

ANGUS COUNCIL**POLICY AND RESOURCES COMMITTEE - 8 SEPTEMBER 1998****DEVELOPMENT OF BEST VALUE****REPORT BY CHIEF EXECUTIVE in consultation with the Management Team****ABSTRACT**

The Scottish Office has circulated its programme for the development of Best Value, including the appraisal process for Scottish councils to be carried out over the next six months. The considerable requirements placed on the Council and the recommended responses are outlined in this report. The circular also presents the second report of the Best Value Task Force on progress and development.

RECOMMENDATIONS: -

It is recommended that the Council: -

- i Notes the contents of this report and the requirements of the Scottish Office for a programme of development of Best Value;
- ii Notes the comments made on the programme
- iii Remits to the Chief Executive and the Management Team, in consultation with appropriate members, to respond positively to the Scottish Office requirements, meeting the deadlines laid down for the production of a series of reports demonstrating progress and setting out the programme for future developments; and
- iv Homologates the action taken by the officials in reporting on 12 possible service reviews to the Scottish Office by 28 August.

Note: - A copy of the circular, 12/98, Best Value, is available in the members' lounge.

1 BACKGROUND

Members will be well aware of the Government's proposals for a radical review of the way in which local authorities deliver services and the development of Best Value. Reference is made to Report 342/98 to Policy and Resources Committee on 24 March. Best Value proposals involve a programme of continuous improvement of service delivery, following consultations with "stakeholders", i.e. taxpayers, clients, customers, contractors, partner-bodies and the workforce, to consider how

performance can be developed to meet customers'/clients'/taxpayers' needs. Performance is then monitored in accordance with customers' expressed needs taking into account the resources available to the council.

In a programme that was launched within weeks of the election on 1 May last year, the Secretary of State, in close co-operation with the Convention of Scottish Local Authorities (CoSLA) and the Accounts Commission has introduced his Best Value proposals as a replacement for the last Government's CCT/open market approach. The remit for the development of a Best Value system was passed to a Task Force comprising representatives of the Scottish Office, CoSLA and the Accounts Commission. That group's first report was made at the end of July last year.

The Best Value requirements have resulted in all Scottish Councils developing their own Best Value submissions to demonstrate commitment to the new system. The Scottish Office, as part of the second phase in the development of Best Value, is now requiring demonstration by Councils of their progress in implementing the concept. Over the next two years there will be a requirement on Councils to show how they have translated their programmes into achievements.

In responding to the Government initiatives, the Council has commented that its own operational methods, dependent as they have been on close co-operation of members and senior officers in determining policies and subsequent departmental and corporate development plans and the introduction of the Council's Key Themes and Corporate Priorities, embraces much of the Best Value philosophy.

With the successful achievement of the first stage of Best Value by February of this year (which involved further exemption from CCT till at least July 1999) there has been growing anticipation in local government of what the Scottish Office programme for further development of Best Value would contain. As part of the process, the Scottish Office held a seminar for local authority officials in May when the further programme for Best Value was debated. Following that seminar and taking into account work by the Best Value Task Force, the Scottish Office has now mapped out the next "milestones" in the journey to Best Value.

2. **DETAILS**

The Scottish Office circular contains: -

- the second report of the Best Value Task Force;
- regulations extending the present moratorium on CCT activities till 1 July 1999;
- an indication of how authorities should apply for a further extension of the moratorium; and
- gives details of the Best Value appraisal that will be required to be carried out during the forthcoming months.

Second Report of Best Value Task Force

The second report by the Best Value Task Force highlights the good progress made by local government in demonstrating commitment to and compliance with Best Value. It also outlines current Task Force thinking and provides a new definition for Best Value based on four criteria: -

- The establishment of a performance management and planning framework
- A commitment to the four C's-challenge, compare, consult and compete
- A commitment to rigorous service review; and
- Consistency with the four key principles of Best Value:
 - Accountability
 - Transparency
 - Continuous Improvement: a Planning Framework; and
 - Ownership.

The Regulations

The regulations have already been made and simply suspend the operation of CCT which would otherwise have required retendering of activities ranging from roads maintenance to leisure management etc., till July of next year and defer other restart dates till later years.

Application for further exemptions from CCT

Basically the application will require demonstration of progress with the development of Best Value which will ensure exemption up till July 2000. The process is outlined in the guidance on the 1998/99 appraisal round.

Best Value 1998/99 appraisal

The circular sets out a programme for further action by Councils, which involves delivery of reports on progress and/or proposals for future action – once a month up to the end of the year. In this appraisal process the External Auditor will play a key role.

The appraisal will involve (not in strict chronological order): -

- an update of the 1997/98 implementation plan;
- Completion of a Value for Money pro forma for CCT services
- Scrutiny of the reviews submitted by Councils
- Submission of a new implementation plan for 1998/99; and
- Submission of prescribed performance indicators for previous years.

Service Reviews

The first "milestone" for Councils to meet was the submission of service reviews by 28 August. The officials had anticipated that such a request would be made, following the earlier Scottish Office seminar. As a result the reviews listed in Annex A have been submitted to the Scottish Office to meet the deadline, hence the recommendation that the submission be homologated.

It will be seen that 12 reviews have been suggested. The Scottish Office suggested these should include one on education and one on social work and also give samples of services that are "performing badly/well" and the furthest advanced reviews.

Update on 1997/98 Implementation Plan

The update on the 1997/98 Implementation Plan is to be submitted by 30 September with copies going to the Scottish Office and the External Auditor. These are already in preparation and will require comment on where targets have been met and explanations where there has been any failure to meet proposed "milestone" dates. The submission also involves an update of the Management Arrangements audit carried out by External Audit last year and which required again that departments set targets as well as corporate targets and targets for certain areas of financial performance. This will also require supporting evidence of progress, e.g. committee reports and service updates.

In addition, the update requires a summary of the action under the External Audit Module 2, which dealt with Manpower Resource management methods within the Council.

Value for Money Pro-forma for CCT Services

By 30 October the Scottish Office requires return of a pro forma on CCT services, e.g. roads maintenance, grounds maintenance and leisure management etc. This, says the circular, requires to cover "rigorously undertaken" reviews of these CCT services and will also permit a demonstration of innovation in service delivery.

New Implementation Plan for 1998/99

The next target date is 30 November by which time a new Implementation Plan is required. This will cover the period to 31 May 2000 and is to include proposals on what are termed Public Performance Reports, the processes for achievement and the timetable for actions to be taken to implement these processes as well as what is termed a "prototype plan" for service development.

Performance Indicators Submission

The final target date in this autumn-winter series is 31 December by which time details of past performance indicators together with suggested "future targets" are to be submitted. It is not altogether clear how this is to be carried out at this stage, and further guidance will be issued in October. At the moment, however, the indications are that five to seven indicators per service will be required.

The Appraisal Process

The appraisal of the Council's progress is likely to follow much the same course as last year and will involve the External Auditor to a considerable extent, but there will also be involvement of the Scottish Office in the appraisal of the initial submission of the service reviews. For example, they reserve the right to make their own choice of service reviews to be appraised, whatever the Council may submit in its list of 12.

By February/March the outcome of the appraisal process should be known. This will allow further development of a number of issues raised in the document, including public performance reports (PPRs) and Performance Management and Planning (PMP).

Given all goes well, new CCT regulations will be produced in June 1999, probably extending the moratorium still further, and there will be a final report of the Task Force submitted to the Secretary of State in July.

The final outcome is forecast at May 2000 with the first full Public Performance Reports, new Structures for delivery of services etc. and a full Best Value regime in place.

3 COMMENT

It is clear that the programme for further Best Value development is ambitious, even by Best Value standards. It will call for considerable effort by all concerned, given the introduction of radically developed structures to ensure public accountability and systems for monitoring policy developments and reporting on performance in relation to specific targets. So far as the specific programme for this year is concerned, the series of month-end deadlines coincides neatly with the Council's budget process when there will be commitments for member and staff time.

The process of Best Value development is obviously one of evolution. The report of the Task Force setting out their appraisal of "work in progress" leaves a clear impression of a moving target that will continue to present a series of challenging objectives over the years ahead. Whilst the Circular helps to clarify some issues, perhaps inevitably it also raises further questions as the development of Best Value guidance continues to emerge and evolve.

Best Value is a concept that has been introduced and developed with a minimum of legislative process and Parliamentary scrutiny. The legislative foundation is the requirement on Councils to ensure "efficient, effective and economic use of resources" backed up by an enjoiner to the Accounts Commission that it must ensure that Councils are achieving these objectives.

It is important that the circular's contents are seen in the overall context of developments affecting local government in Scotland, including the McIntosh Commission's report to come on the mode of operation of the new Parliament; voting arrangements etc.; the consultation paper on community planning recently issued by the Scottish Office; and the UK-wide inquiry into a framework of standards in public life; as well as proposals in England for the further reform of local government with the possibility of directly elected mayors, Cabinet-style operation for councils etc.

It is disappointing that the proposals for three-year budgeting are not to be brought fully into operation, other than through the actions of individual councils. A system whereby Councils could accurately forecast what they would have by way of specific financial resources over the next few years was seen as a considerable bonus when the original Best Value proposals were announced, although it was appreciated there were considerable difficulties in the introduction of such a system.

Councils are now being encouraged to develop their own brands of three-year forecasting on the basis that they know the general level of expenditure for all local authorities for the next three years. In a period of financial stability this may be possible, but it is at best a system that will allow councils to plan hopefully rather than to guarantee arrival. Members will be aware that the Finance Department is already developing a model for a three-year budgetary process, but such a system

must be open-ended in the absence of a clear commitment to specific levels of spending being set for particular authorities on a longer-term basis.

In Angus it is clear that the development of the Key Themes and the progress to Corporate Priorities and the approval of the Corporate Plan, Angus Towards the Millennium, will provide a broad framework that is readily compatible with Best Value concepts. The service development plans and personal action plans that have already been introduced all fit well within the BV concept. It is also encouraging to see that the duplication of effort that appeared to be being called for as officials coped with demands from both the Accounts Commission and the Scottish Office has been recognised, particularly with the proposal to abandon later stages of the Accounts Commission's management modules in favour of a system that aligns with Best Value.

So far as the concept of performance reporting is concerned, officials would endorse the proposals to keep local citizens and taxpayers informed as to Council performance and proposals. However, there is a clear need to assess the interests of the public in the process before embarking on further ambitious projects to engender public interest in the activities of their council.

The reference in the circular to the Performance Indicators Submissions, on which further guidance will be issued, indicates there will be some 5-7 key prescribed indicators both council wide and for each major service area. At this stage it is not entirely clear how a major service area will be defined nor how these key prescribed indicators will relate to "cost and quality indicators" nor "Council specific indicators". As all of these matters will be of concern to councils, clarification in the forthcoming guidance will be essential.

There is much that the Council can and should welcome in the proposals, which form part of the Government's broad aim to reinvigorate local authorities and their role in the democratic process.

However, the new system will demand full elected member backing as well as innovative management. Possibly most important of all, it will require faith by the workforce that the requirements to introduce a new system of consulting, planning, performing, competing, monitoring, measuring and reporting will in fact be the advent of a new era for local authority service.

Whilst there are a number of caveats, the Council can but welcome a process that accords with so much of its own policies, strategic development and working ethos. Best Value, whatever its shortcomings in terms of the timescale for development and the pressures it is generating on all within local government, must be given an opportunity to deliver.

4 CONCLUSIONS

The process of Best Value has moved from "commitment" to "progress", after a great deal of effort by local authorities throughout Scotland. Reaching the "achievement" stage will require considerably more effort by all concerned.

In Angus there is already a political and management process which is in tune with the general ethos of Best Value. However, in practical terms there is a considerable difference between the performance planning systems that have been introduced locally and the requirement to produce for centralised assessment detailed statements as to the performance of various activities etc. to a prescribed timetable to meet central government's requirements.

However, any difficulties will be addressed and the general spirit of co-operation that has developed between local government and the Scottish Office since the introduction of Best Value should be welcomed.

5 FINANCIAL IMPLICATIONS

The short-term financial implications of reporting on Best Value progress will be contained within existing budgets. Further development of the system, with the introduction of further publicity measures for council activity and development of performance measurement systems, cannot be costed at this stage.

6 CONSULTATIONS

All members of the Management Team have been consulted in the preparation of this report.

A.B. Watson,
Chief Executive.

Note- No background papers, other than SODD Circular 12/98, were relied on to any material extent in the preparation of this report.

Annex A

List of proposed review areas.

It should be noted that in guidance for submission of proposed areas for review, the Scottish Office requested the reviews should meet the following criteria: -

- Cover a wide range of council services;
- Include at least one CCT defined activity (if undertaking);
- Include at least one educational review (if undertaking);
- Include at least one social work review (if undertaking);
- Include one sample from services which the council believes to be performing (a) well (b) badly; and
- Where possible, should be the farthest advanced reviews (although review of more complex activities should be considered, even where they will only be partially complete).

Taking these criteria into account and the Council's own review programme, the following ranking has been suggested to the Scottish Office:

Department involved	Rank	Subject Proposed	Reason for Inclusion
Education	1 st	School Catering	Part of Education service and a CCT contract
Social Work	2 nd	Review of Home Care provision	Social Work service, involving partnership with outside parties
Finance	3 rd	Council Tax Collection	Review of adherence to best practice guidance and seeking improve overall collection
Social Work	4 th	Residential Care for Older People	Social Work service, at an early stage, following corporate model
Education	5 th	Newtyle School- Review of Secondary provision	Educational service; completed; demonstrating consultation with community in a complex area.
Housing	6 th	Void Management	Well advanced; Council performing relatively well
Environmental & Consumer Protection	7 th	Vehicle Hire Centre	Well advanced; affects a number of other services; relatively complex area.
Housing	8 th	Repairs and Maintenance Management	At start of review process; performs relatively well; affects a wide range of Council tenants; Performance Indicators comparison available.
Education	9 th	Primary School provision review-	Educational service. Completed. Good example of consultation with public.
Environmental & Consumer Protection/ Contract Services (Joint)	10 th	Street Cleaning	CCT Service; at start of review process.
Roads	11 th	Lighting maintenance	CCT services; at start of review process
Information Technology	12 th	Corporate IT procurement	Relatively complex area, at beginning of review process