

Building Capacity for Best Value

The New Local Government Network has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers and practitioners. The facts presented and views expressed in this report are, however, those of the author and not necessarily those of the organisation.

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Building Capacity for Best Value

Geoffrey Filkin JUNE 1999



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Summary and recommendations

Introduction

This paper describes the results of a study that the New Local Government Network commissioned to assess what support local authorities need to implement Best Value successfully. The report details a number of recommendations for national bodies, some of which may already have been acted upon. It will be of interest to leaders and chief executives as they prepare for Best Value implementation.

Implementing modernisation

- A strategic assessment is needed by central government and national bodies of the support required to implement the modernisation of local government and the development of a plan to execute it in practice. Implementation planning and execution is as important as policy development and legislation. It would be appropriate to undertake this assessment at this time given that the first Local Government Bill should be enacted this year and the second has been published in draft form. A report should be commissioned externally by the DETR to advise on this.
- This assessment of how to support implementation must recognise the comprehensive changes that will be required of politicians and practitioners in their roles, attitudes and skills to successfully implement modernisation and Best Value.
- There should exist a collective responsibility between the Government, LGA and the IDeA, with appropriate

involvement of the Audit Commission, to support the modernisation process.

- There is need to develop the national institutional architecture to assess, plan and implement the change agenda. A joint working group of officials from DETR, LGA, Audit Commission and the IDeA should be formed to identify what needs to be done and to how to promote the support for implementation. Such a working group should report directly to a Ministerial/Chair level group.
- At present, local government looks under-supported in making the massive ideological and practical changes that modernisation will require.

Support for Best Value

- The initial implementation of Best Value has been received positively with widespread support from local government and the private sector. Yet many local authorities are experiencing considerable difficulty in understanding and implementing Best Value, based on the evidence from the pilot authorities and other councils.
- The difficulties include weak political understanding of the challenge of Best Value, little appreciation of the ideological shift required and weak motivation to change in some authorities.
- Many authorities are having difficulty addressing the challenge function, consulting the public and comparing their performance with others to

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identify change rather than explain away differences. Councils have difficulty accepting that ‘what’s best is what works best’ and in knowing how to explore supply markets and procure improved services and investment.

- Improved political leadership and managerial competence is essential to ensure Best Value delivers for the public. Further initiatives may be needed to motivate change in addition to those that result from the inspection and intervention process.
- Despite these difficulties most local authorities want to succeed at Best Value. They need strong support to do so.
- Much learning has to be done locally yet there is an important role for national level action to support and accelerate learning and improvement. Central government has previously taken action to promote change at local level, for example the Public Private Partnership Programme Task Force and the DfEE support programme to help improve schools’ performance.

Action is needed in five ways:

1 Political leadership

Further action is necessary through regional workshops, pamphlets and guidance to develop better understanding by politicians of what Best Value requires of them and how fundamental their leadership is to its success. Good practice notes for members may help.

2 Best practice research and dissemination

A high quality unit is required to collect and analyse good local authority practice on Best Value, rooted in what authorities are achieving locally and any additional support they need. The unit must have the capacity to analyse and assess the results and to disseminate its work through learning processes that go beyond good practice manuals and include group learning processes.

The IDeA is developing proposals to lead on the dissemination of good practice in Best Value and the products, services and processes required. How they would be sourced, what they would cost and how they might be funded may require wider discussions.

3 Comparative performance data

Centrally collated data sets are needed to help a local authority make an initial comparison of its performance and avoid the inefficient collection of substantial amounts of local data by 400 separate local authorities. The data sets must include information about the cost and quality of the private and voluntary sectors too.

The Audit Commission should be asked by the DETR to develop a proposal to establish comparative performance data sets, as indicated above, building on its work in PI’s. It should also be encouraged to commission high quality studies to explore reasons for differences in cost and performance.

4 Procurement advice and market research

Good strategic procurement is at the heart of a comprehensive Best Value strategy. A unit is required to improve the skills and knowledge of officers and members about how to secure improvements in services and increased investment through better procurement. This should address how to encourage an appropriate market response, how to secure a partnership and offer advice on legal and technical issues.

The unit should also have the responsibility to research developments in supply markets and identify ways to stimulate them. The Government has commissioned the Gershon review into central government's procurement capacity and the Bates II review into PFI. The conclusion from these reviews may lead to a new central government unit to promote better procurement of services and investment across central government. Should such a unit, if established, provide support for local government?

Alternatively, should the 4Ps be reconstituted with a new role to promote good procurement practice of both services and investment in local government? An assessment is needed of what products and services such a unit should provide and what income sources are available. In either event, the private sector should have a role in this unit both at board level and in the staff it employs or seconds.

5 Supporting learning networks

Local learning networks will play an important role in bringing about change. Action is needed now at a national level to promote their establishment with financial and administrative support and by extending the Beacon Council type of support to Best Value, perhaps administered by the IDeA.

Costs and resources

- So far no significant additional resources have been allocated by central government or the LGA to support the implementation of modernisation. This contrasts markedly with the £50 million plus allocated for the audit and inspection of Best Value.
- The first four actions recommended above could collectively cost some £3 million per annum. In addition to this funding would be needed for supporting learning networks.
- Funding for these services could come from a mixture of top sliced revenue support grant, charges for services, subscription income, central government support and the private sector. The study recommended above should address what balance of funding is achievable. Core funding will be needed for these functions now if the services are to be in place by April 2000.
- The IDeA has been given a massive set of roles to support modernisation across local government but no new resources to discharge them. As a

'...this needs urgent action if support systems are to be in place by 2000 to ensure the Best Value agenda translates from Whitehall policy into local action...'

result its brief looks extremely optimistic. It has been asked to:

- Roll out the Improvement Project
- Minimise intervention by central government
- Promote democratic innovation
- Increase development support for members
- Explore and support new political systems
- Administer the Beacon Council Scheme
- Re-invigorate the dissemination of best practice
- Support Best Value implementation
- Develop a consultancy service for local authorities.

- The IDeA's budget is currently largely committed to existing staff. The IDeA should be strongly encouraged to re-prioritise its work and cease previous functions to address the new agenda. But this will take time and there is no reason to believe that the resources released will sufficiently address the new tasks allocated to it.

Action is needed now by the LGA to develop a strategy to support the implementation of modernisation and a funding plan to fulfil this goal with the IDeA and 4Ps. This needs urgent action if support systems are to be in place by 2000 to ensure the Best Value agenda translates from Whitehall policy into local action.

Geoffrey Filkin
June 1999

Workshop discussion paper

Best Value requires local authorities to raise performance to be the best.

Its success depends on how quickly they learn how to do so.

Accelerating this learning is crucial for the success of Best Value.

A paper similar to this was discussed at a workshop held in March by the New Local Government Network with national bodies and local authorities.

Introduction

Best Value has had a successful start. The policy has been widely welcomed by local authorities and the private sector, the LGA campaigned successfully for legislation and the Bill should come fully into force next year. The systems to regulate, audit and inspect are currently being prepared.

There is a concern however, that many local authorities are finding Best Value difficult to implement. The 41 pilot authorities have been underway for over a year and whilst some report successful results many appear to be struggling. The picture elsewhere is similar. Many local authorities are finding the process difficult.

All the evidence suggests that there are significant capacity problems at both member and officer level that must be addressed if Best Value is to be suc-

cessfully implemented. There is limited time to put in place support systems before the legislation comes into effect in April 2000.

This paper explores:

- What problems local authorities are experiencing.
- What support is needed to help overcome them.
- The institutional options for building capacity.

This paper, commissioned by the New Local Government Network, is designed to stimulate debate within local government and national organisations about these issues. The conclusions and recommendations are based on discussions with many local authorities and a range of experts from across the private and public sector. Their contribution to this paper is acknowledged with thanks.

1 Implementing change – who is responsible?

Best Value is only one part of the Government's modernisation agenda for local government. Any support strategy for implementing Best Value should be part of a wider strategy to support modernisation within local government.

The modernisation of local government is the most profound set of changes to local government's role, forms of working and performance this century. It requires fundamental changes to the roles, skills and attitudes of councillors and officers. Yet the process and strategy for implementing these changes appears under-developed.

Modernising local government has to develop from a policy and legislative framework into an implementation project and programme if it is to be successful in its objective of providing better public services.

The DETR at official level appears to define its role primarily to support policy development and its translation into legislation. The legislation will set clear expectations for the direction of change, strong powers to audit, inspect and intervene plus incentives to change through mechanisms such as Beacon Councils.

Some changes can be secured solely by legislation but this is not true of Best Value: successful implementation will require the most profound shift of attitudes, performance and skills that local government has been expected to make for decades.

The legislation will provide a powerful system of audit, inspection and interven-

tion in local government. But this by itself will be insufficient to bring about the major shifts in culture and skills that will be needed for modernisation in 410 separate and different organisations.

For Best Value to succeed it will require that both members and officers are *motivated* to pursue the policy and have the *capability* to do so. This paper does not examine internal motivational issues but the issues of capability - do councils know *how* to address Best Value?

Organisations cannot carry out new activity by force of will or by passing resolutions. All new activity needs to be implemented by members and managers who have the necessary skills and capability. If insufficient attention is given to how these will be developed then the change simply will not take place. A change process on the scale of Best Value needs to identify where skills and capacity deficiencies exist and develop a strategic programme to address the problems.

It is not apparent that a strategic assessment has been completed of what processes and resources are required to support implementation of modernisation in general and Best Value in particular and there is no plan to execute them in practice in either the DETR or the LGA. The institutional architecture to assess, plan and implement the change agenda is currently absent. The Government has established joint working parties with the LGA for a wide range of initiatives, but not for modernisation itself or Best Value. There is a need for a joint working group of officials from DETR, LGA, Audit Commission and the IDeA to assess how

to implement these changes, reporting to a joint political / chairman level committee.

The systems to audit and inspect Best Value are likely to cost £50 million per annum. This system, when established, will make an important contribution to developing good practice. However, support for implementing Best Value does not appear to have had any significant resources assigned to it by either central government or the LGA, as will be explored later.

There is a tendency for DETR officials to suggest that these are matters for local government, the LGA and the IDeA in particular. This seriously under-estimates the complexity of bringing about the massive changes in role, attitude and skill within local government that modernisation and Best Value will require. None of this is to undermine the good work that has been done to date. The DETR and the LGA have jointly supported the Improvement Project initiative but this is only one part of the process of change, providing a diagnostic assessment of an authority's performance and capacity for change. Diagnosing current performance is necessary but does not by itself deliver the capacity to bring about future change.

The LGA has acted to support the change process by replacing the LGMB with more relevant and focused organisations. However, the LGA has not assessed what is needed to support implementation. Rather it has been keen to minimise central government interference and to assert that the IDeA will deliver the necessary change processes.

The IDeA, formed out of the LGMB, was launched on 31 March 1999 with its staff and budgets transferred. It has not as yet assessed the support that modernisation will require and whether the IDeA has the potential capacity to deliver them and what budgets and skills it needs to do so. It seems most unlikely that these could be delivered solely from within its existing budget, even if re-prioritised.

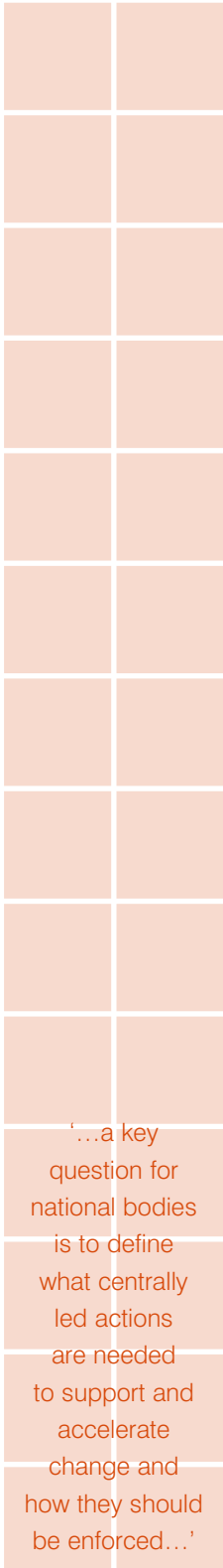
There appears a tendency for the DETR and LGA to assume that implementation support is the prime responsibility of the IDeA without an assessment of whether it has the capacity to do so. It is recommended that there should exist a collective responsibility between DETR, LGA, IDeA, and the Audit Commission to support the change process and co-ordinate planning to review the implementation agenda.

How can change be supported centrally?

The Government has set out a clear framework as to how it wants local government to modernise and is currently putting in place legislation to provide a system of rewards, inspections and sanctions. Developmentalists argue that for change to happen it must be owned and internalised by the organisation and requires complex processes of developmental support at a local level. A further view would argue that change will only happen when there is better leadership in local government at political and managerial levels.

These approaches are not alternatives: there need to be stimuli and imperatives to change through legislation, new

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duties, rewards for success and sanctions for failure. Developmental work at local level is also essential. Effective leadership with more freedom of action will also be important but none of these will be a panacea.

People and organisations will need *help* in changing as well as motivation. The Government wants Best Value to succeed: it is one of its flagship policies and fundamental to improving the quality of public services delivered by local government.

Local government needs Best Value to succeed to help restore the public's faith

in the ability of local government to meet public needs, to minimise central government intervention and the loss of further functions.

A key question for national bodies is to define what centrally led actions are needed to support and accelerate change and how they should be enforced.

This paper focuses on Best Value but similar debates are needed across the whole of the modernisation agenda if we are to develop a coherent strategy between the key national bodies for implementation support.

What are the difficulties? 2

This section uses the Performance Management Framework set out in the White Paper as a template for analysing the difficulties being faced by local authorities as they engage with Best Value.

The PMF states that local authorities should:

- establish authority-wide objectives
- agree a programme of fundamental performance reviews
- undertake fundamental performance reviews
- publish a local performance plan

Establish authority-wide objectives

The new role of community leadership is not universally understood nor acted upon in all local authorities. Councils need a better understanding of the developing needs of their area and a realistic strategy for addressing them. These issues could be addressed by existing sections of the LGMB / IDeA and Audit Commission studies.

Corporate preparations and corporate support

The Audit Commission report on this has been a helpful start. Further advice and support will be needed as touched upon in the Warwick Papers. But councils with weak corporate processes will have difficulty leading integrated approaches to service review or delivery.

Agree a programme of fundamental performance reviews

Some authorities have undertaken good work developing methodologies for selecting and prioritising services for review. Such good practice needs to be retailled as rapidly as possible around local government - not as instruction manuals but as aids to thinking.

Further guidance is needed on how to determine the terms of reference of reviews so not to prevent exploration of all service delivery and investment options. There are no rules here but advice and guidance on how services might be packaged for review for example when to bundle or when does a crosscutting approach work well? Should the council look corporately at how it develops its interface with the public and at what emerging technology and best practice offer, or should this be developed service by service?

Reviewing functions from a traditional service basis or from a client-centred perspective will not deliver the same results. There is a need for analysis and research that assesses what works best and an ability to retail the findings within local government.

Undertake fundamental performance reviews

Councils need to challenge, compare, consult and compete; then they need to set targets for improvement and produce an action plan of how to get there. They

will need to be able to show their rationale for these decisions for subsequent inspection. There are difficulties being experienced with each of these elements in addition to the sheer volume of the process currently being undertaken.

Challenge

Local authorities need to be able to ask for each function:

- What is the basic outcome that is being sought?
- What evidence is there of need or demand for it?
- Is it still a political priority?
- Are there better means for achieving it?

Many local authorities are finding it difficult to undertake a radical challenge to their policies and service design because of:

- Insufficient member engagement;
- Weak policy skills;
- Defining the challenge in narrow terms around the way the current service is organised rather than looking 'outside the box';
- A culture which assumes services and roles carry on rather than challenging the ends or questioning whether there are better means to achieve them.

To address these questions adequately requires an open-minded culture in an authority and an ability to think from first principles at both member and officer level.

Compare

Local authorities have spent considerable resources on the comparison function, mostly on benchmarking:

- Many are finding it slow and resource intensive;
- It has often involved comparisons with similar authorities rather than the best;
- There have been few comparisons with private or voluntary sector performance.

There is not time for local authorities to continue unaided in this way: every local authority seeking to identify comparative data is grossly inefficient.

The comparison function needs to address three questions:

- Are there other local authorities or service providers who are delivering significantly better performance in cost and quality?
- If so why and how are they achieving this?
- What is a realistic strategy for raising the performance of the local authority to match or exceed this level?

It is necessary to accelerate how local authorities address these questions.

Consult

The problems are of two types: an ideological resistance by some members and officers to the principle of involving the public in the prioritising and market testing of service delivery. This is then compounded with technical problems about how to consult, which techniques

to use, how much they cost and how to avoid raising unnecessary expectations. There is a need at the least for good documentation and advice services on how to consult for different purposes; the costs and means of doing so; what works, what doesn't; to show in practice why this is an essential basis for service improvement.

Compete – how to improve

Many local authorities are resistant to the idea that competition is a part of the process. Producer interests and traditions still cloud thinking and obstruct a willingness to explore new approaches. If local authorities focus on how to improve the service then competition should take its place as part of a procurement process.

- What means of service delivery and investment will deliver a quality and cost of service to be the best?
- How to secure that performance in practice?

A key strategic choice for a local authority is whether to make or buy based on an assessment of which route is most likely to lead to raise performance to be the best.

Each council will need to explore:

- What is possible?
- How do others achieve better performance?
- How do we decide when to do a function in-house and when externally?

- If the latter, how do we develop interest?

These questions could be informed by studies to expose the reasons for differences in performance. Without these analyses local authorities will be in danger of selecting improvement strategies that will not deliver the scale of desired improvement. These analyses should hold good for most authorities for any specific service review and offer the opportunity for high quality centrally supported analytic studies and collective learning as explored later.

Procurement skills

Making a rational judgement of how to improve the service is at the centre of the Best Value process. This requires a judgement as to when to 'make or buy' and then how to procure the cost and quality sought, whether from in-house or externally. Good procurement decision making is therefore at the heart of Best Value. There is a need for support to develop procurement skills in local authorities.

- There is little systematic understanding of supply markets and the alternative means of service delivery;
- Many authorities lack skill and experience at procuring services;
- Councils have often seen the private sector as a threat and devised tenders and contracts to deter rather than encourage interest.

Councils will want information about alternative means of organising and delivering services that appear to deliver

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better performance. The Treasury has a specialist unit helping central government departments develop procurement skills. Local government procures over £75 bn. of services, goods and investment each year internally or externally yet currently has no central support for developing good procurement.

Supply market intelligence

*'New technology or best practice may mean that traditional ways of providing a service are no longer viable or acceptable'*¹

- Local authorities will need continuous access to advice and information about changes in supply markets, their development across the public and private sectors and which service suppliers are in the market;
- This advice and information could be more cost-effective if provided through a central service rather than being obtained through each individual local authority.

Such a unit needs experienced, practical people who have a professional understanding of supply markets from the private sector as well as local government.

Publishing a local performance plan

The final stage of the Best Value process requires local authorities to publish a local performance plan that sets out their improvement targets and reports back to the public on the process or otherwise.

Guidance and support across the scope of the performance plan would be helpful in assisting local authorities to deal with this process within the context of the many other demands for information and performance plans coming from internal local authority corporate management and the Government.

Training and development

There are significant concerns about how members develop the right skills to provide leadership to the Best Value process. This must be addressed through the IDeA's wider programme of member development.

Best Value will require substantial training and development to emerge from existing sections of the IDeA and other national organisations.

Local organisational development

Change is stimulated by learning from those local authorities that are seen to be doing well, who are thinking the unthinkable and delivering tangible, improved performance. Such peer learning can operate nationally, regionally, and between local authorities of similar types or political control. Financial and other support is needed to promote high quality local learning networks.

¹ The White Paper - Modern Local Government.

What support is needed? 3

There are a number of ways to support the implementation of Best Value. This report focuses on how centrally provided support systems could make a difference. This does not mean that the other forms of change support are of lesser importance or those more fundamental changes such as developing high quality political and managerial leadership is not also critical.

There are five priority functions for national level bodies:

- 1 Best practice research and dissemination
- 2 Comparative performance data
- 3 Procurement advice
- 4 Supply market research and development
- 5 Supporting learning networks

1 Best Practice research and dissemination

A high quality research unit is required to collect and analyse best practice from local authorities with their Best Value processes, rooted in practical reality of what people are doing locally and any assistance they need. The unit should go beyond simply collecting case studies and must have the capacity to interrogate the initiatives, validate what has been done, assess the results and promote the linkages. When these collection and analysis functions have been completed the findings must be retailed in ways that help local authorities learn. Best practice research and dis-

semination is needed in the following areas:

Fundamental performance reviews

- Developing methodologies for selecting and prioritising services for review.
- How to determine the terms of reference and scope of reviews which encourage rather than discourage new ideas.
- Exploring the potential for improvement. Many councils would welcome support on thinking through the issues and learning from good practice.

Challenge

- Illustrations and analysis are needed of how the challenge function is being applied to a wide range of specific reviews including the questions that are being asked, the research and the input of members. This could be updated continuously, for example on the IDeA website.

Consult

- Good practice guidance on how to commission and organise the various methods of consultation and how to achieve this within a realistic timeframe and budget. This should be supplemented with regular analysis and retailing of new developments.
- Assistance with developing effective corporate strategies for raising expectations with an authority about the use of consultation mechanisms.

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Compete

- Analytic studies to identify the main reasons for differences in performance between local authorities and other suppliers. Such analyses are an essential component of rational decision making about what procurement route is most likely to deliver improvement. It would be inefficient for each local authority to undertake complex research analysis individually for every service reviewed.
- Continuous tracking of successful practice across local authorities and other sectors including analysis of the results and effective distribution of the findings.

2 Comparative performance data

The comparison process is designed to help an authority identify how it compares in cost and quality with the best service provider in any sector. It is a prelude to any analysis of how to improve service delivery. This process should be accelerated and assisted by:

- Central collation of data sets that analyse cost and quality performance data for all services, functions or groups of services. Then construct distribution profiles to permit initial comparisons by a local authority of its headline performance both nationally and regionally. It is important to avoid substantial data collection and comparisons at local level. In addition, these data sets and analyses will be needed for cross cutting issues.

- Providing data sets with information about the cost and quality performance of the private and voluntary sectors. This will not always be easy to obtain or analyse but a centrally organised specialist unit is likely to be more successful than 410 local authorities searching individually.
- Building upon the work that CIPFA is doing to lay the foundations for such data sets by developing a common accounting convention to be in place by 2002. These should create the basis for local authorities to insert their own costs and performance data into agreed templates and obtain a rapid positioning of how their costs compare across the country. However, the process will need to go far beyond this point by collecting, validating and collating data about performance as well as cost.

Such a unit would need professional and highly skilled staff to collate, analyse, interpret and develop high quality data sets that are respected as accurate and fulfil the comparison function. The unit would need to integrate data from local authorities, CIPFA, the private sector and the Audit Commission if it is to be an effective part of the process.

3 Procurement advisory service

Good procurement decisions and processes will be central to successful Best Value. Local authorities will need substantial assistance to help develop their skills and understanding of procurement. Recommendations include:

- Service specific information on the different ways to procure services from outside a local authority whether from another local authority, the private sector or voluntary sector;
- Information about how to encourage an appropriate market response;
- Procurement methods to secure capital investment with the contract;
- Advice on economic contractual arrangements and options;
- Information about how to procure a partnership deal in a way that satisfies public procurement rules;
- Legal and technical advice about good procurement practice. Pioneering authorities are spending considerable sums on specialist legal and consultancy advice which could be more widely distributed to other local authorities;
- Guidance on what strategic procurement means in practice; how to integrate a council's service procurement strategy and capital investment policy.

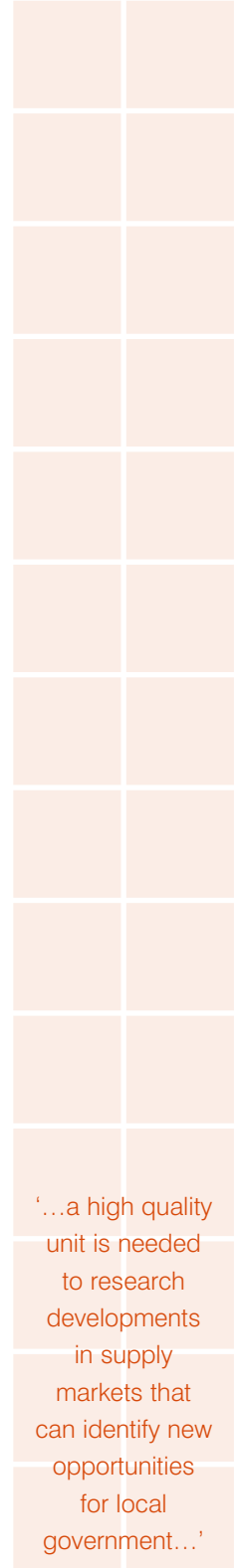
To achieve these outputs would require a high quality team of policy, procurement and legal specialists able to develop good advisory manuals and provide limited telephone advice. The provision of such a set of services would considerably accelerate the development of procurement skills in local government.

4 Supply market research and development

A high quality unit is needed to research developments in supply markets that can identify new opportunities for local government. The unit would:

- Provide advice and information about changes in supply markets, its development in both the public and private sector and the identification of service suppliers within the market and their performance;
- Act to stimulate supply markets where collective processes could be used;
- Identifying market dislocations or inefficiencies;
- Promote mechanisms for collective procurement when an individual local authority is too small to procure economically. Many councils acting by themselves are too small to attract strong private sector interest in some services and are thereby denied the economies of scale. There is a need to stimulate buying consortia arrangements to overcome this.

If there are economies of scale, investment or management for some local authority services then it will be important that local government develops its ability to procure services collectively, as it has done in the past for purchasing goods.



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 - Develop a consultancy service for local authorities.
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Action is needed now by the LGA to develop a strategy to support the implementation of modernisation and a funding plan to fulfil this goal with the IDeA and 4Ps. This needs urgent action if support systems are to be in place by 2000 to ensure the Best Value agenda translates from Whitehall policy into local action.

What are the institutional options?

4

A wide range of organisations have a role in developing support for Best Value including the DETR, LGA/IDeA, Audit Commission and CIPFA. The Warwick Business School’s research on the 41 pilots will provide helpful analyses and advice although they are not a permanent part of the support framework. In addition to these bodies most of the local authority professional organisations are likely to undertake some work depending on their resources.

The section below explores how the units suggested earlier might be formed.

Resource assessment

It is not possible to size these functions accurately in the scope of this study but a desk assessment suggests that the units would need approximately £3 million funding per annum.

Funding options

It is apparent that such resources cannot be secured from within current budgets. The IDeA has a comprehensive number of tasks without any new funding.

There are four potential sources for funding these units:

- From top sliced revenue support grant - section 78.1 funding;
- From income earned, either by subscriptions or trading;
- From the Government;
- From the private sector.

The support systems need to be built now if they are to be in place from April 2000.

Top sliced funding

It would be surprising if the process of transforming the performance and role of local government could be achieved within the current level of resources secured from section 78.1 funding. Yet the case for increasing this funding does not appear to have been made by the LGA. There is a danger that the IDeA will plan its role and scope its functions based on its current budget with a degree of overspend tolerance from the LGA. This is not a sensible way to size and fund implementation support for modernisation.

Best Value is a radical agenda of change. It may not be easy for a representative organisation to be seen to lead radical changes when many of its members are uncomfortable. This must raise a question as to whether the LGA is the appropriate body to promote and support the level of funding and the degree of fresh thinking that implementation of Best Value will require.

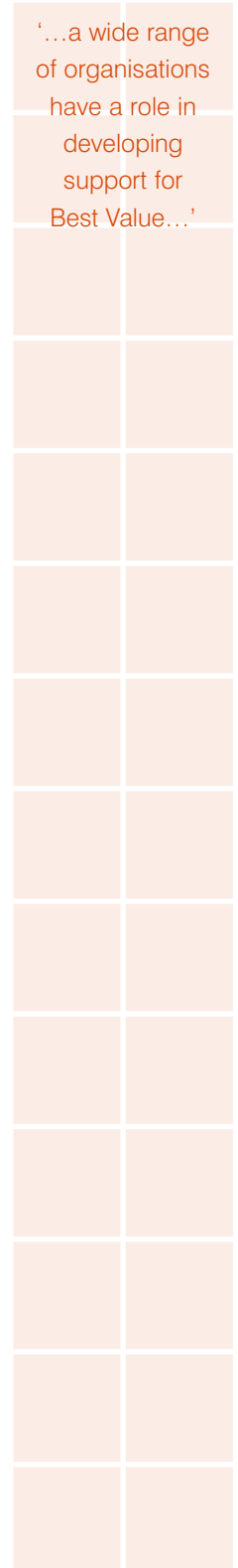
Government funding

The Government could provide financial support for some of the functions recommended particularly if a number of them were to be secured through the Audit Commission.

Funding from income

There are arguments for local authorities paying for services directly. If the units and services are of high quality they will save local authorities considerable

‘...a wide range of organisations have a role in developing support for Best Value...’



resources. Local authorities could pay for these functions either by subscriptions to service clubs or by fees for particular products, or a combination of both.

However, would a subscription service, reliant for its income on attracting members, be likely to challenge conventional thinking in local authorities or be more likely to reflect it?

The disadvantage of charging fees for particular products or services is that it may be desirable for some services to be accessible to every local authority e.g. posting much of the analysis and data comparisons on the web. Direct payment for such products might inhibit this type of universally accessible service.

Nevertheless it is likely that local authorities would be willing to pay for quality advice, information and best practice services of the type described above. An assessment is needed of:

- Which services could be charged for;
- How much income could be secured in this way;
- What start up financial support would be needed;
- What other funding might be needed in addition to earned income.

Private sector funding

The private sector has substantial knowledge and expertise in many of these areas but would they contribute funding and would there be a realistic business case? Are there mechanisms for securing private sector funding and for which services might such funding be acceptable? On what basis might the

private sector be willing to contribute funding?

Conclusion

The decision on which institution should secure which services is likely to influence the form of funding. A mix of section 78.1 funding, Government support and earned income may be desirable but it does not look likely that adequate support for Best Value can be delivered without additional resources or without additional start up resources this financial year.

Institutional options

There are a number of ways in which these functions could be delivered but this initial report cannot explore them. Instead the report examines the implications for the IDeA were it to be charged with the delivery of these functions.

Improvement and Development Agency

The IDeA, with a remit to provide practical support for implementing key parts of the modernisation agenda, is the natural starting point for considering where and how the above functions could be organised.

The tasks proposed for the IDeA include:

- **Improvement Project:** To organise 150+ reviews of local authorities each year.
- **Intervention Prevention:** To act to reduce government intervention.
- **Democratic renewal:** To promote democratic innovation in local government.

- **Member development:** To increase members' capability in local government.
- **Support for new political models:** To explore and support new systems.
- **Beacon Councils Stage I:** To manage the programme to spread best practice.
- **Best Value implementation:** To support local authorities implement successfully.

Apart from the employment functions the IDeA still retains most of the previous functions of the LGMB. There has been no assessment by the DETR or the LGA of what resources the IDeA would require to fulfil these new functions and no increase in the IDeA's budget to cope with the new functions allocated to it.² The expectations that the IDeA can deliver the improvement of local government on this basis is unrealistic – a by-product of a hands off approach to implementation planning and resourcing.

It should be possible over time to remove some of the historic activities inherited from the LGMB but this will not happen quickly or without cost. It may also be possible to fund some functions from income - as with the Improvement Project, which is supposed to be fully funded from income. Nevertheless it is clear that the IDeA cannot fulfil the brief allotted to it from its current level of resources.

There is an urgent need for the DETR, LGA and the IDeA to assess what support local government modernisation

requires, what roles should be undertaken by each institution and what new funding is required to make this happen. As part of this process decisions need to be taken between the DETR, the LGA and the IDeA on the following:

- What should be the role of the IDeA in developing Best Value capacity and what should be done by other agencies?
- What resources would this need?
- How would the role of the IDeA relate to the roles of other central organisations?
- By what means should it fulfil these roles?
- How are the contributions of other central bodies to be co-ordinated and quality assured?

If the IDeA is to be required to take a lead role on Best Value implementation this decision should be taken immediately and the resources required assessed and provided. If the IDeA is to be asked to establish the four units as suggested earlier it would have a profound impact on its organisational design.

Best Value as a project would be more significant than any other IDeA function.

It would require powerful project leadership and a senior appointment leading the function.

The suggested units would require some of the best staff available, skilled in procurement, supply markets, performance data compilation and

‘...learning will need to take place not just in local government but in the private and voluntary sectors and in political parties...’

comparison and high quality analytical studies.

The units suggested must match the quality and objectivity of Audit Commission work.

If it is decided that the IDeA should not have the responsibility for all or any of these functions then alternative arrangements must be rapidly put in place if the support and learning systems are to be ready for the implementation of Best Value.

Other organisations

Many other organisations will be active in supporting the implementation of Best Value within their particular field of expertise. Many professional institutions will be involved. SOLACE will wish to be active and the CIPFA / IPF Competition Advisory Service will be developing services for its member authorities.

The DETR has commissioned a research team based at Warwick Business School to monitor and evaluate the 41 pilots. Their primary role is to measure and evaluate service outcomes in the pilots and they do not have either the remit or the finance to support local authorities in implementing Best Value. A team from Warwick Business School is providing support and development to sixteen local authorities who were shortlisted for pilot status through its Better Value Development Programme.

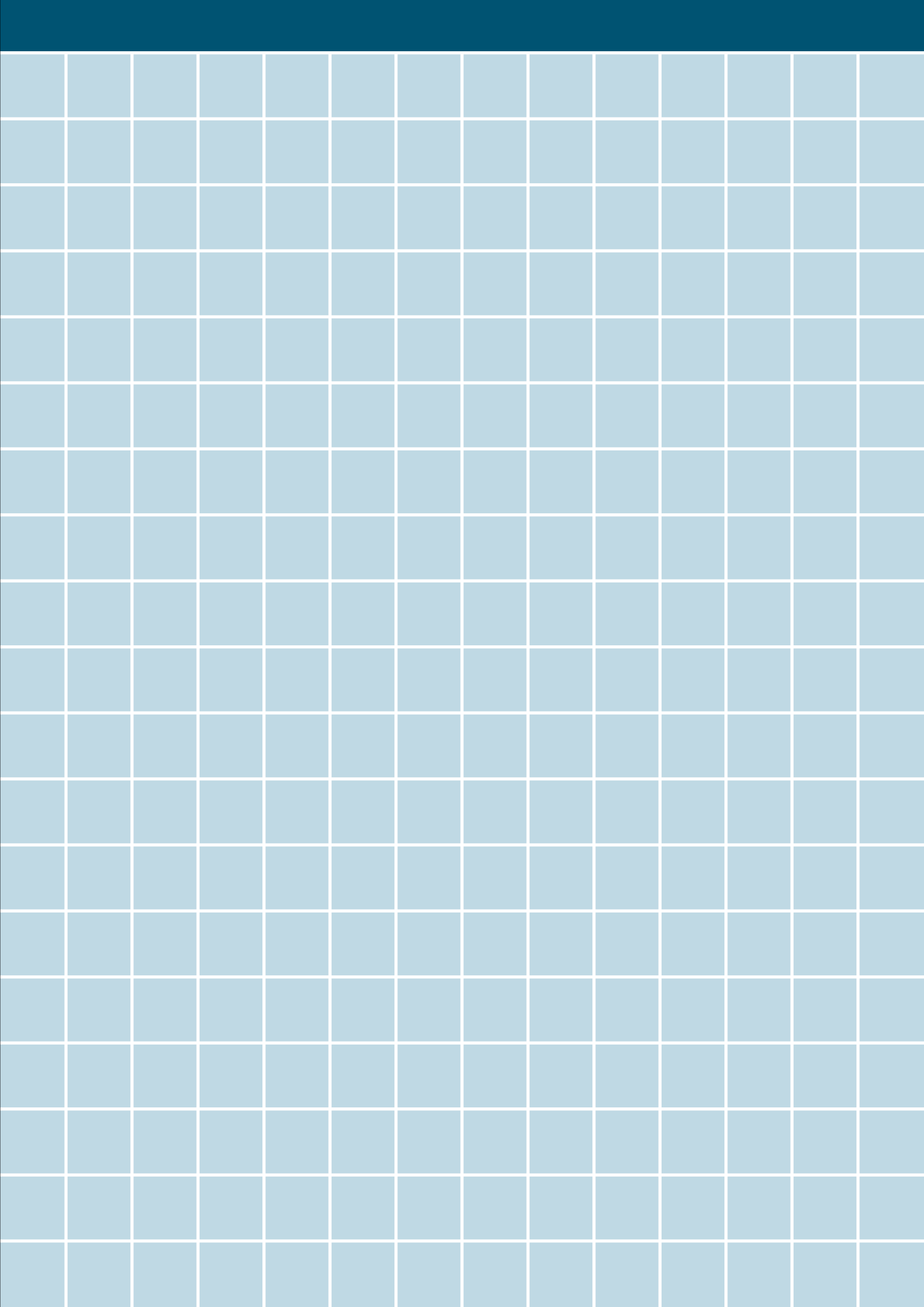
A mapping process of the work currently being undertaken by various agencies is clearly necessary but this needs to be matched by sober judgements about the stance, skills and resources of various

agencies to support implementation of Best Value.

In addition to national support services discussed throughout this paper, every local authority will need support at local level. There are a wide range of potential services that could be required and various models of development aid. National organisations need to consider to what extent should they promote and support local learning initiatives for Best Value and how evaluations of performance could be established.

Finally learning will need to take place not just in local government but in the private and voluntary sectors and in political parties. Central organisations will need to examine their role in this support process.

2 The IDeA has had an increase of £350,000 over the budget of the LGMB but will lose £400,000 of resources as the Welsh funding is withdrawn over the next two years.



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