

BEST VALUE SERVICE REVIEW MANUAL

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FOREWORD

Are **you** continuously improving how you do things?
Can **you** be considered to be one of the best at providing your particular service?
Do **you** compete to provide your services in an established market?
Do **you** compare favourably with other service providers?

If you're able to say yes to all of these questions, that's very good news. But as a service provider, you can't sit back and relax. Under the Government's new Best Value regime **every** service provider must both make plans to continuously improve the way in which they work and ensure that these improvements are delivered.

Best Value is geared towards producing the highest quality public services. Services that are efficient, economical and effective. Services that are provided in a way that is best for those who receive them regardless of how they are delivered and who delivers them. The above questions are the kind which the public should (and the auditors and inspectors definitely will) ask when examining the services which we provide.

One of the key features of the Best Value regime is the Best Value Service Review. It is at the service review stage that you have the chance to critically appraise the services which you provide and why they are provided. Along with your customers and other stakeholders, you must look dispassionately at how you provide the services, analyse your relative performance and draw up plans, which you will follow to ensure that you provide services that are among the best. To be among the best, you must illustrate that your performance falls within the top 25% of Councils in terms of performance and in terms of costs. Only then will you have demonstrated Best Value.

You should be aware that Best Value is not simply about either externalising services or keeping them in-house.

The Council will make every effort to provide support and opportunity, to enable you to demonstrate that the in-house option is the best value option. Again, if the review process shows that your service requires improvement then assistance will be given here. One of the best value options is to restructure or reposition its in-house service.

To assist you in the process of service reviews and to ensure that the Council achieves a measure of consistency in its approach, a working group has put together this review manual. Every service provided by the Council is unique and it is unlikely therefore that any two reviews will be the same. The manual permits a degree of flexibility to reflect the needs of a particular service and follows a step by step process utilising checklists and flow charts. Review teams will need to judge for themselves the most appropriate method of conforming to the rigorous requirements of a service review. I hope that this manual will help you in that process.

Malcolm Diaper
Chief Executive

ESSENTIAL ELEMENTS OF A SERVICE REVIEW

Service reviews of this type are new to local government. Accordingly, the essential elements of a service review, and how it is to be carried through, are set out below.

A service review MUST

- **challenge** why, how and by whom a service is being provided
- secure **comparison** with the performance of others across a range of relevant indicators, taking into account the views of both service users and potential suppliers
- **consult** local taxpayers, service users, partners and the wider business community in the setting of new performance targets
- use fair and open **competition** wherever practicable as a means of securing efficient and effective services

The four C's are discussed in detail in Appendix 1.

The working assumption must be that we are looking for improvement in services and financial savings, in line with the Governments expectation of a 2% overall reduction. If the response from the public or others, points to a demand for service improvement, this must be addressed along with options, which conform to the existing budget. The Member Review Panel, must be informed at the earliest possible stage, if options requiring additional resources are to be seriously considered. This will then go forward to the Executive Board to consider the relative priorities for the Council in policy terms, having regard to the overall resources available.

The parameters of a service must be clearly defined and be the main focus of a service review. However, where support service charges form a large part of the overall cost of the service under review, it is valid to examine the cost and effectiveness of those services.

The review should present a real challenge to what we currently do and options for change must be seriously considered. This will include whether the service or some elements of it are still necessary, whether there is any duplication of services provided by other agencies and whether alternative means of provision may be appropriate. To facilitate this process will require that all team members be allowed to think laterally and speak frankly, as part of their contribution to the service review.

A detailed summary of the DETR guidance provided in Appendix 2.

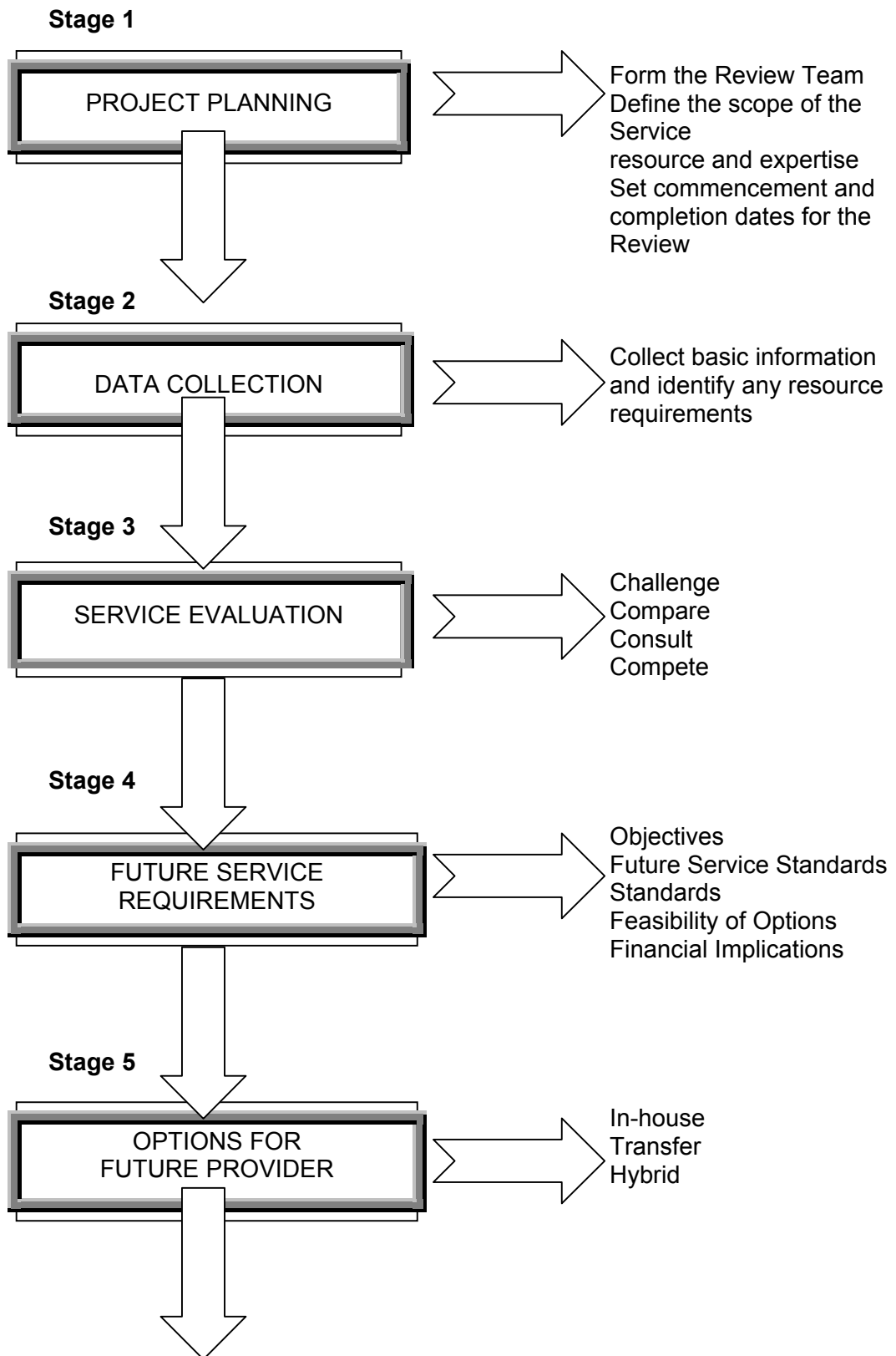
THE STATUTORY INSTRUMENT

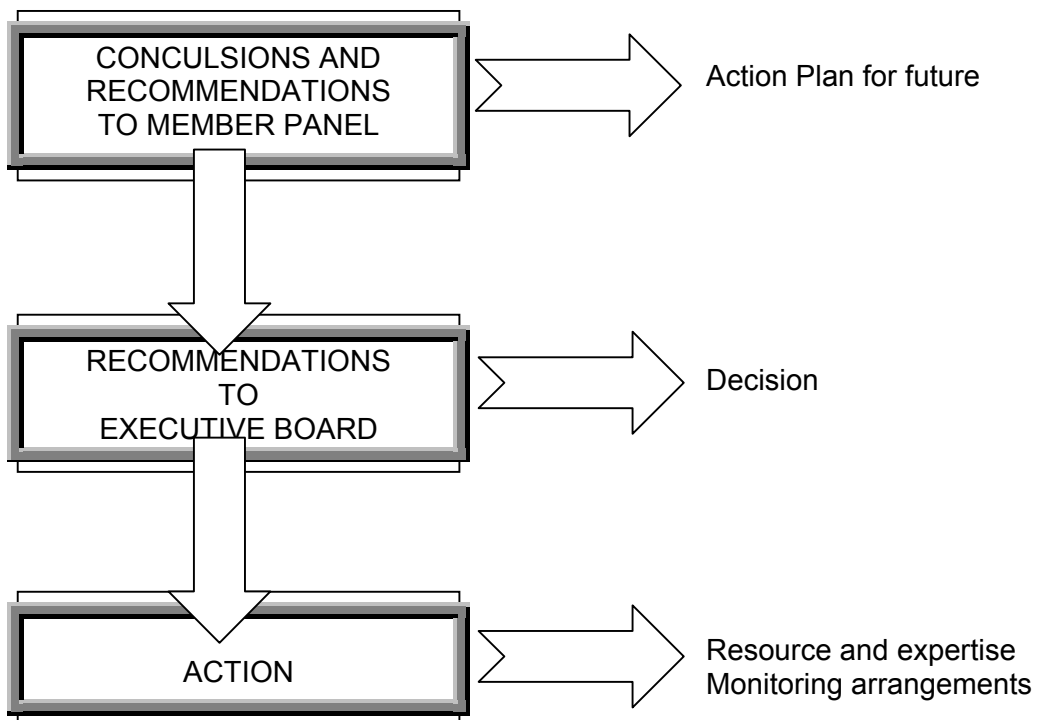
What the Statutory Instrument 1999 No.3251 says.....

Content of best value reviews

1. In conducting a best value review, a best value authority shall:-
 - (a) consider whether it should be exercising the function;
 - (b) consider the level at which, and the way in which, it should be exercising the function;
 - (c) consider its objectives in relation to the exercise of the function;
 - (d) assess its performance in exercising the function by reference to any best value performance indicator specified for the function;
 - (e) assess the competitiveness of its performance in exercising the function by reference to the exercise of the same function, or similar functions, by other best value authorities and by commercial and other business, including organisations in the voluntary sector;
 - (f) consult other best value authorities, commercial and other businesses, including organisations in the voluntary sector, about the exercise of the function;
 - (g) assess its success in meeting any best value performance standard which applies in relation to the function;
 - (h) assess its progress towards meeting any relevant best value performance standard which has been specified but which does not yet apply;
 - (i) assess its progress towards meeting any relevant best value performance target.

THE REVIEW PROCESS





THE REVIEW TEAM AND MEMBER PANELS

Each service will be reviewed during the five years commencing 1 April 2000. A Review Team will be established for each review. The Team, together with a Member Panel, will have the responsibility of completing a service review in accordance with the guidance contained in this document.

The Review Team will usually consist of:-

- The Head of Service (Section Head)
 - The Divisional Manager
 - A Finance representative*
 - A Human Resources representative*
- *(These two representatives may not be required on all stages)

Each Team will have a Team Leader and a Deputy Team Leader, drawn from the above list, to ensure continual progression towards completion of the review.

The selection of an Independent Assessor (chosen by Management Team) is important to the success of the review. The Independent Assessor is a member of the Service Review Team.

However, the approval of the Independent Assessor is required at every stage, prior to reporting to Management Team.

Ideally, he/she should possess the following qualities:-

- An acknowledged expert in the service area being reviewed.
- Someone with limited contact or involvement with the service as currently provided by this Authority (since mutual benefits should be obtainable across all Local Authorities, it is not envisaged that any payments would be required).
- Someone not inhibited from asking searching questions and persistent enough to obtain genuine answers.
- Someone capable of lateral and innovative thinking.

The Review Team will have contact with the Management Team and the established Member Panels at regular intervals throughout the process. The Management Structure shown in Chapter 6 illustrates the level and frequency of this contact.

Elected Members need not sit on the Review teams directly, since the Member Panels will receive interim reports from the Review Teams at pre-determined stages of the review.

The Member Panel, and any Member involvement in a review team, will be determined by the appropriate Board.

In addition to the core team, it is expected that other people will need to become involved at particular stages in the process.

These will include people who will advise on the approach to consultation for the particular service (to assess the present and prospective impact of the service on over-

arching corporate aims). You must refer to the Corporate Consultation Strategy Document, and the Assistant to the Chief Executive (Corporate Communications), who will be a central contact point. People who have developed a particular expertise in an aspect of the fundamental Service Review process may be included in the team and it may be desirable for I.T. staff to be involved in some of the reviews.

An issue for consideration is whether people from outside the Council should also be involved in reviews, to represent the views of customers or partner organisations. (e.g. Tenants Association representative).

The Team Leader and his or her Deputy will take two key positions on the Officer Review Team. Suggested key tasks for these roles are described within this section.

REVIEW TEAM LEADER - KEY TASKS

To chair and direct meetings of the Officer Service Review Team.

To achieve a commitment at all levels to the delivery of a Best Value plan.

To present the work of the Officer Review Team to the Management Team and the Member Review Panels as required.

To ensure that the Officer Review Team works through the review guidance using both the framework for data collection and evaluation for each service and generates the required information to form a view of: -

1. The strategic purpose, outcomes and objectives of the service.
2. Public perception of the service.
3. Performance and efficiency of the service.
4. The challenges and key issues facing the service.
5. To establish a timetable for achieving the project plan.
6. To ensure that the deadlines for the production of reports are met.
7. To undertake liaison with the senior management of divisions to ensure that information and research work required by the team is delivered by divisions and that a consensus is achieved between divisions wherever necessary.
8. To provide leadership and direction to the work of the Officer Review Team as required.
9. To ensure effective and fair delegation of tasks within the Officer Review Team.
10. Where required, to regularly brief the relevant trade union representatives on the progress of the Officer Review Team.
11. The appointment of an Independent Assessor, subject to confirmation of selection by the Management Team.

REVIEW TEAM DEPUTY - KEY TASKS

1. Complete the questions from the guidance based on information received.
2. Liaise with regard to completion of the service review and the adequacy of information supplied.
3. Ensure that divisions supply the information requested by the Officer Review Team.
4. Analyse the information supplied in liaison with the staff providing it, in order to advise the Officer Review Team and the Review Team Leader on the interpretation of data.
5. Liaise and progress chase with staff performing delegated tasks for the Officer Review Team.
6. Report any problems, disputes or time tabling difficulties to the Review Team Leader for resolution.
7. Take a note of the proceedings and any decisions made by the Officer Review Team.

THE MANAGEMENT STRUCTURE

Background Information.

The Corporate Best Value Working Party has constructed a programme to ensure that all services are reviewed within a five-year period. Following Management Team and Member approval of this programme, it was included within the Council's Best Value Performance Plan. Service Review teams are appointed to complete the process of performing individual best value service reviews.

The Service Review Team, the Management Team and the Member Panel have responsibilities for conducting a service review. The relationship between the two is evidenced by the frequent interface throughout all the stages of a review process. The Service Review Team undertake the work content of the review and report to the Management Team and the Member Panel. The Member Panel is available to; consider progress to date, offer guidance, instruct further work as required and ultimately make recommendations to the Executive Board.

This chapter describes the management structure of a service review. At the conclusion of the chapter is a flowchart which illustrates the process in a diagrammatic form. Additionally, the detailed text contained within chapter 8 – The Five Stages, should be read in conjunction with this chapter.

The structure has been divided into five stages, and these are individually described below.

Stage 1 – Project Planning.

For each individual service review, a Service Review Team and Member Panel are appointed. The Service Review Team should initially construct a project plan detailing the working arrangements to be followed, which includes the following elements:

- Define the scope of the service
- Identify and inform all employees affected by the review
- Set commencement and completion dates for the review.

The project plan and reporting arrangements must now be confirmed with the Management Team and the Member Panel.

Stage 2 – Data Collection.

The Service Review Team should now engage in the following data collection exercises to enable a thorough understanding of the service under review:

- The Legal basis.
- Major reasons, purpose and objectives.
- Method of service delivery.
- Key links with other functions / support services of the authority.
- Current service delivery plan.
- Identify customers.
- Customer awareness.

- Audit of existing consultation.
- Existing performance measurement methods.
- Existing financial information, including possibility for generation of income.
- A sustainability audit.
- Whether any other organisations or bodies provide a similar service or elements of the service.

The result of these data collection exercises will form the basis of an assessment and evaluation of the service as currently provided. ***This position should now be reported to the Management Team and Member Panel.***

Stage 3 – Service Evaluation.

This stage concentrates on the reasons for the existence of the service and demand for it from our customers. The following questions require to be considered:

- Rationale for service and current delivery method.
- Performance compared with other comparable services.
- Customer requirements.
- Service competition.
- Whether there is potentially any alternative means of provision.

The conclusions of this stage should concentrate on the desirability of the service. ***An interim report to the Management Team and the Member Panel must now include recommendations on requirements for the service.***

Stage 4 – Future Service Requirements.

The focus of stage 4 is to specify the future requirements of the service and the assessment of options for future delivery. The Service Review Team should address the following issues and conclude with an outline specification for the future service:

- Definition of major areas for service improvement and development.
- Determine required changes in service.
- Establish future service standards.
- Determine targets and methods of performance measurement.
- Undertake a gap analysis.
- Evaluate feasibility of options.
- Financial implications.

Stage 5 – Options For Future Provider Of The Service.

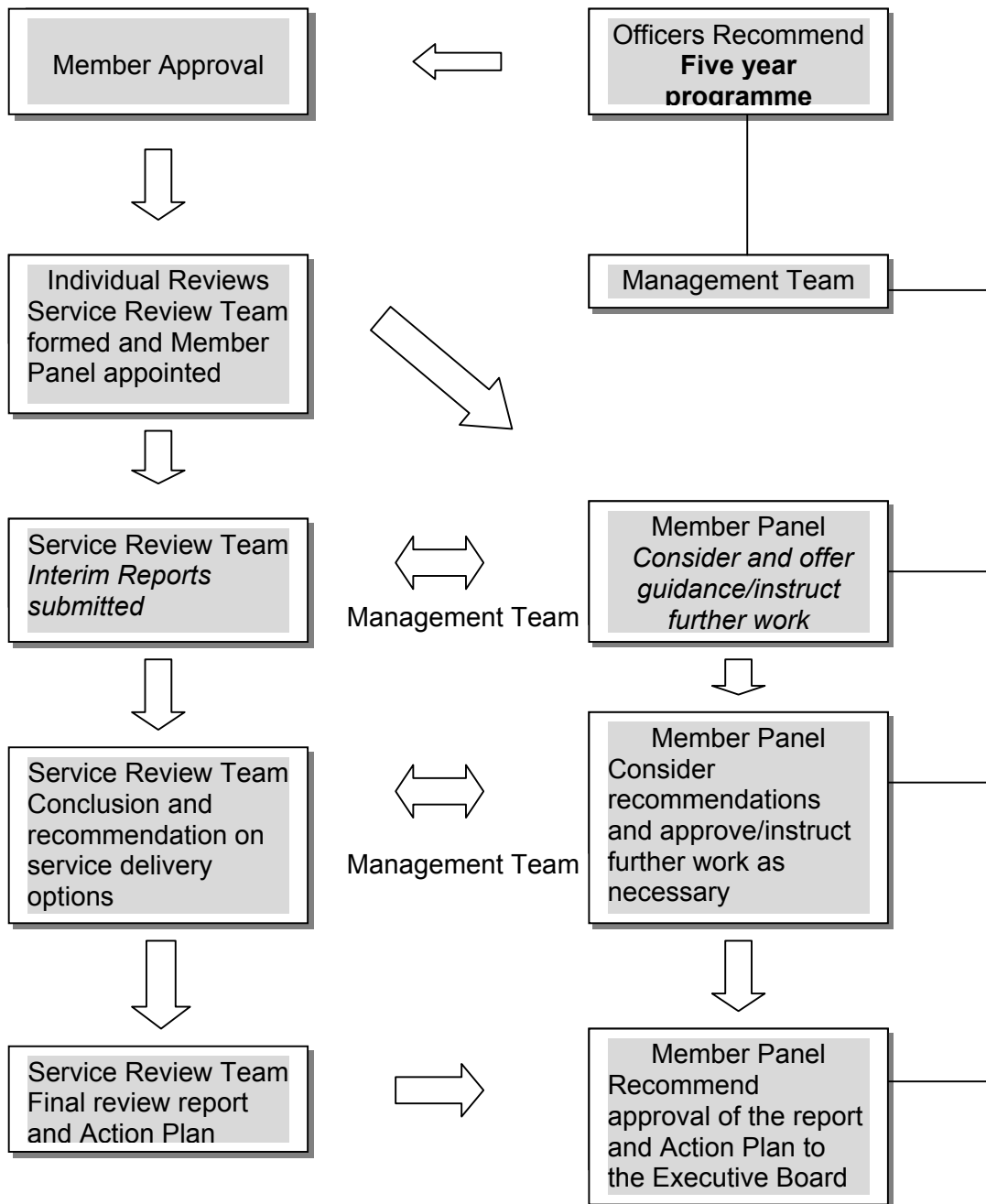
The final stage should concentrate on the best method of providing the service. The Service Review Team should consider the following options:

- In-house service provision
- Transfer to external provider (in whole or in part).
- Hybrid arrangements utilizing multiple providers.

A final report from the Service Review Team to the Management Team and the Member Panel is now required. This report should outline conclusions, recommendations and an action plan for the future delivery of the service.

The Member Panel will, once satisfied with the review and report, recommend approval of the report and action plan to the Executive Board.

6. The Management Structure of a Service Review



THE MANAGEMENT TEAM

The Management Team will have responsibility for taking a strategic overview of the reviews.

In relation to the review process it will appoint Team Leaders and the selection of the Independent Assessor.

The Independent Assessor is responsible to the Management Team.

The Management Team will be involved during the process after the end of each stage of the review and before involvement of the Member Panel. The review shall not involve the Member Panel until the Management Team is satisfied that the stage has been completed.

With respect to the monitoring of progress on the reviews, the Management Team will discuss this with the Service Managers at their regular joint meetings.

THE FIVE STAGES

A step-by step checklist for Review Teams and Member Panels

(A short definition is attached for your information)

Stage 1: Project Planning

1.1	Appoint core Review Team and overall Review Manager (see advice in guidance)
1.2	Define and agree scope of service grouping to be reviewed
1.3	Identify all employees affected by the Review
1.4	Brief all employees directly involved/affected by the BVR
1.5	Confirm the programme and planned reporting arrangements with Member Panel

Stage 1 Outcome:

- ***Draft Plan and Timetable agreed by Management Team and Member Panel***

Stage 2: Data Collection

2.1	What is the legal basis of the service?
2.2	What do we do? What are the main tasks and activities in delivering the service?
2.3	How is the service delivered?
2.4	What are the key links with support services and other functions of the Authority?
2.5	Is there a service plan?
2.6	Who are our customers?
2.7	Are we aware of what the people already know about the service?
2.8	Undertake Consultation Audit
2.9	How satisfied are users of the service?
2.10	What performance indicators already exist?
2.11	What financial information do we already have?
2.12	What is the income?
2.13	Undertake Sustainability Audit.
2.14	Identify providers of similar services or elements of the service.

Stage 2 Outcomes:

- ***Assessment of current service provision***
- ***Revision to Draft Plan (if required)***
- ***Interim report to Management Team and Member Review Panel***

Stage 3: Service Evaluation

3.1	What are the main reasons for providing the service and what are its key purposes/objectives?
3.2	Why is the service being provided and why is it provided in this way?
3.3	How does the service compare with other comparable services? Is the comparison practicable?
3.4	Are we aware of what the community actually wants?
3.5	How competitive is the service as a whole?
3.6	Is there potentially any alternative means of provision?

Stage 3 Outcomes:

- **Agreement on the requirements of the service**
- **Interim report to Management Team and Member Review Panel**

Stage 4: Specify Future Requirements of the Service

4.1	Assessment of options for future delivery.
4.2	What is needed for the future?
4.3	Define key areas for improvement and service development
4.4	What changes are required in service delivery/provider arrangements?
4.5	Specify performance measures and targets (including improvement targets). Specify service standards (e.g. quality and equality issues).
4.6	Undertake gap analysis between current service delivery/performance and what should be achieved over next five years then address service objectives, and priorities
4.7	Evaluate options to determine which ones may be feasible and worthy of more detailed investigation
4.8	Carry out detailed assessment of each feasible option (consult/compare/cost)
4.9	Agree outline budget/cost profile for the service

Stage 4 Outcome:

- **Outline Specification for the future service in the form of measurable outputs, outcomes and standards**

Stage 5: Evaluate Options for Provider of Future Service

5.1	Evaluation of other service providers
5.2	Evaluation of service provision by two or more external service providers
5.3	Evaluation of partnership arrangements involving in-house service provider

Stage 5 Outcome:

- **Report outlining conclusions and recommendations for future service delivery strategy to Management Team and Member Panel**

DEFINITIONS**Stage 1: Project Planning**

- 1.1 *The 'Team Leader' to be appointed by Management Team, (see notes on what the Review Team will usually consist of).*
- 1.2 *Description of the service. Set boundaries for the service and make it clear to Members where those boundaries are.*
- 1.3 *Each review will actively involve the employees who deliver the service.*
- 1.4 *Staff, need to understand what Best Value is, how the process will affect them and what the final impact is likely to be.
Message to staff and the public, improvement is a continuous process.*
- 1.5 *Remember to include the start and finish dates in the programme. Reviews should be conducted to a clear timetable that will be established in the early stage of the review.*

Stage 2: Data Collection

- 2.1 *Is the service statutory or discretionary? Indicate parts that are statutory requirements and those parts non-statutory. If there is a statutory basis for the service, state if this is mandatory or permissive.*
- 2.2 *Over a period, which is meaningful for this service, what is the typical range of activity? (It should normally be sufficient to describe the activities carried out in relation to the service in a typical week. But where the service operates over a longer cycle, the pattern of work over that period will need to be covered, e.g. Management Accountancy Involvement in the annual budget and final accounts. Are there quality indicators for the service.*
- 2.3 *What is the service structure in terms of the number of staff and their grading? (Include whether they are full or part time ((expressed in full time equivalents where that will assist understanding)), and any temporary or term contract posts, with the reasons). How does the service site within the wider Divisional structure? (Please attach a copy of the family tree for the Division, highlighting those staff involved wholly or partly in the delivery of the service). Are there any particular legal or institutional constraints which condition the way we provide the service, other than statutory status? (e.g. – Government Regulations or policy, Codes of Practice, contractual relationships, existing investment in buildings or equipment, Financial Regulations, financial arrangements, etc.).*

- 2.4 *Are other groups or organisations significant in the delivery of the service? What, briefly is their role? Do other bodies provide similar services or elements of service?
Are we involved in partnerships in the provision of the service? (If so, please provide brief details).*
- 2.5 *Does the service currently have its own strategy document, service plan or business plan? (If so please provide brief details).
What do the Local Performance Plan and the corporate Plan say about the service in terms of its objectives or targets?*
- 2.6 *Who are the main customers, recipients or users of the service? Are there particular target groups and are particular groups affected by how we carry out the service or its effectiveness (e.g. Pollution control affects everyone, but it is especially important for those living or working nearby, and for those with respiratory problems). What are the key outcomes of the service? Are they measured or assessed in an objective manner.*
- 2.7 *How informed are their opinions and perceptions? (The approach to consultations, as well as the content, will be influenced by how well people already understand the service). Does that extend to what is good and unsatisfactory about it? (If not, it may be that consultation at this time should concentrate on some basic questions about public attitudes to the service).*
- 2.8 *What consultation techniques are appropriate to the service/stakeholders and what kind of information is needed.*
- 2.9 *What do we have at present to provide information about perceptions of the service and views about it? (Take a wide view, to include complaints/compliments, staff experience in contact with customers and users, user surveys and other surveys by the Council).
Who have we heard from through those means? (Have we heard, say, from users but not other residents, or mainly from people who have experienced problems?).*
- 2.10 *Are there National Performance Indicators for this service? Do they truly measure performance, or are they more by way of descriptors of the context for the service? (Some of the National PI's do not really reflect how well the service is delivered, being about factors over which we have little control).
Are there local indicators in use? Do they deal with outcomes and outputs, or do they relate mainly to inputs? (Some indicators are explicitly used as such, but others which are used mainly as management tools may be equally relevant e.g. productivity in the DSO's, target handling times)*
- 2.11 *Is there existing budget information for this service? (i.e. does a budget heading correspond to the service as defined for the purposes of the review? Check and satisfy yourselves that the boundaries of the service are the same in each case).
Is there other financial information which has been collected in connection with the service? (Possible sources of such information are budgetary working papers, trading account information for DSO's, tender build-ups, financial PI data, income records, etc.).*

- 2.12 *What is the annual income from the service? (Again, please use current budget figures and make an estimate if disaggregated information is not yet available).
What is the trend in income?*
- 2.13 *Include a sustainability assessment with the purpose of ensuring that services are not in conflict with the council's sustainable development objectives. Prepare a list of the 'significant sustainability effects' of the service under review. Significance is an important concept in environmental management as it helps focus resources on what really matters locally, since virtually everything that a council does has an impact on people's quality of life and sustainable development.
This list can form a checklist against which all the elements of the service under review can be assessed.*
- 2.14 *See note on sustainability set out in the Council's Best Value Services/Procurement Framework.*

Stage 3: Service Evaluation

- 3.1 *Why is the service being provided? What are the key components of the service? Does it have an impact on social and environment issues? i.e. Crime and disorder, social inclusion and sustainability.
Objectives should be seen here in the widest sense, and not merely in terms of corporate objectives.
What are the main tasks and activities in delivering the service?*
- 3.2 *Councils often provide more than the statutory minimum, and there are many different ways of meeting the statutory requirements. and the members of the public that receive the service have better or worse experiences. The Secretary of State has powers under the Local Government (Best Value and Capping) Bill to remove or amend statutory provisions in order to assist best value - so statutory functions could in future be contracted out or delegated to another organisation. Are we doing the right things? Should we be doing what we are doing now? Are there other things we should be doing? Are we doing things right? Are we doing things in the right/best way? Are we doing things in the most efficient way?*
- 3.3 *What are the other organisations, which currently provide a comparable service, which we can validly compare with? (Apart from other Local Authorities, this could include housing associations, contractors operating in the services covered by CCT, some voluntary organisations and charities, banks, the Post Office, multiple retailers, and private firms such as accountants and solicitors).*

Are the organisations identified willing to provide information for comparison purposes? Can they provide both cost and performance information? (The simple answer is that it will be necessary to ask them,

making it clear that there is no commitment at this stage to consider outsourcing).

Is the information available, or likely to be, to enable valid comparisons to be made? (Can they provide appropriate information on cost and service levels, and for that information to be in a manageable form which corresponds sufficiently closely to national PI's and other indicators we plan to use?).

- 3.4 *What is the best way to get a trustworthy response which addresses the true issues, and from adequately informed people? (Don't assume we should send out a questionnaire or put some questions to the residents' panel, but consider the range of consultation tools. Is it desirable to use more than one method of consultation, and if so, what are they?).*
- 3.5 *Identify and set out range of possible providers from public, private and not-for-profit sectors. Is there any duplication or similar provision by others (in whole or in part)?
Conduct an initial evaluation of their capability, against quality, cost and value for money, to provide the service. Briefly set out the results. Ensure sustainability and equality issues are considered. Evaluate and set out the results.*

Stage 4: Specify Future Requirements of the Service

- 4.1 *Please refer Section 6 - The Management Structure, notes on Stage 4 - Future Service Requirements.*
- 4.2 *Is there any imminent change to the service which will be material to the review? (Please consider current and proposed legislation, together with any anticipated changes within the Authority or its operating environment). Is there any other information, which is relevant to a proper understanding of the service and its circumstances?*
- 4.3 *Once the service review team has completed its analysis of current service provision it will have identified options for improvement and service development/delivery. The next step is to determine options for implementing the necessary improvements.*
- 4.4 *The review should examine all possible alternative service providers whether in the public or private sector, agencies or voluntary bodies. The opportunity to develop arrangements for joint service provision by one or more of the above should also be addressed.*
- 4.5 *New performance measures, means you will need to think about ways of measuring whether the service is meeting your objectives in the future. Make a preliminary decision about the performance measures or indicators that will provide a means of assessing the overall efficiency and effectiveness of the service for example:-*
- *Targets to be achieved over five years;*
 - *Annual targets that are demonstrably consistent with the five year targets, and*

Accompanied by an action plan demonstrating how those targets are going to be achieved.

4.6 *What changes need to be made? What is the 'gap' between where you are now, and*

- *Where others are?*
- *Where you want to be in the future?*

Assessing the gap:

- *What is the size of the gap with national and local indicators?*
- *How significant are the gaps for this council?*
- *Are there parts of the service which work well and others which work poorly?*
- *What are the users' and citizens' aspirations for the future, according to consultation and satisfaction data?*
- *How well does this service align with corporate objectives and core values. What is the local assessment of its contribution and value?*
- *Are there other more effective ways of meeting those needs?*
- *Are there alternative providers who would add value to the outcomes for users?*
- *How quickly do you need to close the gap?*

4.7 *The main options include:*

- *Cessation of the service in whole or part.*
- *Creation of a public-private partnership.*
- *Transfer or externalisation of the service or part of it, to another provider.*
- *Market-testing of all or part of the service with an in-house bid.*
- *Restructuring or re-positioning of the in-house service.*
- *Re-negotiation of existing arrangements with current providers.*
- *Joint commissioning or delivery of the service.*

4.8 *Assess the potential of any of the possible options for change including the option of a new provider.*

4.9 *Collate financial information*

Stage 5: Evaluate Options for the Provider of a Future Service

THE OUTCOME OF A BEST VALUE REVIEW

The purpose of a Best Value Review is to carry out a fundamental review of why we provide the service, how we are performing and whether we are meeting the needs of the community. That is, are we providing the best quality of service at the price that people are willing to pay?

The outcomes from a Best Value Review are expected to include:

- A decision on whether the Council should continue to provide the service, to what level and with what funding.
- A decision on how the service should be provided and to what performance standards it should operate.
- Demonstrable evidence about how the service will meet the needs of the community, particularly so called 'hard to reach' groups.

There may be savings generated by a Review and for some this may form a clear part of the terms of reference. But for the majority, there is no presumption to this effect. Best Value means quality as much as cost and the 'trade-off' between these two will be different in different circumstances.

What follows, is a standard format for Executive Board Reports, and a brief explanation of the contents heading.

STANDARD FORMAT FOR EXECUTIVE BOARD REPORTS

HEADING	CONTENT
1. Review	Service reviewed
2. Terms of reference	Statement of terms of reference
3. Issues	Brief outline of issues
4. Options	Details of options considered for improvement of service
5. Proposed actions	Recommended way forward for implementation
6. Financial	Brief details of financial implications
7. Lessons	State any lessons learned from the review which may assist other reviews
Lead Officer for review	Name and extension number of lead officer

Content of Standard Format for Executive Board Reports

1. Review

Agree the broad scope and any specific remits for the review. This will help ensure that it is focused and manageable and that the review does not flounder as a result of a conflict about what is to be done.

The first task of the team is to clarify the remit and raise issues specific to its review.

Reviews can grow huge and become unmanageable.

Taking time at this stage to clarify and focus will pay dividends.

You may want to refine the initial scope by mapping

- the services included and excluded
- the major interdependencies
- support service links
- other agencies/services that serve the same population or theme.

This will ensure that everything that should be included is included, and everything that is excluded is logged for future consultation and impact analysis.

2. Terms of Reference

Where there are inadequate corporate terms of reference, the Best Value Review team will need to agree them itself. Ideally the corporate process of selecting the order of reviews and defining the theme of the review will help determine the preliminary issues.

So, where your selection criteria contains such elements as:

- high importance to citizens and users
- high potential for better use of resources
- evidence of staff dissatisfaction
- potential for partnership

these will give a steer to the work of the review.

3. Issues

In drawing up corporate objectives and service objectives, it is worth thinking through how those objectives will translate into performance measures and criteria for evaluating the current service and options for change. Think carefully about how you will want to use the criteria later as part of the procurement process and selection of providers.

4. Options

Best value focuses on improving the effectiveness of services judged against named criteria - examining the output or outcomes of the service, and whether it achieves the desired result or intended objectives, and whether it

could be better provided by others in whole or in part. If a service is to be assessed by its contribution to reducing social exclusion,

then some proxy ways of measuring exclusion and the establishment of a baseline, will be needed before you can assess whether a service is successful or not.

5. Proposed Actions

The recommended option for achieving the necessary change and the reasoning behind its choice.

6. Financial

7. Lessons

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APPENDIX ONE

APPENDIX ONE**THE 4 C's****CHALLENGE TO CHALLENGE THE NEED FOR A SERVICE TO BE DELIVERED AT ALL**

1.
 - a) What is the justification for continuing to provide this service?
 - b) Is there any overlap or duplication of service, or any elements of the service provided by others?
 - c) Is providing the service a mandatory requirement?
 - d) Does the service meet or exceed minimum mandatory requirements?
 - e) How does the service contribute to the Council objectives?
 - f) How does the service contribute to other agencies requirements?

2. What is the justification for continuing to provide this service at the current level of activity?

The review should seek to address the key issues of why a service is provided at all and if so, why the service is provided in a particular way. This process may well entail establishing why the service was initially provided.

3.
 - a) Can someone else provide the service better and/or cheaper than the Council?
 - b) Can we do the job better than now?
 - c) Can we make customers happier?

The review should examine all possible alternative service providers whether in the public or private sector, agencies or voluntary bodies. The opportunity to develop arrangements for joint service provision by one or more of the above should also be addressed. The main options include:-

Cessation of the service in whole or part.

Creation of a public-private partnership.

Transfer or externalisation of the service to another provider.

Market-testing of all or part of the service with an in-house bid.

Restructuring or re-positioning of the in-house service.

Re-negotiation of existing arrangements with current providers.

Joint commissioning or delivery of the service.

4. Set out examples in summary from other local authorities, the private sector and other organisations of significantly different ways of delivering and organising the service.
5. Where the Council delivers and organises services differently from 4 what are the reasons for this?

6. Have there been demographic changes to the population of customers or potential customers which affect the way services are provided? Outline these.

7. What aspects of the service should be kept if revenue spending was reduced by:

- a) 5% and,
- b) 10% of the current revenue budget.

Proposals to this question should consider existing legal obligations and commitments, political priorities, customer consultation, financial constraints and practical considerations.

8. How would you use additional revenue if the budget was increased by 5% or 10%?

The review will need to consider the results of the consultation process when determining additional resource allocation.

9. What would be the impact on the need for the service of:-

- a) Targeting the service at particular (for example most needy) users;
- b) Means-testing users.

10. How could new technology be used to improve the delivery/organisation of these services?

11. Can costs be reduced without affecting the quality of service provided to the public? If so, briefly set out how this could be achieved?

12. If answer to 11 is 'no', explain why this is the case.

13. Is your staffing structure, (numbers, deployment and grading) right to provide the service required. Are there any changes that could be made to make it fitter for purpose?

14. Set out how the following groups regard current service:-

- a) Current customers.
- b) Potential customers.
- c) Other significant stakeholders.
- d) Staff and unions.
- e) Tax payers and NNDR payers (where relevant).

Evidence obtained from the review consultation process should indicate customer satisfaction among the various groups.

15. a) Could the service be delivered to provide a lower adverse impact or more positive impact on sustainability and achieving the Local

Agenda 21 goals? Explain how and how this would impact on other aspects of Best Value?

- b) Could service be delivered so as to better promote equality of opportunity and fairness? Set out how?

- 16. Could the service be delivered to provide greater client and citizen participation and involvement? Set out how.

COMPARE TO COMPARE THE LEVELS OF SERVICE BEING PROVIDED AGAINST THE BEST AVAILABLE, BOTH INSIDE AND OUTSIDE THE PUBLIC SECTOR

- 1. Set out who else provides the same service or similar services against whom we can compare our performance.

This process should consider all possible alternative service providers in the public, private and voluntary sectors. Additionally, alternative service providers who may not be capable of providing the complete service as currently arranged, should also be considered.

- 2. Set out how the service performs against:-

- a) All local authorities.
- b) Similar Councils.
- c) Relevant organisations from the private, other public and not-for-profit sectors.

- 3. Set out the trends in our performance compared with:-

- a) All local authorities.
- b) Similar Councils.
- c) Relevant organisations from the private, other public and not-for-profit sectors.

- 4. If the service is not in the top 25% of authorities nationally and/or does not compare well with other providers:-

- a) Set out the reasons for this.
- b) Set out the action needed to meet performance of top 25%.

- 5.
 - a) Set out the best practice in organising and delivering the service.
 - b) Set out whether these are relevant or appropriate to the service.
 - c) If you do not currently conform to best practice as set out what do you need to do to achieve it?

In this context, best practice means the best service provision from any provider, irrespective of background.

- 6. What are the strengths and weaknesses of the service in comparison with other providers selected?

- 7. Evaluate and set out current performance and future performance prospects compared with other providers.

8. Do other providers offer a more sustainable service? If so, briefly set out how.

Do other providers address equality issues more effectively? If so, how? If we address these issues better, set out that we must do.

CONSULT TO CONSULT THEIR LOCAL COMMUNITY, IN ORDER TO GIVE THEM A REAL VOICE IN DETERMINING THE QUALITY AND TYPE OF SERVICES WHICH THEY USE AND PAY FOR

1. Set out exactly what you want to find out. The consultation process must define and adhere to the set parameters of the Corporate Consultation Strategy Document. (Assistant to the Chief Executive (Corporate Communications) will be your central contact point. :-
 - The purpose and aims of the consultation.
 - The status of the consultation.
 - The background to the issue.
 - Who is being consulted.
 - The timescale for consultation.
 - How the process will be monitored.
 - Who is responsible for the consultation process.
2. Confirm and set out a list of all individuals and groups which could be consulted.
In addition to service users, the list should also include potential users, hard to reach groups and minority groups.
3. Identify and set out from the list in 2, users of the service and those with an interest in the delivery of the service. This could include: service recipients, other stakeholders e.g. parents/carers, voluntary and community groups, particular target groups, businesses, tax payers, funding bodies.
4. Identify and set out from the list in 2, non users of the service who could use the service.
5. Identify and set out from the list in 2, minority groups and ensure views are represented in the consultation process including ethnic minorities and disabled people.
6. Identify and set out other services in the Council which will be affected by any changes.
7. Agree and set out which individuals and groups on the (2 - 5) lists can give you the information you are looking for in 1.
8. Ensure these individuals and groups have the capacity to give you the information you require. Explain methods used.
The consultation exercise should ensure that different groups can understand the questions asked and are able to respond. This may well require different methods of consultation suitable to the target audience being addressed.

9. Assess whether existing research and consultation will meet your needs and set out conclusions.
10. Propose a detailed consultation method and produce a consultation plan. Pay particular attention to reaching minority groups and 'hard to reach' groups. Summarise plan.
11. Undertake consultation.
12. Analyse, evaluate and set out the results in summary.

COMPETE TO ENSURE THAT SERVICES ARE COMPETITIVE, IN THE SENSE THAT THEY BEAR COMPARISON WITH THE BEST AND THAT COMPETITION, IN WHATEVER FORM, HAS BEEN PROPERLY EMPLOYED TO BRING ABOUT THE CONTINUOUS IMPROVEMENTS IN SERVICES THAT BEST VALUE REQUIRES

1. Identify and set out range of possible providers from public, private and not-for-profit sectors.
2. Conduct an initial evaluation of their capability, against quality, cost and value for money, to provide the service. Briefly set out the results. Ensure sustainability and equality issues are considered.
3. Evaluate and set out the results.
 - a) Continuing current provision.
 - b) Providing a mixed economy service.
 - c) Contracting out all of service.
 - d) Forming a joint venture of partnership.
 - e) Tendering part of service, before deciding about the rest.
 - f) Disposing of service.
 - g) Other opinions (if any).

Set out the results.
4. On the basis of the evaluation carried out in 3 incorporate in the Action Plan.
5. Consult staff and trade unions and set out responses.

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APPENDIX TWO

APPENDIX TWO

DETAILED SUMMARY OF THE DETR GUIDANCE

Background

The guidance has been informed of the findings of the best value pilot programmes and the input and support of organisations such as the LGA, TUC, CBI and the Audit Commission. The guidance will apply to all principal local authorities in England and to all police and single purpose fire authorised in England and Wales. In due course the guidance will apply to bodies defined in the Greater London Authority Act 1999. The Home Office will supplement the guidance with circulars and briefings for police and fire authorities. Parish and Town Councils will have separate guidance.

The draft guidance clearly roots best value in the government's vision for the public services in the next century as described in the white paper *Modernising Government* (Cabinet Office, March 1999). It emphasises the common aims of:

- ensuring responsiveness to citizens' needs ahead of providers' convenience
- efficient and high quality services
- ensuring policy making is joined up, strategic and forward looking
- exploiting IT to tailor services to users' needs and
- valuing public services and addressing minorities' under representation.

Best value is intended to deliver these at the local level. As such the guidance anticipates that best value will require community leadership, with a vision and community strategy setting out corporate priorities and strategic objectives for achieving them. Elected members have an important role in best value in providing community leadership, defining the vision, setting objectives and priorities and engaging and involving the community.

Clear community vision, priorities and strategies are expected to facilitate partnership working, with other local authorities, central government, other public bodies, the private and voluntary sectors. Clarity of purpose will enable greater distinction of the individual contributions that are required and can be made. This can facilitate more effective and innovative arrangements for working with others towards shared goals, through authorities' approaches to procurement and commissioning.

The guidance states that the central purpose of best value, which must be borne in mind throughout, is to make a real and positive difference to the services that people receive from their authority.

The guidance includes statutory guidance on best value reviews and best value performance plans, plus other guidance on audit and accounting, inspection, tackling failing services and fair employment. The main points of these are covered below.

Best value reviews

(Statutory guidance)

Best value reviews are the main way for authorities to consider new approaches to service provision and set targets for services to achieve continuous improvement. They use the 4Cs of challenge, compare, consult and compete. The 4Cs work best in an integrated and interactive way.

In practice reviews are expected to:

- “**Challenge** why, how and by whom a service is provided
- “secure **comparison** with the performance of others across a range of relevant indicators, taking into account the views of both service users and potential suppliers;
- “**consult** local tax payers, service users, partners and the wider business community in the setting of new performance targets;
- “use fair and open and **competition** wherever practicable as means of securing efficient and effective services”.

There are two notable changes from the draft guidance, both reflecting a wider expectation of the use of a variety of service providers. Challenge now also questions who provides the service, reflecting the government’s drive towards greater plurality of service providers. Fair and open competition should be used as a means of securing efficient and effective services, except where it is impracticable.

The list of factors to be considered in carrying out reviews covers the 5Es of economy, efficiency and effectiveness equity and environment. The list of factors includes some fairly detailed descriptions that are summarised below.

- *Take a sufficiently long term perspective.* To set targets that reflect best value, reviews need to look far enough ahead and anticipate changes in demand for services and means of delivery. This includes building, as far as possible, appropriate flexibility into contracts (especially those exceeding 3 years) to ensure arrangements continue to secure continuous improvement and innovation and can adapt to changing local and national priorities.
- *Involve elected Members.* Both executive and non executive members have a key role in terms of: setting and defining corporate and strategic priorities, ensuring they are reflected in review, focusing on actual and potential users’ perspectives and monitoring Best Value Action Plans.
- *Seek external advice.* This can come from partner organisations, expert panels, peer and user groups, members and other services’ officers.
- *Involve those currently delivering the service.* This applies to all employees, especially front line staff, whose contact with users is part of an ongoing consultation process and gives improvements a practical focus. Employees’ support is critical to successful implementation.
- *Question existing commitments.* Longer term contracts should be subject challenge, even if there is no provisions enabling the necessary improvements. The costs and benefits of making changes to and around the contract should be considered in the appraisal of options.

- *Engage with users and potential users of services.* Including customers in reviews is essential. The guidance emphasises fair access to services and the importance of engaging with all potential users, including hard to reach groups, to strengthen the basis on which changes are made.
- *Address equity considerations.* This is essential for making a service effective. It includes redressing disparities in service provision to the socially, economically or geographically disadvantaged. All reviews should consider compliance with the relevant legislation.
- *Give effect to the principles of sustainable development.* Performance targets set by reviews need to build in commitments to LA21 strategies as well as the government's own sustainable development principles.

Challenge

Challenges seen as a key to effective reviews. Without challenge, authorities are unlikely to reach targets that the governments will set for authorities and those that will be set locally. Challenge investigates why and how a services and could be provided. It asks basic questions about the needs that each service is intended to address and how and what it procures. It is intrinsically tied up with competition as well as comparison and consultation.

Authorities will be expected to show evidence of having considered the underlying rationale of their services as well as other options for providing them. The guidance emphasises that authorities should consider how best the potential of new technology can be exploited and should develop capacity for collecting, collating and analysing data to plot and plan the effects of social, demographic and economic changes on local needs.

Successful challenge will require looking for outwards and forward in reviewing services. Engaging closely with the local community, often through elected members and the market is an important way of doing this.

Compare

Informed comparison is the basis of performance management under best value. The guidance recommends that comparison of performance *"will rarely be a process of exact comparison, rather the intelligent exploration of how analogous services or elements of such services perform: this needs to be sufficient to enable authorities to identify the significance performance gaps and the reasons for them, and thus the extent to which improvements are needed over the review period"*. It should focus on material differences that can have a significant impact on performance improvement. Authorities should compare themselves with the bodies in the public, private and voluntary sectors and as far as possible, comparison should be made on the basis of outcomes.

Comparison is also one way of assessing competitiveness. However, where there is a developed supply market, the guidance asserts the government's view that competition will most often be the best way of demonstrating a function's competitiveness.

From 2000/01 authorities are expected to use it for target setting, reflecting Authority's performance relative Authorities both all authorities nationally and for authorities of the same type (e.g. Counties). Comparisons of best value and Audit Commissions PIs will form the basis of much of the reviews' target setting as follows:

- *“quality targets that are, as a minimum consistent with the performance of the top 25% of all authorities and*
- *cost and efficiency targets over 5 years that, as a minimum are consistent with the performance of the top 25% of all authorities of the type to which they belong and which are consistent with the overall 2% efficiency target set for local government spending as a whole”.*

The government is seeking annual 2% efficiency gains from local government as a whole. This is not a target for each review and the amount can be achieved in aggregate by all reviews undertaken by an authority. Neither does the government intend to reduce overall spending by this means. Improved productivity for the same cost, or even improved productivity in local or national priority areas at increased cost, balanced by savings in other areas would be acceptable.

Further guidance on the detailed use of comparisons with the top 25% or the top quartile of authorities, and the settings of challenging targets are contained in the Best Value and Audit Commission Performance Indicators for 2000/2001 published jointly by DETR and the Audit Commission. Analysis of that paper will follow. The main points of target setting are set out below.

The guidance acknowledges that many authorities are using a variety of accredited quality schemes in their approach to Best Value. The paper says that these are not enough on their own to deliver best value, but they can help with the cultural changes best value requires. Soon the Modernising Government Quality Schemes Task Force will publish a guide on how the various quality initiatives can support best value.

Consult

The government has no plans to issue guidance on consultation as part of the general duty to consult. It does however believe that authorities should:

- take a strategic approach that is co-ordinated both within the authority and with other public bodies and local partners;
- use a mix of techniques, matched to achieving specific purposes in reviews, including developing particular techniques to cover hard to reach groups;
- have a process for matching appropriate consultation techniques to reviews;
- let consultees know why the consultation is being undertaken, what it aims to achieve, how the data will be used, what the timetable is including the decision making process and feedback on outcomes.

The guidance refers to existing practical guidance on consultation, including 'Guidance Enhancing Public Participation', which we summarised in 1998.

The 1999 PI's direction also includes a chapter giving guidance on satisfaction surveys.

Compete

The guidance clearly sets out the importance of competition in demonstrating best value by stating

“The 1999 Act does not require authorities to subject their functions to competition in the way in which legislation on compulsory, competitive tendering did. Even so, fair and open competition will in the government's view, most often be the best way of demonstrating that a function is being carried out competitively”.

The government expects authorities to use competition extensively and for them to have the means for consistently procuring and evaluating the most effective option including identifying whether or not the supply market is developed. The guidance states that

“Services should not be delivered directly if other more efficient and effective means are available. Retaining works in-house will therefore only be justified where the authority can show it is competitive with the best alternative. The way in which this is demonstrated is for an authority to determine in accordance with its procurement strategy and evaluation policy, but where there is a developed supply market this will most often be through fair and open competition”.

The government's view that the future for public services lies in diversity of provision and plurality of provider is clearly supported by the guidance. The government opposes domination of markets by a single supplier. It holds the view that central and local government, the private and voluntary sectors and trade unions share responsibility for extending plurality and competition. The first stage of this is to create a climate of trust and co-operation among parties.

The guidance indicates that a first step towards developing markets is to research supply markets by exploring:

- service developments that are anticipated
- the current market for the provision of the service
- new combinations of services that could deliver best value
- different ways to procure services?

This will require authorities to engage with markets, perhaps by:

- discussing services with selected suppliers
- asking suppliers how they could add value
- finding out other authorities' experiences of an external provider
- holding a contractors' briefing day to discuss the authority's objectives and contractors' views.

Further action by authorities is needed to stimulate better performance from mature markets and to create conditions where new suppliers can take route. The guidance suggests that the following steps should help authorities development new capacities to analyse supply markets, select the best suppliers and manage new forms of relationships.

- *basing requirements on outcomes to allow for and encourage innovative methods of provision*
- *grouping activities to reflect prospective market competencies. This too can help generate interest from innovative providers*
- *packaging work appropriate to the market. In some areas of activity larger packages may generate more interest than smaller ones; in other authorities may wish to encourage small and medium-sized companies to bid*
- *being clear about intentions. Authorities need to make clear where they want long-term relationships with potential suppliers and demonstrate a genuine interest in using the best suppliers, regardless of the sector from which they come.*
- *developing and understanding of the potential sources of supply. Early discussions with prospective suppliers can help in shaping the optimum size, composition and length of contracts, whilst ensuring the fairness, openness and transparency required by EC procurement rules*
- *being clear in advance whether there will be an in-house quote for the work.*

The guidance recognises that merely because a service supply was secured in competition does not mean it demonstrates best value. Longer contracts that have been in operation for several years need to be examined to ensure that they continue to provide best value. Key features to look for are provisions for incentives to innovate and improve continuously. If these are absent, authorities should discuss with providers how these could best be introduced.

Selecting the best value option for future service delivery

The guidance expects that reviews that fully consider the 4Cs will result in demanding targets for improvement, backed up by a realistic action plan, including a decision on best value option for service delivery. The main options listed in the guidance are:

- the cessation of the service in whole or in part
- the creation of public-private partnership, through a strategic contract or a joint venture company, for example
- the transfer or externalisation of the service to another provider (with no in-house bid)
- the market-testing of all or part of the service (where the in-house provider bids in open competition against the private or voluntary sector)
- the restructuring or repositioning of the in-house service
- the renegotiations of existing arrangements with current providers where this is permissible
- the joint commissioning or delivery of the service.

This list does not include a do nothing option this is consistent with the need for continuous improvement. The range of options runs from: renegotiations of

existing arrangements and repositioning of the in-house service at the incremental level, where the service is performing well or other options are limited, to more radical arrangements such as cessation or transfer and options that join up services to gain economies of scale or more effective use of resources. Competition is included as a main feature of the externalisation and market testing options. However, the need to compare a range of options means that competition in some form is likely to be considered, particularly where the supply market is developed.

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APPENDIX THREE

APPENDIX THREE

SUSTAINABILITY

Environmental and economic sustainability

Improving the quality of life of people living and working in the District.

.....Environmental Management - securing a safe, pleasant and healthy environment, both natural and man-made.....

.....Economic Well Being - actively promoting and encouraging the growth of our local economy to secure long term and sustainable prosperity.

Sustainability impacts must be considered in relation to procurement choices during individual service reviews.

The Council requires that decisions to purchase goods or services, either directly or indirectly, should:

- secure best value, in terms of appropriateness, quality, cost and security
- minimise detrimental effects on the environment, in terms of pollution, use of energy and depletion of finite natural resources.

Environmental Sustainability

Selecting the most environmentally acceptable option.

The type of goods we purchase and the way we organize and deliver our services can have a significant effect on the environment, both in the short and long term. This must be taken into account and weighed against the financial cost of procurement, before any decision is taken on the acquisition of any product or service in order to meet the Council's environmental sustainability policies.

Environmentally 'sustainable' goods or services are those which are produced and provided in a way which causes least damage to the environment.

The aims of environmental sustainability are:

To minimize

- the use of finite (un-renewable) resources
- damage to the natural environment

To maximize

- the use of recycled goods and materials where possible

This can be achieved by:

- not using products that cause pollution
- not using products whose manufacturing processes cause pollution or environmental damage
- conserving heat, power and the use of fuel

Economic Sustainability

Selecting the most economically acceptable option.

The need to promote and sustain high levels of employment, offering a wider range of opportunities, are crucial ingredients of a prosperous community.

The aims of economic sustainability are:

- continue the successful campaign to attract inward investment
- support development of co-operatives, community business and credit unions

To ensure that support, encouragement and assistance is being given to communities to sustain their identity and make provision for their future well-being having regard to best value.