

Committee: Scrutiny Committee for Education
Date: 12 June 2002
Title of Report: Best Value and Scrutiny Procedures
By: Director of Legal and Community Services
Purpose of Report: To assess progress to date and consider areas for development.

RECOMMENDATION -

To endorse and comment upon the areas for further development set out in Appendices 2 and 4 to the attached report.

1. Background and Supporting Information

1.1 The attached report was considered by the Cabinet on 28 May 2002 and the recommendations in it were approved. The report is therefore being referred to each of the five Scrutiny Committees for consideration

1.2 The Committee is invited to comment upon the report, particularly Appendix 2, which deals with the essential elements of successful Best Value practice and Appendix 4, which discusses the further development of Scrutiny and Best Value procedures.

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5 June 2002

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Committee	Cabinet
Date	28 May 2002
Title of Report	Best Value and Scrutiny Procedures
By:	Chief Executive
Purpose of Report	To assess progress to date and consider areas for development

Recommendation

Cabinet is requested to:

1. welcome the significant progress made to date in the development of our scrutiny and best value procedures;
 2. endorse the areas for further development more particularly set out in Appendices 2 and 4;
 3. refer the report to each Scrutiny Committee for consideration.
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Financial Appraisal

There are no financial implications arising from the report.

1. Introduction

1.1 The five year programme of best value reviews was introduced in April 2000 and is now at the end of its second year of completed reviews. To date 17 best value reviews have been conducted across all departments of the County Council. The Scrutiny Lead Officer team has monitored the effectiveness of the programme and reported regularly to the Scrutiny Chairs meeting.

1.2 The Audit Commission best value inspectorate's full inspection of two of our most recent reviews –libraries, arts & cultural strategy and community safety have recently been undertaken and the judgements on these reviews will contribute to the Comprehensive Performance Assessment (CPA). These services were chosen to fill 'gaps' in the service area element of the CPA.

1.3 This report provides an opportunity to assess our achievements to date in scrutiny and best value, both in reviews and through the reconciling policy and resources initiative of the County Council.

1.4 At the same time, it takes note of the findings of the Audit Commission's best value annual statement of 2001 – 'Changing Gear', critically evaluates the progress we have made to date, and highlights areas where further development is required.

1.5 The programme of reviews for 2002/03 has been started. There may, however, be a need to renegotiate the remainder of the programme with the Best Value Inspectorate later in the year in the light of the findings of the CPA. The Government is also expected to produce new guidance during the summer following its review of Best Value, which the County Council will need to take into account when preparing future programmes. The requirement to review all services over a five year period has already been rescinded. The emphasis for the future is likely to be on a review programme which tackles areas of poor performance on service to the public.

2. What is best practice?

2.1 Professor Steve Leach of the De Montfort University has undertaken national research and considers there are five tests against which to measure whether scrutiny is proving successful, namely:-

- results in better decisions/policy
- influences Executive decisions by unearthing new evidence and arguments about the issue in question
- leads to more open and unconstrained debate about decisions./policies
- enhances public involvement in decision making
- develops a sense of empowerment of non-executive members

2.2 Appendix 1 gives examples of some of the achievements of scrutiny. There is good evidence that we are strong on each of the five tests above, although we need to continue to pay particular attention to public involvement and developing the role of non-executive members, both of which are especially challenging areas of the modernisation agenda. The evidence nationally also indicates that the approach here and the progress we have made in relation to scrutiny is far better than most.

2.3 Issues of good practice about best value are addressed in the Audit Commission's "Changing Gear" report and Appendix 2 assesses our progress when set against this report. Appendices 3 and 4 give additional information about best value reviews to date and suggestions for further development of our procedures respectively.

3. Efficiency Gains

3.1 It is important that scrutiny and best value reviews are recognised as only part of the County Council's drive to secure improved services. The County Council agreed in April 2000 that each best value review should identify efficiency savings of 2%. However, the 2% is only one element within the total 'efficiency gains' of the County Council as it embraces best value in all that it does. All departments and the Cabinet have been charged with ensuring that the services they provide have been subjected to best value principles and a key element of the reconciling policy and resources process was precisely to ensure that best value was being achieved across the Authority.

3.2 Appendix 5 gives the detail of the efficiency savings resulting from the reconciling policy and resources process and the best value views for 2001/2002.

4. Conclusions and Reasons for Recommendations

4.1 The County Council has a well practised and robust methodology for conducting scrutiny and best value reviews. The 2001/2002 reviews have been sharper in their scope and smarter with their recommendations, having learnt lessons from the 2000/2001 reviews. This good practice and experience should be built-on to increase the focus of future reviews on key services which can make a difference for the people of East Sussex.

4.2 Significant progress has been made during the last two years in developing our best value and scrutiny procedures. Our reviews will continue to improve if we focus on further embedding the review process within the policy development and performance management structure of departments and the County Council as a whole.

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Scrutiny Achievements

- **Environmental management of buildings**

Green building guidelines are being mainstreamed into commissioning documentation.

Tenders for the supply for electricity now include the option to quote for the supply from renewable sources (so-called 'green power')

- **Street Lighting**

Identified how the County Council should invest available resources in Crime Prevention and Road Safety sites, using a transparent scoring system (agreed during the review) to identify highest priority locations.

Made costed recommendations for future investment to:

- replace life expired columns and
- improve the quality of lighting by upgrading the lighting units over a 10-year period.

By involving the Contractor in the review, facilitated an improvement in performance levels and resolution of a defaults/penalties dispute.

- **Highly Able Pupils**

Review and report gave an impetus to improving provision for highly able children in schools.

Practice in many schools revised as a result of guidance given - information booklet produced by Education department.

Many schools identified a person responsible for issues to do with highly able pupils.

- **Mobile Libraries**

Review changed an initial decision about reducing provision and recommended a continued, but reconfigured service.

Consultation, particularly with Parish Councils, was very good. Improved management arrangements put in place.

- **Residential Homes review**

Proved a catalyst for a change of approach in County Council policy concerning its residential homes, a fundamental review of each home now being undertaken

- **Other Achievements**

- the process/guidance – particularly the courteous and mature treatment of staff and the ‘rules of engagement’
- the training given to members
- the involvement of all non-executive members
- the monitoring, review and development of the process
- the project management approach
- the involvement of a wide range of staff
- the way it has helped move issues on e.g. disposal of homes
- the way it has acted as a catalyst for further work e.g. integrated transport team
- the way it has led to savings e.g. the combined Strategic Economic Development Team

Audit Commission – ‘Changing Gear’

The building blocks of best value

The Audit Commission identifies four key building blocks common to those already delivering best value. They have been incorporated in the Commission’s new corporate governance inspection methodology. The building blocks are:-

- ownership of problems and willingness to change
- a sustained focus on what matters
- the capacity and systems to deliver performance and improvement
- integrate best value into day to day management

Ownership of Problems

The measures of success here include:-

- members and managers committed to continuous improvement
- willing to take tough decisions
- welcome external and internal challenge

The commitment on the part of members to best value and scrutiny reviews has been substantial. There has been a willingness to take tough decisions e.g. the reviews which have recommended that services should be outsourced. All reviews have had external and internal challenge. There is always scope for improvement in this area, but a balance has to be drawn between the cost involved and the likely benefits.

Officers across the Council have been fully involved in the best value process. However, looking forward to future reviews it would help to involve Chief Officers earlier in the process, and ensure that, without exception, they give evidence to Project Boards.

A sustained focus on what matters

Measures include:-

- clear and consistent priorities
- know what matters most to local people
- concentrate efforts in proportion to priority
- focus on achieving impact in priority areas

The County Council has clearly established its priorities through its planning and reconciling policy and resources initiative. We have gained considerable experience over the last two years in carrying out reviews, ensuring that outcomes are ‘smarter’ and targeted on what matters. As an issue for development, we need to focus reviews more clearly on agreed priority areas, and carry on the improvement during the last year by concentrating more on services which have a direct impact on people.

The capacity and systems to deliver performance and improvement

Measures include:-

- sound performance management
- accountability for action
- able to move people and money
- skills to build partnerships

Our programme of best value reviews is highly organised, undertaken in accordance with sound project management principles. We keep a track on costs, agree objectives at the outset and reinforce conclusions with a clear action plan. Accountability and subsequent reporting mechanisms are well established. We have shown a willingness, through best value and the reconciling policy and resources initiative, to move people and money e.g. the passenger transport, ICT and property reviews. A suggested area for development is more pooling of resources and capacity with other Councils and partners.

Integrate best values into day to day management

Measures include:-

- improvement seen as the day job
- best value is integrated with other council performance management processes – not an add on

Best value principles are embedding well into the organisation, but there is still more to do here. In building the budget and performance plans for next year we need more thoroughly to enmesh the reconciling policy and resources process with that of best value. Also, as mentioned earlier, our best value reviews may need more focus on agreed council priorities. Finally, we need to consider how far the 2% savings required of best value reviews needs to be pursued if a service, through alternative best value approaches, has made savings of that order and sometimes more. However, the question must be asked – is the pursuit of savings/efficiencies ever finished?

Best Value

Facts and Figures

- a. Eleven best value reviews were completed in 2000/2001 at a cost of £166,000. The six best value reviews for 2001/2002, cost £129,000.
- b. Efficiency savings of £1.9million have been made to date through the implementation of the 2000/2001 best value reviews. The 2001/2002 reviews have identified efficiency savings of £637,000.
- c. Of the 17 reviews completed to date all reviews except one have been completed within the yearly timescale.
- d. Every Best Value review has consulted and involved '3rd parties.'
- e. Every best value review has been successfully managed through a project management approach. This is nationally recognised as best practice. During the last year we have used three external consultants and 12 internal members of staff as project managers. In addition, 70 officers have been employed on project teams from within the departments being reviewed. Many officers have worked on more than one review.
- f. In the last 2 years, every member of staff working for a service being reviewed has been given the opportunity to be involved through the consultation process –answering a questionnaire or attending an evidence-gathering focus-group meeting. Over 1000 members of staff have responded.
- g. All non-executive elected members have been involved in Best Value reviews.
- h. To date 368 recommendations have been made by 17 reviews.

Major Themes

- a. Of the eleven reviews in the 2000/2001 programme, three focussed directly on services to the people of East Sussex, with the remaining eight looking at internal processes and organisation. All reviews, however, addressed how best service provision and delivery could be improved.
- b. Best value reviews are charged with improving the efficiency, effectiveness and economical provision and delivery of services run by the County Council. Whilst there have been a total of 257 recommendations made by the 11 reviews in the 2000/2001 programme, there have been recurring themes which run through the majority of the reviews.
- c. These have brought about improvements which can be categorised as:
 - * financial savings;
 - * the reconfiguration of services;

- * policy and objectives; and
- * recognition that outsourcing or provision of services by others is a possibility.

Financial Savings

There is a County Council requirement for each best value review to identify efficiency savings of at least 2%. The savings are set out above and more detail is provided in Appendix 3. The 2001/2002 programme has realised savings of £637,000 which is 2.8% of the total service budgets reviewed.

Reconfiguration of services

All reviews have looked at the effectiveness and efficiency of the way in which services are organised and managed. Seven reviews have recommended changes to these aspects in order to make them more efficient in the way they are run and more effective in delivering services.

Policy and objectives re-focussed

Eight reviews have identified that there are matters to be addressed in identifying policy objectives for services. Many services reviewed in the 2000/2001 programme did not have clear strategic policies which were relevant for a new modernised County Council. For example, the physical disabilities review recommended that, as part of the drive to reduce waiting times, the service should increase the involvement of other suitably qualified organisations, with the target to contract out some assessment work and speed up the process.

Outsourcing

The challenge element in the best value review process has been robust in asking the question whether or not the County Council should continue to provide and deliver a service. Five reviews recommended that other providers could deliver a similar, and in some cases, better service at a reduced cost to the County Council, whilst four others recommended further investigation should take place to identify options for outsourcing delivery of a service.

Best Value Key Achievements

1. In 2001 the programme of best value reviews focussed upon changing or improving internal County Council processes and structures. The impact of the changes on the delivery of services is longer term. The full efficiency and effectiveness gains, however, will soon be improving the way services are delivered.
2. The following successes have been identified from the 2001/2002 programme:
 - Both the ICT & Property best value reviews have proposed a more corporate approach to service delivery removing duplication and emphasising the need for clearer standards and policies.
 - Following the passenger transport and home to school transport reviews it is intended to reduce staffing levels by up to 10% over the next 15 months.
 - Greater efficiency and better procurement practice are features of the integration of the transport teams that are intended to *s/ow* the rate of growth in expenditure

which has, in recent years, risen substantially faster than inflation. The target cost reduction is £248,000 by March 2004.

- The family Support Services review saved £100, 000 as a result of reconfiguring the way supervised contact is carried out. The management and running of Family Support Centres is expected to be more targeted to the needs of people and the quality of provision is set to improve.
- There have been significant changes to the way in which the services reviewed since 2000 are now organised and run. The emphasis on rigorous change to internal processes has provided greater efficiency and effectiveness in service delivery.
- Increased number of families approved for adoption and more children matched with adoptive families since 2001.
- The waiting list for assessment for Occupational Therapy was reduced by 50% for an initial period after the review and steps have been taken to give greater access for the needy to daily living equipment.
- Practical child pedestrian skills training has taken place in 10 primary schools and 'Footsteps' video with practical guidance on pedestrian skills produced and distributed to schools.
- Improved procurement secured more laptops for teachers and schools than limited funding would have allowed.

Additional achievements

1. Joint –working on services with the Health Authority
2. Members knowledge of, and insight into, services has increased.
3. Member ability to 'challenge' and 'monitor' services is more robust.
4. More open and transparent management of the County Council.
5. Increased involvement of stakeholders in reviewing of services.

Further Development of our Procedures

(a) An issue which does need to be aired, both in relation to scrutiny and best value, is the “creative tension” which exists between the Cabinet and non-executive members about policy development. In some councils, policy advisory panels, separate from scrutiny have been set up. More often, as here, policy review and scrutiny are combined. Either way, it is the statutory role of non-executive members, through scrutiny and best value, to review and develop policy.

(b) That does not mean that review recommendations will be accepted by the Cabinet or the Council, and it is important that reviews are not simply a ‘wish list’ for desirable service developments. Suggestions for capital spending, for example, must be backed by good evidence and subject to the caveat that they will have to be judged against many other bids when the Council’s programme is put together. Similarly, scrutiny committees need to be aware that it is difficult to introduce new work to be carried out which is not already included in the Council’s Plan, without saying what we should stop doing to create the necessary capacity or resources.

(c) Having said that, it is fair to say that the scrutiny committees have taken a responsible approach to these kind of issues. Some creative tension is inevitable, not to say healthy. There are good examples of scrutiny reviews which have influenced the Council’s policy direction e.g. in relation to mobile libraries and residential care homes. The recent street lighting review is another good example. It is important, both in best value and scrutiny, to develop our ability to reach evidence backed recommendations. That is not to say that ‘opinions only’ do not have a place in reviews, but evidence, in the end, is far more influential.

(d) However, more work is required to recognise the role of scrutiny in helping the Cabinet and Council to develop policy. Lead Cabinet members and Chief Officers need to engage scrutiny committees very early in the process. If scrutiny members only ‘pick up ‘ issues at the time the forward plan is published, it is really too late; scrutiny does not work (and is positively wasteful of time and resources) if it is just a last minute ‘add on’. Equally, it is ineffective if it simply ‘cherry picks’ or goes on a ‘fishing expedition’ because a topic might be of interest. Scrutiny members and Lead Cabinet members need to work together with Chief Officers, looking ahead at service priorities and issues, recognising the pre-eminent role of the Cabinet to set the direction, but with the opportunity for scrutiny members to contribute to the more efficient implementation of decisions which rightfully lie with the Cabinet or the Council.

(e) Thus far the call-in procedure has not been abused; this may be due in part to the open approach the Council has developed in its decision-making procedures. Also, while party politics is essential in order to clarify arguments and choices, it is generally recognised nationally that scrutiny is most effective where councillors are able to look at matters on an issue by issue basis without necessarily drawing party lines. In this respect, our arrangements have been particularly successful.

(f) Effective scrutiny is the most difficult part of the modernisation process. We gained a great deal of experience during our pilot year or so before the new constitution was introduced, but it is still a developing area, and the huge and overwhelmingly positive contribution made by members and officers has been excellent.

(g) Other areas for development of our procedures, particularly in relation to Best Value reviews, are considered in Appendix 2.

Savings Resulting from the Reconciling Policy & Resources Initiative and the Best Value Review Programme 2001/2002

1. Introduction

The reconciling policy and resources initiative required departments to identify savings within their budgets for the year 2002/2003. Most of these savings were Cost Savings which reduced the available budget. A proportion of them were Efficiency Savings, where the same outcome or output was achieved at a lower cost e.g. through re-configuration, changing process, re-organisation, or where a different output was achieved which still met the business need but at a lower cost.

It must be said that, in certain circumstances, both cost savings and efficiency savings are equally valid as part of delivering best value. At its root best value is about the County Council establishing its priorities and then delivering them efficiently. That may well involve 'stopping doing some things' to ensure that we concentrate our efforts and resources where we are able to have the greatest impact. This analysis is, however, concerned with efficiency savings.

2. Best Value Efficiency Savings identified for each Department summarised

The following table provides a summary of the savings.

Best Value Efficiency Savings identified by Departments in relation to the Reconciling Resources and Policy Initiative 2001/2002.

Department	Total efficiency savings	Efficiency Savings as a % of total Budget
	£m	%
Social Services	2.253	2.3%
Transport & Environment	0.305	0.73%
Chief Executive's Office	0.071	2.05%
Legal & Community Services	0.424	2.72%
Education	0.280	0.14%
Corporate Resources Directorate	0.314	1.84%
Total County Council Budget = 373.407 m		0.98%
Total Best Value efficiency savings 3.647m		

The overall Best Value efficiency savings resulting from the Reconciling Policy and Resources Initiative amounts to **0.98%**

4. Best Value Reviews and the Reconciling Policy & Resources Initiative

The following table identifies and summarises the different types of savings resulting from the Reconciling Policy and Resources Initiative and the Best Value Review Programme for 2001/2002.

Type of Saving	Amount of Savings	Saving as a %
Best Value Review Programme Efficiency Savings	0.637m	2.8% from budgets totalling 22,091m
Reconciling Resources & Policy Initiative – Total Cost and Best Value Efficiency Savings	7.934m	2.12% of total CC Budget excl external income & capital charges
Reconciling Resources & Policy Initiative – Best Value Efficiency Savings excluding Cost Savings	3.647m	0.98% of total CC Budget excl external income & capital charges

In summary, the Best Value Review programme has achieved efficiency savings of over the required 2% from the budgets of the services reviewed. The detail of the Best Value review programme efficiency savings is given below.

5. 2001/2002 Best Value Reviews Efficiency Savings Log

1. Family Support Services Budget 8,285m

Supervised contact savings	£100,000
Efficiencies in running Family Resource Centres	£25,000
Efficiencies in implementation of the CareFirst system and Direct Practitioner Input	£107,000

2. Property Budget 1.65m

County wide office accommodation strategy	£50,000 to £80,000 p.a.
(Improved utilisation of office accommodation already planned - £175,000 savings in first year with ongoing annual savings of approximately £190,000 in subsequent years.)	£190,000

3. ICT Infrastructure Budget 6m

Purchasing ICT kit on annual volume basis	£10,000 to £15,000
Centralisation of ICT Services. There will be efficiency gains from a centralised ICT service, however, it is not clear at this stage whether any additional savings are achievable. An area where savings should be achievable 'post bedding in period' would be delayering of management positions. No hard calculations have been undertaken, as that would preclude any structure, but £50,000 to £100,000 should be the range	£100,000

4. Libraries, Arts & Cultural Strategy Budget 5m

Recommendations still in discussion.	tbc
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5. Community Safety Budget 0.177m

None as agreed that reduction of 26% in 2001/2002 as part of the policy and resources was sufficient	£nil
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6. Environment & Landscape Budget 0.979m

Levying charges for professional advice etc to generate income	£20,000
Amalgamation of environment and landscape group	To evaluate

Total Savings (as at 22 April 2002) **0.637m** from total collated budget of **22,091m**

This represents efficiency savings of **2.8%** from the 2001/2002 programme of Best Value Reviews.