
Best Value - Making it Work A Case Study of a Best Value Service Review

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Abstract

The Government defined Best Value as a duty to deliver services to clear standards - covering both cost and quality, by the most economic, efficient and effective means available (Audit Commission 1999). Under Best Value local authorities are required to publish annual Best Value performance plans and report on past and current performance by identifying forward plans, priorities and targets for improvement. (see DETR, 1998, Cm 4310, 1999).

The Best Value initiative was developed to challenge local authorities to consider fundamental questions about the underlying objectives and priorities of their work and about their performance in relation to other organisations in the public, private and voluntary sectors. At the heart of Best Value is the need for local authorities to make judgements on how to improve their services.

This paper is based on a larger piece of research that assesses how a large local authority in the North West of England has responded to Best Value. It presents a case study of a Best Value Service Review and examines how it was executed, its key findings and identifies some aspects of "good practice".

The research was undertaken in 2003/4 and is based on:

- (i) A review of corporate publications, internal management guidance and working papers; and
- (ii) Semi-structured interviews with managers.

Introduction

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This paper examines how a Best Value service review was undertaken in the Economic Development Unit (EDU) at Cheshire County Council. The review was designated a year three Best Value Review in the Council's Best Value Review Programme and was completed in March 2003.

This particular Best Value review was chosen for the case study for the following reasons:

- 1 EDU aims to deliver one of the Council's key aims to ensure that the people and communities of Cheshire "have jobs and a good standard of living".
- 2 This review was considered medium sized - £1.2 million net expenditure, covering three multi-disciplinary operational teams.
- 3 The timing of the review meant that many of the lessons learnt from undertaking earlier reviews should have been incorporated into this review process.
- 4 The researcher was allowed good access to the lead officer responsible for the review and relevant documentation.

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Background to the Economic Development Unit

At the time of the Best Value Review the Economic Development Unit (EDU) was part of the Environment Department and had a team of 28 staff with a net operating budget of £1.194 million. The unit had a multi-disciplinary operational team with an administrative support team:

- **Local Economic Action:** Responsible for the management of the Business Generation Centres, local partnership work in west, east and central Cheshire, rural economic development activities, small and medium sized business support, including support for the County Council's Information Research Service.
- **Sectoral Promotions and Tourism:** Responsible for supporting the tourism sector in Cheshire through public and private sector partnerships and marketing and promotion of the key sectors in the economy and the County Council's delivery role.
- **Strategic Response:** Responsible for attracting inward investment and encouraging business expansion through a business location service, managing two business parks, running the "Drive for Jobs Scheme" and providing a strategic economic research and business information facility.
- **Admin Support:** Responsible for providing a range of support services including financial and administrative processing, financial advice/training, office support services.

Stages of a Best Value Review

Cheshire County Council has implemented a three stage approach to undertaking Best Value reviews:

- 1 Pre-Review stage
- 2 Phase 1 Challenge Process
- 3 Phase 2 Consultation, Compare, Compete, Action and Improvement Plan

Each of these stages is detailed in a corporate guide (Cheshire County Council Booklet 2 - Best Value, undated) produced by the County Council Best Value Unit to help Best Value review teams understand the approach to be taken. The following section explains how the main elements of each stages was implemented in the EDU Best Value Review.

Pre-Review Stage

A core Best Value review team of 10 people was formed of people from the County Council, the North West Development Agency and a District Council. An "Away Manager" Paul McGrealy, the County Trading Standards Officer, was appointed to independently chair the review. A senior County Councillor was also on the team.

A detailed Project Plan was developed of how the review would be conducted. This was approved by the County Council's Performance and Improvement Management Group (PIMG), chaired by the Chief Executive, on 21 February 2002. The Project Plan covered the following topics:

- A background to the unit
- Terms of Reference including aims, processes, outcomes, provisional timetable
- The structure of the unit and scope of the review
- The Review Team
- Areas for Review

The plan also contained a provisional timetable indicating when key tasks would be achieved. It was used as a basis for developing more comprehensive milestones/timetable that gave more details of the stages to be reached in each of the 4C's and a reporting timetable.

The scope of the review concentrated on eight areas of economic development delivery:

- Inward Investment/Business Location Service
- Sectoral Promotions and Marketing
- Strategic Partnerships
- Drive for Jobs - Including Business Park management
- Business Generation Centres
- Local Area Initiatives
- Business Support
- Business Information

The Best Value review team met every 3-4 weeks to assess progress in each of the 4 C's. A Champions Group was also established within the Unit of members drawn from each team to ensure that the necessary work in each of the 4C's was undertaken.

Phase 1 Challenge

In the challenge phase, the Best Value review team were required to "think the unthinkable". A wide range of surveys and discussions were undertaken to generate "challenging" issues that needed to be addressed during the review:

- **Internal Staff Challenge:** Staff within the Economic Development Unit were asked to complete questionnaires assessing all the activities within the service. There was also an internal challenge of activities by supervisors and managers across different teams within the Economic Development Unit. All sessions were documented on a pro-forma that summarised the key issues raised. A "Challenge Portfolio" was maintained by the Best Value review team which included all the questionnaires and completed pro forma.
- **Departmental Management Team:** The departmental management team meeting (21 March 2002) was held to specifically discuss the challenges facing the unit.
- **Economic Development Unit Board:** Elected Members of the Economic Development Unit Board (7 March 2002) were given the opportunity to formally raise challenge questions for consideration by the Best Value review team.
- **Cross Departmental Challenge:** A meeting of County Council Departments was convened (5 July 2002) to discuss the way the Economic Development Unit's activities were delivered and to assess its contribution to delivering Best Value.

In addition to the above Challenge Forums, the Best Value review team also used the European Foundation Quality Model (EFQM) to gain a deeper understanding of the Unit's processes. The EFQM involved scoring the perceived efficiency and effectiveness of the service.

The Main Challenge Issues

The Best Value review team distilled all the challenge issues that had been identified by the various stakeholders. These are summarised below:

- (i) Clarity over service provision:
 - the scope for alternative methods of service delivery by others e.g. North West Development Agency, Borough Councils or other agencies.

- The need to reduce duplication of effort.
 - The need for clients to access information simply, possibly through a “one stop shop” facility.
 - The need to improve internal and external communications.
- (ii) The service's focus:
- Appropriateness of EDU to the Cheshire situation now.
 - The need for action to offset funding constraints.
 - Enhancing prosperity in Cheshire.
- (iii) Effectiveness of service linkages:
- The need to facilitate European information, research, rural recovery, integrated policy, social inclusion and regeneration.
- (iv) Business Generation Centres (BGCs) and their locations:
- Who should provide them and on what financial basis.
 - The need to address client requirements effectively.
- (v) Economic sustainability considerations
- (vi) How to measure service effectiveness and impact.

The challenge issues were considered by the Best Value review team in steering the direction of the review. The main conclusions of the Best Value review team with regard to challenge phase of the process were as follows:

Demarcation of roles: - It was decided that the Economic Development Unit should move towards providing a more strategic role, and use its expertise and funding potential to support gaps in service provision across the County. The Best Value review team also decided that EDU should only deliver direct services when:

- (i) it is cost effective, either due to economy of scale or where particular expertise can be provided; or
 - (ii) when private sector or other public sector providers are not available or viable.
- **Improving communication :** The Best Value review team recognised the need to simplify and clarify information provided to clients.
 - **Service Focus:** The Best Value review team recognised the need for the service to become more flexible so it could respond to the changing economic position and priorities. They also acknowledged the need to maintain resources for the improvement of communications.
 - **Service Linkages:** The Best Value review team recognised the need to maintain and develop linkages with other County Council services to enhance the EDU's effectiveness.
 - **Business Generation Centres:** That a major review be undertaken of BGCs.
 - **Economic Sustainability:-** The Best Value team acknowledged that EDU could address sustainability issues was through its input to the Cheshire Community Strategy and the County Structure Plan.
 - **Measures of effectiveness:** The Best Value review team encouraged EDU, through its membership of Chief Economic Development Officers Society (CEDOS), to develop jointly with the Audit Commission a basket of performance indicators. These indicators could then be used to monitor the effectiveness of the Improvement and Action Plan and to improve national benchmarking.

Phase 2 The “Compare” Phase

In this stage of the review an analysis was undertaken to compare EDU's performance with that of similar services in other local authorities. The aim was to identify potential improvements in efficiency and delivery mechanisms. It also provided an opportunity to evaluate and learn from the experience of other authorities.

The economic development activity undertaken by local government is not a statutory requirement and has evolved to address local economic or employment issues. It often involves providing a wide variety of activities that are located in different departments within local authority structures. In addition, each local authority has different priorities depending on local needs.

At the time of the Best Value review only a limited number of comparisons were possible. The cost of service provision was compared with other shire counties through a list of indicators; other comparisons were made with Borough Councils or organisations (e.g. English Partnerships) without having any common measurements of effectiveness.

Benchmarking Inward Investment

To obtain comparative data for the Business Location Service, the Economic Development Unit joined a benchmarking club. The club gathered data on:

- Inward investment enquiries
- Total no. of companies assisted
- No of Jobs created/safeguarded
- Costs- staff/overheads/programme spend
- Other benchmarks- Population, GDP, County Area, Unemployment
- No of staff (Involved with inward investment)

The data was used to compare the effectiveness of its enquiry service against other shire authorities and County based inward investment agencies. Although the Best Value review team thought they had gathered a good set of data from each of the comparator authorities, there was some concern that some shires may have interpreted the parameters in slightly differing ways.

Inward Investment Marketing

The Best Value review team also analysed the effort and effectiveness of inward investment marketing by using comparative data from six other shire County authorities in the benchmarking club. Detailed information was collected on:

- Frequency of web-site updates
- CD Rom usage
- Size of information pack distributions
- Frequency of up-dates
- Information provided on development opportunities
- Frequency of development update information
- Number of presentations
- Degree of information sharing with partners
- Type of consultation with users

The analyses concluded that EDU compares well both in terms of range of media used, and frequency of updating information.

“ It [EDU] produces more regular, frequent web-site updates than four of its shire comparators, distributes more information packs to enquirers, and provides more frequent development updates than three comparators. In relation to other indicators used it provides an equivalent service to the other shires.” (Cheshire County Council, 2003c p32)

The Best Value review team only identified one area where the Economic Development Unit needed to improve which was its monitoring of capital investment through successful investments.

Cheshire Enterprise and Employment Development Scheme (CEEDS)

The aim of CEEDS is to stimulate economic regeneration via joint venture partnerships and use of sites and premises portfolios. Local authorities that promote this type of activity all approach it in different ways, depending on the issues facing them, and their stock of property.

The Best Value review team used comparative information from Chester City Council, Essex CC, Kent CC, Buckinghamshire CC, Lincolnshire, North West Development Agency, and English partnerships to establish the types of schemes that were offered by them. These included:

- Capital schemes on own land
- Regeneration schemes
- Joint venture schemes
- Land assembly
- Capital infrastructure
- Bid for use and external funding
- Promotion
- Grant funding.

The Best Value review team calculated the capital cost per job created (leverage) and concluded that: -

*“[CEEDS] compared to other schemes generates good leverage”
(Cheshire County Council 2003c, p.36)*

Table 1 shows that other funding organisations expect to invest in excess of £5,000 to create a job. However, the results are slightly distorted because the Economic Development Unit take an equity share rather than grant funding. Also the Economic Development Unit expects to provide a higher funding ratio than the organisations providing grant.

Scheme	Capital cost per job	Ratio public: private	Grant funding/ equity share
NWDA	Approaching £25,000 from basic range of £5,000 to £15,000. £6,250 per rural job	1:2	Grant
English Partnerships	As for NWDA	As above	As above
SRB			As above
ERDF	£12,000	1:3	Grant at 15% maximum
Cheshire County Council			
Prosperity Court	£3,000	1:4 (plus grant)	Equity
Princes court	£3,500	3:2 approx	As above
Electra Court	£5,000 approx	2:3 approx	As above
Marshfield Bank	£2,300	1:1 approx (public:Public partnership)	As above
Crew Business Park	£750 approx	1:1 approx (public:Public partnership)	As above

Table 1. Comparison of leverage Costs (Source: Cheshire County Council, 2003c)

Business Generation Centres

The Economic Development Unit manages six Business Generation Centres that are situated on converted premises. They are designed to house a variety of support services to start-up and small businesses.

The Best Value review team recognised that direct, like-for-like benchmarking of the EDU's performance is difficult in this area because of the variety of potential comparators. Many public and private sector organisations provide managed workspace or business incubation units, but the rationale for their operation and therefore the measurement of their performance, vary considerably. The main types of provision are:

- Privately-owned managed workspace
- Publicly-owned managed workspace
- Business incubation centers.

The review team decided to benchmark the Business Generation Centres (BGC) against all three groups. In the case of privately-owned managed workspace, a survey was undertaken against all known private (and District Council-owned) managed workspace centres. This compared rents and license fees, terms of occupation and services offered. In summary, the survey found that five of the six BGCs continue to fulfill a market need, providing facilities that are poorly catered for elsewhere in their locality, and that license fees were generally comparable with market levels. Fees at two sites were shown to be lower than prevailing market rates.

For the publicly-owned managed workspace, the review team sought to benchmark the BGCs against comparable centres. In doing so, they had to recognize that local authorities have widely varying strategies for their own Business generation centres. For example, in many urban and deprived areas like Blackburn, workspace is provided at well below market rents to encourage business formation, including social enterprises. In others, such as Essex, rentals are designed to recover direct property costs, but business support and training is provided free. Cheshire County Council's objectives are to ensure that workspace suitable for start-ups is available throughout the County, to ensure access to business support and training, whilst operating a neutral budget. These objectives were compared with other local authorities and as a result, Warwickshire was found to be the closest comparator, and was the subject of a deeper benchmarking investigation.

The main BGC improvements identified were to revise license terms and pricing mechanisms to encourage licensees to move on once their businesses are firmly established, and a greater proactivity in provision of business support.

In the case of Business Incubation Units, the operation of university-linked centres in the North West was examined. Although these were not directly comparable, good practice examples were identified by the review team and incorporated into the final Improvement Plan, for example the provision of broadband, the importance of centre managers, access to higher-level mentoring and access to sources of funding.

Best Value Performance Indicators

Although there are no nationally recognised performance indicators for the Economic Development Unit, it has set its own local indicators which are published annually as part of the Best Value Performance Plan. These are stated in table 2.

	2000-01 actual	01-02 target	01-02 actual	02-03 target
Manage BGC network	281,560	275,000	315,938	296,000
Appraise and implement new Drive for Jobs scheme	2	1	2	1
Ave no of businesses using BGCs	177	160	170	170
Business location enquiries		300	273	300

Table 2. Best Value Performance Indicators

* New local indicator 2001/02 Source: Best Value Performance Plan 2001-2002

Conclusions from the Compare Phase

The review team recognized that there was only a limited number of comparisons that could be made as part of the review because of a lack of nationally agreed indicators. The broad conclusions of the Best Value review team were that:

“Cheshire compares favorably overall to its comparator shire authorities in a wide range of its economic development activities:

Inward Investment/Business Location Service costs per enquiry is lower than four of its comparator authorities.

Cheshire uses a wide variety of marketing tools and uses them more often than its comparators.

Cheshire has been very innovative in establishing CEEDS (formerly called Drive for Jobs) and its impact has been greater than expected for a small staffing resource compared with other schemes of a similar nature.

Cheshire Business Generation Centres were benchmarked against other authorities providing managed workspace or business incubation centres. A deeper benchmarking exercise was undertaken with Warwickshire and the results show Cheshire's management of BGCs achieved greater results.” (Cheshire County Council 2003c, p42)

Phase 2 Compete

The work undertaken during this stage identified areas of activity where market alternatives could be considered. The alternatives were used to assess how well the Economic Development Unit delivers its various activities. The activities identified for market comparison were:

- Business Generation Centres
- Business Information
- Inward Investment, Drive for Jobs and Business Location Service
- Business Park Management and Business Information Service

The nature of the Economic Development Unit's activity demonstrates the difficulty local government has generally in assessing the market competitiveness of its services. The services provided are unique to a large extent. The Best Value Report recognizes that other organisations operate in different ways, however, an attempt was made to assess competition and this is examined below.

Business Generation Centres (BGCs)

The Economic Development Unit owns and manages six BGC's with 251 units. They are occupied

by about 170 small businesses and employ more than 1000 people. All units are let on a monthly license and the fee varies according to the location, size of units and the services available. The units are mainly offices, although there are a few small workshops. Occupancy levels average 82%.

The units are intended for start-up and young businesses. A central team of four staff handles the management and overall administration of the centres. Four centres have on-site reception facilities which are delivered by partner organisations.

A detailed review of the service and cost of each BCG was undertaken by the Best Value review team. As a consequence of the review it was decided to issue tenders for the management of two of the BGCs - Ellesmere Port (Rivacre) and Chester. Four tenders were received to run the BGCs.

Business Information

EDU produces a wide range of information for the business community. The online business directory is considered by EDU to be a success, however its maintenance is regarded as labour intensive. One of the main issues the Best Value review team identified was the need for the Economic Development Unit to make access to business information simpler. The Best Value review team identified that it might be possible to out-source the maintenance of the directory. Two possible companies were identified but following detailed costing of options it was found that the in-house alternative provided best value.

Inward investment, Drive for jobs and Business Location Services

These services when compared with other shire counties showed that the Economic Development Unit provided a competitive service on cost grounds. However, the Best Value review team decided to conduct a competitive analysis against agencies that provide similar services for other authorities. The analysis concluded that establishing an arms length public/private agency to manage the Inward investment, drive for jobs and business location service would not result in any significant efficiency savings.

The Best Value team concluded that

“The results do not show that within a reasonably affluent County with little grant funding available that a public/private arms length agency can achieve either both value for money or a more effective service” (Cheshire County Council 2003, p44)

Business Park Management

EDU, in partnership with Crewe and Nantwich Borough Council manages two business parks - Crewe Business Park and Marshfield Bank.

Crewe Business Park (CBP) was originally developed in 1986. The two councils pooled their land interest and invested money in infrastructure for the site prior to marketing. The overall site comprises 67 acres and the land is still jointly owned by the Councils. Plots are sold with 125 year leases with the premium being paid up front and split 50/50 between the two Authorities. Tenants pay a service charge to maintain the business park. The charge is calculated in accordance with the RICS best practice.

Three options were identified and financially appraised for Crewe Business Park

- 1 Retain the freehold ownership of CBP and continue to manage it jointly with Crewe and Nantwich Borough Council as an in-house service.

- 2 Retain the freehold of CBP but outsource the management.
- 3 To sell the freehold of CBP and therefore transfer the management to the purchaser. The Park would be sold subject to current leases.

The review team recommended that option 3 should be rejected as it would only receive a minimal capital receipt and the Council would lose control of a prestigious business park. Option 2 was recommended in preference to option 1 as it eliminates a non-core activity from the Economic Development Unit and will generate the most savings. In addition a potential notional saving of officer time was identified.

The Marshfield Bank (MB) business park is an established industrial park in Crewe. All the plots at MB have either been sold or are in the process of being sold. All sales have been made on a long lease basis (125 years) with an option to purchase the freehold for a nominal amount provided the conditions in the lease have been met.

The main issue the Best Value review team considered was what to do with the management of the remaining land on the park. Current management responsibilities on the park are for maintaining security, grounds maintenance, site tidiness and signage. The businesses on the park do not pay a service charge and it is estimated that the management costs per annum are about £17,000.

The review team identified four options for managing the park:

- 1 To withdraw from any involvement in the park, once all lease conditions have been complied with by occupiers and the freehold for individual plots transferred to occupiers.
- 2 To transfer park management responsibility to Crewe and Nantwich Borough Council by means of a commuted sum to take account of the continuing need to maintain the landscaping around MB.
- 3 To outsource the management of the site either as one contract or separate contracts.
- 4 To establish a joint management venture between site owners and Cheshire County Council and/or Crewe and Nantwich Borough Council.

An appraisal was undertaken of each of the options and of the financial consequences. The review team concluded that option 2 should be pursued and a negotiated sum agreed. However, this would only occur when all occupiers have the freehold. It was calculated that the Economic Development Unit would make good saving based on a reasonable commuted sum.

Business Information Services

The Libraries and Culture Service and Business Link Cheshire & Warrington operate the Business Information & Research Service (BIRS). BIRS provides information direct to local businesses on market trends, competitors, potential new customers, product and technical developments and many other topics. The Economic Development Unit provides financial support of £65,000 per annum for the service.

Economic information and research activity is undertaken by EDU's strategic response team and the net cost is £111,000.

The review team considered three options for this service.

- 1 Maintain financial support for BIRS but introduce benchmarking and set income targets for the Economic Development Unit.

- 2 Shift delivery of the service from BIRS to the Economic Development Unit
- 3 Withdraw Economic Development Unit's financial support from this type of activity

The pros and cons of each of these options are discussed in the Best Value report. The review team decided to recommend the implementation option 1 and to reduce its contribution to BIRS to £45,000 over three years. The Economic Development Unit also resolved to initiate discussions with the Libraries and Culture Service to identify replacement sources of funding over the three years.

Phase 2 Consultation

The starting point for the Best Value review team's consultation phase was reference to the County Council's "Quality of Life" survey that had been carried out in 2000. It was used by the review team to set the context for other more specific consultation. Some findings from the survey were that:

"28% of respondents put the need to improve employment opportunities in their top 3 priorities for improving the quality of life, ranked joint 4th behind action on crime and disorder, meeting the needs of young people, and action on drug abuse."
(Cheshire County Council 2003c p46)

Other responses in the survey relating to economic development activity were:

- 27% suggested more investment in local jobs/businesses as a way of improving employment opportunities
- 10% suggested more training in appropriate skills

The survey also showed that the proportion of people who considered that "plenty of jobs in the local area" had decreased from 48% in 1995 to 31% in 2000. Just over half (52%) the respondents disagreed with the statement.

The conclusion of the Best Value review team from the "Quality of Life" survey findings was that

"improving employment opportunities is still critically important for residents and has become increasingly so since 1995."
(Cheshire County Council 2003c p46)

The Best Value review team conducted a wide range of surveys and discussions with District Councils, Business Leaders, Key stakeholders, Non users and Service clients. The purpose of these surveys was to establish:

- The level of support businesses require
- To assess stakeholders perceptions of the Economic Development Units role and how it should develop.

The key findings from these consultation exercises are presented below.

Consultation with District Councils

Consultation with District Councils was undertaken through the District Economic Development Officers forum held 30 July 2002. The meeting discussed areas of economic development work and how the County Council could add value to the work of others. A wide range of issues were identified and these are summarised table 3.

Funding and Finance	<ul style="list-style-type: none"> • Co-ordination of Countywide bids for European, national and regional funding. • Identifying and communicating relevant sources of funding for the County as a whole. • Promoting and managing Countywide initiatives.
Research and Intelligence	<ul style="list-style-type: none"> • Regular dissemination of all relevant international, national, regional and local information/market intelligence. • Provision of specific financial information or technical support for individual projects. • Expand the economic information system being developed with funding from CWEA.
Representation	<ul style="list-style-type: none"> • Consult and provide regular feedback, when representing Cheshire and its partners internationally. • Relay relevant information from the Brussels Office to the Districts. • Consult and provide regular feedback, when representing Cheshire in relation to regional or strategic initiatives.
Business Training Support and Advice	<ul style="list-style-type: none"> • Assist the strategic realignment of the interaction between Business Link, County and Districts in providing business advice and grant support. • Participate in 'one stop shop' initiatives. • Monitor business support and training agencies.
Inward Investment	<ul style="list-style-type: none"> • Promoting and supporting the Team North West concept to ensure improved co-ordination and communication. • Providing information, resources and "back room" support on individual projects. • Supporting the concept of the CWEA Partnership leading on the promotion of Cheshire and Warrington as a location for inward investment. • Co-ordinating the Property Pilot initiative on behalf of all partners.
Staff	<ul style="list-style-type: none"> • Working out of District offices on a regular basis to provide an improved link to County colleagues and activities. • The role should include lobbying, securing funding and an improved communication mechanism.
Business Generation Centres	<ul style="list-style-type: none"> • The role should be strategic and should seek to initiate/support opportunities for joint ventures with investment partners. • Consideration should be given to asking the Districts to promote and manage the BGCs.
Marketing	<ul style="list-style-type: none"> • Co-ordination of responses to enquiries for Countywide information from external bodies e.g. Invest UK. Provide regular and consistent feedback.
Transport Issues	<ul style="list-style-type: none"> • Liaison on a regular basis with the Transport section of the County Council to lobby for improved integrated transport as this is affecting the economic competitiveness of local businesses. • Improved liaison with transport providers on transport/infrastructure issues that need addressing e.g. station refurbishments.
Communication and Partnership General	<ul style="list-style-type: none"> • The approach should be one of openness and full partnership with partners, particularly economic development sections in the districts. • Supporting the work of the districts in economic and tourism development in their areas.

Table 3 Summary of Issues Identified by District Councils

Consultation with Key Stakeholders

A firm of research consultants were appointed to interview key stakeholders about their awareness of the services provided by EDU. The interviews centered around issues such as: service quality; their appropriateness; whether EDU was customer focused; whether certain services should be discontinued; whether additional services should be provided; whether there are areas of duplication and how to address them; whether EDU was monitoring and measuring its performance adequately; and what the future scope for action and priorities of the service should be.

A wide range of stakeholders were interviewed: Government Office North West, North West Development agency, North West Tourism Board, Cheshire and Warrington Economic Alliance, Business Link and Chambers of Commerce.

The detailed findings from these interviews are recorded on the Best Value working papers file. The following paragraphs summarise the main conclusions of the interviews:

Perceptions of the Economic Development Unit

Stakeholders agreed that:

- EDU was well regarded for work with business start-ups, inward investment, and property development initiatives. Cheshire and Warrington Economic Development Alliance (CWEA) in particular acknowledged the support and commitment received so far.
- The team is perceived as being geared to improvement and well managed.
- The attitude and objectives of politicians caused concern, particularly their impact on the time taken to make decisions.
- The service was process rather than output oriented, there was a lack of clarity about priorities, a silo approach to certain issues.
- The service was perceived as performing well and having the capacity to improve in activities such as tourism, inward investment and cluster development.
- It was seen as having the capacity to improve its activities in relation to partnership working and collaboration with other services.
- Its rural recovery activity was highly rated, but perceived as having little capacity to improve.

Consultation With Service Clients

A service customer satisfaction survey was undertaken by the review team to establish the level of satisfaction with the service provided by the EDU. Three client groups were surveyed: The Business Generation Centre Clients, Crewe Business Park Tenants and Business Location service clients. The key findings from the survey were as follows:

At the Business Generation Centre businesses chose to use units because the lease arrangements were straightforward, did not involve a long term commitment, and the rent was attractive. The majority (74%) of clients felt that the maintenance of premises was effective and 75% were satisfied with the Service offered by EDU.

At Crewe Business Park 32% of the tenants responded to a questionnaire (in May 2001). Their responses indicated that most businesses had chosen the Business Park because of its good transport communications. The majority were very satisfied with help from the management at the Park, security, landscaping and maintenance of amenity areas. All companies planned to stay on the Business Park for the next 5 years and found the tenants meetings useful.

Only 4% of the customers who used the Business Location Service responded to surveys in 2001/02 and 18% responded in 2002/03. In both surveys respondents were either satisfied or very

satisfied with the promptness, helpfulness and professionalism of the service and a majority of respondents (73% in 2001/02 and 71% in 2002/03) rated the service received from the EDU as excellent. All found the literature they had received easy to understand and for the most part relevant to their needs. The issues raised by respondents included the need for more financial advice and support, European advice, and site availability advice.

Conclusions from the Consultation Phase

The consultation exercises undertaken by the Best Value review team were comprehensive covering a wide range of stakeholders and clients. From each of the consultees, valuable information was ascertained and this was used by the Best Value review team to develop the options for future service delivery.

Phase 2 Co-ordinate

This phase was not originally included in the corporate methodology for Best Value reviews. However, EDU has an important role in supporting the development of sub-regional economic activity with other internal and external partners. These partners are fundamental to achieving the Units objectives. In addition, EDU is a member of several organisations that continue to play a key role in policy delivery at national, regional and local levels.

Economic Development Partnership Roles and Contributions

The County Council engages with a wide range of organisations at regional, sub-regional and local levels. These include:

- Borough Councils
- Business Link Cheshire and Warrington
- Cheshire and Warrington Economic Alliance
- North West Development Agency (NWDA)
- Cheshire and Warrington Learning and Skills Council
- Connexions
- Enterprise Agencies
- Chambers of Commerce
- Mersey Dee Alliance
- Government Office North West (GONW)
- North West Regional Assembly (NWRA)
- Private Sector Providers

Internal Service Links To Promote Economic Activity

EDU has strong links with other services within the County Council. These include:

Environmental Planning Service: This service provides the strategic land use policy framework for future employment development and town centre development, advises on major applications, reclaims Brownfield land for beneficial use, promotes the regeneration of town centres, and protects and improves landscapes and townscapes. The Structure Plan ensures there is sufficient land allocated in sustainable, accessible locations to provide for forecast employment needs, provides policies to support the continued vitality of town centre retailing and services, and policies for rural land use provide for continuing diversification of employment opportunities.

- **Transport Co-ordination Service:** This service promotes public transport access to rural and urban employment areas and encourages improvements to the rail infrastructure.

- **Engineering Service:** This service ensures that there is adequate highway access to existing and new employment areas. The Local Transport Plan (covering both these services) sets out objectives to improve access to economic centres, to improve facilities for the vulnerable and disadvantaged sections of the community, and promote sustainable business travel.
- **Rural and Recreation Service:** This service provides a wide range of support services to rural areas. The Rural Recovery Action Plan sets out programmes to provide integrated assistance to rural communities to support job diversification, and other supportive initiatives include cycle routes, rights of way, and the Cheshire Rural Trust Fund.

Other County Council Services

- **Education and Community Department:** This service implements objectives and programmes designed to raise qualification and skill levels and ensure standards for literacy and numeracy are met both among young people and, through the Lifelong Learning Initiative, for the working population as a whole. The Education Development Plan and the Lifelong Learning Action Plan provide a framework for delivery of minimum skills and learning opportunities to the Cheshire population, as well as addressing the needs of education and training provision to deprived communities through Education Action Zones.

Summary of Coordinate Phase

Clearly, if EDU is to effectively deliver its objectives then it needs to work in partnership with others. The Best Value review teams analysis shows that the EDU seems to act as both a facilitator for coordinated action by the council as well as promoting specific initiatives.

The Options Appraisal Report

The Best Value Review team produced an Options Appraisal report that identified the final options for improving the service delivery of EDU. Improvements were recommended for 10 activity areas:

- Inward investment/Business Location Service
- Sectoral Promotions
- Strategic Partnerships
- Business Generation Centres
- Drive for jobs
- Crewe Business Park
- Marsh bank
- Local Area Initiative
- Business Support
- Business Information

The report considers each of the activities, their purpose and the issues affecting them and stakeholders views of the activity. It then suggests a number of options for each of the activities and considers the pros and cons of each and the financial implications. A conclusion/recommendation is suggested for each area of activity.

In summary all the options take into account the views District Councils, Cheshire and Warrington Economic alliance (CWEA), North West Development Agency (NWDA), Government Office North West (GONW), Chambers of Commerce, Business Link and the options identified were

“intended to provide a client focused service, a “step-change in improved performance and real cost and efficiency savings (M. Pembleton¹)”

¹ Mark Pembleton, Head of Strategic Response and EDU Best Value Review Lead Officer. Interviewed September 2003

The options recommended emphasise the EDU's commitment to acting strategically alongside the CWEA, only directly delivering where it makes sense in terms of economies of scale and adding value. Where it makes more sense for services to be delivered by the private sector or by others more locally based this has been the recommended option.

The Option Appraisal report was presented to PIMG for approval on 9 October 2002. PMIG approved the recommended options and the Best Value review team then developed the agreed options into a Best Value Improvement and Action Plan.

The Best Value Improvement and Action Plan

The Improvement and Action Plan is the final product of the Best Value Review team analysis and conclusions. It identifies nine new services objectives (see table 4) and details how EDU will develop over the next 5 years.

1	To recognise the priority need for Cheshire's workforce to have appropriate skills/aptitudes.
2	To promote Cheshire's sub-regional, regional and international interests and maximise impact and influence.
3	Maximise inward investment and company expansion in Cheshire.
4	Promote business competitiveness through cluster development and sectoral initiatives.
5	Provision of strategic economic research and information and business information research.
6	Stimulate strategic, physical and economic regeneration in Cheshire.
7	Support entrepreneurial activity in Cheshire.
8	Support Cheshire and Warrington Economic Alliance and local area partnerships
9	Provide high quality financial ITC, personnel, administrative and property support for the service.

Table 4 EDU Service Objectives

Source: EDU Improvement and Action Plan, 2003.

Appraisal of the Best Value Review Processes

The Best Value management processes at Cheshire County Council demonstrate the organisation is committed to making Best Value work, for example the high level involvement of senior staff including the Chief Executive through the Performance and Internal Management Group and the involvement of politician at key stages during the process. However, the County Council's approach of bringing together "single project" Best Value review team from within the service rather than having "permanent roving" teams has some disadvantages as well as advantages. The main disadvantages are:

- The objectivity of some team members, i.e. those from the service being reviewed may be compromised, therefore the final recommendations may lack credibility.
- The review team's closeness to the service may hinder them "thinking outside the box".
- Members of the review team will have a learning curve to climb with regard to the corporate Best Value approach and procedures.
- The review team might take time to establish its confidence.
- Members of the review team may have difficulty finding time to undertake the review in addition to their normal duties.

However, the advantages are:

- that members of the team have a good knowledge and understanding of the service area that is being reviewed.
- the resulting Best Value Improvement Plan and the options work are more likely to be deliverable as they have the commitment of the service.
- Any performance indicators that are generated and used for benchmarking are more likely to be sustainable in the future.
- additional staff costs can be minimised/absorbed within existing service budgets.

The corporate Best Value methodology was a useful tool guide for the Best Value review team. It helped to impose a corporate approach and therefore ensure, to some extent at least, a consistent approach is adopted by each review team. The use of a Champions Group to undertake the detailed data collection and preparation of papers for the Best Value review team this seems to have worked well.

The use of an "Away County Manager" to chair the review has some merits, however it still lacks the rigor of having an external independent chair of the review team. The inclusion of two independent critical friends (external to the county council) on the team helps to give some credibility to any conclusions from the review. They are also able to bring a fresh perspective to the review being undertaken.

The challenge phase of Best Value reviews has frequently been criticised (Audit Commission, 2001) as not being rigorous enough. The challenge process as undertaken by EDU appears to be thorough and rigorous. It clearly consumed considerable staff time and resources. Questionnaires, face-to-face meetings, and the EFQM model were all methods used to challenge the current position of the service. A lengthy list of challenge issues were identified by different stakeholders.

The compare stage was also used as a mechanism for challenging EDU's current practice and to identify areas where the service could be improved. The review team had made a creditable attempt to compare EDU service costs with other authorities, despite the lack of readily available data. Benchmarking was undertaken for different parts of the service and this helped to highlight the relative efficiency of the service.

A detailed comparative cost survey was undertaken of the BGCs using the nearest similar-service comparators. The survey helped to highlight not only the cost difference, but also examples of good practice which the review team recommended in its Improvement and Action Plan. Best Value performance indicators were also developed so that year on year comparison of performance could be assessed.

At the compete stage there appears to have been a genuine attempt by the Best Value review team to consider alternatives to direct service delivery. For example a tendering exercise was undertaken for taking over the management of two of the BGCs.

The Best Value review team was also keen to outsource the Business Directory and the possibility of establishing an arms-length agency for delivering Inward Investment, Drive for Jobs and Business Location were also pursued. However, these options were eventually discounted due to a lack of significant efficiency savings. The management of two business parks was reviewed in detail and a decision taken to recommend outsourcing the management of Crewe Business Park to the private sector. The management of Marsh Bank Business Park was also recommended for transfer to the Crewe and Nantwich Borough Council. Again these recommendations clearly show a

determination by the Best Value review team to not accept the status quo, but to actively challenge current delivery methods and where necessary refocus EDU activity. This approach is also illustrated by the Best Value review team's decision to transfer much of the control (and cost) for the Business Information and Research Service to another County Council Department.

The consultation stage appears to have been taken seriously with a wide range of stakeholders being consulted: District Councils, Government Office North West, North West Development Agency, North West Tourism, Cheshire and Warrington Economic Alliance, Business Link, Chambers of Commerce, service clients. The employment of a firm of consultants to undertake some of the consultation exercise should have resulted in the feedback about the service being more objective. It is inevitable that with such a diverse group of consultees, some which might be regarded as being in "competition" with the County Council (i.e. District Councils), that a diverse and wide-ranging number of views will be expressed. Some of the comments about the service were not always positive. However, the Best Value review team seem to have effectively refined all the comments and taken them on board when producing the final Improvement and Action Plan.

The additional "C" - Coordinate, was included in the review because of the nature of the EDU's activity. The Best Value review team identifies many linkages both internal and external however their evaluation is really confined to a "stock-take" of its partnerships rather than objectively analyzing the value of its input. This is one area of the review that appears to be weak. A cost benefit analysis of the linkages may have identified less productive relationships that could be scaled down or left unresourced.

The main process outputs from the Best Value review are the Option Appraisal report and the Improvement and Action Plan. The Option Appraisal is an important report because it is the culmination of all the Best Value reviews teams work. The report is presented to senior managers and council members who then decide which options will be incorporated into the Improvement and Action Plan for the service. The final approval for the plan was given by the Executive on 4 June 2003.

The Options Report concisely summarises the key issues facing the service. The report gives a high prominence to the (distilled) views of stakeholders which are used to justify the need for changes to the way the current service is delivered. The options presented appear to be thoroughly appraised in terms of pros and cons with sufficient financial information to help inform, but not bewilder the decision makers.

An emphasis has been placed on improving the services. EDU have clearly taken the perspective of the clients and partner organisations in determining what constitutes an improvement. The fact that cost and efficiency saving are expected to flow from the implementation of the service improvements would also suggest that the needs of local tax-payers are also being taken into account.

During the review many changes to the service were implemented immediately, examples include:

- An annual event with key stakeholders to review performance.
- Improvements in the way that Inward Investment enquiries are handled.
- The production of an Economic A-Z of Cheshire and Warrington Services.
- Development of a self service web-based grant finder service.
- Internal process improvements identified during the EFQM exercise.

The fact that there were immediate “wins” for the review helps to justify the process of continual review and service improvement.

Conclusions

Cheshire County Council appears to have a robust framework for undertaking its Best Value reviews that centres around the four Cs - Challenge, Consult, Compare and Compete (and Coordinate).

The best practise points arising from the case studies are:

- A prioritised rolling programme of Best Value reviews.
- A strong commitment from top - tier management to the Best Value process.
- Clear corporate guidance to managers on how to conduct the Best Value review process.
- Support from the central functions with the Best Value reviews.
- The formation of “task and finish” Best Value review teams.
- Use of a wide range of stakeholders to inform the Best Value reviews.
- A Clear emphasis on improving the service throughout the Best Value process.
- A willingness to relinquish the direct delivery of services when appropriate.
- A detailed 5 year action and improvement plan.

Although its status as an excellent authority means that its Best Value reviews are not subject to external inspection, this is perhaps not the blessing in might seem. The Lead Best Value Manager for the EDU review expressed a view that the review team would like some external validation of their efforts. At the time of the research, the Best Value review team was exploring the option of having the review findings peer reviewed by another authority.

The acid test whether Best Value has been a success for Cheshire County Council and in particular for the EDU will depend on whether they will be able to successfully implement the changes and maintain the impetus for continuous improvement.

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