

BEST PRACTICE IN BEST VALUE IN THE BUILT ENVIRONMENT - THE ICE GUIDE

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1 Introduction

In March 1998, the Institution of Civil Engineers, under the chairmanship of Past President, David Green, set up a task force to develop a guide on the implementation of Best Value. The first edition is due to be published later this year and aims to be the definitive guide to best practice for local authorities seeking to meet the new duty of Best Value in all built environment functions / services - from refuse collection to transportation (but excluding housing management / maintenance)

It has been developed by a sixty strong joint task force of local authorities, consultants and contractors/facilities management companies. It is written by practitioners **for** practitioners, drawing on the enormous range of professions, experience and expertise of both the public and private sectors.

This paper starts by considering the government's requirements for Best Value. It then outlines the Task Force's approach to the development of the Best Value Guide, by setting out its thinking on the performance monitoring and continuous improvement process that is essential to Best Value. It then sets out the seven stages that have been identified which will form the basis of the document and then, finally, compares this structure with the performance monitoring framework originally set out in the Government's White Paper¹. The presentation at the conference will report on the up to date state of the document

2 The Expectation

The government's approach to the introduction of Best Value is in stark contrast to that of the last government's to CCT. It has studiously avoided the temptation to prescribe a process and is openly encouraging local authorities, in partnership with others, to define, refine and develop the concept of Best Value. Best Value is clearly an open challenge to all involved in the delivery of local government services to assist in the development of systems, processes and procedures in pursuit of the ideals that Best Value directs us towards. Local government has, with the private sector, an opportunity to shape the outcome of Best Value principles.

Best Value clearly differs from CCT in a number of ways:

- it applies to the whole service;
- it allows services to be defined in wholly new ways; and
- it requires a fundamental service review to be undertaken.

It is clear that Best Value is no easy alternative to CCT:

“ People need councils which serve them well, Councils need to listen to, lead and build up their local communities. We want to see councils working in partnership with others.....

To do this , council’s need to break free from old fashioned practices and attitudes. There is a long and proud tradition of councils serving their communities. But the world and how we live today is very different from when our current systems of local government were established. There is no future in the old model of councils trying to plan and run most services. It does not provide the services which people want, and cannot do so in today’s world. Equally, there is no future for councils which are inward looking - more concerned to maintain their structures and protect their vested interests rather than listening to their local people and leading their communities. Across the country many councils have already adopted new and imaginative measures. But our modernising agenda is seeking nothing less than a radical refocusing of councils’ traditional roles. A fundamental shift of culture throughout local government so that councils become outward looking and responsive.”²

3 The Government’s Framework

Best Value is a practical expression of much wider Government inspired changes to Local Government for the new Millennium. Other measures will impact on the processes adopted to implement Best Value:

- **New Political Structures** - (Elected Mayors and Local “Cabinets”, etc.)
- **Improving Local Democracy** - (Duties to consult / more frequent elections / simpler voting etc.)
- **Improving Local Accountability** - (Discipline of Best Value / More Stability in Funding, etc.)
- **A New Ethical Framework** - (Code of Conduct for Councillors / Employees, etc.)

Figure 1 shows the Government’s Framework for Best Value Performance Management which was originally set out in its Consultation Document³ and subsequently confirmed in the White Paper⁴. When considering the issue of performance indicators, the White Paper stresses that “as far as possible the indicators will be designed to focus attention on what services have delivered (outcomes), rather than what resources have been devoted to them (inputs).” It also emphasises that “delivering local services to a consistently high standard at an acceptable cost begins with a council’s vision for the local community.” Consequently, the performance framework, the review and re-designing of council services have to be conducted within the context of a clear understanding of the needs of the community.

National Focus

Local Focus

“General health” PI’s

Establish Authority Wide Objectives and Performance Measures

Local aspirations

Service or cross-service PI’s & some national targets

Agree Programme of Fundamental Performance Reviews and set out in Local Performance Plan

Prioritise weakest areas - 5 year cycle for all services

Service or cross-service PI’s

Undertake Fundamental Performance Reviews of Selected Areas of Expenditure

*Challenge purpose
Compare performance
Consult community
Compete with others*

Year on year improvements

Set and Publish Performance and Efficiency Targets in Local Performance Plan

Follow Up Action

- Report on achievement of targets in Local Performance Plan
- Address shortcomings
- Deal with failure

Test of robustness for local people and central government

Independent Audit / Inspection and Certification

Last resort powers to protect public

Areas requiring intervention referred to Secretary of State

Figure 1 - The Government Best Value Performance Management Framework

4 How do we Respond?

Best Value aims to return the decision making process to the local community - it is about empowering the local community and will give them a greater opportunity to be involved in the provision of services.

"Best Value means that councils will be required to deliver sustained improvements in the quality and quantity of services that people want at a price they are prepared to pay. Best Value is an opportunity for local government to put people first."⁵

Best Value requires performance, therefore, to be defined in the context of what people want and are prepared to pay for. This provides the impetus for continuous improvement and the development of performance indicators that check on economy, efficiency and effectiveness. It will also give the community the opportunity to judge whether value for money is being obtained in their service.

Most importantly of all, it is about asking questions that challenge the very essence of service provision that may result in radical changes in the way services are provided. As part of that questioning, local authorities will also need to consider whether their current method of delivering the service is still appropriate. In essence, local authorities must ask what service should they provide and how it should be provided.

At this point it is worth considering what private sector approaches can contribute to our thought processes. Marketing can be defined as the process whereby we seek to identify and quantify the needs of customers (present and potential) and take the necessary steps to ensure that these needs are satisfied. That process can be represented simply by Figure 2 below.

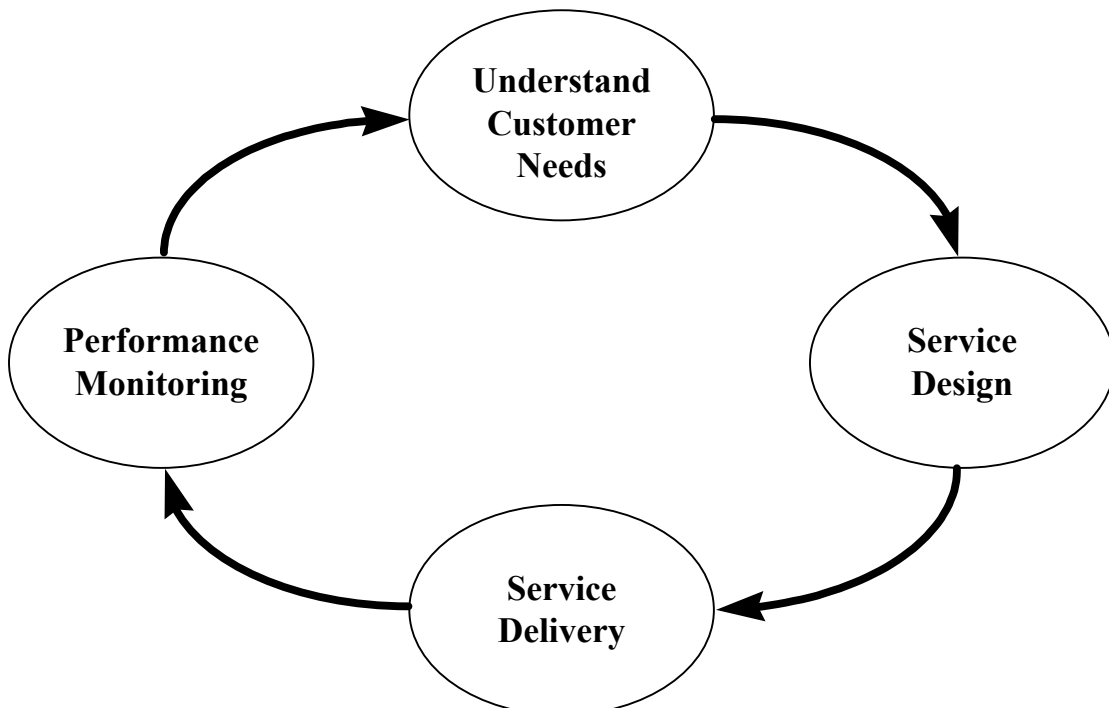


Figure 2 - The Marketing Cycle

Any cyclical process, by definition, does not have a beginning or an end but if this process is applied to Best Value it needs to start with a fundamental review of services. Within the marketing cycle this is represented by the activities:

- Understanding Customer Needs; and
- Designing the Service;

However, within Best Value, local authorities are expected to provide their customers with the service they want at a price they are prepared to pay. In addition, individual local authority services need to be seen within a context of the council's overall strategy. This means that the simple four stage process needs to be expanded to cover:

- A Strategic Review of the Council's Role in the Community.
- The definition of individual services for fundamental service review (which may well cut across traditional boundaries).
- Understanding what people need including an appreciation of the price they are prepared to pay for the quality of service that they require. This has to be conducted within the context of the strategic framework and a thorough review of any existing service provision.
- Designing a service that meets the public's requirements.
- Procuring the service, either in house, externally or through a partnership arrangement.
- Managing the delivery of the service.
- Checking customer satisfaction and that the services meet the standards set.

The monitoring information will of course be used to refine the understanding of the people's needs and improve the design and delivery of the service. Thus building in the mechanisms for continuous improvement. This in turn will provide a means that will give the community an opportunity to judge whether value for money is being obtained in the provision of services.

5 Reviewing Performance

Performance review has always been an essential element in the management of a local authority. However, assessment of the quality and effectiveness of public services is by no means an easy task. It is perhaps a useful starting point, to look at the performance measurement model suggested by the Audit Commission⁶. This is illustrated in Figure 3 below. Performance review depends ultimately on defining what performance means and then measuring it. The Audit Commission suggests that services can be measured along four dimensions:

- the cost of the service;
- the resources deployed to provide the service;
- the outputs - the service actually delivered; and
- the outcomes - the ultimate value or benefit to the community of providing the service.

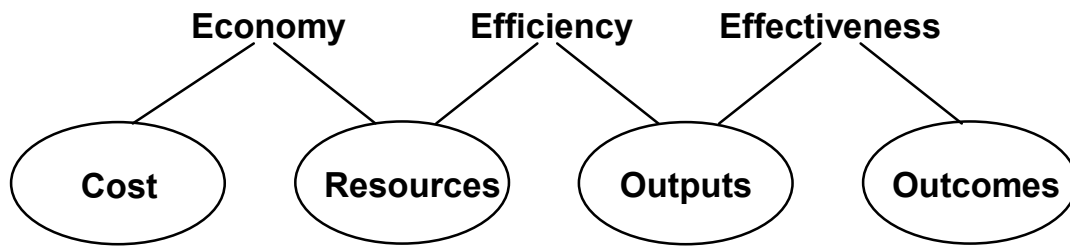


Figure 3 - Measuring Performance

These are, however, the raw measures of performance and only come to life as performance indicators when ratios between them are derived and the resulting indicators monitored over time, compared with targets or compared with performance elsewhere. In particular:

- economy measures are essentially unit cost measures identifying the cost of providing a set level of resources;
- efficiency measures define the level of service that has been produced by the application of the resources; and
- effectiveness measures identify the benefits that have resulted from the provision of that level of service.

In the context of Best Value local authorities are charged with providing the “services that people want at a price they are prepared to pay”. This means that the delivery of the service needs to be, not only economic and efficient (in other words provided at a cost that stands comparison with other authorities), but also effective in providing a service that matches the needs of the customers. Put another way, the service must not only be seen to be value for money, it must be seen to be the right service. If this is to be achieved, new ways of consulting and communicating with the stakeholders (the local communities and all those involved in the provision of services) need to be developed. Improved ways of measuring performance need to be identified and, most importantly, new ways of delivering services need to be considered so that they are focused on satisfying customers' needs rather than fitting into professional and administrative structures. They also have to demonstrate, to the satisfaction of central government and to the community at large, that their services stand comparison with the best and that they are continually improving.

It is essential, therefore, that authorities develop the cyclical process which is built on consultation and involvement of all its stakeholders and is driven a robust system of measuring performance.

6 The ICE Guide

Figure 4 shows the Best Value Virtuous Circle developed by the task force, which is the elaboration of the Marketing Cycle discussed in Section 4. Consultation and Involvement of local stakeholders feeds into all these stages and the performance monitoring process feeds back to all the other stages to ensure continuous improvement. Each of these seven stages will be explained in detail in the guide. In

addition, an annex will provide advice and suggestions on means of conducting consultation and involvement exercises at the various stages of the process.

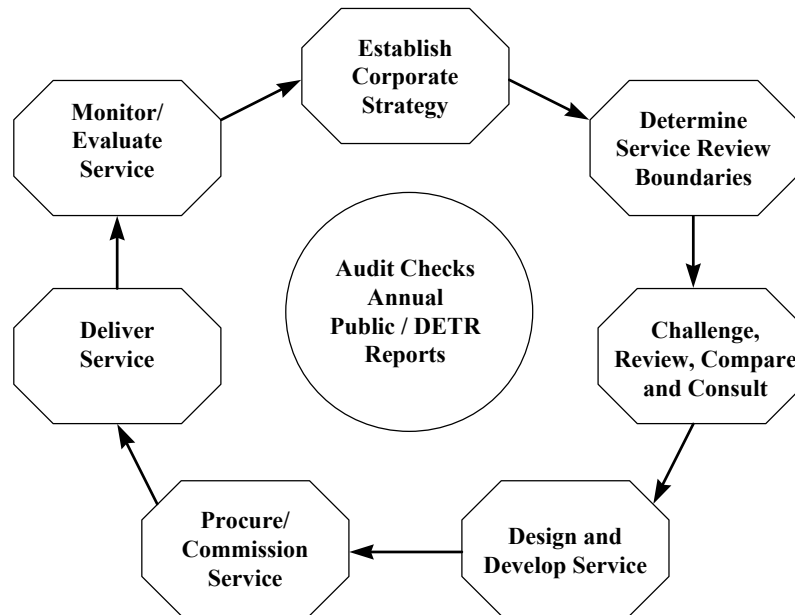


Figure 4 - The Best Value Virtuous Circle

The guide will be supported by a series of case studies which will illustrate examples of both successful and unsuccessful best practice initiatives. Figure 5 elaborates the process and indicates how the 4 C's (Challenge, Compare, Consult and Compete) relate to the seven stages indicated in Figure 4.

7 Does it meet the Government's Requirements?

In Section 3, we discussed the Government's requirements and its Performance Management Framework (Figure 1). In concluding, we need to check that the seven stage approach suggested fits into the Government's framework for judging Best Value. Figure 6 illustrates how this is achieved.

At the time of writing this paper, the document is being drawn together by the editorial committee. When the conference is in session the document should be with the printers. The presentation will report in more detail on the seven stages.

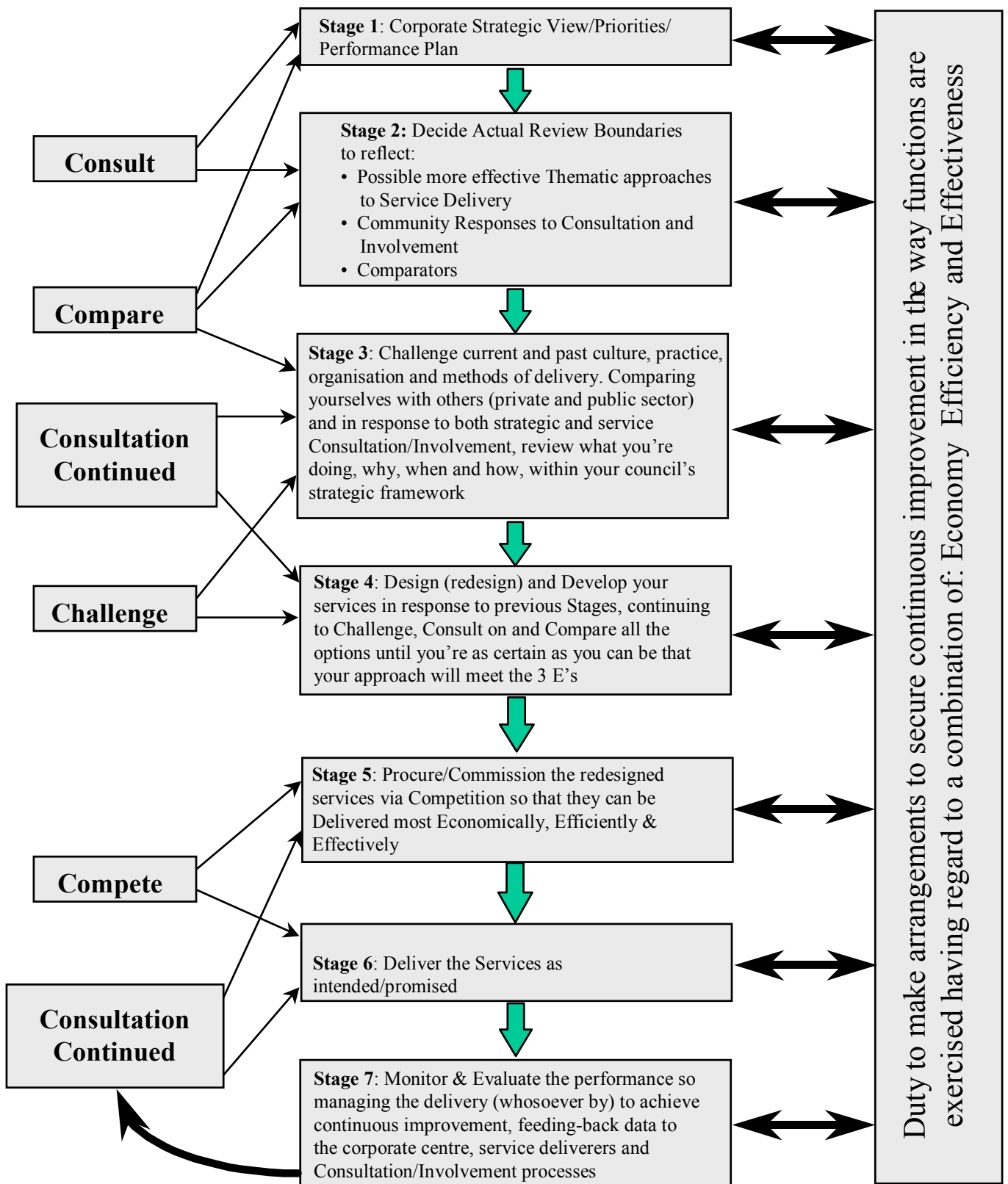


Figure 5 - The ICE's Seven Stages to Best Value

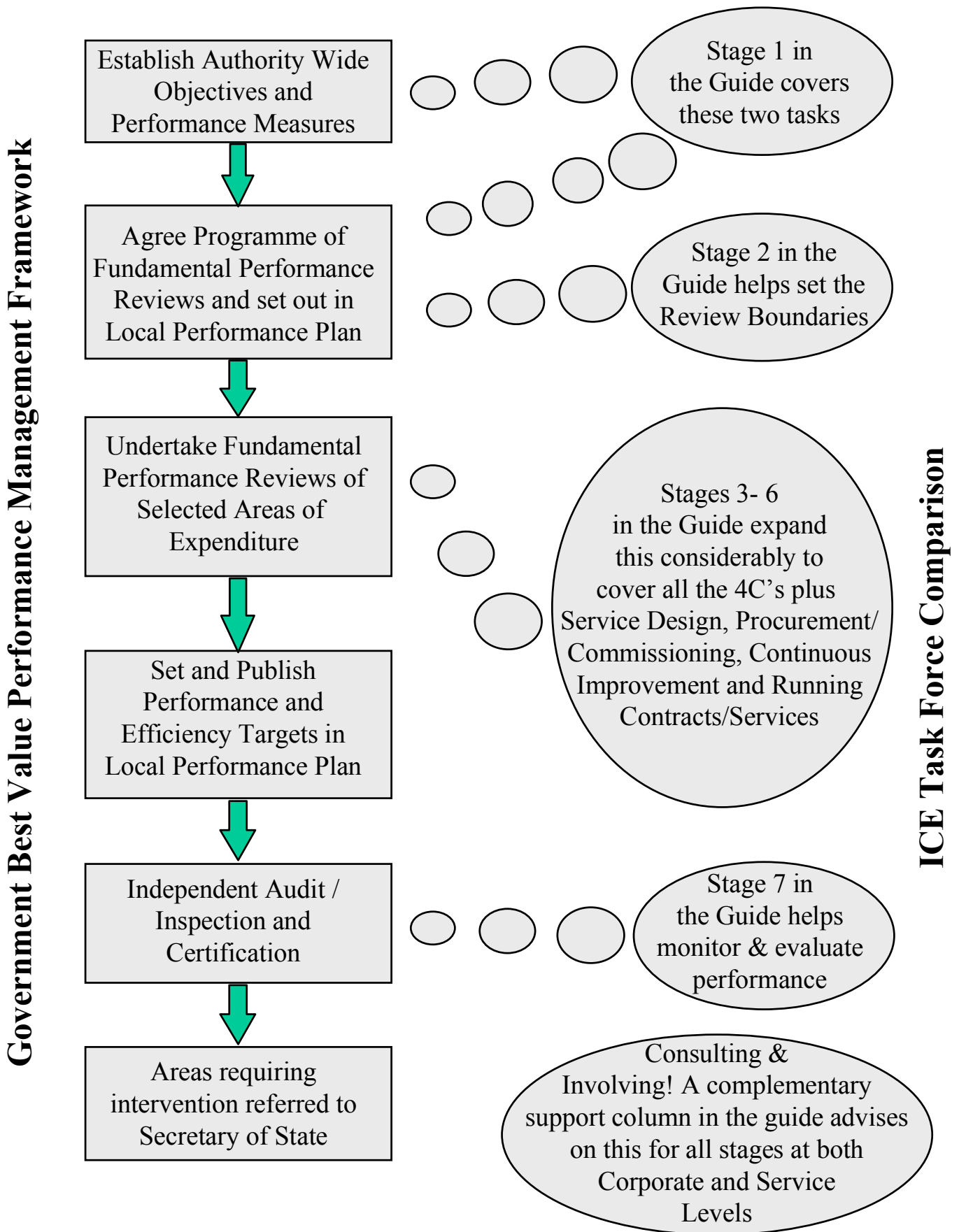


Figure 6 - Comparison of ICE Process with Government Framework

¹ “Modernising Local Government: In Touch with the People” - Government White Paper - (July 1998)

² *ibid.*

³ “Improving Local Services Through Best Value.” - (January 1998)

⁴ “Modernising Local Government: In Touch with the People” - Government White Paper - (July 1998)

⁵ Hilary Armstrong Speech

⁶ “Managing Services Effectively - Performance Review” - Audit Commission Management Paper No 5, December 1989.