

BEST VALUE AND PERFORMANCE IMPROVEMENT: A CONSULTATION PAPER

1 SUMMARY

- 1.1 This report provides details of the current consultation by the Office of the Deputy Prime Minister in respect of a guidance document to be produced for all best value authorities in England (excluding police, town and parish councils, and certain other authorities). Members are asked for any comments that they may have on this consultation, which was due to be submitted to the ODPM by 6 September 2002. Whilst officers have asked for an extension to enable Members' comments to be taken into consideration, this has not been forthcoming. Therefore, initial officer comments have been made on the basis that any further input by Members would follow and be taken account of.

2 INTRODUCTION

- 2.1 The latest consultation from the Office of the Deputy Prime Minister focuses on a guidance document for the development of best value and performance improvement in local government.
- 2.2 This document seeks to amalgamate the various requirements contained within existing legislation with changes that were introduced in March 2002 to extend discretion in respect of the best value performance plan and reviews.
- 2.3 Some guidance on best practice is included.
- 2.4 It explains new developments, the outcomes expected from best value authorities, and how authorities should use the framework to deliver improvement.

3 CONTENT OF THE CONSULTATION PAPER

3.1 This consultation paper re-states current thinking on:

- 3.1.1 Local Government Acts of 1999 and 2000 requiring local authorities to ensure that services are:

- delivered within a performance management framework
- responsive to the needs of citizens
- efficient and of high quality

- 3.1.2 The approach to best value:

- concerted commitment permeating the whole authority
- engagement of political leadership
- recognition of key lessons, particularly critical evaluation and performance against the four key building blocks of
 - ownership of problems and willingness to change
 - sustained focus
 - the capacity and systems to deliver performance and improvement
 - integration of best value into day-to-day management

3.1.3 Comprehensive performance assessment, and its four principles of:

- national standards
- devolution
- flexibility
- choice

3.1.4 The development of partnerships, to bring together service deliverers, local communities, those who use the services, the voluntary sector, social enterprises and businesses, as a means of tackling priorities in a joined-up way.

3.1.5 Changes to the audit and inspection regime, to ensure that audits and inspections are carried out in a way that encourages, rather than restricts, innovation, and provides a focus on outcomes that the legislation was designed to achieve.

3.1.6 The requirement for innovation on commissioning, producing and providing services, with procurement expertise an integral part of management. The paper details the principles of good procurement.

3.1.7 Development of equality, plurality and diversity in the provision of services, and consideration of sustainable development and whole-of-life costs representing an inherent part of the effectiveness criteria.

3.1.8 Development of local Public Service Agreements and the cascading of priorities within councils, and at a local level to parish and town councils.

3.1.9 The requirement for flexibility within the review programme to enable it to respond to the need for step-change or significant savings, and to

provide the opportunity to take a proportionate approach in the context of the weaknesses and opportunities for improvement.

- 3.1.10 The need to scope service reviews to reflect the strategic objectives and corporate priorities of the authority, and to achieve improvements that are ambitious, challenging and likely to deliver value for money, with a balance between service-specific and cross-cutting reviews.
- 3.1.11 A change of focus of service reviews from methodology to outcomes, with input on the review being weighed against potential gains and an emphasis on challenge, particularly with regard to robust option appraisal.
- 3.1.12 More attention to target setting together with implementation arrangements to ensure effective delivery.

3.2 Proposals for further changes are:

- 3.2.1 The Government will take account of the new national Public Service Agreement when setting the indicators for 2003/04 together with shared priorities and the continuing importance attached to customer satisfaction and cost effectiveness. Account will be taken of the importance of maintaining a common basket of indicators to provide continuity through time.

The shared priorities include:

- improving the quality of life of children, young people and families at risk
 - improving the quality of life of older people
 - promoting healthier communities and narrowing health inequalities by targeting housing, crime and accident prevention
 - creating safer and stronger communities
 - transforming our local environment
 - securing better access to jobs and services, particularly for those most in need
 - supporting business improvement including the extension of quality and choice in the housing market.
- 3.2.2 It is the Government's intention to give statutory effect to the requirement to consult with recognised unions, employees' associations and staff engaged on any function under review, prior to decision-making.

The Government's Review of Best Value identified a need to ensure that the quality of a workforce transferred to a provider in an outsourcing exercise would be enhanced and not undermined during the period of the contract.

As a consequence the Government has announced a package of measures for local authorities to protect the terms and conditions of transferred staff and the fairness to new joiners taken on to work on service contracts beside a transferred workforce.

3.2.3 The Government will be carrying out a review of the number of plans and strategies that local authorities are required to produce with the intention of reducing the number and, at the same time, improving those that remain.

3.2.4 From 2003, the performance plan will have to detail

- how improvement planning, following comprehensive performance assessment, has been integrated within the authority's future work programmes and is expected to help improve the authority's performance.
- actions taken to consider the delegation of appropriate functions to town and parish councils, with examples of how partnership working has been encouraged and is working
- the alternatives considered within a review and an explanation of how new targets will be met
- a statement that individual contracts comply with best value, including, where applicable, the requirements to be contained in a code of practice on workforce matters.

3.2.5 A new model of inspection is to be introduced that will:

- co-ordinate inspection across the full range of local authority functions
- reflect the authority's performance profile
- intervene where services are failing.

4 OFFICER COMMENT

4.1 The pulling together of a number of separate initiatives that reflect or impact on performance management is welcomed.

- 4.2 An annual performance assessment is onerous and the assessment frequency should be variable, dependent on the performance of the authority. This would provide another incentive for local authorities to improve performance
- 4.3 The number of performance measurements is still high and several provide little, if any, evaluation of the success of the service. Continuity of measurement is accepted as a valuable tool where the indicator is a valid one. To date, this continuity has not been enabled.
- 4.4 The insistence of the application of local authority employment terms to new joiners to an outsourced workforce perpetuates what may already be an inappropriate payment regime. It may address inequalities in the contractors' workforce, where individuals have been transferred under TUPE, but it does not move towards longer term change. Supply and demand should prevail. If the contract is driven by outcome requirements this should address the issue because the contractor would have to pay to employ what is needed to achieve challenging, defined targets.
- 4.5 It is inappropriate for the local authority to audit the terms of transferred individuals and new joiners to the contract. Not only would this be onerous and bureaucratic but the evaluation of a range of differing employment benefits and payment systems would be difficult.
- 4.6 The example of pension schemes available to those transferring or joining an outsourced workforce (page 17, paragraph 60 and page 34, paragraph 10) are not comparable or broadly similar.
- 4.7 The requirement for a local authority to enforce any breach is inappropriate: this should rest with the relevant employee who should have the opportunity to apply to an Employment Tribunal, having taken the matter through the grievance procedure. Accountability needs to transfer with the contract and not come to revisit the local authority, perhaps after many years.
- 4.8 The proposal to reduce the number of plans and strategies that local authorities are required to produce is welcomed.
- 4.9 The outcomes from reviews are the important issues for those reading a performance plan. It should not be necessary to detail all the options. The extent to which we evaluated all the options would be determined as part of the inspection process and the space to detail them, and the reasons for our choice of options, is space-consuming and is not justified.

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- 4.10 There is no evidence as yet of joined-up working between audit and inspection. The intention to develop a model for such working is encouraging.

5 RESOURCE IMPLICATIONS

- 5.1 Considerable Member and Officer input will be required to develop and implement the proposals.

6 LEGAL IMPLICATIONS

- 6.1 Changes will be statutory.

7 RECOMMENDATION

- 7.1 It is proposed that Members consider the consultation paper and comment accordingly

Paul Warren

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Background Papers : Consultation Paper

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