff, user/community organisations and trade unions. They want a performance measurement system which is understandable, honest and meaningful so that they can engage in the process. It must not obscure the different interests and needs of stakeholders. The performance measurement system will be the key to involving user/community organisations in the preparation of the Local Performance Plan. Thus a top down, complicated methodology which gives the impression, real or not, that it is simply serving bureaucratic and/or professional interests will be counterproductive.
5. To link longer term strategy to short term plans and implementation.
6. To support a range of fundamental service reviews in addition to benchmarking.
7. To incorporate monitoring and evaluation so that actual performance can be assessed against the targets on a continuing basis and to encourage examination of the cause/effect of progress towards continuous improvement.
8. To minimise the resources required to implement the framework and to incorporate as many of the tasks as possible into the responsibilities of existing staff rather than having to engage specialist staff.

Perception and/or performance

Local authorities can often improve the quality of a service but find that it is not reflected in user satisfaction surveys or market research seeking opinions about the overall performance of the authority. This is frustrating for staff, managers and Elected Members and raises questions about the allocation of resources. Best Value is intended to be a means of improving performance, not just trying to manipulate the organisation's view of itself (of course, the confidence of the organisation, staff commitment and internal culture are important) or public opinion about services and activities. Authorities need to be cautious over the use of market research and opinion polls which focus on the perception of performance. They may help to support an authority's approach but they do not prove Best Value, nor are they hard indicators of performance.

The Best Value Strategic Management framework

The Best Value Strategic Management framework provides a systematic methodology for planning the Best Value process and ensuring that all the key elements are in place (see chart on page 8).

The Best Value Strategic Management framework incorporates the Government's planned performance management framework described in the recent Green and White Papers. The latter begins with establishing authority-wide objectives and performance measures, a programme of fundamental performance reviews, undertaking fundamental performance reviews of selected areas of expenditure, setting and publishing performance and efficiency targets in local performance plan and independent audit/inspection and certification. The Strategic Management framework is more comprehensive to reflect the other key tasks in the Best Value process. This report is structured around the main elements of this framework.

Some authorities are using other models such as the Business Excellence Model which is less comprehensive, does directly not provide a performance measurement system and does not provide a clear Best Value implementation framework.

Corporate policies, strategic objectives and Best Value definition: They form the umbrella under which service reviews, performance and the achievement of continuous improvement are assessed. **Management systems and organisational culture** set out management's strategy and operational systems, internal relationships between 'clients' and 'contractors' and partnership strategy. The chart makes reference to the parallel and linked resource planning and budgeting and the service and business planning processes.

Performance standards, indicators and benchmarking; Best Value Code for Quality Employment; and User/employee/public involvement: These three elements are the core building blocks in the preparation of Best Value. At this stage of the process they establish the authority's overall approach and will be developed and refined throughout the Best Value process.

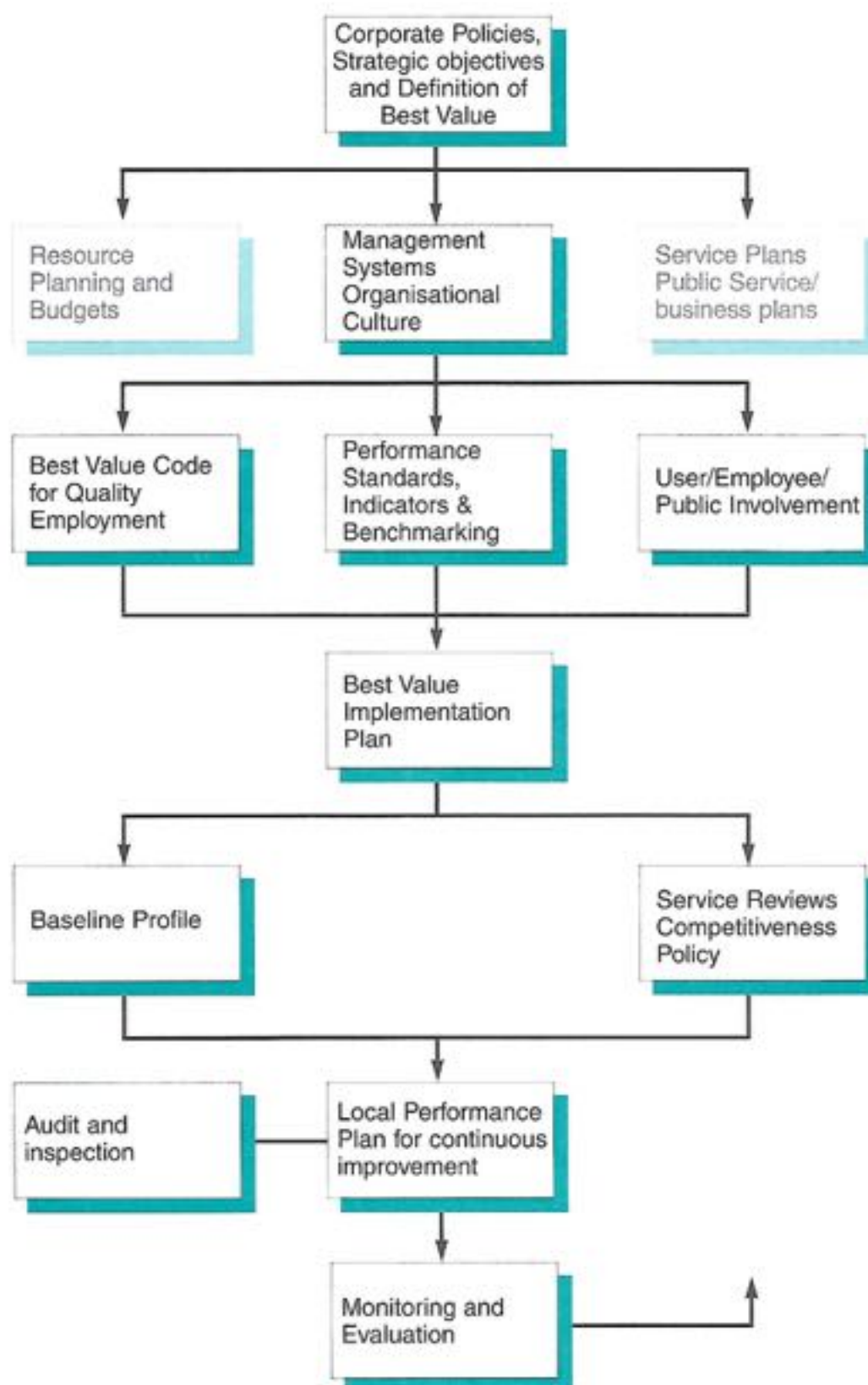
Best Value implementation plan: The plan sets out how the Best Value process will proceed, identifying further work required on standards and indicators, how the baseline information will be collected. It will also set out the broad scope of service reviews and the authority's competitiveness policy.

Baseline profile: Decisions will be needed on the cut-off point so that the collection of information does not become an end itself and/or that it consumes an unreasonable amount of resources. The difficulty of preparing the baseline can sometimes be used to defer implementation. **Service reviews and competitiveness policy** is the stage where services and activities are fundamentally reviewed by challenging, comparing, consulting and demonstrating competitiveness.

The **Local Performance Plan** reports current performance, establishes targets, planned changes and improvements. These plans will be subjected to **Audit and inspection** by the Audit Commission and the Accounts Commission for Scotland.

Monitoring and evaluation should ensure that progress towards meeting targets and achieving continuous improvement is regularly fed back through the Best Value process to establish best practice.

Best Value Strategic Management Framework



Methodology for performance measurement and benchmarking

The next stage is to develop the central spine of the Best Value Strategic Management framework linking corporate policies; the definition of Best Value with a system of performance measurement; targets in the Local Performance Plan; operational, managerial and organisational change arising from service reviews and ultimately to monitoring and evaluation. (see chart on page 10).

The authority's corporate policies and strategic objectives form an umbrella for the performance measurement system. The importance of having a definition of Best Value cannot be stressed too strongly because it ensures that objectives, performance measurement and the evaluation of what is valued, are linked back to corporate policies and strategic objectives. Performance standards and indicators are grouped under each element of the definition for the service or activity being subjected to a Best Value review. The Best Value Implementation Plan should identify the gaps where there are weak or no indicators and highlight the areas where further work is needed to assist the service review stage. The preparation of the Local Performance Plan will include setting targets and identifying the changes to be implemented and thus requiring monitoring and assessment. This should be fed back through the system to ensure later reviews learn from best practice and the performance measurement system is developed and refined.

The components of performance measurement

The next stage is the identification of the different components of performance

measurement. The starting point is the action or objectives to be achieved and the accompanying national and/or local performance standard together with the relevant performance indicator. The next task is to:

1. Link the performance indicator to the Best Value definition and corporate policies.
2. Link performance measurement to the Local Performance Plan by the inclusion of targets.
3. Identify supporting initiatives needed to achieve the targets.
4. Link monitoring and evaluation into performance measurement to that progress can be regularly assessed and performance reported (see chart below).

This framework can be used for each element of the definition of Best Value as shown in the chart on page 11. The design and selection of performance indicators is discussed in detail in Part 3.

Identifying value and conflicting measures

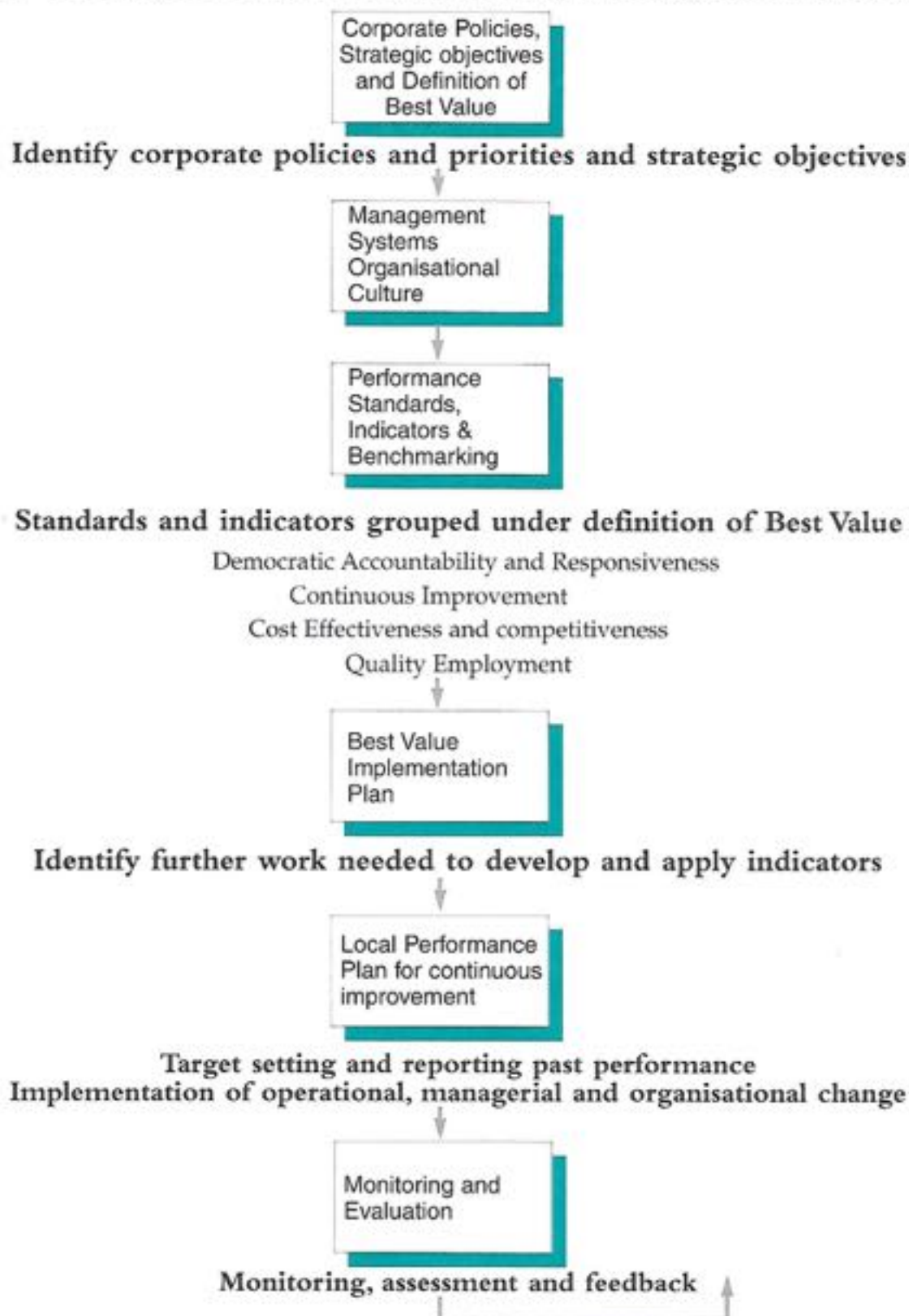
The definition of Best Value is an important tool to identify the 'value' added by particular changes and improvements and to identify their contribution to corporate and strategic objectives. There will, of course, be no automatic balance between the achievement or added value produced by meeting one performance indicator but failing to meet another. The definition provides a framework to identify the different causes and effects and a means of deciding priorities. A forthcoming Public Service Practice from the Centre will provide guidance on assessing social and economic value and trade-offs between service improvement, employment, regeneration, equalities and other aspects of adding value.

Performance measurement framework

Action/objective	Performance Standard	Performance Indicator	Target	Supporting initiatives to achieve targets	Monitoring performance

Methodology for Performance Measurement and Benchmarking

The central spine of the Best Value Strategic Management framework



An example of performance measurement using the definition of Best Value (Council Tax)

Democratic Accountability and Responsiveness

Action/objective	Performance Standard	Performance Indicator	Target	Supporting initiatives to achieve targets	Monitoring performance
<ul style="list-style-type: none"> * Improve level of user satisfaction * Implement anti-poverty strategy * Increase take-up % of those eligible for council tax benefit * Improve user satisfaction in ethnic community 		<ul style="list-style-type: none"> % of users expressing satisfaction % of payers receiving welfare advice % action by Bailiff % taxpayers expressing satisfaction 			

Continuous Improvement Perspective

Action/objective	Performance Standard	Performance Indicator	Target	Supporting initiatives to achieve targets	Monitoring performance
<ul style="list-style-type: none"> * Install new Document Processing system * Develop more comprehensive monitoring system * Streamline procedures 		<ul style="list-style-type: none"> Degree to which implementation timetable met % of council tax work monitored No of processes improved 			

Cost Effectiveness and competitiveness

Action/objective	Performance Standard	Performance Indicator	Target	Supporting initiatives to achieve targets	Monitoring performance
<ul style="list-style-type: none"> * Improve cost effectiveness of council tax * Reduce arrears 		<ul style="list-style-type: none"> Cost per chargeable dwelling Cost reduction achieved Administration cost per claimant % claims processed within 14 days % of total tax collected 			

Quality of Employment

Action/objective	Performance Standard	Performance Indicator	Target	Supporting initiatives to achieve targets	Monitoring performance
<ul style="list-style-type: none"> * Training for new council tax IT system * Workforce involvement in continuous improvement * Redeployment and retraining of staff * Job enhancement for staff affected by IT 		<ul style="list-style-type: none"> % of staff trained in IT % service reviews with workforce involvement 			

Continuous improvement

The performance measurement system outlined above will significantly contribute towards the creation of an organisational culture of working to achieve targets mainly because they are owned by middle managers and frontline staff and their achievement is not assessed in isolation but contributing to corporate policies, strategic objectives and adding value. It helps to create a climate in which managers and staff will be committed to examine processes and procedures in order to improve service delivery because the performance measurement system also incorporates equalities and the Best Value Code for Quality Employment. Continuous improvement is one of the four elements of Newcastle City Council's definition of Best Value and its achievement will be regularly assessed.

It is based on actual achievements and progress towards targets rather than perceived performance and therefore enables target setting and proposals for operational, organisational and managerial changes to be rooted in service improvement.

Monitoring, assessment and feedback from the performance measurement system should provide a regular flow of information to evaluate progress, examine the cause/effect of change and identify problems.

Workforce involvement in continuous improvement

The performance measurement system will help to facilitate staff involvement in Service Development Teams and other forms of workforce involvement in reviewing services. It will provide a ready means for assessing frontline performance and progress in the implementation of change. It will provide a framework for teams and projects to design and develop performance indicators and ensure target setting is realistic in the context of the available resources. It also provides an agenda for staff to ensure that standards, indicators and targets for equalities, sustainable development and the Best Value Code for Quality Employment are an integral part of performance measurement.

The performance measurement framework will also be a valuable tool in the service review process and for assessing the potential impact of changes to working methods, procedures and other aspects of service delivery. Providing an effective tool for Service Development Teams will play a key role in establishing the mechanisms to embed continuous improvement and cultural change within the authority.

The advantages of this approach are:

- Performance indicators are directly linked between corporate policies and the Best Value definition and implementation of action plans resulting from service reviews and targets established in the Local Performance Plan. A continuity or seamless process is established.
- It is based on actual performance resulting from the implementation of service delivery plans and action to improve performance rather than the more general views and perceptions of managers, staff and users of how the organisation is performing.
- It enables an authority to extract performance data for different levels, purposes and audiences. For example, the Audit Commission and the Accounts Commission for Scotland will require national or core performance information whilst staff and managers will need more detailed data.
- It is a means of integrating performance measurement with continuous improvement and providing hard evidence to form the basis of assessment.
- The priority for the Audit Commission and the Accounts Commission for Scotland will be assessing performance and authorities need to have a clear system of performance measurement in place. The Best Value Strategic Management framework gives priority to performance assessment and provides a methodology on which to build continuous improvement.
- Performance indicators are developed for the Best Value Code for Quality Employment, equalities and sustainable develop-

ment which are integrated in the process and sit alongside indicators and targets for other aspects of service delivery.

- The framework is clear, practical and will be more readily understood by staff, users and Elected Members compared to other more complicated models.

This methodology can also draw on surveys and assessments of staff, management and user perceptions of performance.

Supporting evidence

A recent US benchmarking study, involving government agencies and major private firms in the US, Canada and Britain, concluded that clear, consistent and visible involvement by senior management [and Elected Members] is essential in designing and deploying effective performance measurement systems. It also concluded that:

- * a clear and cohesive conceptual framework is needed for the performance measurement and management system that is understood by all levels of the organisation;
- * effective internal and external communications with Members, staff, users and the public is vital;
- * accountability for results must be clearly assigned and well-understood;
- * performance measurement systems must provide intelligence for decision-makers, not just compile data;
- * compensation, rewards and recognition should be linked to performance measurements;
- * performance measurement systems should be positive, not punitive;
- * whilst protecting sensitive and commercial information, results and progress toward programme commitments should be openly shared with staff, users and the public.

(Serving the American Public: Best Practices in Performance Measurement, National Performance Review, Washington DC, June 1997)

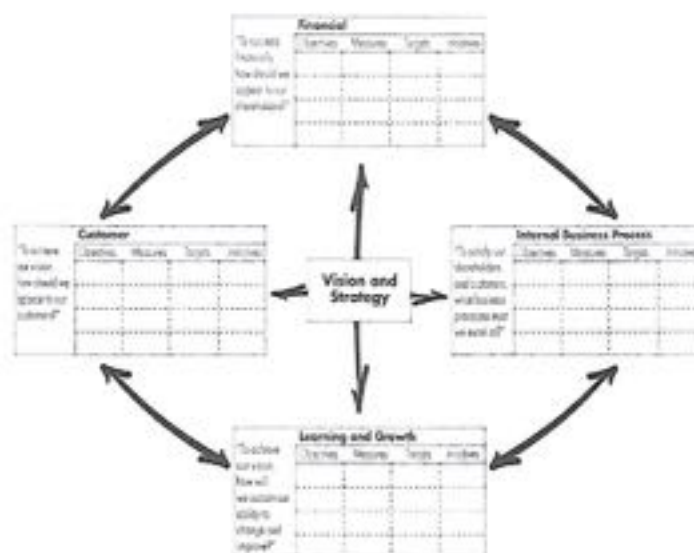
Other models being used in Best Value

Balanced Scorecard

The Accounts Commission for Scotland has adapted the Balanced Scorecard (developed by Kaplan & Norton) for the public sector and is currently working with local authorities to develop this approach. The Balanced Scorecard involves five steps:

1. Establish overall strategic goals and vision.
2. For each goal identify the key actions or initiatives required to achieve this goal.
3. Group these actions/initiatives into the four scorecard perspectives to check for balance.
4. For each action or initiative determine appropriate performance measures.
5. Monitor the measures and take action as appropriate.

The four perspectives are the customer perspective, internal business process perspective, continuous improvement perspective and a financial perspective.



There is a substantial degree of fit between the four part definition of Best Value and the four perspectives contained in the Balanced Scorecard. Whilst there is some overlap between what is covered in the each part of the definition and the scorecard, it is relatively small. For example, some aspects of the Scorecard's internal business processes are included under continuous improvement and quality employment parts of the definition.

Degree of fit between the definition of Best Value and the Balanced Scorecard approach

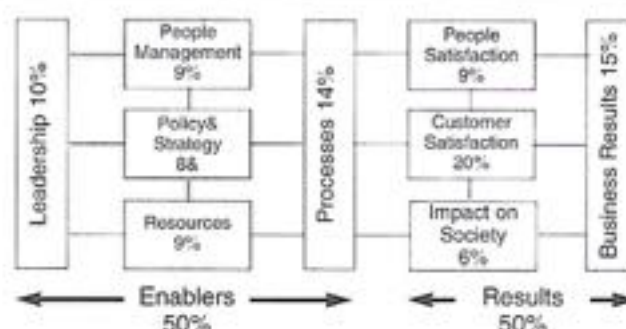
Definition of Best Value	Balanced Scorecard
Democratic accountability & responsiveness	The customer perspective
Continuous improvement in services	The continuous improvement perspective
Cost effectiveness and competitiveness	The financial perspective
Quality employment	The internal business process perspective

Business Excellence Model

"The Business Excellence Model is not a prescriptive model, it is a flexible but comprehensive framework within which to examine and push forward continuous improvement. It encourages a local authority to examine its current practices and performance under each of the criteria but it does not prescribe a way of addressing them." It is also described as an umbrella which sits over, and should pull together, all activities aimed at continuous improvement. It was formerly known as Total Quality Management.

The model has nine elements arranged in two groups, enablers and results. Enablers are concerned about how the organisation runs and cover leadership, policy and strategy, people management, resources and processes (see diagram). Results are concerned with performance and cover customer satisfaction, people satisfaction, impact on society and business results. The percentage values are derived from many European organisations and are reviewed every two years by the British Quality Foundation and the European Foundation for Quality Management (EFQM). The Conservative Government launched a Public Sector Benchmarking Project in April 1996 with 30 public sector bodies, later extended to 100 organisations, using the Business Excellence Model. The recent White Paper, *Modern Local Government: In Touch with the People*, also briefly referred to the model (para 7.36).

The Business Excellence Model relies heavily on benchmarking using ASSESS which consists of three related products, Rapidscore, Teamscore and Validscore which use the same basic series of questions, each linked to the nine



criteria of the model. Organisational self-analysis involves scoring each of the nine elements in the model from 1-10. The score is then multiplied by the factor for each element. For example, the leadership score is multiplied by 10 and the impact on society score multiplied by 6. These scores are then combined to give a grand total which is then compared with other ASSESS users and 'world-class databases'.

Ironically, it is a system of scoring and weighting which was not considered rigorous enough for the evaluation and award of CCT contracts but which is now used to self-assess entire organisations!

A number of key conclusions of the Government's Public Sector Benchmarking Project 1996-98 illustrate the limitations of the Business Excellence Model. It states that the BEM provides a framework for assessing current performance and a pointer towards what an excellence organisation looks like. "Experience from the private sector confirms that it is difficult to point to particular improvements being a direct result of use of the model, in that the model serves to improve the quality of decision-making and targeting of action, rather than improve specific areas of performance."

Advantages of this model

- * It is an approved system which facilitates benchmarking with private and public organisations nationally and internationally. Some authorities appear to be using the model as an insurance policy because it is recognised and validated by the private sector and anticipate, if their benchmarking scores are relatively high, using this as part of the justification for not subjecting services to competitive tendering.
- * It is essentially a model for continuous improvement and is a useful vehicle for drawing together and charting a range of other initiatives such as Investors in People and ISO 9000.
- * It provides a methodology of self-assessment of management, staff, users and other stakeholder's perceptions about the management, performance and other factors about the authority.

Disadvantages of this model

- * It is not a system for performance measurement but focuses on the perception of performance rather than actual performance. The Business Excellence Model relies heavily on scoring general views about the organisations whereas the Best Value Strategic Framework focuses on relating performance from corporate policies to action plans and implementation - a more hands-on tool.
- * It focuses on benchmarking and comparisons with private sector organisations which may have questionable relevance to many local authority services which operate under different circumstances to transnational companies. It could lead to other methods of service review being marginalised.

- * A separate Equal Opportunities Quality Framework has been developed which "translates equal opportunities into measurable, tangible and quantifiable business benefits based on the Business Excellence Model. It has a separate accreditation system and consultancy. But this approach could result in marginalising equalities issues because they are not integrated into one model.
- * The model is not easily understood and this could reinforce management control of the Best Value process, marginalising Elected Members, user, community and trade union organisations. They also may want resources focused on achieving real improvements on the ground.
- * Weightings for the nine elements of the model are fixed for all organisations and are only varied every two years.
- * Processes and questions for self-assessment are general and are open to less than honest assessment.
- * It promotes the language and ideology of the private sector. Best Value should be a means of focusing on retaining and enhancing a public service ethos rather than adopting models which fail to recognise the distinctive difference between the sectors.

Part 2

Corporate policies, strategic objectives and definition of best value

Defining before reviewing

"Best Value will be a duty to deliver services to clear standards - covering both cost and quality - by the most effective, economic and efficient means available", states the White Paper, *Modernising Local Government: In Touch with the People*.

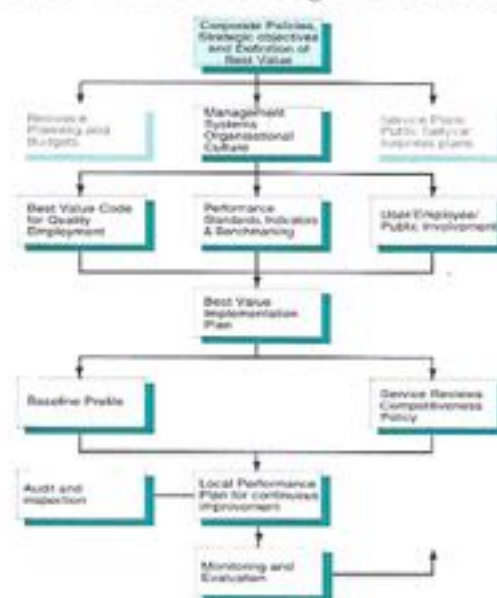
The White Paper also emphasised the importance of corporate objectives "...a vision for the local community...services which local people expect and the resources and opportunities available to deliver them....establish priorities." Local authorities will have a statutory duty to carry out "a programme of fundamental performance reviewscontinuous improvement to all services" which will require a commitment to challenge, compare, consult and competition.

Local Performance Plans will have to be prepared annually which "...reflect authorities' corporate objectives, including those of sustainable development and equal opportunities....show how their own plans link with other agencies....to meet needs of local people."

There will also be a duty to consult and authorities will be required to "engage with their communities in carrying out their reviews."

The Best Value process will have to be

Best Value Strategic Framework



transparent. Authorities will have to be clear about what is being valued, which aspects of performance are assessed, what and who is being compared, how continuous improvement is to be assessed, how priorities and realistic targets are agreed. The authority, through its Members and officers, will need to establish a common agenda to engage and communicate with user groups, community organisations, staff and trade unions.

Best Value is not confined to service delivery but covers all local government activities. These range from regeneration and economic development, promoting civic, cultural and educational activities in the broadest sense, to initiatives to improve the environment, health and community safety. Local authorities are involved in targeting substantial resources into particular neighbourhoods to achieve revitalisation and redistribution objectives. All these activities are enmeshed in policies and values. The fact that local government operates 'in the public interest' and that each authority has corporate objectives, the starting point for Best Value, means that a working definition of Best Value is not only practical but essential.

Seven key elements which define Best Value

We have identified seven key elements of Best Value. They provide a definition which can be developed locally.

1. **Quality of service:** A comprehensive definition of quality has eight elements covering the level and range of service, access, the service environment, the service relationship, quality of employment, accountability and democratic control of the service, management and organisation of the service, and monitoring and performance review.
2. **Achievement of sector or industry best practice:** Local authorities will want and need to ensure that their performance compares favourably with best practice in each service.
3. **Quality of employment and training:** The quality of employment and how staff are valued has a direct impact on the quality of service and the ability of the authority to achieve continuous improvement.
4. **Implementation of corporate policies:** The implementation of corporate policies for equal opportunities, health and safety, environmental sustainability, community safety, public health, employment, anti-poverty strategies, regeneration of the local economy are fundamental to achieving Best Value.
5. **Democratic accountability:** Local authorities will have a duty to consult and the quality of involvement of users, community organisations, staff and trade unions, civic organisations and local businesses will have a direct bearing on the success of the Best Value process.
6. **Cost effectiveness:** This is a balance between quality, cost, added value, scope for innovation and transaction costs in the context of corporate and service priorities.
7. **Social and economic equity:** The extent to which the service meets social needs, the social value of improving service coordination and integration and the contribution of the service to the local economy are important and valued objectives.

These seven elements of Best Value can be structured in several ways. One example is provided below.

Definition adopted by Newcastle City Council and the Environment & Development Department, Manchester City Council

1. **Democratic accountability and responsiveness in terms of:**
 - * the Council's objectives and priorities as a set out in the Corporate Strategic Plan and in particular those relating to equity, sustainability and regeneration;
 - * the involvement of stakeholders* in specifying and reviewing service delivery;
 - * responsiveness to the expressed needs and priorities of local communities;
 - * equal opportunities, access to the service by all sections of local communities and good customer care.
2. **Continuous improvement in services**
 - * in terms of the level and range and quality of the specified service;
 - * in the context of the availability of resources including budgets;
 - * by the application of best practice and standards;
 - * by maintaining good health and safety practice.
3. **Cost effectiveness and competitiveness, based on:**
 - * the importance of quality as well as cost in the delivery of Best Value services;
 - * rigorous monitoring and open and transparent review and evaluation of services, in conjunction with local communities;
 - * scrutiny of costs and competitiveness;
 - * efficiency and effectiveness of the management and workforce delivering the service.
4. **A workforce which is supported in the delivery of Best Value services by:**
 - * good employment conditions;
 - * training and skills development;
 - * equal opportunities in employment;
 - * involving the workforce and trade unions in continuous improvement in services.

Note:

Stakeholders in council services include local residents, the business community, the voluntary sector, local organisations and groups, those who work in and visit the city, council members and the workforce delivering council services.

Corporate policies

Corporate objectives have much greater importance in the Best Value regime than under CCT and they must be made to count. This poses a real challenge in terms of assessing performance as they are often subjective. The difficulty of establishing cause and effect should be recognised in the application of Best Value.

Best Value is intended to 'add value' through assessing performance and achieving continuous improvement. But how is value defined, whose views are taken into account, how are benefits to be delivered and what is the cost of doing so? There are few win-win situations in local government. This is why it is necessary to have a definition of Best Value which sits between corporate policies and the performance measurement/service review process.

Mainstreaming equalities in Best Value

Equal opportunities principles must be clearly incorporated at each stage of the Best Value process. This should include the publication of equality programmes and progress in local performance plans and annual reports. Explicit equalities criteria should apply to in-house services and private contractors, in addition to employee and user involvement. This means mainstreaming equalities in Best Value so that an equalities perspective is incorporated in all policies at all levels and at all stages of the process.

Equalities in the context of Best Value includes:

- * equal access to services;
- * diversity of services and activities;
- * anti-discriminatory policies;
- * equality of representation in user/community and staff involvement in Best Value processes;
- * equal opportunities in employment.

Incorporation of equalities in the Best Value Strategic Framework

Corporate policies, strategic approach and definition of Best Value

- Equalities statement in corporate policies adequately reflected in approach to Best Value.
- Ensure commitment to redistributive and positive action is explicit.
- Equalities built into definition of Best Value.

Performance standards, indicators and benchmarking

- Setting equality standards.
- Selecting relevant and effective equality performance indicators.
- Equalities should be an indicator of quality.
- All benchmarking and comparisons to include equalities indicators.
- Development of new performance indicators and means of assessing different aspects of equalities.

Best Value Code for Quality Employment

- Equalities section in Code covering equalities in employment and service delivery.
- Ensure equalities issues adequately reflected in all twelve sections of the Code.

User, employee and public involvement

- Assessment of current levels of user involvement to include representation in terms of race, gender and disability.
- Ensure equalities taken into account in selecting consultation and participation techniques.
- Ensure non-users and potential users are targeted.
- Needs expressed for capacity building and community development strategies.
- Representation in employee/trade unions and workforce continuous improvement projects and on agendas of all discussion groups.

Implementation plan

- Ensure checklists adequately cover equalities issues at all stages.

Baseline profile

- Accurate assessment of current performance on equalities indicators.
- Evaluation of progress in meeting CRE Race Equality Standards.

Service reviews and competitiveness policy

- Inclusion in all service review processes.
- Commitment to developing stronger equalities assessment and identification of best practice.
- Equalities representation on all service review teams.
- Comprehensive evaluation of equalities in tendering process.

Local Performance Plan for continuous improvement

- Equalities performance targets established.
- Action plans for continuous improvement to include specific reference to means by which equalities targets will be met.
- Monitoring and evaluation of equalities implementation.
- Performance on equality indicators and targets published in plan and reasons stated for achievement or non-achievement.

Environmental sustainability and Local Agenda 21

Sustainable development must be mainstreamed into the Best Value process in a similar way to that of equalities. This includes ensuring that sustainable development is a corporate policy and that local sustainable development objectives are built into service plans. Appropriate performance indicators should be developed so that performance can be fully assessed in the service review processes and the sustainable development effects of changing working methods and service delivery procedures can be fully assessed. Targets and improvements in local sustainability in all services should be an integral part of the Local Performance Plan and the monitoring system (see Integrating Sustainable Development in Best Value, LGA/LGMB, 1998).

Best Value Appraisal of PFI projects

Best Value will apply to all local authority services. The PFI process includes a Public Sector Comparator but this is essentially a financial investment appraisal tool to compare the cost of traditional public sector procurement with that of private finance. The value for money analysis is almost entirely financially based. For these reasons, PFI projects should be subjected to a Best Value appraisal during the project development stage. This should cover:

- an assessment and evaluation of PFI projects to complement the Public Sector Comparator, using the definition of Best Value, to prepare a comprehensive impact analysis;
- the requirements for continuous improvement built into PFI projects and contracts;
- the role of users and employees in monitoring services;
- how performance measurement will be carried out and reported, including the requirements on contractors with regard to information disclosure.

A Best Value Appraisal should consist of assessing the PFI project against the Best Value definition to identify the advantages and disadvantages of the project. This would sit alongside the value for money appraisal. It would enable authorities to determine the wider impact of the PFI project. This is vitally important because PFI projects tie authorities into long term financial commitments which may restrict their ability to finance higher levels of performance and continuous improvement in other parts of the service.

Part 3

Performance standards, indicators and benchmarking

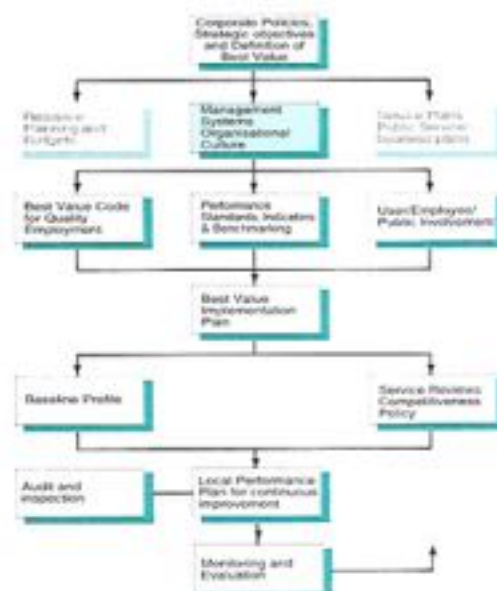
The Best Value Strategic Framework emphasised the importance of a performance measurement system which is practical, transparent and integrates the other key components of the Strategic Framework. This section describes the process of selecting performance indicators and benchmarking, providing several checklists. The availability of national and local indicators varies widely between services. The effectiveness of Best Value will be largely determined by the extent to which authorities develop local indicators for specific services which track implementation of operational, managerial and organisational change and the extent to which targets are met.

The use of performance standards

The government is to establish a range of national minimum standards for services but local authorities will be able to set their own higher standards. It is important to distinguish between:

1. Standards of service. These are distinct from objectives or statements about the service and include elements such as frequency of service, response time, quality and availability of service.
2. Selection of performance indicators or indicators. These are distinct from statistics about the volume or type of service, the quality or specification of the service (for example, data on the type of service), the extent to which policy objectives are met. For example, 'service delivery through other

Best Value Strategic Framework



agencies' has nothing to do with performance, it only indicates whether an authority may be conforming to the implementation of the enabling model of local government. It is not a measure of service performance.

3. Identifying policies, activities and objectives which are subjective and/or where it is very difficult to identify the cause and effect relationship. Changes in the health of a community and the achievement of equal opportunities are just two examples. Actual performance cannot be quantified but can be evaluated by assessing the extent to which objectives are achieved.
4. Assessing current performance and the extent to which standards are achieved.
5. Establishing new performance targets and priorities.
6. Assessing performance against targets. These are brought together in the Local Performance Plan (see Part 9).

Performance indicators

A performance indicator is a quantitative or qualitative characterisation of performance. We have used the term 'indicator' rather than 'measurement' because the former is a more accurate definition.

Types of indicators

Inputs
Process
Service quality
Outputs
Outcomes
Effectiveness
Efficiency
Cost effectiveness

What is performance measurement for?

It can be used to:

- * Prove Best Value.
- * Improve the quality and cost effectiveness of services and activities.
- * Justify adoption of service review methods other than competitive tendering.
- * Improve public accountability.
- * Assist managers design more effective ways of achieving continuous improvement.
- * Encourage staff participation in continuous improvement projects and improve job satisfaction.
- * Take into account in drawing up the budget and resource allocation.
- * Evaluate the effectiveness and social usefulness of services and projects.
- * Identify the need or potential for joint work or partnerships with other organisations.

Current state of the art

Performance indicators are what they are; they indicate levels of performance or achievement towards an objective since a single indicator tends to give a one-dimensional view. Performance indicators are more effectively used in groups. But even then they are not the be all and end all of assessing performance. The Government is placing emphasis on comparability and benchmarking but the hard reality from ten years of benchmarking in the civil service and the experience of other countries such as the USA and Australia, which have in-depth experience of these matters, benchmarking will remain for some time only one means of assessing performance and Best Value. The Government will have to take into account a range of other service review methods.

Benchmarking alone will not provide adequate justification for proving competitiveness.

Valuing the process of service delivery

Performance indicators 'measure' the end result, the outputs, in terms of quality, cost or productivity but generally do not take into account the process, the way in which the service is delivered. This could result in less attention being paid to the service delivery process and to the conditions of staff employed providing the service. CCT Method Statements could become a thing of the past. However, the service process is an important part of the quality of a service and to how it is valued by the community.

Lessons can be drawn from the Government's Next Steps Agencies which have been using performance indicators and setting targets for a decade. The problems encountered have included:

- unquantified target areas;
- measurement of the task rather than the output;
- results set at either, allowing for no gradation in performance;
- insufficient complementarity in the target ie recognition of the relativity of the elements;
- focus on inputs and management goals;
- inadequate focus on objectives of the agency;
- lack of movement in target level;
- frequent change in the key performance indicator.

Selecting indicators

Elected members, user/community organisations and trade unions should be involved in the selection of performance indicators for the following reasons:

- To ensure indicators are selected which user and community organisations consider are relevant indicators of quality and performance.
- To ensure there is a balance between indicators which indicate quality, productivity and cost.
- To ensure that indicators reflect changes over time.

- To assess the resources which will be needed to support the development and use of particular indicators, for example, the availability of information and the cost of monitoring.
- To decide the compatibility of indicators with those used by national bodies, other authorities and public bodies and by other departments within the authority.
- To ensure that the authority's political policies for the service are reflected in the indicators.
- To ensure that performance indicators for the authority's corporate policies are included in the range of indicators.
- To ensure there is a discussion about how the performance indicators will be used by management and how management will be held accountable for the performance indicated by the indicators.

Performance indicators are the basis for benchmarking. Without relevant, accurate indicators, benchmarking is useless.

The Government plans to have two sets of performance indicators. Firstly, a small set of general health indicators, of national interest, to assess the managerial, democratic and financial integrity of the authority. These are likely to cover about twelve indicators, including the percentage of council tax collected, the percentage of days lost to sickness absence and the percentage turnout for local electors. These indicators are in addition to the existing statutory performance indicators operated by the Audit Commission. Secondly, local targets will be set for all key services and will be underpinned by a minimum requirement for improvement which will cover:

- * quality targets, over 5 years, that are consistent (as a minimum) with the performance of the top 25% of all authorities at the time the targets are set;
- * cost and efficiency targets, over 5 years, that are consistent (as a minimum) with the performance of the top 25% of authorities in the region at the time the targets are set;
- * and annual targets that are demonstrably consistent with the 5 year targets.

Performance indicators will play an important

role in demonstrating that an authority is securing the duty of Best Value.

Verifying performance indicators and monitoring performance

Service monitoring was often the least developed part of the CCT regime. But now it is an essential part of the Best Value process because the assessment of performance targets requires regular monitoring and evaluation.

Monitoring systems should be developed which are effective, avoiding the tendency for it to turn into constant vigilance, and then into surveillance, with potentially very negative effects for the workforce and a misuse of scarce resources.

Methods of comparing performance

A range of methods for comparing performance are described in Part 8. Best practice covers more than indicators and includes the processes and procedures used to deliver a service and the methods used to implement corporate policies. This approach will be very important in the promotion and defence of council policies. Integrating and developing indicators of corporate policy performance will be crucial in developing the case for:

- competitiveness;
- quality of employment through direct labour;
- local accountability.

These factors must be built into the performance framework.

Benchmarking

Benchmarking involves the selection of criteria covering quality, performance, productivity, resources, user satisfaction and other indicators which are compared with the same or similar service provided by other departments or organisations. Thus benchmarking can be carried out with internal and/or external organisations.

In essence, it is "a process of comparing with, and learning from, others about what you do and how well you do it, with the aim of

creating improvements" (Towards Best Practice, Cabinet Office, 1998). Few could disagree with the intentions. However, the process is fraught with difficulties of comparisons on a like-for-like basis. Basically, the current practice of benchmarking is far more developed than the performance indicators upon which the process is dependent.

The process of comparability should identify:

1. the relative performance of a service;
2. the extent of the difference or gap in performance and reasons for the difference;
3. ways to improve service delivery including assessing the use of resources and working methods.

Benchmarking should be a process for learning and identifying best practice. One problem is that comparing performance through indicators does not necessarily reveal best practice. Authorities too readily rely on choosing the 'best performing' authorities from league tables in their search for best practice. It is essential to understand the limitations of performance indicators and the benchmarking process, that it is only partly a scientific and technical process overlaid with subjective and value judgments.

Authorities also need to avoid the development of a 'blame' culture in response to its position relative to other authorities.

There are four types of benchmarking:

Data benchmarking: This is the basic collection and comparison of performance indicators or information between organisations. This is the most widely used form of benchmarking but should only be considered as a starting point and an aid to identify the use of process benchmarking.

Process benchmarking: Focuses on comparing activities or procedures with those of other organisations to identify similarities and differences in the way services and activities are carried out and to identify best practice. It is a means of identifying and understanding differences in performance revealed in data benchmarking. It is most useful in comparing common and repetitive processes such as

repair orders or planning applications. It is complex and time consuming and more effective when carried out as part of other service review processes such as quality audits where best practice has been identified through sources other than data benchmarking.

Functional benchmarking: This form of benchmarking compares the structure, operations and performance of an entire function which may be contained in one department or cut across departmental boundaries, for example, personnel or financial services.

Strategic benchmarking: This approach compares the implementation of strategic or corporate policies and organisational objectives with the way they are implemented in other organisations. It identifies how other organisations successfully implement policies including their processes, procedure, resources, staffing and organisational structures.

Benchmarking strategy

Each authority will need to draw up a plan for the strategic use of benchmarking in the service review process, how it will be used in different services with varying types of indicators and how it will be used alongside other methods of service review (see Part 8).

Benefiting from best practice in other organisations requires the authority to develop its internal learning abilities. It should also recognise that learning about best practice can often be more effectively achieved outside of the benchmarking process or by carrying out simultaneous reviews. For example, a Quality Audit could identify best practice authorities/services and provide detailed evidence more cost effectively than benchmarking.

The development of performance indicators and benchmarking has important resource implications. Authorities have to carry out a certain level of benchmarking as required by the Audit Commission and the requirements of the Best Value regime. However, authorities will have to decide how much additional benchmarking will be carried out. This goes to the heart of Best Value and the use of resources.

Checklist of key issues for benchmarking

Quality of the indicators

- Use only verifiable and audited performance information which is sourced and dated.
- Select a balanced range of performance indicators which cover quality, cost effectiveness, user satisfaction, equality and other corporate policies.
- Select performance indicators for benchmarking which are important to users and clients, reflect corporate priorities and the working definition of Best Value adopted by the authority.
- Involve all stakeholders which includes staff, trade unions, user and community organisations (see User/Employee Involvement in Best Value, page 32, for detailed checklist). This should involve capacity building to improve understanding of performance indicators and the benchmarking process.
- Select a group of indicators for benchmarking; do not rely on one indicator.
- Press for the development of indicators which reflect cross cutting issues such as sustainable development, health and community safety.
- Where relevant, performance indicators should be linked to the new planned duty on local authorities to promote the economic, social and environmental well-being of their areas.
- The presentation of performance indicators and benchmarking results must be placed in the context of the Best Value definition and corporate policies, otherwise they are likely to be misinterpreted and misused.
- Most performance indicators are historic and backward looking. They inform an organisation about past performance. Few measure current performance or indicate the level of performance required in the future in order to meet corporate and service objectives.

Comparability

- Compare performance only in the context of corporate priorities, for example, an authority may reluctantly accept poor performance in highways and street lighting in order to target resources and improve performance in education or social services.
- Ensure comparability of timescales.
- Ensure that subjective issues and non-quantifiable objectives, particularly those relating to corporate policies, are part of the agenda.
- Select benchmarking partners with care and identify best practice, not simply authorities which perform well in league tables.
- Justify the need for and advantages of comparison with private sector organisations.
- Ensure that any differences in policies (corporate and service specification), standards, geography, social and economic conditions, equipment and treatment of on-costs and other variables are taken into account.
- Ensure that the process of service delivery is well understood and documented (specification and method statements) or mapped so that differences in performance and new ways of working can be identified.
- Recognise that improvements in one area may be achieved at the expense of others.

There is likely to be a cut-off point when resources will be better used being directly invested in service delivery improvements rather than spent attempting to refine the art of benchmarking. This is another reason why users, staff and other stakeholders must be involved in benchmarking to prevent it becoming privatised by technical officers.

The strategy also needs to include decisions about tradeoffs between different aspects of performance. Reduced unit costs could result in lower quality service and/or a reduction in the quality of employment.

The LGMB Management Briefing on Benchmarking advises authorities to: "ensure services staff are involved in all stages of the benchmarking - identifying problem areas, collecting the data, and developing new ways of doing things. Without their commitment, change will not be sustained". As part of this, the experience of staff and the relevance of particular performance indicators to users should be incorporated into the benchmarking process. There are a number of stages to the process where users and employees should be involved (see User/Employee Involvement in Best Value, Centre for Public Services, 1998).

Advantages of benchmarking

Benchmarking can contribute to building a culture of improvement and lead to the development of a 'learning organisation'. It provides a broad indication of an authority's performance relative to others providing a broadly similar, if not the same, service. It can also help to identify authorities and organisations from which further information about best practice can be obtained.

Potential problems

- * Benchmarking can involve crude comparisons between the public and private sector, reinforcing the efficiency and value for money criteria rather than quality of service.
- * Difficulty in selecting comparator organisations which provide the same service to similar standards, corporate policies and social and economic circumstances.
- * Potential misuse with the focus on results with concern about the process of service delivery, such as working with local organisations, being marginalised.
- * Performance can be distorted by selecting, grouping or separating benchmarking indicators.
- * Difficulties in correlating performance indicators used in benchmarking with actual consequences.
- * Variations in the basis on which information is collected and different interpretations of performance will differ significantly between departments and authorities and other organisations.

Developing a performance measurement system will take time and will involve constant assessment and revision. No one has all the answers, not the Government, the Audit Commission, the Accounts Commission for Scotland, nor overseas governments or the private sector. It is a learning process.

The more we value socio-economic issues such as equalities and employment and the way services are delivered, the more difficult it is to develop appropriate performance indicators or to trade off achievement in one indicator against another. Performance measurement is a framework to assist the decision-making process, not to replace it.

Part 4

User, employee and public involvement

Introduction

User and employee involvement is essential for the successful operation and implementation of Best Value and Democratic Renewal in all authorities. Projects should start with the existing social infrastructure of user, community and trade union organisations. The strategy set out in this chapter is covered in detail in "User and Employee Involvement in Best Value, PFI and Partnerships" Centre for Public Services, 1998.

User and employee involvement should be an integral part of performance indicators, service review, the implementation plan and local performance plan. The authority should set performance targets for user and employee involvement. Guidelines for user and employee involvement should be agreed at the start of the Best Value process with appropriate structures and realistic timetables for detailed work in the community and workplace.

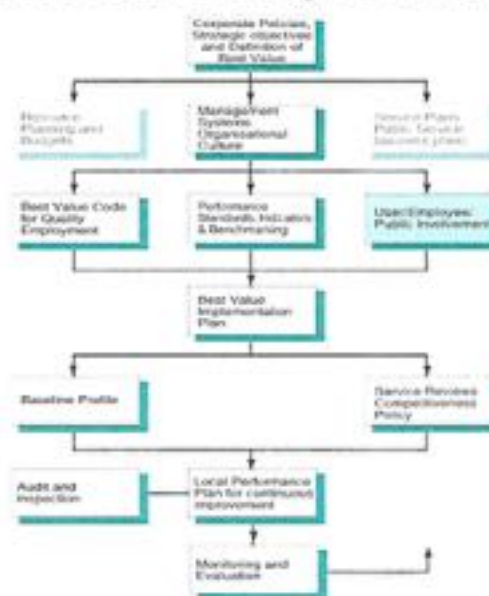
Genuine involvement by users and employees will be dependent on managerial commitment and political support. Equal opportunities should also be applied to all aspects of involvement.

Areas of involvement

User organisations and trade unions should be involved in:

- determining the content and scope of Best Value;
- assessing performance against Best Value criteria, including the methods and performance criteria;
- setting quality, service and performance standards and targets;

Best Value Strategic Framework



- identifying the focus for Best Value assessment of service delivery;
- developing ideas and proposals to change and improve service delivery;
- preparing strategic plan for involvement;
- assessing Best Value through:
 - nationally set standards
 - performance indicators and targets
 - benchmarking
 - market intelligence
 - quality audits
 - service reviews
 - workforce involvement in improvement projects
 - user research and survey
 - public service or business plan
 - strategic sourcing or competitive tendering;
- preparation of the Local Performance Plan;
- monitoring the implementation of Best Value proposals.

Reasons for involvement

Authorities should recognise the advantages of genuine involvement:

- better understanding of user needs and priorities;
- better understanding of frontline service delivery and gaps in performance;
- better targeted and more effective services based on needs and standards identified by users;

- improved services as a result of users and employees contributing ideas and proposals to change and improve the organisation, management and delivery of services;
- build political support for, and to help shape, the authority's corporate policies;
- identify user/employee information needs and to make its presentation relevant and understandable;
- improve job satisfaction;
- improve democratic accountability and strengthen civic society.

User and community involvement

The primary involvement in Best Value should be through representative user and community organisations. This may be supplemented by capacity building to help the development of new democratic representative organisations and the use of focus groups, panels and citizen juries where appropriate.

User organisations will need to make decisions on the level of involvement depending on:

- an assessment of priorities and resources available
- assessment of power and influence of different forms of involvement in Best Value process
- assessment of other organisations involved and the role of business organisations
- education and training available to develop skills
- demands for capacity building for organisational development and networking
- access to internal/external technical advice to develop proposals
- links established with other user/community organisations
- links established with authority's trade unions
- availability of child care, travel expenses and administrative support.

Employee involvement

Local authorities will be individually responsible for developing a detailed approach to engaging their own employees in the Best Value process. A strategic plan for employee involvement should be drawn up in the context

of Best Value and the development of continuous improvement projects.

The Government has stated the importance of staff involvement in Best Value. "Well-motivated and well-trained employees are vital in the provision of Best Value services.... The Government wants in future to see employees fully involved in improving the services that they provide to the community." (In Touch with the People, DETR, 1998)

Involvement should include:

- * Drawing on the experience and ideas of the workforce, their knowledge of service delivery, understanding of problems and potential for change.
- * Jointly agreed guidelines for employee involvement in Best Value projects.
- * Regular meetings involving front line staff and trade union representatives, with or without management, with appropriate facilities and resources.
- * Examining ways of improving service delivery, new ways of working, organisational changes, improved coordination and contribution to the Best Value process.
- * Introducing changes to facilitate involvement such as training, alterations to working practices and management relations.
- * The scope of involvement should encompass defining Best Value, service reviews, development of performance indicators and benchmarking, implementing continuous improvement projects.

Trade unions

Employee involvement should be integrated with existing trade union structures and unions will need to ensure:

- involvement in Best Value coordinating committee and working parties
- participation in continuous workplace improvement projects
- education and training
- facility time for representatives
- joint trade union cooperation
- access to internal/external technical advice to help assess and develop proposals

Building political support with members

The role of councillors in Best Value needs to be clarified in the context of their changing position within local authorities. There is a danger that Best Value is led by managers with little political input over local policy and decision making. The Government's intention to review the role of councillors provides an ideal opportunity to develop the position of elected members in relation to users and employees.

Councillors need to:

- * Promote user and employee consultation and involvement in the council's work on Best Value.
- * Spend more time meeting with local organisations and consulting with service users to identify needs and sharing information to be fed into the policy making and decisions about Best Value.
- * Develop community networks with formal and informal systems for involving local users in the Best Value framework.
- * Work closely with staff and especially front-line staff and trade union representatives to ensure clear lines of accountability and understanding of Best Value.
- * Participate in a training programme on Best Value which includes regular updates, information and briefing sessions.

Equalities

Equal opportunities policies are integral to user and employee involvement and should reflect changing priorities and diversity of local need. All community interests and sections of the workforce should be targeted in the Best Value process. Equalities criteria should include:

- targeting of under-presented groups and interests;
- ensuring access, translation, facilities, timing of meetings take account of local needs;
- ensuring full representation of women, black and ethnic minorities, people with disabilities;
- involvement of black and ethnic minority organisations in Best Value process;

- capacity building resources and training to increase organising of representative groups;
- methods of involvement which take account of cultural traditions;
- ensuring needs of different groups are identified in service reviews and performance targets.

In addition, equalities criteria should be included in developing performance indicators, benchmarking and comparisons of performance.

Methods of involvement

There are many methods for involving representatives of user, community and trade union organisations and users more generally. The appropriateness of the following techniques must take into account the type of service, levels of user and staff organisation, decision-making structures, resources and possible courses of action.

- group discussion with user, community, branch and other organisation committees
- workshops on specific issues
- public meetings or forums
- small group meetings in area or on particular issues
- representation on Best Value coordinating committees and working parties
- participation in workplace continuous improvement projects with staff
- involvement in formal structures - area committees, advisory panels, neighbourhood forums
- consultative - user panels, citizens juries and focus groups
- participation in continuous workplace improvement project meetings.

Building alliances

In addition to a four way partnership between elected members, users, employees and management, there is also a pressing need for employees and trade unions to develop alliances with user organisations outside of, and complementary to, the formal local authority structures.

In terms of Best Value there are three ways in which a closer working structure can be developed:

- * Agreement to work together on common issues.
- * Working jointly within local authority structures specifically designed to bring workforce and user representatives together in Best Value project groups.
- * A more formal alliance or joint committee to which member organisations affiliate and send delegates.

Part 5

Best Value Code for Quality Employment

Introduction

The Best Value Code for Quality Employment has been prepared because the way in which staff are valued, the quality of this employment and the level of workforce and trade union involvement are fundamental to Best Value. The Code can be used to make the case for genuine employee and trade union involvement in Best Value and to highlight how quality of service and quality of employment are irrevocably linked. The Code is equally applicable for Best Practice projects in the health service.

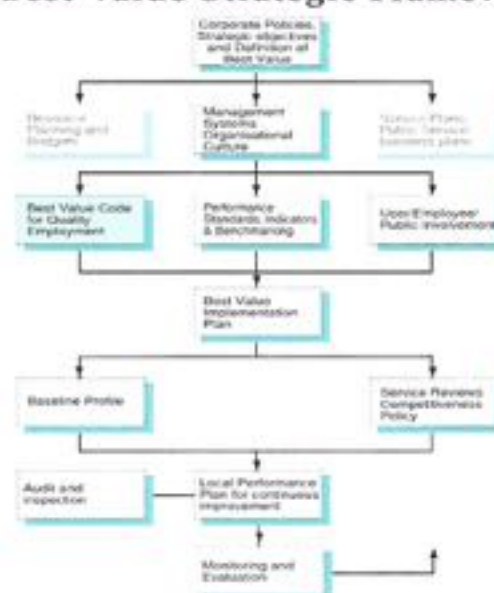
This Code incorporates UNISON's Best Employment Code which is essentially focused on contract compliance. A more comprehensive **Best Value Code for Quality Employment** is required to cover the full scope of the Best Value regime which will affect all services.

The Code is divided into twelve sections:

- * Consultation and involvement in Best Value
- * Commitment to in-house services
- * Information disclosure
- * Continuous workplace improvement
- * Best Value management
- * Changes to working practices
- * Application of new technology and new equipment and assessing impact:
- * Training and development
- * Redeployment
- * Equalities
- * Contract Compliance
- * Single Status

The Code is a core part of the preparation for Best Value alongside the performance

Best Value Strategic Framework



standards, indicators and benchmarking and the strategy for involving users, employees and the public. It is an opportunity to establish a new culture for industrial relations. If the government and authorities are genuine in their statements concerning the need for staff involvement, then the principles and specific clauses contained in the Code will have to be put into practice. The Code brings together a range matters which are central to improving working conditions, job satisfaction and how staff are valued and treated.

The fact that so few managers have engaged in dialogue with frontline staff and trade unions to examine operational, organisational and management issues is an indication of the scale of the change of culture required in authorities. Yet this is one of the most effective ways of starting the process of Best Value and could be an indicator of an authority's commitment to improve performance for users. The Code can be used as a means of improving or establishing trust between the authority and staff and trade unions and vice versa. It can be used to address three key concerns:

- * Many employees and trade union branches are extremely cautious in their approach to Best Value because they believe that the price of continuous performance improvement will be extracted by changes to their jobs, pay and conditions rather than fundamental improvement in operational and managerial effectiveness.

* Many middle managers are frustrated because of constraints imposed by senior managers and an organisational culture which makes change and innovation extremely difficult to negotiate.

* Many senior managers are concerned that operational managers and supervisors lack the confidence and skills to effectively engage frontline staff in a continuing joint dialogue.

The Code can be used to establish the ground rules for a new agenda.

Each section has a series of requirements and clauses which need to be agreed (or amended to take account of local circumstances) by trade union branches before seeking corporate support and approval of the Code.

Consultation and involvement in Best Value

- Trade union representation in Best Value and related area/community planning policy-making and the coordination of these policies at corporate and department levels.
- Staff and trade union involvement in defining Best Value and the selection and application of service reviews, audits and other Best Value processes.
- Staff and trade union involvement in assessing performance and benchmarking of services and activities.
- Trade union agreement on content and scope of baseline profiles and Local Performance Plan.
- Trade union representation in forums, meetings and consultation processes with user organisations and other stakeholders.

Commitment to in-house services

- No externalisation or transfer of services unless it can be demonstrated that a rigorous and comprehensive effort has failed to adequately improve the quality and cost effectiveness of the in-house service. The tendering process and evaluation of bids must include quality of service, cost effectiveness, social equity, equalities and employment criteria (see Contract Compliance section below).

- Consultation on competitiveness assessment and any proposal to submit a service to competitive tendering.
- Consultation on any proposed use of consultants in connection with Best Value including the reason for use, proposed terms of reference and timetable.
- A commitment to seek public investment in the service as a priority over privately financed projects.
- The planned purpose, scope and formation of partnerships with other public sector organisations, private firms and/or voluntary organisations be open to disclosure and negotiation.

Information disclosure

- Staff and trade unions have the right to up-to-date and accurate management information on the performance of their work at section, service and department level.
- Consultation on the selection of benchmarking partners and best practice authorities for quality audits and other reviews.
- Trade unions and Council to enter agreement on information disclosure to ensure availability and ensure confidentiality where necessary.

Continuous workplace improvement

- Recognition that the involvement of staff and trade unions is essential to achieve continuous improvement in the effectiveness and quality of services and jobs.
- Staff and trade unions to be involved in the design, planning and implementation of all workplace involvement projects.
- Trade unions have the right to engage their own advisers as part of continuous workplace improvement projects.

Best Value management

- A commitment to developing a new organisational culture, not constrained by the narrow client/contractor relationship, which is responsive and based on achieving continuous improvement.

- The implementation of new management systems and re-engineering of any services will be fully discussed and assessed with trade union representatives.
- The implementation of proposals for changing working practices and procedures are properly planned, monitored and evaluated.

Changes to working practices

- Changes to working practices required to improve the coordination and integration of services to be subject to negotiation through established machinery.
- Opening times, timing of service delivery, rotas and work schedules be subject to consultation through established machinery.
- The health and safety implications of changes to working practices and use of new equipment will be fully assessed.

Application of new technology and new equipment and assessing impact

- Skills audits to be carried out as part of the planning for change in consultation with trade unions.
- Job satisfaction assessment of work content and job enhancement proposals - trade union/staff consultation on type of equipment.
- Any new health and safety arrangements must be coordinated with the introduction of new equipment.
- The knock on effects in other departments must be fully assessed.

Training and development

- Training for officers, staff and trade union representatives involved in the Best Value process.
- Preparation of a training plan and budget for staff development (including Investors in People) which will demonstrate a commitment to valuing staff.
- Retraining where changes to working practices in connection with new technology and equipment are introduced.
- Access to other training schemes including

the TUC, UNISON's Open College, Further Education schemes run by other recognised trade unions, professional training and further education bodies.

- Community education and training (capacity building) for user and community organisation representatives to facilitate their involvement and joint working with other stakeholders in the Best Value process.

Redeployment

- Any staff either displaced or confronted with substantial change to their job be offered redeployment and, if necessary, retraining.
- All staff redeployed to have full protection to terms and conditions.

Equalities

- Equal pay for work of equal value.
- Implementation of Commission for Racial Equality Race Equality Standards throughout the organisation.
- Equality impact assessments to be carried out in all Best Value service reviews.
- Equality performance targets included in all relevant sections of the Local Performance Plan.
- Assess impact of changes in working practices, multi-skilling and staffing rotas for staff in terms of race, gender and disability.
- Implementation of equalities policies to be fully monitored, evaluated and reported.
- Ensure staff representation from all sections, grades/occupations, full/part time staff, permanent/temporary in reviews and staff involvement in the Best Value process.
- Staff training and management development programmes to be available and accessible to all staff (see also section on Staff Training and Development).
- Equalities indicators and policies to be an integral part of all internal and external benchmarking.

Contract Compliance

- Equal opportunities should be a key measure in the selection of contractors and the evaluation of bids.

- Full monitoring and evaluation of all contracts to include service performance, implementation of corporate policies, health and safety, equal opportunities and employment policies.
- Protection of terms and conditions, including pension rights, for the life of any contract.
- Equity for part-time and temporary or fixed-term workers.
- Adherence to all anti-discrimination legislation including codes of practice, by all service providers, including European and UK equal pay, sex discrimination, race equality and disability rights laws.
- Adoption of Code of Practice for TUPE including technical assessment of contractors proposals for transferred staff. A useful model is that drawn up by the Ministry of Defence in conjunction with trade unions and trade associations. It requires tenderers technical proposals to be assessed for any impact on transferred staff with respect to management structures, changes to working practices, relocation, equal opportunities and environmental considerations.
- Trade union recognition and collective bargaining rights on all contracts.

Future repeal of 'non-commercial' matters

On repeal of Part 11 of the Local Government Act 1988 concerning 'non-commercial' matters, the following criteria should be used in the selection of contractors and award of contracts to ensure Best Value:

- * Terms and conditions of employment, including sub-contractors
- * Employer's equal opportunities policies, composition of the workforce and track record on race, gender and disabilities
- * Training and staff development
- * Transaction and contracting out costs
- * Social and economic impact of the contract.

Single Status

- Commitment to implement Single Status agreement as an integral part of Best Value process.
- Job evaluation to be integrated with the review of services under Best Value.

How to use the Code

Negotiating Best Value projects: The Code forms an important building block in the Best Value performance management framework and should be submitted for approval at corporate and departmental Best Value committees or working groups. Trade unions and authorities may wish to vary particular clauses through local negotiation.

Performance indicators and annual targets can be developed for the Code to enable authorities, trade unions and users to assess implementation of particular sections and clauses (see Part 3).

Competitive tendering, transfers and externalisation: The Code should be submitted to potential contractors seeking their commitment to adopt and implement the Code if they are awarded a contract. This will assist both management and trade unions in determining the commitment of contractors and voluntary organisations to Best Value and valuing staff in addition to the legal requirements of the TUPE regulations.

Design performance indicators and targets: Performance indicators can be designed for many clauses in the Code and linked into the performance measurement system described in Parts 1 and 3. However, they should be prioritised, identifying those which are important but are more subjective or where monitoring and assessment will be difficult and/or costly. They should be mainstreamed in the Best Value process in the same way as equalities (see Part 2).

Part 6

Implementation plan

Preparing a Best Value implementation plan

The implementation plan sets out a programme for putting the Best Value Strategic Framework in action and progressing each stage of the framework. It details the work which is needed to be completed to enable the production of a Local Performance Plan which focuses on performance targets and service reviews.

The preparation of an implementation plan is an important stage of the preparation for Best Value. There is a need to demonstrate an early commitment to Best Value, but equally, there are dangers of launching into reviews and gathering performance information which may prove to be unnecessary and a waste of resources. A plan also has the advantage of coordinating different interests and ensuring that different sections operate within a common framework and programme. There is evidence that some officers are trying to reinvent the service review process. Others are cautious about commencing Best Value until all the performance indicators and baseline data is in place. Whilst these are important, it should not prevent, for example, launching workforce involvement projects since these often take time to establish.

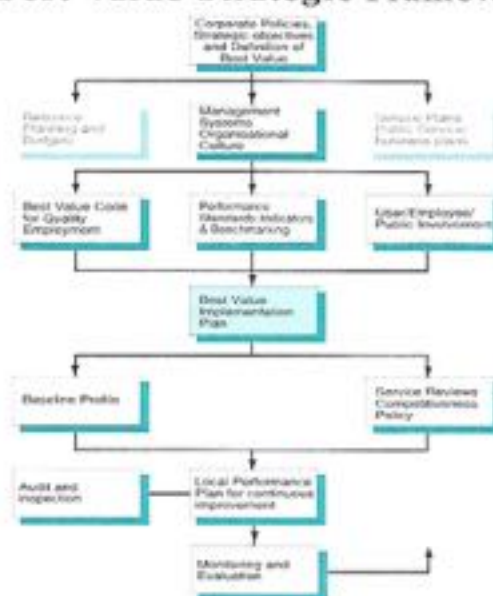
The following checklist is divided into ten sections identifying the key tasks required to implement Best Value, commencing with organisational arrangements and followed by planning, audit and analysis, preparing for service reviews and starting implementation of Best Value.

Action Checklist

1. Making the Best Value process accountable

- * Agree corporate and departmental structures, decision making, reporting arrangements and progress reviews.

Best Value Strategic Framework



- * Agree service management responsibilities for carrying out the implementation of Best Value with commitment to corporate policies.
- * Awareness and training programme for Members, officers, staff and trade union representatives.
- * Ensure client and contractor representation and involvement throughout process.

2. Selecting the services for Best Value

- * Ensure criteria and selection based on services, activities, issues, policies and/or corporate objectives.
- * Ensure client and contractor sides are included.
- * Ensure the relevant support services are included.
- * Select range of services with different levels of performance and different degrees of scope for improvement.
- * Consider groups or package of services to maximise transfer of best practice between services.
- * Consider inclusion of contracted out services.

3. Involving user/community organisations, staff and trade unions

- * Prepare consultation and involvement strategy.

- * Agree level and type of involvement of different 'stakeholders'.
- * Negotiate staff and trade union involvement and Best Value Code for Quality Employment.
- * Agree training and capacity building programme for user and community organisations.

4. Planning

- * Prepare working definition of Best Value
- * Timetable for reviews and Local Performance Plan.
- * Carry out audit of Best Value.
- * Assess current use of performance indicators and levels of performance.
- * Review membership of benchmarking clubs and comparator authorities.
- * Identify potential best practice authorities or organisations for particular services.

5. Preparing for service reviews

- * Agree responsibility for preparation of Baseline Profile.
- * Prepare outline content of Baseline Profile.
- * Agree on scope and methodology for Baseline Profile together with guidelines for cut-off point.
- * Identify the areas where there are weak, or no, performance indicators.
- * Develop corporate principles and guidelines for the preparation of Baselines and performance indicators.
- * Identify need to develop performance indicators for the Council's corporate policies.
- * Agree service/policy areas which depend on subjective evaluation and devise suitable means of evaluation.

6. Selecting the method for reviewing services

- * Assessing the usefulness of different review processes for the particular service.
- * Assess relevance of different service review methods for each particular service (see Part 8) and select appropriate process - do not rely on one process.

- * Consider advantages/disadvantages of using generic/in-house reviews or off-the-shelf packages for each service.
- * Consider very carefully the advantages and disadvantages of using external consultants.

7. Starting Best Value review

- * Agree priorities and strategy to commence the process.
- * Establish workforce involvement projects.
- * Establish programme of service improvements.

8. Evaluating Best Value reviews

- * Monitoring and evaluation timetable.
- * Regularly monitoring progress on performance.
- * Sources of relevant information and data including qualitative material.
- * Extent to which corporate objectives are being met.
- * Monitoring quality of service, employment, organisational arrangements and financial matters.
- * Identification of problems and action needed.
- * Revision of performance targets.

9. Resources

- * Financial information required for service reviews.
- * Budget, including revenue and capital programme, for the service.
- * Forecasts for following three years including assumptions made.
- * Investment plans linked to continuous improvement programme.
- * Management skills and training needs.
- * Staffing implications and other administrative resources.
- * Financial allocation and appropriate staff experience for user and community involvement.

10. Integration with Local Performance Plan

- * Identify what aspects of the implementation plan should be included in the annual Local Performance Plan.

- * Ensure that all the issues required for the Local Performance Plan are covered in the implementation proposals with an appropriate timetable and resources.
- * Determine how monitoring system will provide data on performance.

Trade union and user/ community organisation Action Checklist

Organisation

- * Assess strengths and weaknesses of membership, representation and organisation of staff and users in the selected services.
- * Consider establishing branch or joint trade union working group on Best Value
- * Assess how branch officials will be responsible for Best Value
- * Training for branch officials and representatives
- * Agree strategy for user/community representation and involvement
- * Capacity building for user involvement

Negotiating involvement

- * Negotiate facility time for key representatives in the services subject to review
- * Develop proposals for workplace involvement in service reviews and projects in which staff, trade unions meet to examine workplace issues in depth.
- * Promote acceptance of the Best Value Code for Quality Employment (detailed advice on negotiating staff and trade union involvement is contained in the User\ Employee Involvement in Best Value Handbook).

Monitoring progress

- * Agree system for consultation on all proposals.
- * Assess and evaluate trade union involvement in corporate and departmental working groups.
- * Monitor and assess the progress of workforce involvement projects.
- * Assess compliance with the Best Value Code for Quality Employment.

Part 7

Baseline Profile

Introduction

A Baseline Profile is a statement about current service performance based on existing information and the resources used to provide the service. It is important for two key reasons: Firstly, to provide **local performance data** for the local authority's internal purposes is essential for implementation of the Best Value regime. This data will need to be specific and accurate. This is the baseline forming the starting point for Best Value..

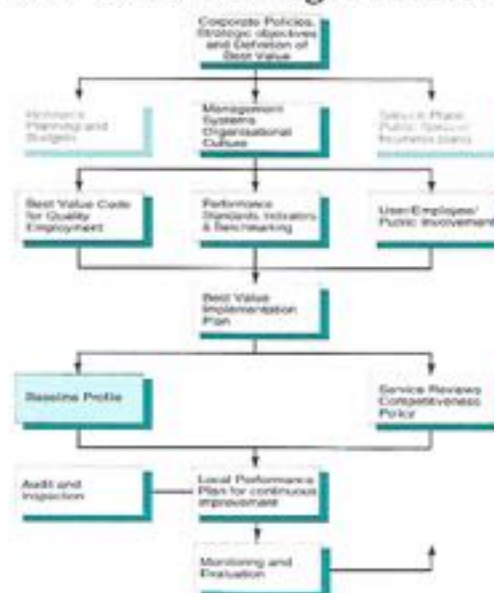
Secondly, to facilitate **inter-authority comparison**. Performance data will be required for comparison with other local authorities using generic indicators. Whilst important for national comparisons, these indicators are likely to be complementary to local performance indicators.

The Best Value principles which cover the preparation of the baseline are that:

1. All parties need to agree the starting baseline with respect to current specifications, performance, resources, staffing levels, terms and conditions, working practices and other matters which are taken into account in the performance of services.
2. Performance and baseline information generated within the Best Value process by the local authority, Warwick research project, external auditors and by trade union/community organisations should be shared by Best Value working groups set up by authorities.

The Baseline Profile should be drawn up using existing information, analysis, surveys and other evidence. It is not recommended that any additional surveys or data analysis are carried out at this stage. Resources should be concentrated into developing a Best Value strategy and the implementation of proposals rather than creating the 'perfect' profile. The

Best Value Strategic Framework



Baseline Profile should identify gaps in monitoring and performance information and these could be given priority in the early stages of the Best Value process.

It is also important to recognise that some of the performance information may be revised over the lifetime of the pilot as additional and/or different information, previously not available, becomes available. The Baseline Profile should be a working starting point, not a tablet of stone.

How the Baseline will be used

Firstly, to provide a common basis for the preparation of proposals to improve service delivery. The profile will need to form the common basis for all parties involved in the Best Value pilot. This should avoid continuing conflict over the cause and effect of improvements.

Secondly, to clearly identify any changes in working methods, specifications, job descriptions, allocation of resources and procedures which are made under Best Value.

Thirdly, to determine the cause and effect of these changes on service delivery and performance. The Baseline Profile will be constantly used to assess and evaluate the effect of changes and innovation. In two years time it will enable the local authority to clearly identify what improvements have been made and how these were achieved.

Honest assessment

The Baseline should be an honest assessment and based on audited data whenever possible. If it is not, it may be very difficult to assess the impact of changes made under Best Value and to identify cause and effect. This could also lead to arguments between staff, management and users claiming that it was their contribution (increased productivity, better management, more detailed complaints from users) which was responsible for the service improvement (or the reverse if there is no improvement). This could be a major barrier to achieving cultural change. It could also make the Best Value process invalid or fraudulent. The process only has any value if the effect of change can be 'measured' and agreed.

Scope of a Best Value Baseline Profile**Context statement**

The Profile needs to be set in a context and the aims of Best Value. This should refer to recent developments and improvements in the service. It could also include statements about the current quality of the service, recent achievements, recognition of any current problems and the aims of Best Value. The Baseline Profile should include the following twelve elements.

1. Resources
2. Current specification and standards
3. Working practices and methods of service delivery
4. Who provides the service
5. Volume of the service
6. Performance
7. Implementation of authority's corporate policies
8. Service costs
9. Organisational and management structures
10. Relationship to other services
11. User/employee involvement
12. Cultural values

The profile should be organised around the authority's definition of Best Value (see Part 2). The scope of the Baseline will depend on the service or activity. The following is only an indication of the type of information required.

1. Democratic accountability and responsiveness**Implementation of authority's corporate policies****Implementation of departmental and service objectives****User/employee involvement**

- level of existing representative user involvement in pilot areas in service
- other participative/consultation structures in the Best Value pilot areas and involvement in council policy.
- voter turnout in wards
- results of Accessibility Audit in terms of user access to services

2. Continuous improvement in services**Current specification and standards**

- the current CCT specification and amendments since contract commenced
- frequencies and standards
- any changes, formally or informally agreed, in the application of the specification in service delivery
- service planning issues

Resources

- staffing levels - establishment and actual, levels of absenteeism, hours, skills, training (percentage and type), job descriptions, flexibility to carry out other activities.
- budget
- equipment and vehicles (number, age and type)
- IT (system and actual use in service delivery)

Volume of the service

- number of streets, open spaces, council tax collection etc
- work backlogs

Working practices and methods of service delivery

- identify current practices and procedures including application of method statements
- identify difference between written procedures and those adopted on-site in day-to-day service delivery

Who provides the service

- which other organisations are involved in the provision of the service - support services, equipment maintenance

Monitoring and evaluation of service performance

- current reporting and use of monitoring information

3. Cost effectiveness and competitiveness**Performance**

- quality (based on 8 point definition) including reliability and consistency
- user perspective from representative community organisations
- existing survey and service monitoring information
- employee/trade union perspective identifying problems
- current target and performance and how these are calculated
- national and city performance indicators (including Audit Commission, CIPFA and any benchmarking with groups of other authorities)
- service monitoring arrangements and resources

Service costs

- cost breakdown (income, expenditure, support service and overheads) and budget for the service
- unit cost information

Organisational and management structures

- organisational structure
- management resources in the pilot service

Relationship to other services

- interaction and interface with rest of the service both in terms of costs and shared facilities and equipment

Cultural values

- how far is it possible to identify the current 'cultural, organisational and managerial' attitudes in the Best Value pilot services.
- constraints imposed by CCT such as client/contractor separation and extent to which Best Value understood

4. A workforce which is supported in the delivery of Best Value services**Employment conditions**

- training and skills development (percentage and type)
- equal opportunities in employment (workforce composition, training)
- Race Equality Audit
- health and safety practice
- level of employee/trade union involvement in service delivery in pilot areas
- implementation of Single Status
- Implementation of Investors in People.

Limits to the baseline

Whilst the Baseline Profile should be comprehensive, there will be a cut-off point where the collection of information is not cost effective. Authorities which select a group of services for review in a geographic area or examine cross cutting issues which affect a range of services and departments will have most difficulty.

Preparation of the Profile should never be used to delay the start of the Best Value process or to embark on a trawl of information which may provide a comprehensive picture but is of marginal use in reviewing services and performance measurement. Always challenge 'why do we need this information and where does it fit into the Baseline Profile?'

Part 8

Service reviews and competitiveness policy

A service review is a process of assessing the purpose, quality and cost of a service or activity and drawing up proposals to improve its performance and effectiveness in meeting user needs.

Local authorities will be required to carry out fundamental performance reviews of services which will challenge, compare, consult and demonstrate competitiveness.

Strategic choices

There are important strategic choices to be made about the objectives, scope and method by which authorities carry out fundamental service reviews. They have:

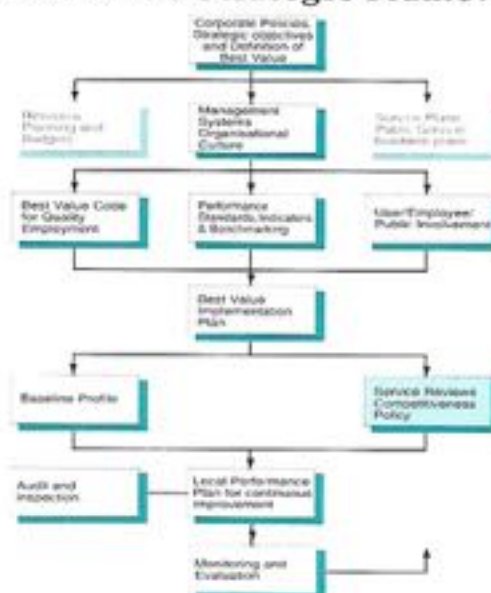
- * Choice over how they test the purpose, need and importance of corporate policies in delivering services and carrying out activities.
- * Choice over the methods by which they compare performance on key standards and learn from best practice.
- * Choice over how consultation with users and workforce is conducted.
- * Choice over how competitiveness is interpreted and implemented.

Challenge

Authorities will be required to justify why and how a service is provided. This will require analysis of the following:

- Explain the function of the service or activity.
- Identify the need and demand for the service or activity.

Best Value Strategic Framework



- Identify who has access and who uses the service.
- Chart the level of unmet needs and gaps in the service.
- Highlight the trends which will increase or decrease the need for the service.
- Identify who benefits from the service or activity (directly and indirectly).
- Identify the added value of the service to the local economy.
- Summarise the policy and statutory requirements for the service.
- Identify the role of the authority in regulating, rationing, acting as an agent of central government.
- Determine the contribution of the service or activity to corporate policies.
- Identify the role of the service in implementing equal opportunities and meeting needs of minority groups.
- Map the inter-relationship and linkage with other services.
- Justify why it is essential for the public sector to retain responsibility for the service or activity.
- Present the case why the service must be provided in-house.
- Identify the advantages and disadvantages if the service or activity is supplied externally.
- Scope for achieving economies of scale by developing a consortia approach or merging services supplied by adjacent authorities.

- Scope for improving coordination and cooperation between departments and other agencies.

This process should provide an opportunity to ensure that social and economic needs and the importance of public provision are on the Best Value agenda.

The Government has issued new guidance for the civil service which makes minor adjustments to the Prior Options Review process and is likely to be extended to local government. This could require authorities to consider:

1. Abolition
2. Internal restructuring
3. Voluntary Competitive Tendering (with in-house bid)
4. Strategic outsourcing (without an in-house bid)
5. Externalisation and privatisation.

How authorities approach this process will be an early test of their commitment to in-house services. The practical reality is that abolition is not a viable alternative for the vast majority of services. The next stage is to consider internal restructuring and it is at this point that the authority's corporate policies and definition of Best Value should play an important part. Authorities should not consider any of the three remaining challenges until they have carried out comprehensive service reviews and services have failed to improve to the required extent.

A diverse market exists with authorities already submitting services to competitive tendering and outsourcing to a very different extent. It does not mean that all services must be regularly subjected to competitive tendering because this would be a massive extension of CCT by another name. The government is not saying that social work, central policy units, development control, legal services, preparation of the council's budget and other services have to be regularly put out to tender. They must be subject to fundamental performance review but tendering is only one of many methods of assessing quality, cost effectiveness and the achievement of corporate objectives. Although various forms of

partnership already exist in many services, it does not mean that all services must be provided on the basis of partnership, nor should partnerships necessarily involve the private sector.

Linking performance indicators to corporate objectives and organisational change is a long term process; it can take several years rather than a few months. The emphasis should be on developing and applying existing review processes rather than trying to reinvent service review or CCT.

Compare

Comparing performance means a lot more than belonging to a benchmarking club. There are other service review processes, such as Quality Audits, which focus on learning more directly from best practice rather than comparing performance indicators. Authorities which perform well in league tables are not always the ones which demonstrate best practice. What is compared, and how, is fundamentally important (see below and Part 3).

Consult

Authorities will be statutorily required to "consult and engage with their local communities in carrying out their reviews" and "the Government wants to see employees fully involved in improving the services that they provide to the community" (White Paper, paras 7.21 and 7.24 respectively). Clearly, authorities will have to develop genuine ways of involving both users and employees in the Best Value process (see Part 4).

Demonstrate competitiveness

There is a four stage process to demonstrating competitiveness.

Firstly, establishing the criteria by which competitiveness will be assessed to ensure fair comparison.

Secondly, the selection of one or more service review mechanisms as a means of comparing competitiveness and identifying the scope for improvement in the service and examples of best practice to learn from.

Thirdly, if adequate service improvements are not forthcoming, the selection of an appropriate form of competitive tendering, to determine who can deliver the service most effectively within the Best Value framework.

Finally, the regulations which govern the tendering process and the criteria which are used to evaluate bids and award a contract. This section examines these points in detail.

What competitiveness means

Competitiveness must be differentiated from competition. The definition of competitiveness is based on the following key points.

1. **Comparison with other service delivery systems, internal and/or external.**
2. **The choice of the indicators of comparison** must cover management, social and economic indicators, cost and productivity and subjective criteria.
3. **The selection of comparable services** must include services with similar specifications, policies and social needs.
4. **The selection of comparator organisations** must operate within the same or similar statutory and policy framework. In other words, the authority should compare its services with services provided by similar organisations.
5. **The choice of the process of comparison**, that is performance measurement, benchmarking, service reviews and other methods listed below should be decided on, the focus of comparison and the relative strengths of each process.
6. **The time scale of the comparison** or the period over which performance is compared must be taken into account. For example, annual assessments must relate to the same year and longer term comparison, say over 3-5 years, must include organisational, financial and policy changes which provide the backdrop to the delivery of the service being compared.
7. **The validity of the information on which the comparison is made is crucial.** For example, has it been verified and audited, is it based on self assessment or surveys?

The process of comparability has three main objectives:

- * identifying the extent of differences or gaps in performance and determining the reasons and causes of these differences;
- * identifying ways to improve service delivery, for example by changing the specification, targets, use of resources and working methods.
- * identifying who is responsible for carrying out comparability to ensure they have the necessary skills and experience.

In short, comparison is a means to identify problems, shortcomings and successes, improve management and resource systems, set specific targets and enhance monitoring, evaluation and reporting.

In contrast, competitive tendering means:

1. Devaluing the quality of service.
2. Loss of flexibility and continued client-contractor split.
3. High transaction costs with limited or no savings.
4. Demoralisation of the workforce caused by job insecurity, high staff turnover, lack of training and staff development.
5. Discrimination of the workforce because current regulations prevent consideration of a contractor's employment, equalities and training arrangements and composition of the workforce.
6. Difficulty in ensuring private contractors and voluntary organisations deliver continuous improvement in a contract culture.
7. Competition is mainly on the basis of price, jobs, terms and conditions and not on management or innovation.
8. Increased difficulties for the organisation to be fully committed to becoming a learning and responsive organisation achieving continuous improvement.

Competitiveness policy

Authorities do not have "to put everything out to tender. There are a number of ways that an authority might meet the test of

competitiveness" (White Paper para 7.29). Authorities are recommended to draw up a corporate competitiveness policy within which services and departments would have to operate. This could include:

- * A requirement to examine a range of service review methods before considering competitive tendering (see Best Value Code for Quality Employment).
- * A set of criteria be developed by which competitiveness will be assessed.
- * An in-house bid to be standard procedure.
- * The tendering process and evaluation of tenders to be based on best practice guidance including quality, equalities and application of the Best Value Code for Quality Employment.

Selecting the appropriate review process

Services reviews are not intended to simply focus on performance in the narrow sense or limited to Audit Commission or Accounts Commission indicators. A wide range of issues should be on the review agenda including:

- Performance including quality and productivity (user and staff views/surveys of the service)
- Processes, procedures and working methods including the application of new technology
- Effectiveness of the service
- Cost
- Implementation of corporate and departmental objectives
- Management structures
- Identifying current problems and unmet needs
- Training and skill development
- Potential for service improvement, integration and coordination
- Equal opportunities
- Environmental sustainability
- Current arrangements for user involvement
- Current arrangements for employee/trade union involvement
- Quality of employment and contribution to the local economy and labour market

The following points should be considered in deciding on the service review strategy and process:

- The context of the service/activity
- Corporate policies and objectives
- In-house and external contracts
- Performance measurement is part art/science and needs to recognise the difficulties
- Competitiveness and comparison rather than competition
- Preparing and justifying the case for not using CCT/VCT
- Selecting the review team
- Timetable

Best Value review processes

It is important that authorities do not attempt to reinvent the review process already developed for many services in local government. There are a range of additional service review processes available to authorities in addition to those required by government.

Best Value Review Processes

Required by Government	Additional review methods
Nationally set standards	Analysis of current situation
Performance indicators and targets	Quality Audits
Benchmarking	Market intelligence
	Value Analysis
	Staff/user focus
	Workforce involvement in continuous improvement projects
	User research and surveys
	Service Planning
	Public Service and Business Plans
	Competition
	Competitive tendering

● National and local standards

The Government intends to set national minimum standards for most services in addition to those which are applicable now. Local authorities and public bodies will be able to set their own higher standards in consultation with users and employees.

● Performance indicators and targets

Establishing performance indicators, objectives and annual targets and assessing the degree of achievement is an important way of establishing the extent to which Best Value is being achieved (see Part 3).

● Benchmarking

This involves the selection of criteria covering performance, productivity, resources, user satisfaction and other indicators which are compared with the same or similar service provided by other organisations. The difficulty comes in selecting comparator organisations which provide the same service to similar standards, corporate policies and social and economic circumstances. It can be readily misused by comparing the performance of public bodies with private companies providing different services under quite different circumstances (see Part 3).

Additional methods of reviewing services

● 'Market' intelligence

Sector or market analysis, used by some authorities in preparation for CCT, can provide comparisons of performance with industry or specific organisations. It can also highlight service developments and trends which the authority can assess with its own policy and information. It supports benchmarking, and if done thoroughly, can provide valuable information about other organisations.

The advice on the use of performance indicators and benchmarking (see Part 3) is also applicable to market analysis to ensure that performance data is placed in context.

When to use Market Intelligence

- * rapidly changing sector
- * technological innovation
- * compare private sector quality and cost effectiveness
- * highlight differences between public and private sectors
- * essential for preparation of a public service or business plan

● Quality audits

A Quality Audit adopts a similar approach to a value-for-money audit except that quality and cost effectiveness are the central focus rather than efficiency and economy. They normally cover the following:

1. an assessment of the existing specification and cost of the service and the extent to which it meets existing needs and implements corporate policies such as equal opportunities;
2. an assessment of the quality and performance of the service provided based on user views plus feedback from staff and trade unions and other relevant organisations. This may involve developing new ways of assessing and measuring quality. This stage should identify the reasons for any dissatisfaction and shortfall in quality;
3. a comparison of performance with other authorities and identification of examples of best practice;
4. identify ways in which the service quality can be improved and assess the implications of changes in working methods, procedures, resources and costs;
5. prepare proposals to achieve continuous improvement in the service.

A Quality Audit should be carried out by a multi-disciplinary team of client, contractor and support officers and include user and trade union representatives (see Public Service Practice No 4, Strategy for Quality).

Issues to be examined could include:

- * to what extent does the service satisfy the needs of current and potential users?
- * how do current levels of satisfaction - and participation - compare with those elsewhere?
- * how much does the service cost the Council and the user?
- * is the present service provided efficiently and economically?
- * if there is evidence of dissatisfaction or low levels of participation: how could the service be changed or developed to achieve higher

levels of participation (by current or potential users) and higher levels of satisfaction?

- * if there is evidence of inefficiency or dis-economies what should be done to achieve improvements?
- * where improvements in satisfaction or participation would contradict changes needed to achieve higher efficiency or economy levels, what would be the optimum solution?
- * how much would it cost to achieve these changes and developments efficiently and economically?
- * how would users view changes in the cost of services to them and how would such changes affect participation levels?

When to use a Quality Audit

- * focus on quality in frontline services
- * identify best practice service delivery processes

• Workforce involvement in continuous improvement projects

How staff are valued and involved in the Best Value process will have a major bearing on its effectiveness. Workforce involvement in continuous improvement projects is essentially about establishing regular structured meetings of staff and trade union representatives to examine the organisation, operation and management of service delivery. It is essential that frontline staff are fully represented. Meetings should be in worktime, with or without management, with facilitators and resources to carry out their own work. The purpose is to enable the workforce to harness their ideas for service improvements, consider new ways of working, better training and improved integration of services. Employees and trade unions have a reservoir of ideas about how to improve services and make them more effective. They are rarely asked. But authorities will have to demonstrate their commitment as staff and unions are unlikely to make proposals in a climate of cuts and distrust of senior management.

There are various methods of involving staff and trade unions (see Part 4 and the

User/Employee Involvement in Best Value Handbook) including labour-management committees (USA) and quality circles. The key issues include the organisational control and power accorded to the different interests involved, representation of trade unions, ownership of ideas and negotiating implementation of proposals. This approach is likely to be easier in those authorities which established joint working on CCT.

Workforce involvement in continuous improvement projects is not the same as Total Quality Management (TQM) type approaches such as the Top Team Workshop which only involve management teams or quality circles which are frequently controlled by management and have often been used to bypass trade union structures.

The Environment & Development Department, Manchester City Council, has established Service Development Teams (SDTs) with 6-8 staff representing different grades plus a trade union representative. These represent a cross section of work in the service under review. Membership of the team was organised by the Department's Management Services strategy team who are also represented on each team. The SDT's remit includes examining different methods of reviewing services and improving service delivery and achieving continuous improvement.

When to use a workforce involvement in continuous improvement project

- * developing and implementing practical proposals for service improvements and changes to working methods.
- * focus on improving coordination and integration of services
- * facilitate development of ideas and proposals from staff and trade unions
- * improve job satisfaction, skill development and training

• User research and surveys

Detailed research into user views of a service can be an important way of assessing levels of satisfaction, identifying problems in service delivery, the scope for improvement in policies and procedures and the scale of unmet needs.

The degree of user satisfaction with the level, quality and availability of services is an important measure of the value. It is also a means of assessing whether performance indicators are relevant and appropriate in addition to gauging actual performance. This approach will usually involve meeting with user and community organisations and/or establishing a user forum. This should not be confused with traditional market research which generally relies on obtaining general views and attitudes.

User research will involve:

- detailed discussions with user, community, trade union and local business organisations about their use and experience of the service;
- preparation of detailed surveys and/or interview schedules;
- development of pro-forma service assessments;
- meetings with groups of users to discuss specific problems and proposals;
- compiling and assessing comments, demands, proposals and complaints from users and organisations in the preceding year or other relevant period.

The quality of information sought, the comprehensive and the rigorous approach to the review process are vitally important to justify this as a relevant and fundamental service review process.

When to use User Research and Surveys

- * essential for all frontline services
- * when there is a need to focus on user needs and views
- * where network of user/community organisations exists to draw on their experience
- * identify gaps in user/public involvement and the need for capacity building

● Public Service and Business Plans

A Public Service or Business Plan can be an important part of reviewing services and contributing to continuous improvement because it brings together the assessing, strategic and operational planning and monitoring into one process. Plans normally

cover a three year period. The value of this service review is dependent on the quality of the planning process, its comprehensiveness and the ability of the organisation to monitor and evaluate implementation on a regular basis. The planning process should include:

- profiling and reviewing the service
- sector or market analysis of competitors
- analysing user needs
- establishing strategic objectives and targets
- planning staffing and training requirements
- agreeing an operational action plan
- monitoring and evaluating implementation and performance

Although the quality of plan preparation and monitoring varies widely, a Plan incorporates a number of the core Best Value elements (see Public Service Practice No 5, A Handbook for Public Service and Business Plans).

When to use Public Service and Business Plans

- * Department or overall plan required
- * Draw together different initiatives into an organisational strategy

● Value analysis

Value Analysis or Value Management is "a step-by-step approach to assessing the value of a service, process or product in relation to its cost. The prime focus is enhancing value by achieving optimal balance between time, cost and quality. The process is intended to be structured, auditable and accountable and is multi-disciplinary by "seeking to maximise the creative potential of all departments and project participants working together". (Value Management, HM Treasury, 1996)

The Value Analysis process is rooted in cost accounting. It consists of two elements, a job plan and a function/cost analysis. The job plan has five stages. The first is an information stage which collects basic data on costs, staffing levels and usage followed by a speculation stage where a small team of staff and users 'brainstorm' alternative ways of providing the service. The third, an 'evaluation stage', assesses the ideas identified from the previous stage. A report stage seeks management approval and staff consultation, followed finally by an implementation stage.

The second element is a function/cost analysis which identifies the different processes and functions of service delivery. The function analysis system technique identifies each function or different element of service delivery together with their costs. The Value Management team assesses the relative balance of function and cost for each part of the service then 'brainstorm' alternative ways of providing each part of the service.

"An increase in function, for example, for the same cost represents an increase in value. Likewise, a reduction in cost for the same function, or a bit of each. This concept of value in relation to function and cost lies at the heart of Value Analysis where the job plan provides a framework to address both function and cost - ensuring that improvements are made to function as well as cost." (Bone)

This process will have to be adapted to local needs because it is weak on staff and trade union involvement, quality and management issues.

When to use a Value Analysis

* Assess function, cost and quality of service

• Competitive tendering or strategic sourcing

Where an authority does not already provide the service or requires specialist services, competitive tendering will be used to acquire goods and services.

Key decisions will be needed on:

- scope and purpose of tendering
- packaging of the contract
- specification
- evaluation criteria including employment, equalities, corporate policies, environmental, social/economic factors
- transfer proposals
- monitoring and performance management

This process should be based on best practice strategic sourcing (see Public Service Practice Handbooks Nos 1-7)

When to use Competitive Tendering

- * implementation of plans and targets following other service reviews which have failed to improve quality and cost effectiveness of the service.
- * local authority does not have the required skills and equipment

Other service review techniques

There are a number of review processes, such as Gap Analysis and Process Mapping, which can be used in most of the services review processes described above.

Process mapping

A flowchart that traces the sequence of tasks and information exchanges that make up a process or service. It identifies all the links between service delivery and the end user including the different stages from the start or initiation of a service, for example, a request for housing repairs, and how the request is currently processed through to completion for the tenant.

It should also identify timescales and how and at what stage other organisations or contractors are involved. Displaying the processes and procedures graphically in a flow chart or process map can be useful for discussions between managers and frontline staff and within workforce continuous improvement projects. Process mapping is useful when authorities are looking to integrate related services or to examine the scope for changes in working methods and procedures.

GAP Analysis

This technique represents another approach to strategic planning. It is based on carefully assessing current performance, projecting this to a future date, and then assessing the gap between this level of performance with the set targets or objectives.

- a. 'Select a suitable performance indicator'.
- b. 'Where are we now?' In other words what is the agreed current position of the chosen indicator(s).
- c. 'Where do we want to be at an agreed point

in time?' In other words what is the target for the indicator(s) at the end of the planning period.

- d. Where are we likely to be at the agreed point in time?' This requires forecasting the likely performance over the planning period based on the continuation of current organisational and management policies. It will have to anticipate the impact of changes in budgets.
- e. What is the extent of the any gap between (c) and (d)?' This enables examination of the different options available to close the gap.

Part 9

Local Performance Plan

What is a Local Performance Plan?

The Local Performance Plan will draw together the key elements of the Best Value framework into a public document on an annual basis. It will set out the authority's achievements, plans for the future and identify priorities for service review. In practical terms, the plan should include specific information on the authority's performance and other service targets and proposals for continuous improvement. Local Performance Plans should set out locally determined definitions of Best Value and performance measures.

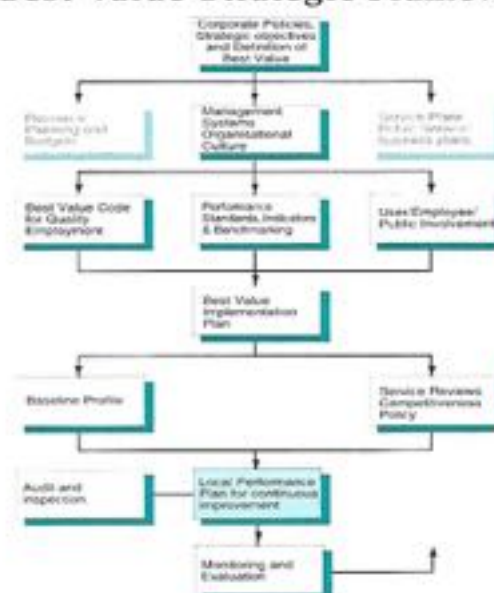
Ultimately each authority will have to publish a plan covering all services, but in the meantime as Best Value projects are developed, individual services will be producing plans on an ad hoc basis. It is crucial that these plans reflect local service needs and priorities, and include targets which have been developed in conjunction with staff working in the service and local user and community groups.

Contents of the plan

Local Performance Plans will be required to :

- Report on current performance and comparison with the performance of other authorities.
- Summarise the achievement of service improvements and targets on the previous year.
- Identify service targets to be achieved in the forthcoming year and longer term.
- State the means to achieve plans (including major capital projects and investments) and changes to improve performance (including procedural and purchasing proposals).
- Report on how the plan links to the plans of other public and community agencies.

Best Value Strategic Framework



Authorities will be expected to develop a framework for the plan which enables comparison to be made between different authorities and plans. However, there will be flexibility in terms of presentation and publication of performance information.

It is crucial that the Local Performance Plan also includes:

- Details of how the Best Value Code for Quality Employment will be implemented.
- Proposals for user and employee involvement in continuous service improvement.
- Implementation plan with timetable.

Process of preparation

Local Performance Plans are designed to strengthen transparency and accountability. They will also be required to reflect corporate objectives including equal opportunities and sustainable development.

Organisation of the planning process needs to take account of:

- Local and nationally determined plan requirements.
- The availability of information and advice.
- The role of managers, councillors, staff, trade unions and user organisations.

User/community and trade union representatives should be involved at various stages of preparing the Local Performance Plan:

- commenting on current performance and the reasons for under-performance;
- agreeing priorities such as deciding which aspects of the service to focus improvements;
- approving performance targets;
- approving the methods to be adopted to improve performance such as changes to working practices and procedures;
- approval of the overall Best Value strategy for the services being assessed that year;
- agreeing the methods of monitoring and evaluating the implementation of Best Value initiatives in the year ahead.

How will the plan be used ?

Local performance plans will be used to assess service performance against targets.

The Government intends to use these plans as part of its system of auditing and inspection of authorities. They will be a key element of the framework used to externally scrutinise authorities, linked to powers of intervention by the Secretary of State to address failures.

External auditors will be required to check the plans for:

- accuracy of performance and resource information;
- adherence to statutory requirements;
- whether they are realistic in terms of available resources.

Authorities should also develop a clear view of how the plans should be used including:

- Establishing and publicising the authority's strategy for Best Value.
- Highlighting strategic objectives, linked to local user and community needs and priorities.
- Developing service planning which can be directly fed into the public service or business planning process (see Public Service Practice No. 5, A Handbook for Public Service and Business Plans).

Target setting

Central government agencies have been setting targets for the past decade as part of application of performance management. Best practice has established three sets of principles

of good practice for:

- the design of targets
- the setting of targets
- the monitoring and use of targets

The key issues are examined below:

The design of targets

Focus: Targets should be relatively few in number in order to ensure the right degree of focus from managers.

Balance: Targets should be set for each part of the definition of Best Value and should also balance quality, cost, effectiveness, equalities, and output measures.

Clarity: Targets should be simple and precise and thus simple to understand.

Results: Targets should be measures of outputs or outcomes rather than inputs. They should reflect achievements, not measure resources.

Strategic perspective: The priorities and objectives set out in the authority's corporate policies and strategic plan should be used to set targets.

Relevance: Targets should be linked to management levels.

The setting of targets

Stretching: Targets should be stretching but achievable and fair. Packages of targets should stimulate continuous improvement.

Stakeholder interests: Users, staff and public should be involved in reviewing and setting targets.

Optimum levels: The optimum value of a target should be agreed and it should be accepted that some targets can be relaxed in order to improve performance elsewhere.

Objectivity: Targets should be set objectively and in the overall interests of government policy.

Comparing: Targets should be compared with those in other organisations.

Practicality and cost effectiveness: Targets should be chosen which can be assessed practically and cost-effectively.

Continuity: Targets must have a degree of permanence in order to indicate trends and assess change.

The monitoring and use of targets

Monitoring performance must be integrated into the performance management process with regular reviews so that problems can be identified at an early stage. Managers must be held accountable for the achievement of their targets.

Checklist

1. Clarity about corporate and service objectives, as well as specific targets.
2. Ensure that the auditing element does not dominate with too much detail on financial matters and targets, obscuring corporate service objectives.
3. Local user needs should be clearly identified in the plan.
4. In addition to comparative measures, details should be included about how targets will be met in practice.
5. Ensure that there is sufficient involvement from representative community organisations, user groups, trade unions and staff in relevant parts of the plan.
6. The potential tensions between meeting national standards targets and those determined locally should be confronted.
7. Inter-authority comparison should not become more important than the implementation of local authority corporate policies.
8. Regular reviews of how the plan is being used within the authority and amongst local community organisations.
9. Ensure Member involvement and political input into the plan.
10. Proposals for how the plan is to be used to manage and develop the service should be agreed between all stakeholders.

Conclusion

Best Value should be a means of bringing together a number of initiatives either already in progress or being developed in local government. It provides a new impetus and framework. Best Value should focus on the implementation of best practice rather than attempting to reinvent service reviews; balance the use of resources between implementing the Best Value process and expenditure on improving services; implementing changes and achieving continuous improvement on the ground, not simply changing people's perception of service quality; and user, community and trade union organisations must be genuinely involved in a meaningful way at key stages of the process.

References

Accounts Commission for Scotland, Planning for Success: Review of the Audit of Management Arrangements in Scottish Councils in 1997, August 1998.

Accounts Commission for Scotland, Assess Yourself: Using Self Assessment for Performance Improvement, May 1998.

Accounts Commission for Scotland, The indicators of Success: Developing a Balanced Scorecard to Measure Performance, June 1998.

Bristol Quality Centre, Organisational Self-Assessment for Public Sector Excellence, 1998.

British Quality Foundation, Self-Assessment Techniques for Business Excellence, London, 1998.

British Quality Foundation, Guide to the Business Excellence Model, London, 1998.

Cabinet Office, Towards Best Practice: An evaluation of the first two years of the Public Sector Benchmarking Project, 1996-98, London, 1998.

Centre for Public Services, Public Service and Business Plans, Sheffield, 1993.

Centre for Public Services, Strategy for Best Value, Sheffield, 1997.

Centre for Public Services, User/Employee Involvement in Best Value, PFI and Partnerships, Sheffield, 1998.

Centre for Public Services, Reinventing Government in Britain, Sheffield, 1997.

Department of the Environment, Transport and the Regions, Modern Local Government: In Touch With The People, Cm 4014, Stationery Office, July 1998.

Department of the Environment, Transport and the Regions, Modernising Local Government: Local Democracy and Community Leadership, 1998.

Department of the Environment, Transport and the Regions, Modernising Local Government: Improving Local Services Through Best Value, 1998.

HM Treasury, Value Management, CUP Guidance No 54, 1996

Local Government Association, LGMB, Integrating sustainable development into best value, London, 1998.

Local Government Information Unit, Best Value and Equal Opportunities, March 1998.

Local Government Management Board, No Quality Without Equality, London, 1998.

UNISON, Externalisation by Privatisation, London, 1997.