

The Politics of BV: New Labour's Vision and the Policy Makers' Agenda

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Abstract

Purpose - The paper's aim is to understand the origins and development, as well as implementation, of Best Value (BV) policy. In doing so, it explores both ambiguities in the concept and complexity in its delivery.

Design/Methodology/approach - Interviews with policy advisors were carried out to explore the development and introduction of BV. Documentary analysis is used to provide contextualisation and support for the interviews and covers the period of the development of BV. To analyse the data, the study followed a critical realist approach because it recognises the significance of social, economic and political context of policy development and implementation.

Research limitations/implications – There are many policy implications from the results of the paper for all local authorities. There seems to be some value in local authorities defining themselves much more as community leaders and governors rather than service deliverers

Findings - BV was a politically-driven policy. The paper indicated that the development of BV policy was largely a political response to repeal the Compulsory Competitive Tendering (CCT) Thatcherism regime as the result of a political compromise between the trade unions and the Labour Party.

Originality/value - The paper makes important contributions to existing understanding about Value for Money (VFM) and BV. For example, it argues that the development of BV policy was largely a political compromise between the Labour Party and the trade unions to remove the unpopular policy of CCT introduced under a previous Conservative Government. This is in contrast to the arguments of previous studies which tend to focus on BV as part of 1980s' and 1990s' reforms designed to improve value for money. While the aim was to scrap CCT, the politics around the decision about the replacement policy were very important. In effect, BV is more flexible in the interpretation of VFM and the requirement to use the lowest-cost principle to guide contracting out decisions. However, it is also far more demanding in terms of the requirement to review and assess all aspects of local service delivery.

Keywords: best value, new labour vision, the reform and modernisation agenda, compulsory competitive tendering

1. Introduction

The research project is motivated primarily by the researcher's interest in the concept and application of VFM in the public services, as well as past experience in external audits. This article sought to understand the complex meaning, and aims of VFM especially after the introduction of BV policy in the UK. The first major motivation for conducting this study is that largely the development and the implementation of VFM concept, especially the BV policy, is not clearly understood by intellectuals. The second reason for conducting this study within BV policy resided in its complexity and the epistemological significance of VFM and BV to local governance and accountability. The third motivation for this research was to examine and to better understand the political, economic and managerial issues of VFM and BV policy. The fourth and final major motivation of the study is the desire of the researcher to better understand the complexity of BV delivery. Thus, this paper seeks to understand the development and implementation of VFM especially with respect to BV policy in the UK.

The remainder of the paper is structured into four subsequent main sections: Section 2 provides the literature review; Section 3 describes the methodology; the empirical results are reported in sections 4; and finally Section 5 provides the conclusion by outlining the contribution of the paper, some of the possible policy implications of the research findings, the limits of the study and lines for further research.

2. Literature Review

2.1 VFM and BV

Prior literature review considered important academic arguments that highlighted the ambiguity and complexity surrounding both the concept of VFM and its translation into BV. Thus, McSweeney (1988) argued that defining VFM as economy, efficiency and effectiveness (the 3Es) as well as some notion of quality led to direct problems of inconsistency and partiality, and to contradictions about what was being promoted and measured (Ling, 2003; Game, 2002; Talbot, 2001; Martin and Sanderson, 1999; Power, 1997; Power, 1994; Triter, 1994; Carter, 1991; McSweeney and Sherer, 1990), while others focused on ambiguities around definitions of objectives and often intangible outcomes of policy (Kandasamy, 2003; Wilson, 1999; Radcliffe, 1998; Lapsley, 1996; Cutler and Waine, 1997; McSweeney and Sherer, 1990; McSweeney, 1988). Other academics focused on the translation of VFM into particular policies and initiatives such as the CCT and how these resulted in specific problems of contested meaning and lack of accountability for delivery of VFM (Ashworth and Skelcher, 2005; Miller, 2005; (DTLR, 2001; DETR, 1998a, 1998b; Easton, 1996; Gaster, 1995; Blackburn, 1993; Humphrey et al., 1993).

CCT had distinctive and fairly clear VFM metrics in terms of lowest cost bids but BV is a much more ambiguous policy, where there are questions concerning its aims, measurement of its outcomes and how it relates to VFM. Thus, the ambiguity of VFM's meaning and aims increased after the introduction of BV

In fact turning from VFM to the example of BV, academics expressed different views regarding the development of BV policy in the UK. Some academics argued that BV policy was developed in order to deliver VFM and improve public services provision through the 4 C's (Challenge, Consult, Compare, and Compete) (Nelson and Hendson, 2005; Boyne et al., 2002; Geddes and Martin, 2000; Lapsley and Pong, 2000).

However, others have analysed BV as a policy whose main aim was that of modernisation, not delivery of VFM directly. For example, Entwistle and Laffin (2005) argued that BV policy was designed and developed with the objectives of controlling the power, activities and influence of public services sector organisations (Higgins et al., 2005; Geddes and Martin, 2000). According to Ball et al. (2002, p.11), "There were a variety of opinions as to why Best Value had been introduced; these diverse opinions show the extent to which the whole scheme remains embedded in a social and political milieu in which 'control' figures large". Some academics argued that the policy of BV was about modernisation of the UK local government specifically in terms of strong community leadership; joint working and partnership of local authorities with private sector and voluntary organisations and providing a vision for elected government (Wilson and Morse, 2004; Martin, 2002; Stoker et al., 2002; Bovaird et al., 2001; Midwinter, 2001). This encompasses new powers to promote the economic, social, environmental well-being of areas/communities under a regime where local government political leaders and managers under BV must produce a shift from inputs and process to outputs and outcomes.

In terms of how BV has functioned and what it has delivered, a number of academics argued that BV became a centralised, bureaucratic and highly prescriptive policy, often lacking the local support and expertise needed for its implementation (Geddes, 2001; Martin et al, 2001; Game, 2002).

2.2 Issues and Problems of Local Government

This section broadly argues that New Labour started from an analysis of what was wrong with local government and then articulated a vision that local government could and should be different by becoming well-managed and more democratic. The argument was that local government had been undermined by 18 years of Conservative rule after 1979. The powers of UK local government had been restricted under the Conservatives through 50 pieces of legislation by central government (Prescott, 1999, p. 1) and the result was a shambles of consequences and a neglect of English regional development (Prescott, 1999, p. 3). Immediately before and after Labour's 1997 election victory, the tendency was to blame the Tories in general and CCT in particular for the lamentable state of local government. According to Armstrong (1999, p. 21), local government under the Conservatives was characterised by an ideological struggle between the Old Left and New Right over the delivery of local public services which was associated with mutual dislike, conflicts, institutional hostility, mistrust, resentment, backbiting and buck-passing, corruption and misconduct. At the same time, the ideological struggle over services provision made price more significant than performance, and delivery more centralised. Local government lacked the capacity to innovate and form effective partnerships between public and private sector to improve services delivery and local authority was subject to the rigid CCT regime with central restrictions on its power (Armstrong, 1997, p. 24).

The other related problem was a deficit of local democracy and leadership along with a series of disconnections. Thus, local government suffered from the absence of local democracy with no interaction between local people, place and politics (Armstrong, 1999, p.20), together with a lack of strong community leadership with a clear vision to produce

radical change and transformation (Blair, 1998, p. 4). As for disconnection, there was a lack of partnership between local and central government on one side and between the local people, the private sector, the public sector and voluntary organisations; and this was associated with problems about investment to achieve change in public service delivery (Labour Party, 1997, p.9). Thus, the Labour Party Manifesto (1997, p.4) made a pledge to abolish CCT and replace it with a new regime of BV. The manifesto also argued that there was a lack of good local government; over-centralisation of UK political power and decision making; lack of political accountability to local people; and problems about sustaining the innovations in local government within the constraints established by Conservative central government.

The new Prime Minister, Tony Blair (1998, p. 2), identified the following three key deficiencies. First, he claimed 'local councillors are not sufficiently representative of the mix of local people' because they under-represented the young generation, women, and ethnic minorities with a low level of political participation. Secondly, councils lack real power to change, reform, modernise and accomplish things for the local people. Thirdly, a number of councillors and officials lacked competence and could not provide leadership to safeguard the reputation of local government in general.

2.3 New Labour's Vision of Policy Reform for Local Government

Based on the above analysis of local government, the New Labour government implemented a major agenda of reforming UK local authorities so that the BV reforms can be understood within this broader context. This section argues that the most important components of these reforms are strong local community leadership; a new form of partnership with central government, local people, private and voluntary organisations; proposals to renew local democracy; modernisation of local government; and a new power to promote the economic, social and environmental wellbeing of their areas with a new investment in National Health Service (NHS) and a commitment to modernise the welfare state.

Hill (1996), who was one of the key players in the development of BV policy, had pioneered an agenda for change, emphasising a vital new role for local government which was followed in government by New Labour. He argued that local authorities needed a new type of strong community leadership, which could be expected to produce radical change and transformation by identifying and satisfying desires which extend beyond the concern with service provision and would seek to improve the quality of people's lives.

The model of the 1997 manifesto pledged to modernise the NHS coupled with new investment and radical reform to deliver cooperatively better health services for patients and to safeguard the interests of the NHS (Labour Party 1997, pp.16-18). As stated in the Manifesto, the government in fact determined to develop modern public service provision through Public/Private Partnerships (Labour Party 1997, p.9), with a commitment to the public interest and a guarantee of VFM to taxpayers and users.

As part of this broad vision and as an important step to its commitment to the manifesto of the 1997, New Labour replaced CCT with the introduction of a new legal duty of BV. In fact, regarding CCT and BV, the Labour manifesto stated that "councils should not be forced to put their services out to tender, but will be required to obtain best value. We reject the dogmatic view that services must be privatised to be of high quality, but equally we see no reason why a service should be delivered directly if other more efficient means are available. Costs count but so does quality" (Labour Party, 1997, p.29). The Manifesto also stated that all local councils in the UK will be required to publish a Local Performance Plan and a list of targets for local public services improvement expected to be attained by them.

In February 1998 during a Local Government conference, Tony Blair (1998, p. 1) identified four political themes for change which would help achieve the vision. First, he proposed a new legitimacy in local government because local authorities must adopt new techniques for local people to have their say, to improve the level of local political participation, and raise voter turnout in local elections. Second, new ways of working were needed, including elected executive mayors and referenda so that mayors could have great influence and real power to accomplish things for local people. Councillors, however, would then have a critical role in looking in detail at what council leaders are doing. Thirdly, councillors and officials must be competent, decent, and honest to strengthen the leadership and reputation of local government. Tony Blair indicated the introduction of new framework proposals on conduct in local authorities based on Lord Nolan's report. Fourth and finally, (some) local authorities were then promised new powers and enhanced status; the prime minister said: "The Government will want to see evidence of change. Of local authorities modernising themselves. I see little point in giving extra powers and functions to councils which are not dealing adequately with the powers they already have. But equally, there is no reason why councils which are performing well should be held back by those who aren't. Increased responsibilities. Increased rights. Rights and responsibilities going together - in councils, and across the Government. That is the message, the clear message to local authorities" (Blair, 1998, p. 4).

Many of these themes were turned into policy via the local government White Paper of 2001. Thus, the 2001 White Paper sets out central Government's vision and plan for successful local government and offers the prospect of significant financial rewards and other freedoms if the council can clearly demonstrate the appropriate qualities of accountability, leadership and corporate management. BV has a key part to play in this. The main thrust of the Government's proposals through the 2001 White Paper is to remove red tape, reduce bureaucracy and offer key financial freedoms. The most significant freedoms will be offered on a reward basis only to those councils that can demonstrate strong corporate governance from their political and administrative leaders. The 2001 White Paper offered more of the same. Part 1 sought to establish "an effective local democracy, a powerful local community leadership that makes real difference and a partnership in policy contribution between central, local government and their communities with proactive involvement, an increased empowerment and more responsibility to provide high quality public services that are tailored to the local people needs and wishes" (White Paper, 2001, p.13).

Similarly, it argues that through the BV lever of change, effective local authorities were expected to transform the relationship between community leadership and local people who were closely involved through a wider consultation in designing pilot programmes, in shaping the agenda across the board, and in carrying out the Reviews afterwards (North City Council, Bid for Best Value Pilot Status, 1998) and the White Paper (1998). Implementation of BV by local councils had to reflect new ways of working, strengthening and transforming the relationship between councils and their communities as part of a modernisation process. In fact, it is argued that the New Labour vision was of using BV proposals to remove the ideological struggle between Old Left and New Right over public service delivery and tie services to local people, as well as instigating a new form and an innovative partnership between the public and private sector organisations which would replace conflict, hostility, and mistrust with competition, collaboration and harness to deliver best for all (Armstrong, 1999, pp.23-24). "We aim to put behind us the bitter political struggles of left and right that have torn our country apart for too many decades. Many of these conflicts have no relevance whatsoever to the modern world - public versus private, bosses versus workers, and middle class versus working class. It is time for this country to move on and move forward" (Labour Party Manifesto 1997, p. 2).

At the same time, there is commitment from BV to building a relationship of partnership between central and local government (Smith, 1999, p.1) with clear codes of highest conduct for councillors and employees to be competent, decent, and honest. The new power to promote economic, social and environmental wellbeing of areas was to be implemented through local authorities.

In response to these gaps in the literature discussed, a series of research questions were outlined to better understand the development of BV within the specific political and managerial context of UK local government. These questions set out to explore BV in terms of politics and modernisation and in terms of the VFM agenda of which BV was one in a line of policy initiatives. The research questions outlined below, focus on the process of developing BV in the mid-to-late 1990s.

The questions to be addressed are relatively straightforward ones about the aims and issues of policy *ex ante* and the achievements and problems of policy *ex post*. What was distinctive about BV in relation to New Labour's agenda for modernisation of local government? Specifically, then: either to what extent and how BV policy intended to improve VFM; or alternatively, was BV designed by the Labour government to capture power and control influence of producers' interest rather than to improve service delivery in local government.

3. Research Methodology

As part of the study, interviews were conducted with senior policy advisors and academic advisors who played a prominent role in the development of BV, educators and trainers of local government officers on BV. The aim of the exploratory interviews was to develop more familiarity about the initial development and implementation of BV policy through discussions with policy experts, including those who played a direct role in devising the policy. It was considered that such interviews would provide both a retrospective on what happened, by whom, when and how, as well as providing an opportunity for those who had been closely involved in BV to reflect on their earlier views and experiences. Between August 2004 and November 2005, a series of exploratory interviews were conducted (Note 1).

The interviewees on BV had different points of view. Three interviewees can be grouped together as central government employees who had senior policy advisor/ policy maker roles at No 10, advising Prime Minister Blair on policy of local government, closely involved in the development of BV, worked with the Audit Commission and connections with New Labour politics. Another interviewee was an academic advisor on public policy who had key involvement in the development of BV policy, worked as advisor to the Labour Government on governance, developed the ideas of the Labour Party manifesto in 1992 but was not in government. Another perspective is provided by an interviewee who was a trainer and educator of BV local government officers, worked as a district planner, then borough planner, as well as policy analyst. Thus, four of the respondents were interviewed because they were

significantly involved with the origination of the policy and some have continued to offer advice, produce articles and working papers on local government vision and BV policy.

To analyse interviews, a critical realist approach was chosen because it is concerned with understanding reality and can add depth to policy analysis, particularly in understanding the political, social and economic environments relevant to the development; and the implementation of both VFM and BV policy in the UK. Lader (1993) defined critical realist as comprising an “attempt to preserve a ‘scientific’ attitude towards social analysis at the same time as recognising the importance of actors’ meanings and in some ways incorporating them in the research” (p.16). A clear definition is provided by Tsoukas (1992, p.639) who identifies the significance of the ‘critical’ in ‘critical realist’, in that it suggests a “‘critical’ attitude, self reflection, awareness of hidden presuppositions, and disclosure of assumptions of various perspectives...liberation from representation, emancipation, concern with equality and justice, fulfilment, empowerment, absence of false consciousness and alienation”. In fact, according to Winchester (1999), a critical realist approach recognises that interviews offer vital clues to the underlying structures, causal mechanisms and discourses of social processes. The critical realist approach is a useful way to explore BV because it acknowledges the role and potential impact of human perceptions, beliefs and background, as well as how policy initiatives may be changed or modified by the circumstances in which they are implemented. This approach also acknowledges that it may sometimes be necessary to dig deep to find out how things work and that what we find may be different from what we may have expected according to official discourse, a priori or other accounts.

However, in the case of assessing BV policy through the realist evaluation, Davis (2005) “contended that RE (Realist Evaluation) methods need to be adapted to address cumulative impact on policy and organizational culture that are inherently political in nature” (p.275). He added, “The second intention is to reflect on the suitability of Realist Evaluation (RE) as a critical method for appraising policy-rich endeavours like Best Value. As RE is extended into politicized arenas like Best Value, however, a range of behavioural and institutional factors come to the fore. These factors concern: insufficient research into the structure of the local context; overlapping and ambiguous intervention measures in BVR mechanisms; outcomes that are beset by gaming and externality effects; ambiguity in identifying causal layers and the level of analysis, with resulting confusion in defining Programme Fields. This article contends that Realist Evaluation can address a number of these underlying issues” (Davis, 2005, p.276)

Documentary analysis was used to supplement the data gathered through semi-structured interviews with advisors and to provide a better contextual analysis. The documentary analysis carried out for this study which provides context on the development of BV included: speeches of politicians; New Labour publications such as *Renewal*, the Labour Party Manifesto for the 1997 general election; government publications from the Office of the Deputy Prime Minister, and other departments and press releases.

4. Results

4.1 Informal Reflection and Outcomes

This section concentrates mainly on the interviewees’ responses to questions about BV policy. It presents major findings of the fieldwork interviews with the respondents around four themes contained in the research questions introduced earlier. The findings are presented in the subsequent four sections. The first section deals with the political and managerial context of policy change. The second section considers reform and modernisation projects. The third discusses delivery and achievement of BV policy. The fourth section is concerned with the problems and issues of the process.

4.2 Context of Policy Change

Because the policy of CCT is critical as the context for the origin and the development of BV, the analysis of BV in this study commences with CCT. All the senior policy advisors who were interviewed very clearly suggested that CCT was crude, driven by price and contracting out; it also has very negative impacts on public services delivery and quality.

While explaining his role in the development of BV, Interviewee 2 stated that the idea of manifesto commitment to abolish CCT went back to 1992, although the first meeting on BV was significantly not before early 1996: “there needed to be a clear manifesto commitment to get rid of CCT because that was required both by the trade union and also by, oh, the local government” (Interview, 15 February 2005). Likewise, Interviewee 1 said: “I think clearly there was a deal between Labour Party and UNISON which was we will repeal CCT but we are not going to let you off the hook. And that was part of the deal” (Interview, 22 October 2004). Both interviewee 1 and 2 clearly revealed that the positive content of BV policy was initially underdeveloped (Interview, 15 February 2005). As for the concept of BV, that was initially ‘a very good slogan’ and used as such in the 1997 election campaign (Interview, 15 February 2005).

This situation created an opportunity for advisers because there was a clear manifesto commitment to get rid of Conservative CCT and instigate something different, whose content was required by Labour ministers who did not

know what that was or how they might go about levering change, transforming local government and reforming significantly the way public services were delivered. Interviewee 9 stated: “As I said, basically there will be no longer competitive challenge. And you will have much slower performance. So I wrote a letter and sent it through Hilary Armstrong who was then the local government minister for Blair to have a look. And I said this seems to me a problem if you just remove CCT and don’t think about it. We are going to have difficulties. And the response I got from Hilary was that Tony said yes, noted that is a problem, what is the solution? So, I went away and got a number of others to work with me on identifying what might be the solution to that” (Interview, 1 November 2005).

Interviewees criticised the highly prescriptive and bureaucratic nature of CCT and its impact on the central/local government relationship, arguing that CCT not only imposed too much bureaucracy on central and local government but also represented detailed central government meddling in local government. As Interviewee 9 argued, “it seemed to me self-evident: CCT had become a bureaucratic nightmare because as local government developed new ways of getting round, central government developed more rules. So they were playing games. And everybody recognised that it is becoming a nightmare” (Interview, 1 November 2005). Similarly, Interviewee 5 argued that the conservatives under CCT had deliberately reduced local government power systematically, strongly controlled the municipalities and put an end to the strategic role of the Greater London Council(GLC) which had been under Labour party control.

The majority of interviewees believed that CCT was inadequate because it focused on (labour input) cost-cutting and did not consider quality, outputs and outcomes which improved public services standards. As Interviewee 1 stated: “CCT was very crude, price driven, very formalistic, and based entirely on inputs not outputs” (Interview, 22 October 2004). The challenge was to come up with a more subtle policy which still levered change.

4.3 Reform and Modernisation

The previous section discussed interviewees’ views of CCT because criticism of CCT provided the context for the new policy. This section begins to consider the subsequent development of BV and the extent to which interviewees agreed or diverged about the agenda of BV.

According to the interviewees, BV was one way – and an important way- of promoting modernisation or reform of local government. As Interviewee 5 stated: “the overall vision for local government was that local authorities should define themselves much more with community leaders and governors rather than deliverers of services” (Interview, 16 August 2005). This modernisation essentially involved a revival of democracy. The aim was clear and more accountable decision making, through adopting new political structures and reinforcing the executive function with elected mayors and generally raising the lamentably low turn out rates in local government elections as a 2001 White Paper (2001) argued. Thus, as Interviewee 3 said: “Best Value was about re-thinking the whole function of local government” (Interview, 21 March 2005).

By a happy coincidence, for the advisers, this programme of reform and modernisation was also a way of delivering VFM.

As Interviewee 9 summed it up: “The ideology being in a sense the public body have a duty to their public which is to try to maximise the public benefits from the public gains, which the public body provide. In other words, there is no right by the public body just to use resources by itself. They have to try to maximise the utilities they deliver for the public, as the recipient of the services, the funding of the services and to whom we are democratically accountable” (Interview, 1 November 2005).

The majority of interviewees agreed that BV is about giving local people a greater say in how services are planned in the most efficient and effective way, and to obtain VFM as well as value for people.

In line with the criticism of CCT as overly preoccupied with inputs and cost reduction, BV was antithetically defined as a new policy focused on output quality and outcomes which require or presumed modernisation and a new local democracy. Thus, Interviewee 5 summed up the aims of a small group which was convened by the newly appointed New Labour minister to come up with an alternative to CCT: “Hilary Armstrong- local government minister- gathered around her a small group, I was one, [Interviewee 9] was another, and I think [Interviewee 2] was involved. We began to think about an alternative to CCT. We tried to combine not only looking at cost and inputs and efficiency but also trying to bring outputs and outcomes into the equation as well. We wanted to develop concept within value for money and also value for people” (Interview, 16 August 2005).

The connection with democracy and accountability (and the difference from CCT and least cost) was emphasised by Interviewee 2 who stated: “if you look at the framework, you should be looking for not the cheapest services but the most effective services provision. And part of that value will be consulting with local residents to see whether it was actually meeting their needs” (Interview 15 February 2005).

In sum, where CCT had been defined as a hard programme about least cost, BV was defined as a soft programme for

cultural change. In line with this cultural agenda, Interviewee 5 summed up what BV was about: “what Best Value was intended to do was to keep pressure, external pressure on authorities to stop from becoming soft and complacent, and to change culture from being defensive to being open, to doing things in the most effective means” (Interview, 16 August 2005). One interviewee significantly represented this in the language of operations research and the management school as a matter of process change in local government for continuous improvements in various functions. Reflexively, when policy encounters difficulties, it should be reassessed and incorporate new ideas into the process: “Best Value, if we look at it historically. I think it has been part of a midwife policy that helped to bring some of those process changes for local government and to less extent to central government” (Interview, 1 November 2005).

4.4 Delivery and Achievement

This section analyses interviewees’ ex post views regarding achievements of BV policy and here the paper returns to the issue about the limited and indirect use of evidence by the interviewees. Interviewees generally articulated the view that they believed that BV was successful in achieving its political and managerial objectives. They argued that, after the abolition of CCT, local government had become more capable of change and open to modernisation. Interviewee 5 stated: “by taking away the crude compulsory competitive tendering and having a broader framework and a broader discipline, local authorities are now much more open to work with other public sector, private sector organisations and non-profit organisations. There have been pressures that ordered them to do that but I think Best Value framework has contributed to that climate. So again I want to say it has been successful” (Interview, 16 August 2005). From their point of view, BV heralded a totally new way of running councils and a new deal for the public, bringing greater accountability and openness in town hall affairs in order to give local people more say in what goes on. It helped drive collaboration and partnership between local and central government, along with private and voluntary sectors. And finally greatly improved quality of public services provision as Interviewee 9 summed up: “Well we got rid of top down centralism of CCT. Top down rules changed as part of the whole set of change. I would argue that without abolishing that stuff, local government would naturally break down. Local government has modernised itself. You have got some creativity at local level. And there is essentially a partner for central government” (Interview, 1 November 2005). Similarly, Interviewee 5 said: “Best Value was successful at a political level in getting rid of CCT without letting local government off the hook in terms of the efficiency agenda” (Interview, 16 August 2005).

Although interviewees did not directly cite evidence to illustrate improvements that BV had brought to the value for money, they did in various ways refer to the work of the AC in investigating VFM and making such information available as part of a feedback process. For example, interviewee 2 strongly argued that “many early reports of the Audit Commission stated that under Best Value the quality of the services was not improved too much, and they again were influential on government itself because, you know those reports would have been publicly launched and would be privately known about by ministers, weeks before, actually months before, the AC’s leading person at that time was a very big player in the development of policy and he would have been quite influential in persuading the government; thus, Best Value was not working well and that they needed to go for a more sophisticated system which led to the development of Comprehensive Performance Assessment” (Interview, 15 February 2005). In this case, it was argued that the evidence produced by the AC that VFM had not yet been sufficiently demonstrated was used to explain the subsequent political development of BV and the introduction of Comprehensive Performance Assessment (CPA) to make the general policy principle work harder.

More generally, some interviewees argued that the policy has improved local government by forcing it to think in terms of management or even New Public Management about the delivery of public services (Interview, 15 February 2005). Local authorities were supposed to demonstrate the fulfilment of the 4Cs: “I think the 4Cs is actually a very classical operationalization of a lot of new management thinking. They touch all the right buttons in terms of asking the right questions” (Interview, 15 February 2005).

Interviewees thought that individual local authorities were now much more open to work with other local authorities, with companies, private and non-profit organisations than they were in 1997 or 1998. Interviewee 9 claimed “the managerial ideas of consulting, outsourcing, the way of actually delivering Best Value are now deeply rooted. I think local government is better joined across its own function and across other agencies and central government. And most of them actually think much more open mindedly about how you resource your services according to some process or evidence. Local government moved up and a lot have grown up” (Interview 1 November 2005).

At this point, the issue of cost and value did reappear in the interviewees’ arguments, when some of them noted that the implementation of the new external BV inspection system in local government and health in the UK drove up the overall costs of inspection itself, and that these costs were out of proportion to the benefits obtained. As interviewee 3 stated, “I think everybody agrees that the level of inspection was too high, and that is because of civil service thinking which is probably acting and then inspect and inspect and inspect. (The) Prime Minister waits... and says how much is

this inspection costing? And they say, well it is billions actually. Well I am not sure it is bringing any value for money which is probably right. So my guess is go back to which is Best Value wouldn't be really successful because of inspection" (Interview, 21 March 2005).

When asked about BV policy achievements in the area of accountability of local authorities, interviewee 3 stated that "I think potentially (it) has a lot going for it. I mean, I think a lot of people are still stuck in an old paradigm of local government which is pretty much predict and provide" (Interview, 21 March 2005). On the other hand, when the researcher asked some interviewees about BV promises for improving local accountability, views were more mixed. For example: "I think there was a realization by the time of 2001 and that all these changes drove us ever more towards local administration" (Interview, 22 October 2004). Such differences partly reflect the political views of the necessity for and achievements of BV on the part of the interviewees, rather than a well-thought out position based on empirical evidence.

More generally, most interviewees stated that BV policy could be credited with improving the relationship and the dialogue between local government and central government, which had matured and improved since the period of CCT. Financial relations between centre and locality have improved and there is more trust between officers, ministers and councillors. Interviewee 9 in fact said: "Best Value has changed the relationship between central government and local government. I think there is more respect in the relationship with local government now than last ten years or so. I think much more confidence than it ten years ago" (Interview, 1 November 2005). Similarly, Interviewee 5 stated: "well, the dialogue is much better between central and local government. The central and local partnership is healthier. The funding has been better. There is more trust between central and local government than there was in 1998 and Best Value has been a contributory factor" (Interview, 16 August 2005).

4.5 Problems and Issues

Generally speaking, interviewees acknowledged implementation difficulties in BV policy though they had shared different viewpoints on the causes of those difficulties. Interviewee 1 stated: "I think the big problem is with Best Value. And I think it is part of the British disease still. But in my view it is the way in which it was translated from policy pamphlet into real practical policy that councils have laws and statutory instruments to abide by (Interview, 22 October 2004)... I think they don't really understand management. And what this was with classical New Public Management, type, techniques of, you know, accountancy-based style of management which they just don't understand. They still don't understand. So I don't think they really have the skills" (Interview, 22 October 2004).

This was directly contradicted by interviewee 2 who claimed: "I think there were lots of training programmes, a lot of competence, and a lot of events" (Interview, 15 February 2005).

Nearly all interviewees share the common view that any inertia from management was compounded by a lack of political willingness to review services and lack of strong enthusiasm to implement BV policy, especially from the elected members of Tory authorities. Interviewee 2 argued there was a general problem about mistrust, threats and real fears (Interview, 15 February 2005) of managers while Interviewee 1 stated that elected members, especially Conservatives, were often the problem (Interview, 22 October 2004). These resistances were powerful partly because the BV policy had become stratified and bureaucratized. Interviewees argued that there was much more guidance, procedures and external inspections of local authorities by the AC. Consequently, in practice, the BV external audit and inspection regime relied on inputs and compliance with processes rather than focusing on delivery of quality, outputs and outcomes of the process.

Some interviewees believed that central government was in effect responsible for this result by the way in which the BV policy was implemented and operated. Thus, Interviewee 1 claimed to speak for the whole group of advisers: "I think the people I spoke to were much involved in the early days. People like Robert Hill, Jerry Smith, Paul Corrigan, Wendy Thomson and Geoff Filkin, all people round local government network who were keys to this policy. And they said that the ODPM (Office of Deputy Prime Minister) ridiculously over-complicated it. And they turned it. And the guidance was a sort of lever-arch file. But you know no rational, sane, average individual could internalise the whole guidance. So if you don't internalise the whole guidance, how can we know. How can you operate the policy properly" (Interview, 22 October 2004). This coincides with the responses of Interviewee 3 who was also concerned with too much guidance and proceduralism: "Then, you got a huge range of things to go out. A lot of guidance, a lot of things to tell what you are going to take, a lot of things that tell how you are going to be judged, how you are going to be assessed, lots, lots, lots of things. Probably too much" (Interview, 21 March 2005).

Interviewee 9 argued the reason for this was that the Labour Government intended to curb local government power and influence. But, if that was so, central government was not pleased with the results. Circular 03/2003 on BV criticised too much concentration on ensuring compliance with the process rather than focusing on the output and the outcome of the policy. And, as Interviewee 1 noted, the prime minister himself shares this view: "The Prime Minister has decreed

there will be a halving in the number of inspectors we have” (Interview, 22 October 2004). Other interviewees argued the problems were more subtle and related to institutional failures and the inability to find new ways of delivering services through practical tools like public private partnership or private companies. Interviewees 1 and 2 argued that BV has failed to develop an effective market for public services delivery or to make a big change in the way public services have been provided (Interview, 15 February 2005).

Others also believed that BV lacked enough power to deliver massive change because it focused on public services provision rather than on providing community leadership to achieve a vision of local government involving economic regeneration or city transformation. In fact, Interviewee 2 stated: “I think in the end they felt that it didn’t have enough leverage and didn’t create enough direct ownership among key players in the way local authorities would have to change. And in that sense they think it is a useful framework. It has got useful performance indicators and as you know they haven’t got rid of it. But I think they decided that the best thing to do would be to introduce something that would give them strong leverage. So they think that Comprehensive Performance Assessment has worked because it has the power of leveraging change, transforming local government and reforming significantly the way public services was provided” (Interview, 15 February 2005). This coincides with the opinion of Interviewee 1, stating that the Prime Minister requested the introduction of some mechanisms that would bring radical and quick change in local government performance (Interview, 22 October 2004).

But interviewees disagreed strongly about the use of BV intervention powers by central government to tackle serious failures of public service delivery by local authorities in the UK. Interviewee 1’s responses argued that the central government did not apply Section 15 of the Local Government Act 1999, which allows the Secretary of State to use direct powers of intervention in response to serious failures of services delivery by a local authority and these powers include the possibility of removing or threatening to remove statutory services. In point of fact, Interviewee 1 said: “and the final one for me. I think you can even go over those things, if the duty, the Best Value intervention powers have been used properly you know (and they were not). I still think this is where the body is buried. If you are going to do this NPM stuff, it follows you have got to do something atrociously bad to those people who don’t play the game. And they have never ever used the Best Value intervention powers to remove or even threaten to remove statutory services” (Interview, 22 October 2004). This means that BV was not implemented effectively and that no lessons were given to the local authorities that performed badly in order to produce management change or paradigm shift to deliver an effective change

5. Conclusion

This study makes a number of contributions to the public policy literature. First, it makes a significant contribution by providing empirical evidence that the development of BV policy was largely a political compromise between the Labour Party and the trade unions to get rid of CCT. This is in contrast to the arguments of prior studies, which had tended to focus on BV as part of a flow of policies in the 1980s and 1990s to improve value for money. Recognising the politics of BV is important in understanding that CCT was not simply abolished but was replaced by an initiative with a different focus and approach. The analysis of this paper has argued that BV can be considered as an opportunity licensed by the Labour Party’s decision to scrap CCT (and by the subsequent new government’s view that it should be replaced) and developed by a small group of advisors who were given considerable scope.

The aim of BV that emerges was one of modernisation, compared with the more revolutionary agenda of CCT. The study confirms that, although the policy appears to be about achieving some kind of ‘value’, it was not a value for money initiative in the same way that other policies and initiatives have been. Achieving good value was an implicit part of BV, but it had no formal metric (unlike CCT) or any simple way of evaluating whether better value had been achieved. Rather, it was deliberate that value would result from a process of modernised service delivering where the basis principles of organising local services had been changed. The ambiguous role of ‘value’ in best value serves to underline the complex, slippery and above all rhetorical nature of value for money as a concept in public policy making. Earlier studies had pointed out some of the complexities and paradoxes around the idea of value for money as the 3 Es. This study focusing on BV argues that value needs to be considered as more than a simple financial concept. Under BV, the idea of value is part of a broader story of modernisation where value is a result of process and mission change, rather than an explicit or functionalist objective.

As the paper did not set out to offer a prescriptive perspective on VFM or on BV, it is not possible to provide straightforward proposals for ‘improving’ BV on the basis of the fieldwork conducted. However, it is possible to raise several important issues about the potential for BV to deliver more effective public services, based on the fieldwork undertaken for this paper. These suggest areas that would merit further exploration and development to understand how local authorities can play important roles in developing their own services, rather than primarily responding to top-down central government requirements and priorities.

First, there seems to be some value in local authorities defining themselves much more as community leaders and governors rather than service deliverers. This implies that local government should have an effective political leadership that entails developing a vision for the locality and to consider partnership arrangements with other organisations. This can help to develop internally-generated cultural change, which is likely to be more effective, committed and enduring than any attempts to impose cultural change from the outside.

Second, the existence of large volumes of guidance, manuals and procedures that operationalise BV meant that the policy faced difficulties in innovating, reforming/ improving and modernising the functions of the UK local government. It still seems to be the case that the BV inspectorate of the AC are (or are at least perceived to be) more focused on processes compliance, measuring inputs and cost reduction rather than concentrating on measuring the outputs and the outcomes of BV policy. This suggests that we are still some way from understanding what kind of 'value' BV delivers.

The aim of this paper is not to provide a prescriptive analysis of VFM and BV, but rather to try to understand how VFM was defined and operationalised and how, in turn, BV had been developed and used as a policy. While the study has yielded some interesting findings, in particular from the interviews with policy advisors, it is also important to critically evaluate the results and the whole study to appreciate its limits.

The method of research used here (exploratory interviews) inevitably includes some limitations. It is widely accepted that when conducting interviews there is a chance of human misreporting, bias and limitation from memory loss. Misreporting and underreporting of the truth are also to be expected from interviewees under some circumstances. The use of interview techniques also leads to the potential for recall bias on the part of interviewees who may genuinely struggle to remember certain events and emotions. These limitations were considered and several procedures were taken to insure the validity and reliability of the data revealed by the interviews.

The potential problems that arise from respondents' ability and willingness to disclose 'correct' information regarding the development and implementation of BV policy can also be anticipated. This problem is complex because interviews, such as those carried out here, explicitly ask respondents for their opinions, recognising that there are several views about what happened and why, but no universal truth in matters like the development of BV. Of course, collecting data from people with different perspectives, different experiences, roles and backgrounds of VFM in general and BV policy in particular helps to make such differences explicit and thus facilitates analysis of the findings. The extent of consensus or differences in understanding and interpretation between interviewees then becomes an interesting way to develop the analysis.

All research studies have limits and equally understanding both the limits and the findings can open up interesting possible avenues for future research, which might allow key themes to be more fully developed. This study revealed different views about the development and implementation of BV policy in the UK. Focusing on different policies in a similar way might help uncover further complexities around the value-for-money-politics dimensions of public policy. The introduction of BV showed that considerations of value were part of a much broader politics around developing local government services, with the particular context of a change in the political leadership of the country which not only brought a strong political urge for change but also highlighted other concerns like accountability. In this way, understanding the development and use of a particular policy requires an appreciation of the specific political and economic context in which policies are introduced.

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Note

- Note 1. Interview no. 1: 22/10/2004, 09:00am-10:00am
 Interview no. 2: 15/02/2005, 10:00am-11:15am
 Interview no. 3: 21/03/2005, 11:00am-12:15pm
 Interview no. 4: 16/08/2005, 12:00pm-01:15pm