

7. GUIDANCE ON UNDERTAKING DETAILED REVIEWS

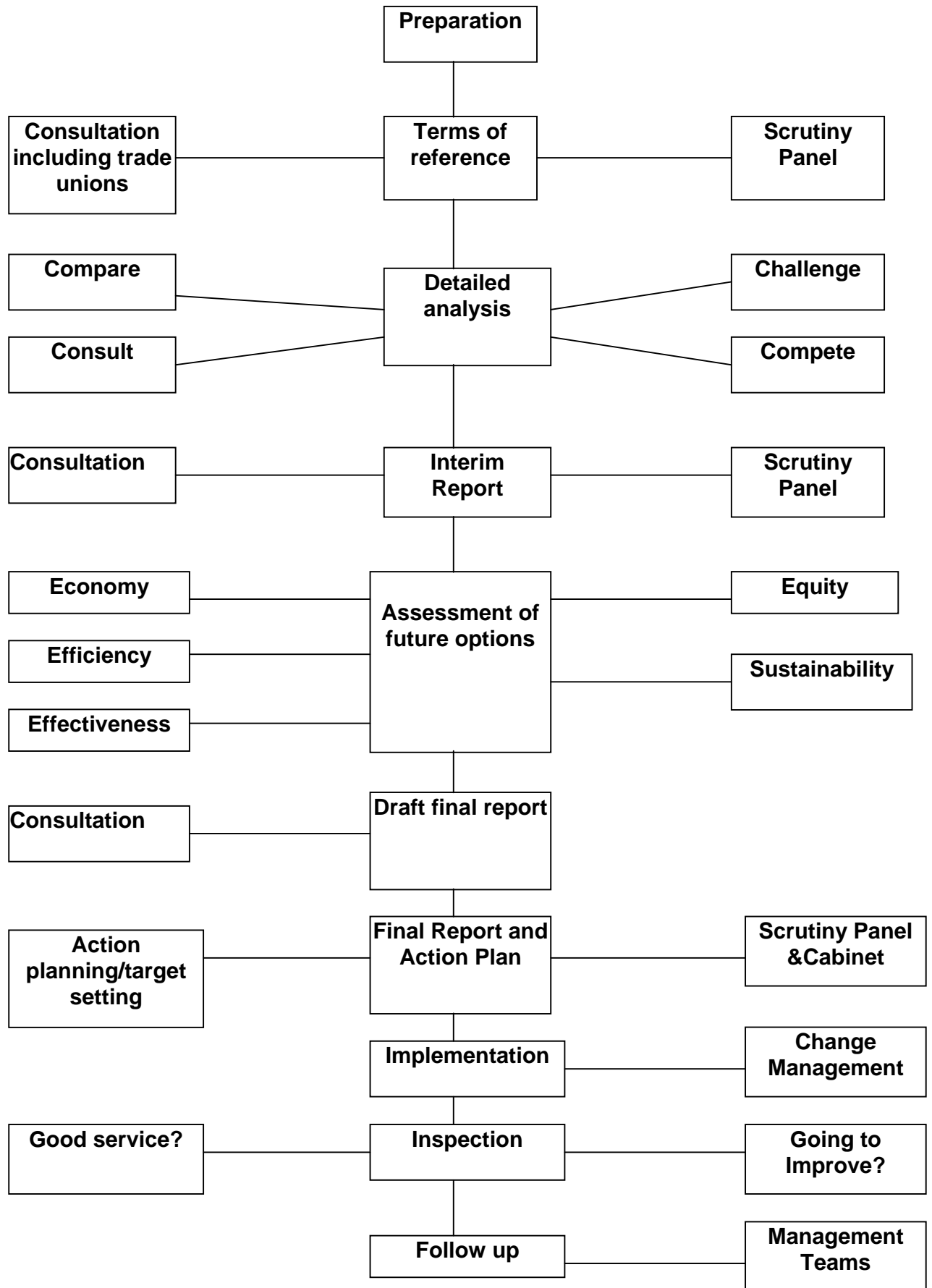
7.1 THE KEY STAGES IN DETAILED REVIEWS

Whilst each detailed review is unique, it is possible to identify a recommended approach to such reviews based on a number of key stages, as follows:

- Stage 1: Preparation and terms of reference
- Stage 2: Detailed analysis - tackling the 4Cs:
 - Compare
 - Consult
 - Challenge
 - Compete
- Stage 3: Interim report
- Stage 4: Assessment of future options
- Stage 5: Conclusions and draft report
- Stage 6: Consultation and final report
- Stage 7: Action planning and target setting
- Stage 8: Implementation
- Stage 9: Follow-up

Key issues to be addressed in each of these stages are discussed below.

Best Value Process



7.2 STAGE 1: PREPARATION

7.2.1 Chief Officer Involvement

A lead chief officer and a mentor chief officer will be appointed by COMB for each review. The role of the mentor chief officer is to work with the lead Chief Officer and the Policy and Review Team to provide an independent perspective of the progress of the best value process and, in particular, to ensure that the statutory requirements and the advice contained in this guidance manual is applied consistently in relation to all best value reviews.

Whilst review team leaders will need to check with their mentors, it is not anticipated that the mentor chief officers will be involved in the detailed work of a best value review. Their involvement is likely to be limited to oversight of the draft terms of reference interim report and the draft final report.

7.2.2 Elected member involvement

The lead Chief Officers will invite the Cabinet member with responsibility for the area under review to be involved in the review. There are three important roles for members:

- their role as representatives of local people – which can be an important source of information or views;
- their role in developing the terms of reference/scope of the review, suggesting key questions for, and receiving the recommendations of the review;
- Their role in acting as member, or sponsor, for the review. This can be expressed through taking a leadership and scrutiny role (engaging in debates with the review team for example) at key points during the review, or through hands on membership of the review team.

The relevant Scrutiny Panel acts in an advisory capacity to officers responsible for each review and to the Cabinet in ensuring that all aspects of the review process are properly addressed.

The recommendations of the review and the views of the relevant Scrutiny Panel are considered by the Cabinet who ensure that recommendations (and the action following them) fit with agreed policies, priorities and values.

The Cabinet also have an important role in dealing with competition for resources and direction from different reviews; ensuring that recommendations are integrated into financial and planning frameworks and to take a lead on any partnership or collaborative working that arises out of the individual reviews.

7.2.3 Review Team

The lead chief officer will appoint a review team leader for each review and the review team leader will then assemble a review team. The review team will need to include appropriate staff and management representatives from the area under review.

Chief officers may wish to advertise opportunities to be involved in review teams within their own directorates. Most review teams will also benefit from input by the relevant

service accountant. Consideration should be given to whether or not it would be helpful to involve representatives of other directorates, external organisations or interest groups to provide an independent perspective. At least one independent representative is desirable for all review teams.

This could be one of the business representatives recruited by the Council to provide a commercial perspective or a service officer from an authority regarded as best practice in that field. The review team leader must ensure that the team has the necessary skills to undertake the review according to the terms of reference (see below). In appropriate cases, subject to the discretion of the lead chief officer, it may be helpful to buy in certain specialist skills, knowledge or information (e.g. assistance in benchmarking).

Potential review team members should discuss their involvement in the review with their line managers prior to getting fully involved to ensure that they can be allowed sufficient time away from their normal duties. Based on experience to date, chief officers and heads of service now have a reasonable understanding of the extent of commitment required to undertake best value reviews. Often reviews have spread over a number of months requiring inputs by team members from time to time rather than continuously. This makes the workload burden easier to manage.

Early review team meetings will provide an opportunity for team members to get to know each other and to start developing the team. Time should be set aside to share relevant experience and to consider the different skills that individual team members are able to bring to the review. At this point the team should consider whether it is likely to require any specific training or support to enable it to carry out its work. The team should also ensure that it develops a shared understanding of the expectations from the review and the way in which it needs to be tackled.

Review team resource inputs should be monitored and an Environmental Services monitoring form for this purpose is set out at Appendix 8.

7.2.4 Terms of Reference/Scope for the Review

The lead chief officer will ensure that terms of reference/scope are drawn up for each review.

For **every** review:

- Draft terms of reference must be discussed with the relevant cabinet member.
- Draft terms of reference must be forwarded for consultation to relevant trade union or staff representatives and their views **must be taken into account** in finalising the terms of reference
- Draft terms of reference should be reported to COMB and the relevant Scrutiny Panel for comment and the Panel's views must be taken into account in finalising the terms of reference.

They should include:

- Some basic background details to set the review in context e.g. nature of the service, current budget, staff numbers etc.
- Details of how each of the 4Cs will be tackled, together with information on relevant issues to be addressed.
- Details of the key issues or problems that face the service and an indication of how they will be tackled/solved.
- Details of the membership of the review team.
- The proposed timetable for the review, including dates for report back to members.

An example of a reporting structure for terms of reference is set out at Appendix 5.

The lead chief officer must also consider the need for consultation with the following about the terms of reference:

- The relevant overview and scrutiny panel.
- Any other relevant stakeholders (e.g. partner organisations).

The terms of reference/scope for the review will be finalised in the light of these consultations.

7.2.5 Appointing a Steering Group for the Review

For major reviews, at chief officers' discretion, it will be appropriate to appoint a steering group to monitor progress on the review. This might include:

- The relevant chief officer and Head of Service
- The mentor chief officer.
- Peer Officer from another "best practice" authority.
- Staff representatives.
- Cabinet member with responsibility for the service under review.
- Other representatives deemed appropriate by COMB.

The steering group will meet periodically with the review team during the course of the review to discuss progress, ensure that the terms of reference are being properly addressed and deal with any issues or problems emerging.

7.2.6 Developing the Detailed Approach and Project Plan

Good project management is essential for the successful completion of best value reviews. Based on the terms of reference for the review the review team will need to meet to develop a proposed approach and a project plan for discussion with the management and staff representatives of the service concerned. The proposed approach and project plan will be refined in the light of these discussions and then finalised in agreement with the lead chief officer (and steering group if appropriate). Once agreed the project plan will form the basis for monitoring progress on the review. **Directorates should maintain an overall project plan to monitor progress on all their reviews each year. The Head of Chief Executive Unit maintains a schedule of all the authority's reviews each year and reports progress quarterly to chief officers and councillors.**

The project plan should ideally take account of the need to feed recommendations arising from the review into the service and budget planning processes.

7.2.7 Briefing Staff about the Review

Once the proposed approach to the review has been agreed staff in the service area concerned should be notified of how the review will be undertaken and how they will be involved in it. Staff and their representatives should be kept informed as the review progresses and given every opportunity to contribute to the review (see below for suggested involvement of staff and their representatives in individual elements of each review).

7.2.8 Review Files and Documentation – the Master File

The review team leader must ensure that a master file of relevant information is maintained to support the findings, conclusions and recommendations resulting from the review. **The file should be kept in a fit state for scrutiny by the Best Value Inspectorate (see Section 8 below).**

7.2.9 Confidentiality

Maintenance of confidentiality will be a fundamental requirement of all reviews. This will include respecting the confidentiality of all staff and consultees, respecting the confidentiality of service information and respecting the confidentiality of data provided by external organisations.

7.2.10 Consultation with Trade Unions

The Draft Circular on Best Value and Performance Improvement published in July 2002 announced the Government's intention to make consultation with staff and trade unions a statutory requirement. Given the Council's previous commitment to early and meaningful consultation with staff representatives on all issues which may have an impact on County Council employees, this statutory requirement should not create an additional burden.

Until further advice is issued the Council anticipates that Review Team Leaders will take account of the National Joint Council for Local Government Services Framework Agreement on best value which is set out in Appendix 6 and that staff representatives are given an early opportunity to participate in individual reviews.

Additional advice and guidance on consulting with staff representatives is available from directorate human resources managers.

7.3 STAGE 2: DETAILED ANALYSIS - TACKLING THE 4Cs

This is the most important part of any review and requires the review team to develop a detailed understanding of the service under review and then apply the 4Cs. The steps required in this are detailed in the sections below.

Understanding the Service

Before embarking on the detailed review the review team will first need to develop a detailed understanding and knowledge of key information about the service in question. This will include assembling base information on:

- The statutory basis for the service.
- Current corporate and service policies and objectives. Are they clear and challenging? Does the service meet them? Do service objectives link directly to corporate objectives?
- Current costs and other relevant financial details – e.g. capital investment plans.
- Staff numbers and staffing structures.
- Service user information – service requirements, client numbers.
- How the service is delivered – key systems and processes.
- Any planned changes in the nature of the service.
- Any known external factors likely to have an impact on future service delivery.

Much of this information will be available from benchmarking activity but the review team should allocate responsibilities for assembling this base data and the review team leader must ensure that relevant details are included in the master file for the review.

During the course of this initial phase of work it will be beneficial for review team members to visit relevant offices or sites to ensure that all have a “feel” for the nature of the service being delivered.

It will also be helpful during this stage to undertake initial meetings with managers and staff of the service concerned to seek their views on the strengths or weaknesses of current arrangements (SWOT analysis). One to one interviews with managers or section heads, together with meetings with one or more staff focus groups are good ways of achieving this.

Tackling the 4 Cs - Compare

Having developed a basic understanding of the service the review team should then move on to the “Compare” stage of the review. Service performance must be compared with the performance of other providers across a range of relevant indicators **to identify where there might be scope to improve**. The main criteria for assessing current service performance include:

- Costs compared with those of other service providers in the public, private or voluntary sectors.
- Comparisons of other key factors, such as staff numbers and organisational structures with other providers.
- Key performance indicators, including those used by the Audit Commission and recommended nationally by the Government.
- Financial performance – i.e. management of the service within agreed budgets or in meeting specific financial targets.
- Performance against defined quality standards or best value performance standards.
- Complaints.
- Key Processes that are employed to deliver the service.
- Other relevant indicators, such as rates of staff turnover, sickness and absenteeism.

However collecting comparative data is not an end in itself, nor is it a process to check that “we’re OK”. The key aim of ‘compare’ is to identify what others are doing differently and identify potential opportunities for improvement or gain evidence to argue for significant changes. The Beacon Council Scheme provides an opportunity to compare with ‘best practice’ authorities. A list of Beacon Council winners is available from the Policy and Review Team. Comparing your service with that of a Beacon Council should help you identify opportunities for improvement. It is also worthwhile looking at inspection judgements of best value reviews at www.bestvalueinspections.gov.uk which will also help you identify best practice authorities against which you may wish to compare.

In some cases it may be necessary to commission an independent benchmarking study to enable comparisons with private or independent sector providers. The Head of Chief Executive’s Unit can offer advice on this.

Where a source of benchmarking data cannot be identified it may be necessary to undertake a competitive test of relevant elements of the service – see below.

Where comparisons suggest that the standard of Worcestershire’s performance differs significantly from that of other providers the review team will need to carry out follow-up work to understand the underlying reasons, which may suggest improvement opportunities.

The review team leader must ensure that information from the comparison stage of the work is included in the review master file, cross-referenced if necessary to more detailed data files.

Tackling the 4 Cs - Consult

All reviews must include consultation with staff and managers of the service concerned and with unions and staff representatives.

Where appropriate, reviews must also take into account the need for consultation with:

- Service users.
- Local taxpayers.
- Partner Organisations.
- The local business community.
- Voluntary organisations.
- Suppliers.
- Social enterprises.

The Government has also indicated in its best value guidance that local authorities must pay particular attention to the need for consultation with “hard-to-reach” groups.

During these consultations the review team should be seeking to develop an understanding of people’s perceptions of the strengths and weaknesses of the service under review and of opportunities for improvement.

Review teams will need to consider which consultees / interest groups are of particular relevance to them and then determine the most appropriate form of consultation. An analysis of the various consultation techniques is available from the Consultation Strategy available on the Staff Intranet site.

The review team leader must ensure that findings and conclusions resulting from consultations are written up in the review master file.

Feedback should also be given to consultees on any action the Council proposes to take in response to the views they have expressed.

See section 5.3 for the latest on the Councils Consultation Strategy and toolkit, and where to get help from.

Tackling the 4Cs – Challenge (1)

ODPM draft circular on Best Value and Performance Improvement offers the following guidance on challenge:

Reviews will only be effective if they include a genuine element of challenge. 'Changing Gear' observed that authorities were finding 'challenge' difficult, and a census by the University of Cardiff indicates that reviews have not always involved rigorous challenge.

Challenging why and how a service is provided (regardless of whether it is a single, or a cross-cutting, service) requires a fundamental rethink about the needs that the service is intended to address, and the methods of delivery. For challenge to be effective, it should involve:

- executive members and senior managers throughout the review process;
- staff, particularly front-line staff, who have knowledge of the current service;
- service users and the wider community; and
- 'third parties' who can bring an external perspective.

The role of elected members in reviews is key. They can help to ensure that the scope of review reflects the strategic objectives and corporate priorities of the authority, and that the perspective of actual and potential users, including hard-to-reach groups, is fully reflected. They should also be involved in monitoring implementation of the measures that flow from completed reviews.

Authorities should involve 'third parties' in reviews. The best authorities recognise the important role that third parties can play in helping to provide an element of 'challenge' in reviews. Third parties, such as partners or alternative providers in the public, voluntary and community, social enterprise and private sectors, or service users (or potential service users) can bring an external perspective and expertise lacking in the authority. They also have the potential to provide an effective independent scrutiny by questioning and challenging authorities' approach. The cross-cutting review of the voluntary sector's role in service delivery recommends that voluntary sector service providers are involved in the design and scrutiny of services, in order to harness their knowledge gained from delivering services. The use of peer challenge also provides opportunities for third party involvement in reviews. Increasingly the Government will look to authorities to provide more opportunities for staff from different authorities and other bodies to share experiences and offer alternative solutions.

Challenge is **not only** about questioning the statutory basis of the service or whether it should be provided in-house, the Audit Commission report that the most common feature of the concerns raised by inspectors over the consultation, comparison and competition work done in best value reviews, is the extent to which these are done in **challenging** ways: did consultation really challenge performance (or just justify it)?; were all options for service delivery properly considered? Did the review really question why the service is required, how it links to the priorities of local people or how it should be delivered.

Tackling the 4Cs – Challenge (2)

The challenge element of the 4Cs requires the review team to seek opportunities for improvement in the service by addressing:

- Why the service is being provided.
- How the service is being provided.
- Whether the service contributes to the Council's priorities, aims and objectives.
- Whether the service aims are clear and challenging and whether the service is meeting them.
- Who should be providing the service.
- Whether the service is well-led and well-managed.
- Whether service plans and strategy are clearly defined and whether targets and objectives are being met.
- Whether the service has an effective customer/user focus.
- Whether staffing arrangements and skills levels are appropriate.
- How the service's performance measures up.
- Whether the service is making best use of resources (finance, people, property, IT).
- The effectiveness and efficiency of key systems and processes.
- Whether the service is properly organised and structured.
- How well the service meets the Council's style and culture objectives.
- The extent of or scope for partnership working.
- Scope for innovation in approaches to service provision.
- Whether the service is achieving the desired impact.
- Whether the service is contributing as effectively as possible to the Council's sustainability objectives.
- How well the service works corporately and addresses cross-service issues.
- The nature of media coverage of the service.
- How effectively purchasing and supplier relationships are managed.
- Whether or not the service meets the Council's equalities standards.

Appendix 2 of this manual provides guidance on addressing the above issues and should be used as a checklist and source of questions for every best value review. The review team should determine the most relevant questions for the service area under review and work through them in consultation with the management and staff of the service under review. Small discussion groups could be used for this purpose, as well as one to one meetings with key individuals. **The review master file must include a record of the analysis undertaken, key findings and recommendations emerging – Appendix 2 contains a suggested proforma for this purpose.**

(Note: The questions set out in Appendix 2 reflect the key issues addressed by the EFQM Excellence Model.)

Tackling the 4Cs: Compete (1)

Whilst market testing remains a relevant test of best value the emphasis needs to shift to a robust option appraisal so that a much wider variety of service options are considered, and the most appropriate option for delivering community objectives is selected. For services for which an appropriate external market exists there is a need to demonstrate that provision is at a cost and to a standard that compares favourably with the best in the public, private or voluntary sectors. Increasingly public bodies are working in partnership to tackle common issues or to develop more cost-effective approaches to service provision. Therefore, **in addition to considering market testing, there is a need to consider other ways of providing services, such as a public / private partnership.**

The Local Government Act (1999) requires the following best value options for future service delivery to be considered:

- The cessation of the service in whole or in part.
- The creation of a 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 re-positioning of the in-house service.
- The re-negotiation of existing arrangements with current providers where this is permissible.
- The joint commissioning or delivery of the service.
- The delegation of appropriate functions to Town and Parish Councils where this can deliver improvement.

In each review authorities should consider all options for service delivery and select the most appropriate option, based on a robust and challenging process.

Government guidance on the competition requirement indicates that authorities should engage in discussions with current and potential suppliers of the service under review to help identify and develop future service procurement options.

Further guidance on developing procurement options and on option evaluation and appraisal is available in the Council's corporate procurement code, found on the intranet under Financial Services. <http://128.1.222.5:8081/sid/sts-finance-index/sts-finance-procurement.htm>

Overall, the key test is which of the options is more likely to secure best value for local people. **Services should not be delivered directly if more efficient and effective means are available.**

External service delivery may offer benefits because of:

- Economies of scale.
- Greater capital investment.
- Specialist skills.
- Better operational management.

The review team, in discussion with service managers and the lead chief officer, will need to consider the appropriateness of competitive testing or a different form of procurement for the service under review.

A helpful first step is to commission some independent benchmarking to gauge whether the competitiveness of in-house provision is open to question, taking into consideration user requirements and issues of cost, service standards and quality.

It will also be helpful to explore the current supply market. Government guidance indicates that in researching supply markets authorities should explore:

- the service developments that are anticipated in response to best practice, legislation or user review.
- the current market for the provision of the service(s).
- new combinations of service which the marketplace suggests could deliver best value.
- the alternative ways to procure the service(s).

This will require engagement with the markets, perhaps through:

- holding discussions with selected private and voluntary sector providers.
- sending a questionnaire to suppliers to ask how they could add value.
- discussing existing experience with other authorities who have contracted the service from an external provider.
- holding a contractors' briefing day to explain the objectives of the authority and to elicit their views.

Amongst the steps which authorities should consider in order to create the conditions in which new suppliers might take root or existing suppliers might become more competitive are:

- 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 others 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 an 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 bid for the work.

If there is strong evidence that the in-house service is competitive the review should focus on opportunities for developing and improving in-house provision. If this is not the case alternative options such as those listed above will need to be explored – see the Council's procurement guide for more information on this.

7.4 STAGE 3: INTERIM REPORT

At this point in the review it may be appropriate for the review team to produce an interim report setting out its main findings and conclusions to date and its proposals for further steps to complete the review. The purpose of producing such a report at this stage is to keep the lead chief officer, the mentor chief officer, review steering group (if appropriate), management and staff of the service and other interested parties informed, and to test out the accuracy and practicality of the review team's findings and proposals.

Depending on the overall length of the review it may also be appropriate to put this report to the relevant Scrutiny Panel by way of a progress report on the review (contact the Policy and Review Team, for guidance on reporting to this panel). The relevant Cabinet member with responsibility should also be kept informed of progress on the review.

7.5 STAGE 4: ASSESSMENT OF FUTURE OPTIONS

Based on the information gathered from the 4Cs, the review can then proceed to an analysis of the current strengths and weaknesses of the service and of options for its future delivery. At this stage, a long list of future options might be produced, ranging from relatively minor adjustments to more fundamental changes in the way the service is delivered. The basis of options identified must be detailed in the review master file.

The further work required under the review will be dependent on the nature of improvement opportunities identified under the 4Cs.

Where significant changes to service delivery are being proposed further work is likely to be required to develop the options to an appropriate stage to enable informed decisions to be made about the way forward. Where possible managers and staff from the service area concerned should be involved in this stage of the work.

In all cases the fundamental test of options for future service delivery is whether they offer improvement on current arrangements, based on a balanced consideration of economy, efficiency, effectiveness, equity and sustainability.

7.6 STAGE 5: CONCLUSIONS AND DRAFT REPORT

Once the further investigation and analysis of improvement options is complete, the review team can move to preparation of its draft report. **The report must include:**

- **Details of how each of the 4Cs has been addressed and of the main findings and conclusions resulting from this analysis**
- **Recommendations for improvement flowing from the review**
- **A draft action plan (see below)**
- **Proposed improvement targets resulting from the review.**

The review team leader must ensure that everything in the report can be suitably backed up by material contained in the review master file.

The draft report should be circulated for consultation and comment to:

- The lead chief officer.

- The mentor chief officer.
- The relevant head of service.
- Management and staff of the service concerned.
- Staff representatives.
- The review steering group (if appropriate).
- The Head of Chief Executive's Unit who has corporate responsibility for monitoring the quality of all best value reviews.
- Other interested parties.

A number of review team leaders are also finding it valuable to take draft reports to directorate management team meetings.

7.7 STAGE 6: CONSULTATION AND FINAL REPORT

Sufficient time must be allowed for all key consultees to comment on the draft report and relevant comments should be taken into account in producing the final report. The main findings, proposals for improvement, actions and targets (see below) from the final report should be reported to COMB then the relevant Scrutiny Panel.

The relevant Cabinet member with responsibility for the service under review should receive a copy of the report going to the Scrutiny Panel and be asked to attend the Panel meeting to support the report. If the final report raises significant policy issues there may also be a need to prepare a report to the relevant Panel **after** reporting to the Scrutiny Panel. As a matter of course the Head of the Chief Executive's Unit will report on all completed reviews to the Cabinet.

Reporting to the Scrutiny Panel

The review team is likely to produce a very detailed report on the review and this is important to show the detail of what has been done in the review and what has emerged. The detailed report will also be important for inspection purposes. However, the report to councillors needs to be more succinct and summarised. The panel has made it clear that it is not prepared to wade through pages and pages of detailed report to dig out the key issues it needs to consider. Therefore try to bring out the main points in a briefer format for the panel. A suggested format is set out at Appendix 5.

Please consult the Policy and Review Team, if you need more help with this.

7.8 STAGE 7: ACTION PLANNING AND TARGET SETTING

The review team should develop an action plan, incorporating improvement targets to implement the main proposals being made. (See Example Action Plan Appendix 9) Targets must be included in the relevant unit business plan and service performance plan and the Policy and Review Unit will ensure that key targets are also included in the Council's overall Best Value Performance Plan. The action plan must set out actions, timescales and responsibilities for implementing improvements flowing from the review. The resourcing implications of the action plan must be made clear and if additional resources are required proposals for achieving this must be agreed with members.

7.9 STAGE 8: IMPLEMENTATION AND CHANGE MANAGEMENT

The service concerned should then proceed to implementation based on the agreed action plan.

7.10 STAGE 9: FOLLOW-UP

COMB and Directorate management teams will receive monitoring reports detailing progress made in implementing the agreed improvement proposals. The Scrutiny Panel will also receive progress reports and may undertake follow-up scrutiny of selected reviews.