PERFORMANCE REVIEW AND BEST VALUE: EMERGENCES FROM THE IMPLEMENTATION OF THE NEW SYSTEM

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Abstract: This article examines New Labour’s Best Value Management Framework as applied in England and focuses on the new regime’s review system (this article intends to evaluate Best Value Management Framework and its review system in England instead examining it in UK, because of the necessity to focus on a particular approach to Best Value review system). Best Value is considered to be one of the main components of New Labour’s modernisation strategy for public services. It is a challenging initiative in that it requires local authorities to undertake some fundamental cultural and organisational changes. In this context, it can be argued that Best Value is one of the latest stages in local government service modernisation from which others can learn.

Keywords: Performance Review, English Local Government, Competition, Consultation.

I. INTRODUCTION

This article examines New Labor’s Best Value Management Framework as applied in England and focuses on the new regime’s review system (This article intends to evaluate Best Value Management Framework and its review system in England instead examining it in UK, because of the necessity to focus on a particular approach to Best Value review system). Best Value Policy is considered to be one of the main components of New Labor’s modernization strategy for public services. It is a challenging initiative in that it requires local authorities to undertake some fundamental cultural and organizational changes. In this context, it can be argued that Best Value is the latest stage in local government service modernization from which others can learn.

The Government has emphasized that its main ambition in introducing its new local government regime, is to create a new partnership between local and central government, increase public participation at the local level and, by so doing, create a healthy democratic society. Local authorities have, therefore, been given more responsibility for informing and consulting their local residents and service users under the new regime. Indeed, these attempts can be seen as consequences of the democratization of local authorities, a trend that has been rising across modern states together with globalization. Arguably, globalization has precipitated ‘global-localization’. A situation whereby the nation states have lost many of their powers to supra-national organizations and a new trend has emerged emphasizing local cultural identity and the responsibility of local actors. From this perspective, New Labor can be seen as aiming for modern democratic local communities through its local government policy.

The structure of local government and the tasks it performs have changed dramatically over the years in England. In brief, the last two decades of the 20th century saw the establishment of County Councils (1888), District Councils (1894) and the London County Council (1899). In 1965 the London County Council was replaced with the Greater London Council (GLC) and this, along with the Metropolitan counties, was abolished in 1984. Apart from the latter changes, much of the remaining current local government structure was established on 1 April 1974. That framework divided local government in
England into two types of council: The first being a single tier ‘all purpose council’, responsible for all local authority functions (Unitary, Metropolitan). The second is a two-tier system, in which responsibilities are divided between district and county councils.

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<th>Table 1. The Types of English Local Councils</th>
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<td>Unitary Council</td>
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<td>Metropolitan Council</td>
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<td><strong>Total Council</strong></td>
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As mentioned earlier, the structure of local government was transformed in 1974, and in the following years, the system of local government has been subject to many different pressures and changes. In particular, successive Conservative governments have "acted with great vigor to redefine the appropriate relationship between state and society" [2]. Such re-organization attempts were frequently more concerned with political arrangements rather than with the modernizing of local government in that period, [3] and there was much media and academic debate about these developments, from which emerged issues of constitutional significance and democratic management for local authorities in England [2,3].

In Opposition, the New Labor Party stated its belief in a modernized local government. Emphasis was placed on a new democratic understanding "to replace ideological dogmatism with pragmatism" [3] between local government and central government, and between local authorities and their customers. Furthermore, the Labor Government signed the European Charter of Local Self-Government, which commits signatory members to guarantee the right and ability of local authorities to regulate and manage public affairs under their own responsibility (The European Charter of Local Self-Government, Strasbourg, Entry into Force 01/09/1988). Indeed these developments were seen as signals of the context in which Best Value was introduced as an important aim being to improve central-local government relations and enhance local democracy.

It is important to note that Best Value is a package of initiatives and there are different approaches in many countries to both identify what it consist of and to applying it in practice. However, it has its roots in the private sector, as do much other innovative government reform practice [4]. Best Value measures have been become more commonplace and the term has become politically fashionable. There are indications of similar practice in the UK, Australia, and Canada as well as in the US and there are also different approaches to Best Value across the world [4-6]. Notable, there are considerable similarities between English Best Value approach and the 1993 American law known as the Government Performance and Results Act of 1993 (In essence, the American approach was adopted to encourage public managers to adopt the Best Value concept. It was intended to bring about a fundamental transformation in the way government programs and operations are managed and administered. The main features of this law are: First, a requirement for Federal departments and agencies to prepare strategic plans. Second, a requirement that Federal departments and agencies prepare annual performance plans, setting out specific performance goals for a fiscal year. Third, a requirement that the Office of Management and Budget prepare an annual government-wide performance plan, which is based on the agency annual performance, plans. Fourth, a requirement that Federal departments and agencies submit an annual program performance report to the President and Congress, and which compares actual performance with the goal levels that were set in the annual performance plan. Finally it can say that the Act also aimed to give managers greater flexibility in managing by allowing the waiver of various administrative controls and limitations. Managers are, therefore, expected to be more accountable for the performance of their programs and operations. (One Hundred Third Congress of the United States of America, This Act may be cited as the Government Performance and Results Act (GPRA) of 1993)). However, this article does not intend to evaluate to different approaches to Best Value around the world, but rather focus Best Value machinery in public management at local government level in England only.

Given this broad aim, the article firstly seeks to examine the new regime’s management framework to establish its original features and also what makes Best Value different from previous attempts at local government modernization in England. Secondly, it aims to evaluate Best Value review system as the most important innovative part of the new regime. This particular section looks at Best Value reviews at corporate level (corporate review), at service level (performance review) and through the 4Cs (Compare, Compete, Challenge, Consult) elements of Best Value.

II. THE BEST VALUE MANAGEMENT FRAMEWORK

The BVMF sets out all Best Value stages in broad terms and establishes the general principles to be applied. In short it contains what a local authority needs to do to prepare itself to achieve its duty within Best Value [7]. Local authorities are, therefore, required to follow this broad statutory performance framework, which is summarized in Table 2, which identifies the key elements
of Best Value structure. As can be seen in more detail in the following sections, they are all related to each other because of the cyclical structure in which they are placed.

Table 2. Best Value Management Framework

| Establish authority-wide objectives and performance measures |
| Agree programme of fundamental performance reviews and set out in local performance plan |
| Undertake fundamental performance reviews of selected areas of expenditure |
| Set and publish performance and efficiency targets in local performance plan |
| Independent audit/inspection and certification |
| Areas requiring intervention referred to Secretary of State |

Challenge purpose
Compare performance
Consult community
Compete with others


Although the Best Value Management Framework is displayed in Table 2 as a series of stages, these do not have to be followed in a mechanical step-by-step fashion. Many commentators have argued that the BVMF is cyclical and that information about the performance of a service and user satisfaction will feed back into reviews of the resources allocated and targets set [9,10]. The Government emphasized the framework is designed to provide a common link between the key elements of Best Value and the principal means by which authorities are required to be accountable for the quality and efficiency of their services [7,11].

In general the BVMF covers all the main elements of the new regime. At first glance it seems a comprehensive and detailed management framework. In this regard it is necessary to point out that in contrast to CCT, Best Value has more flexibility for local authorities to shape their plans to achieve targets, and cover all services, in this respect, as indicated in Table 2, the new framework brought in fundamental statutory arrangements for all local authorities to follow. These include:

- A corporate view of what an authority wants to achieve and how it performs, measured against key indicators and the aspirations of the local community;
- An agreed programme of fundamental performance reviews, with a presumption that it should look first at areas where performance is worst, and complete a full cycle of reviews over a 5-year period;
- Fundamental performance reviews, each of which challenge the purpose of a service or group of services, compare the authority’s performance with others, consult the community, and provide for competition where appropriate;
- The setting of targets for improved performance and efficiency, together with clear identification of how these improvements are to be achieved, and the publication of these targets and reports of performance against those targets.
- An independent audit/inspection of the integrity of the service reviews and performance targets, and certification of the monitoring information;
- Intervention to the Secretary of State in cases of serious or persistent failure, with a view to intervention [7,11].

The first impression of this framework is that Best Value imposes some general duties, and these are applied to all the services of local authorities, and the framework must, therefore, be flexible enough to reflect the diversity of the bodies to which it applies.

III. THE BEST VALUE REVIEW SYSTEM

This section sets out the key issues in Best Value Fundamental reviews. It also provides some examples of emerging practice from the implementation of the new system on the ground. In the performance review process, two levels of review are required. First, at the corporate level, local authorities are required to develop ways of maintaining an overview of their performance for all services and activities. Second, fundamental performance review must actually occur through the corporate level of the framework which provides the basis for identifying elements for review and through initiating and carrying out a rolling programme of fundamental reviews. In this regard, local authorities are required to carry out performance reviews for each service in the five-year review cycle. All services must be reviewed at least once every five years. The first five-year period ends on 31 March 2005, and the next in March 2010. Review programs are expected to include at least one cross cutting theme each year, e.g. crime and disorder, anti-poverty, sustainability, health improvement reviews, etc [11].

In this regard, the Government pointed out that Best Value could only be achieved by fully engaging everyone in the process and the outcomes of the framework, and Clear community vision with strong leadership are deemed necessary if the first step of setting strategic objectives and corporate priorities is to be taken [7,11]. Indeed, corporate review for all services and performance review for particular services can be considered as the most important statutory requirement placed on all local authorities under the Best Value initiative. The review system stands at the heart of the
new regime, but how pioneering has it been? And how effectively has it been applied?

First of all, as many argue, review and especially corporate review is not a new process for local authorities. Indeed there are many examples of its use in relation to organizational management and planning in the public sector in England [9,13-15]. According to Gray [13] corporate approaches to management and planning originated in American business enterprises in the 1950s and were gradually introduced into the British public sector during the 1960's. Indeed, one of the most important developments in public sector management has been the growth of the corporate approach to organization management and planning during the last three decades in Britain [12,13]. Of course this article does not seek to evaluate the corporate approach in British public management as a whole. Rather, it concentrates on that part of it which is relevant to New Labor's approach to Best Value.

It is important to remember that Best Value covers the whole of each authority’s activity. The Best Value national indicators and targets also cover all the main services and activities of all councils. The Government therefore requires all councils to undertake a corporate review as the starting point for their approach to Best Value and this is distinct from individual Best Value reviews (fundamental performance reviews) as it is more general. This imposition of general corporate review on councils requires that they take an overview of what Best Value means for them. In particular, they are required to assess current performance on the basis of national and local indicators including proposed new indicators for general organizational health. They are also required to agree the key objectives for the council as a whole and to set corporate financial and resource priorities taking account of both national standards and local aspirations [7,9].

The corporate review is also considered as an opportunity to take account of future requirements and alterations in the organization’s environment, such as demographic, economic, technological changes, or likely developments in service delivery markets [16]. In this regard, the corporate review aims to establish the council’s vision, values, local aspirations and priorities. It seeks to provide a framework within which all services can be reviewed and future planning undertaken. In this sense, it contributes to the community leadership role of authorities. It is intended to be informed by a process of broad local consultation so as to ensure that the Council’s vision, values and priorities reflect the concerns and needs of its community, the local aspirations of its partners, as well as local political priorities [11].

The intention was that the selection of the programme of Best Value reviews should be determined by the corporate objectives set through the corporate review process. All functions are required to be reviewed at least every five years, but a shorter time frame can be used in certain situations, in order, to fit with the electoral cycle. Such variations from the normal pattern must be transparent and justifiable to auditors, employees, service users and the wider community. They must be documented, because, auditors and inspectors might want to see the reasoning behind decisions made, about both the programme of reviews and the results of reviews [10]. The corporate review process need not be linked in to a rigid timetable, but it should ideally precede the Best Value reviews. However, it should be recognized that in practice, the corporate review process and the service specific Best Value reviews can influence each other and the whole exercise can be regarded as a cyclical and interactive process [9].

The Government has stressed that effective corporate review involves establishing a clear image of an authority’s strengths and weaknesses and setting a realistic set of objectives [17]. In this regard there are three fundamental elements of the corporate review procedure that need to be addressed. First, setting and reviewing of the council’s vision, values and priorities, including those on ‘wicked issues’ e.g. equalities and diversity, environmental sustainability, anti-poverty. Second, the establishment of a corporate planning process which co-ordinates other plans and the budgetary cycle and the reallocation of resources according to corporate objectives. And third, an approach to decision-making informed by community consultation (what citizens think of the council and its priorities for the future) as well as local political priorities as determined by elected members and a process to inform the selection of services for the Best Value reviews [7,11,17].

The North West Best Value survey undertaken by the researcher covering 50 local authorities in North West of England, which aimed to collect some basic data in order to analyze different councils approaches to Best Value and it also aimed to provide an overall idea about fundamental Best Value requirements on local authorities (The survey questionnaire was sent to the majority of the councils in North West and some councils in West Yorkshire, and 50 responds were received from local authorities (70% of respond rate)). For example, as shown in Table 3, it revealed that the majority of councils experienced difficulty in establishing a corporate review system, which is meant to be at the core of the new regime.
Table 3. Approaches to the Best Value review system (%)

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<tr>
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<th>Easiest/essential</th>
<th>Easy/useful</th>
<th>Fear</th>
<th>Difficult/not useful</th>
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<tbody>
<tr>
<td>Corporate Review</td>
<td>23</td>
<td>17</td>
<td>16</td>
<td>57</td>
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<tr>
<td>Performance Review</td>
<td>23</td>
<td>23</td>
<td>33</td>
<td>10</td>
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The survey also revealed that the majority of councils’ approaches to the stages of BVMF are critical in terms of their Best Value understanding. For example nearly 72% thought that corporate review was not an efficient stage of the new regime and 73% had difficulty in establishing the corporate review system, which is a vital stage of BVMF; from this perspective the Government’s guidance and consultation papers played a very important role in reaching an understanding of the new regime’s essential requirements, but if the majority of councils believed that the corporate review was not essential, and was difficult to deal with, this means there is still a real problem with their Best Value approaches, because the review system is the core of BVMF, and it can be said that without a healthy corporate review, it is very difficult to deliver Best Value. In this regard, more guidance and consultation might be valuable for councils to build and improve their sensible corporate strategies.

Second level of the new regime’s review system is performance review, which requires local authorities to develop a comprehensive review programme to cover all council services and activities, within a five year period ending 31 March 2005, and within consecutive five year cycles thereafter. There are wide powers given to the Secretary of State to prescribe by order, not just the timetable, but also for specified functions to be reviewed in specified financial years [8]. However, as a general rule, the Government does not intend to prescribe a common review timetable. The timetable should be practical and realistic and take into account the resources available to the authority, the opportunity for tackling cross-cutting issues, and the demands placed on it by other statutory, financial and contractual requirements [9].

In general, Best Value was intended to ensure that local authorities should give early consideration to areas of significant weakness. Where the performance of a service is demonstrably poor by any standards authorities are expected to review that service quickly and effectively through the performance review schedule [7]. The Government also emphasized that authorities can have their own views on the details of their review process, but authorities are expected to respect some key elements, which are indicated in different Governmental consultation papers, a brief overview of which, is as follows:

- First, authorities should take a sufficiently long-term perspective. A review programme must try to anticipate prospective changes to the demand for services and the means by which such services might be delivered.
- Authorities should be familiar with the purpose of Best Value reviews and be able to consider new approaches to service delivery and ensure that demanding but realistic performance targets are set for all services which take account of both national and local requirements and which deliver continuous improvement.
- The review programme should be rooted in the corporate planning process through which an authority identifies its objectives and priorities, and the action plans for performance improvement which result from performance review must be integrated into broader processes and systems of service planning and performance management.
- Authorities must involve elected members. If there is to be an effective outcome from reviews, elected members need to be fully engaged in the review itself. As representatives of local people, they must be able to communicate their needs and scrutinize the current performance of the service.
- Finally, authorities should seek advice from outside the authority. They need to consider working with partners in the public or private sectors to get additional sources of advice or new ideas [7,8].

Sanderson [9] argues that performance reviews should provide information, which can assist the achievement of two fundamental aims. Firstly they should promote accountability to key stakeholders. Indeed, local performance plans must be the principal means by which authorities account to local citizens for their performance, and information from performance reviews can provide an important contribution to this. In order to do so, however, performance reviews must provide information, which is relevant and meaningful so that local people are able to make a judgment about the authorities’ performance. A key element can be performance indicators with standards specified both locally and nationally, and these can also provide an important means of accountability to the central government. Secondly, reviews must address the key aspects of performance in the context of local priorities. In short, in order to provide the basis for effective action to secure real improvement, reviews need to adopt a reasonable and locally aware approach. For example, Performance reviews are also expected to apply the 4C’s (Challenge, Compare, Consult and compete), which relate to all the above-mentioned aspects of fundamental performance reviews. The Government pointed out that these four elements must be considered if authorities are to achieve Best Value. Many commentators have also agreed that the principles of Best
Value performance reviews are specified in the 4Cs Model.

This model stresses that it is very difficult to achieve an effective review without the element of challenge. It is one of the key underpinnings of significant improvements and without it authorities are unlikely to reach targets in respect of national Best Value indicators. "Challenging why and how a service is provided requires a fundamental rethink, asking basic questions about the needs that each service is intended to address and the method of procurement that is used" [18]. The Local Government Act 1999, emphasize that performance reviews must fundamentally question whether a local authority is executing its existing functions in accordance with the challenge element of the Best Value 4Cs.

The Comparison element of the 4Cs Model is the basis of performance management and is also critical for achieving effective review. It requires a consideration of the role of comparison as a means of securing efficient and effective services. Comparison with what other do is essential to making a judgment about good or poor performance [8]. The Government has stressed that authorities should critically compare their own performance with that of the top 25% of authorities and how they measure up to Government standards or national Best Value Performance Indicators [18].

Consultation is also one of the most important elements in the Best Value regime rather than being an element of 4C's Model. The Government intended that councils should actively involve and engage the community in local decisions. It emphasized that consultation should underpin the whole duty of Best Value. The first of the twelve principles of Best Value indicated, "The duty of Best Value is one that local authorities owe to local people, both as taxpayers and the customer of local authorities" [7]. The Government, therefore, placed a duty on Best Value authorities to consult with representatives of those who are liable to pay council tax, liable to pay non-domestic rates in respect of any area, which the authority carries out functions, as well as representatives of those who use, or are likely to use, the services provided by it.

Because of the importance of the consultation element within the Best Value regime, the Government has consistently emphasized its value of in different regulations and consultative papers. In this regard, the first impression from pilot authorities is that local authorities are keen on the consultation element of 4Cs. In this regard, the final report on the Best Value pilots showed that, they whole-heartedly embraced the requirement of consultation, seeing it as valuable means of improving services, and 43% of Best Value officers reported that consultation had been a vital element in all of their authority's pilot initiatives. Hence, almost all of the pilots stated that they wished to increase the level of public engagement in order to fulfill Best Value principles [19].

Finally, Best Value reviews also require the assessment of the competitiveness of different functions. The government has continually emphasized that "Best Value means that services should not be delivered directly if other more efficient and effective means are available" [7]. However, the Local Government Act 1999 does not require authorities to subject their functions to competition in the way required by the legislation on Compulsory Competitive Tendering.

As we can see the duty to prepare challenge, comparison, competitive and consultation strategies are central to the modernization of local government. All local authorities must, therefore, prepare their plans to establish a long term and sustainable service development by taking into account 4Cs elements. However, the North West Survey revealed that there are considerable differences in satisfaction level of the 4C's model elements.

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<th>Useful</th>
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<tr>
<td>Comparison</td>
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<td>Challenge</td>
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<td>Competition</td>
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<td>13</td>
<td>80</td>
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<td>Consultation</td>
<td>27</td>
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One of the striking points in Table.4 is that 80% of councils consider that competition is not useful in improving their services. The approach to the competition element of the 4Cs also varied in the pilots, whilst a few pilots had found it useful to engage in competitive tendering, many found there was a series of obstacles that faced them when they attempted to give emphasis to the competition element [19]. In contrast to Compulsory Competitive Tendering (CCT), the Best Value regime involves voluntary competition. However, two of the 'twelve principles' of the Best Value approach indicate the importance and necessity of the competitive element, and the White Paper re-emphasized that "services should not be delivered directly if other more efficient and effective means are available" [11]. According to Martin et al. the main difficulties affecting decisions about competitiveness are: organizational culture, attitudes of elected members, attitudes of service managers, staff and trade union concerns, problems with the private sector and lack of skills [19].

The Survey also revealed that the councils do not seem to be keen on the competition element. Only 33% of them considered that comparison was an essential or useful element in their service improvement. On the other hand, the majority of councils found that the challenge
element was the most useful in the model, and none of them considered it as unnecessary. However, challenge was seen as one of the most difficult elements to understand and interpret in relation to service improvement in the pilot project findings. The second favorite element revealed by the postal survey councils was consultation, 77% of them finding this to be essential or useful for their own operations.

IV. CONCLUSION

This article has presented a brief overview of BVMF and evaluated Best Value review system by examining relevant legislation and consultation papers, considering some external expert opinions, and some experiences from the practical implementation of the new regime. Indeed, it is intended to set out the machinery of Best Value and in this regard, it especially concentrated on primary sources from the Government, the Audit Commission, the Improvement and Development Agency (IDeA) and some other governmental bodies. It has also examined relevant secondary sources (including the North West Best Value Survey) in order to provide examples, where necessary.

The Local Government Act 1999 also established the Best Value regime as the centerpiece of New Labor’s attempt to modernize local authority services. It abolished the legal requirement for authorities to adhere to strictly defined activities such as Compulsory Competitive Tendering (CCT). In this regard, Best Value framework establishes broad principles and process rather than detailed regulations. The Government did not intend to introduce a detailed and strict framework for local authorities to shape their implementation process in terms of Best Value. The BVMF, therefore, can be described as a general framework, which covers all functions of local authorities, because the new regime’s requires cover whole authority. The Government has therefore published many guidelines and consultation papers to make understandable what it requires for Best Value from local authorities, and how they should prepare their plans, and develop their own Best Value approaches. Indeed, these broad principles and processes contained in the Best Value regime have been interpreted and implemented in different ways by different local authorities and in relation to different services within the pilot councils.

The major elements of the BVMF are appeared as the Corporate Review, Fundamental Service Review, and 4Cs Model. The article therefore evaluated these main components of the statutory framework of Best Value for local authorities. In particular, the emphasis has been given to Best Value review system in respect of 4Cs model. Local authorities required to develop an overall corporate vision of what they desire to achieve with respect to their performance, local and national indicators and the aspirations of the local community. It is emphasized that without a corporate management and review system it is very difficult to reach Best Value national targets. Local authorities therefore suggested being realistic in the corporate review process. An effective corporate review should involve establishing a strong image of an authority’s strengths and weaknesses.

As second step of Best Value review system, local authorities also required to prepare performance reviews, which should cover all council’s services and activities within a five-year period. Performance reviews should promote accountability to local community, which is relevant and meaningful so that local people and external inspectors are able to make a judgment about the authorities’ performance.

RESOURCES


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