
THE CHANGING MANAGEMENT OF LOCAL GOVERNMENT UNDER NEW LABOUR IN ENGLAND: BEST VALUE POLICY

Yüksel Demirkaya
Department of Local Government
Marmara University

ABSTRACT

This article examines the changing nature of local Labour politics and the changing management of local government under New Labour. It aims to analyse the effect of New Labour policies on local authorities by considering the successive Conservative Governments policies on local government. In particular, it focuses on Best Value policy, which has been the most important part of the Labour Party's modernisation agenda. The article is divided into three main parts. The first part examines post 1970s local government development in England. The second part evaluates the transformation of the Labour Party, and its new pathway called the 'Third Way', and reviews the changing approach to the management of local government under New Labour. The third part analyses the development of the Best Value policy, including its origin and different approaches to Best Value across the world.

INTRODUCTION

This article examines the changing nature of local Labour politics and the changing management of local government under New Labour. It aims to analyse the effect of New Labour policies on local authorities by considering the successive conservative governments policies on local government. In particular, it focuses on Best Value policy, which has been the most important part of the Labour Party's modernisation agenda.

The article is divided into three main parts. The first part seeks to assess post 1970s local government development in England by looking at some important key theoretical issues. In this respect, it needs to be emphasised that the development and current organisation of local government in England cannot be understood without an appreciation of its development over the last three decades. Since arguments about local government have become sharper over that period, especially with regard to the organisation of local government, the erosion of its traditional functions and the development of internal markets and contracting out of services. The second part evaluates the transformation of the Labour Party, and its new pathway called the „Third Way“, and reviews the changing approach to the management of local government under New Labour. The third part analyses the development of the Best Value policy, including its origin and different approaches to Best Value across the world.

DEVELOPMENT OF LOCAL GOVERNMENT RE-ORGANISATION IN ENGLAND

This section of the article examines the re-organisation movement in local government over the last three decades. Indeed, concern about the structure and activities of local government started in the late 1960s with comprehensive reviews of the situation in London and the rest of England, and an independent Royal Commission was established (led by Lord Redcliffe-Maud) in 1966 and this commission reported in 1969, suggesting a structure based on all-purpose unitary authorities embracing both town and country. The Labour Government accepted this report and set out its legislative intention in a white paper published in 1970, however, that Labour Government voted out of office four months later (Maud and Wood, 1975; Redcliffe, 1991; Smith, 1999; Wilson, 2000; Saw, 1996), and the Conservative Party came to power, they

produced white paper proposals for a two-tier system by rejecting the Redcliffe-Maud Commission's recommendations. It received the Royal Assent as 1972 Local Government Act, and came into effect on 1 April 1974. It abolished county boroughs and reduced the number of counties, and in urban England established six metropolitan counties and 36 metropolitan districts. (Maud and Wood, 1975; Wilson and Game, 1998).

Underlying these reviews was an important shift in the general political climate and attitudes to public sector performance. During, and after the war, the view gained ground that economic and social conditions should be improved through particular intervention by the sharing of economic and social activities. As mentioned above this consensus between the two main parties gradually ended in the early 1970s, when the Conservatives came into power through 1970-74. The Heath Government began with free market economic measures to reduce government intervention in the economy, but this policy simultaneously caused problems. At the same time, Labour in opposition shifted to the left under the impact of some trade unions, and in 1973 produced a programme calling for leaving from the EC and nationalisation of the largest companies (Jones and Kavanagh, 1998). After Heath's second election defeat in 1974, Margaret Thatcher replaced him as the Conservative Party leader in February 1975 and became Prime Minister in 1979. She won three successive elections forming Thatcher governments that were quite radical in terms of the implementation of policies that collectively became known as Thatcherism, for example, the privatisation of industry was encouraged, some important spending programme was reduced, and the local government service delivery system was changed (Stoker, 1991; March, 1991; Wilson and Game, 1998). Before the Thatcher era, there had been some attempts to re-organise public services, with various reform efforts being undertaken by Winston Churchill, Harold Wilson,

and Edward Heath. Churchill attempted to improve central co-ordination; Wilson attempted to reform both the structure of the Government and the Civil Service whilst Heath was concerned with continuing the modernisation process initiated by Wilson. All these attempts were a pragmatic response to the political and economic crises seen as weakening the post-war state (Sked, 1993; Hennessy, 1986; Redcliffe, 1991; Smith, 1999).

As a consequence of the collapse of the successful post-war consensus between the two main parties in the mid-1970s, new proposals, ideas and arguments began to appear on the political agenda. Boddy and Fudge (1984) point out that the coming to power of „the new urban left in many cities in the late 1970s was a reaction to the right which took place at national level. For example, many on the left felt local government offered exciting possibilities for developing new forms of local socialism. According to Saw (1996), the Labour Party, therefore, pursued a radical programme of decentralisation in the early 1980s, and developed its strategy in the belief that socialism was most likely to be achieved in this country through participative democracy. The dominant trend in local government in the 1970s was towards larger local authorities with increasingly centralised internal management structures. These were multi-functional authorities and many of these new authorities found themselves wrestling with severe resource constraints by the late 1970s. Although in the early 1970s there was much experimentation with initiatives designed to improve the responsiveness and accountability of local authorities, these reforms were fairly ineffective in responding to public demands (Burns et al., 1994).

On the other hand many argued that British membership of the EU has also fundamentally affected the functions and powers of public authorities since 1973. With encouragement from the Audit Commission

and the central organisations of local governments, there has been greater interest in planning and managing the opportunities from EU membership. This also required internal management changes in local authorities to adapt EU arrangements. Finally, the Labour Government signed the European Charter of Local Self Government, which commits member states to guarantee „the right and ability of local authorities to regulate and manage a substantial share of public affairs under their own responsibility (The European Charter of Local Self Government, Came into force in 1997 in England). In this regard, England was not alone in Europe with respect to this radical movement towards to a new style of management on public services called „managerialism , which increasingly came to dominate ideas of public service reform in the 70s in Western Europe (Meny, 1994; Urwin, 1997). However, the difference in the UK was that the Thatcher government forced local authorities to apply compulsory competitive tendering, which was one of the most critical features of Thatcherism at local government level. As will be seen later in the paper, the Labour government replaced CCT with Best Value, which requires local authorities to apply a competitive element voluntarily.

Many commentators observe that local government has become a critical area of argument and debate within England in the period since 1979. Before the 1980 s, local politics was relatively non-ideological in form. Burns et al. (1994) argue that the 1980s witnessed a sharp increase in the intensity and polarisation of the debate on local government. Consequently, there has been a general agreement about the serious impact of Thatcherism on the local government system in England. The problem centred on the power relationship between central and local government with the Government insisting on imposing its will on elected local authorities, particularly those in urban areas. Media attention and academic arguments

tended to focus on the battle between central and local government over spending cuts and the privatisation of public services and, in the late 1980s, on the struggle over the poll tax.

In short, the Thatcher era witnessed a remarkable transformation in the structure and culture of public administration and public sector organisations in England. The argument about how to improve the quality of public services therefore became a dominant theme in public and academic debate. Consequently most changes in the management of the public service have commonly involved attempts to introduce private sector techniques (Marsh, 1991; Heffernan, 2000; Meny, 1994; Isaac-Henry et al., 1997).

THE TRANSFORMATION OF THE LABOUR PARTY AND ITS LOCAL GOVERNMENT POLICY

First of all this section does not provide a comprehensive history of the shift from Old to New Labour, but rather examines a selected range of issues touching on the New Labour project. It evaluates the transformation of New Labour and tries to understand New Labour policy on local government. It begins with a brief outline of the history of the Labour Party's transformation.

It is commonly accepted that Labour's transformation was shaped by the successive Conservative victories of 1979, 1983, 1987 and 1992. These caused a deep crisis for Labour and the left in British politics, which meant that the Party had to change (Heffernan, 2000; Jones and Kavanagh, 1998; Hall and Leach, 2000). As Burch and Moran (1997) pointed out that the big defeats of 1979 and 1983, together with their organizational and ideological consequences, apparently altered the Party. After 1983 the Party adapted and then abandoned important and

well-established aspects of Keynesian social democracy. Under three leaders, Neil Kinnock, John Smith and Tony Blair, it shifted consciously rightwards, abandoning many of the organizational features and policy positions of the traditional Labour Party (Saw, 1996; Sanderson and Brynin, 1999; Hutton, 1995).

According to Hutton (1995), Labour's transformation was also encouraged by the belief that the great ideological contest of the last century had been settled. "Free market capitalism has won; state planning and communism of which social-market capitalism is alleged to be a subset, has lost. The old faith in Keynesian instruments of economic management is in decline" (Hutton, 1995, p.16). States, therefore, no longer commit themselves to full employment, and they do not believe it to be possible. It is a common observation that these changes profoundly affected Labour's transformation, and it also is commonly agreed that New Labour's transformation had deep roots in its past. The Party had been preparing itself for a cultural and ideological modernisation since the early 1960s (Heffernan, 2000; Saw, 1996; Hall and Leach, 2000). Various attempts had been made to bring the Party up to date with current thinking and practice while the membership and support for the party shifted away from its traditional working class roots. For example, Burch and Moran (1987) pointed out that Labour provided political career opportunities for people with local government experience in the 1970s, as well as for those drawn from the professions, particularly from teaching and lecturing. These arrangements assisted the organisational and ideological restructuring of the Labour Party.

On the other hand, there was already a modernisation movement affecting public management in the Conservative Party under Margaret Thatcher. The Labour modernisation movement was started by Neil Kinnock as leader and then continued by John Smith,

who died of a heart attack in 1994, and was eventually carried through by Tony Blair, who came from a conservative middle-class family and background. It is important to note that he did not believe that everything from the Thatcher era was incompatible with Labour Party values and aspirations (Sully, 2000). He also praised Thatcher as a radical reformer and promised that „he too would be a radical prime minister. Sully (2000) has argued that Tony Blair and New Labour do not fit into any „pigeonhole and could be labelled new centre. However, it is difficult to identify whether New Labour is right of left, since its politics cut across the boundaries of the old left and the Thatcherite right.

Indeed, there has been a profound debate in academic, political and media circles about New Labour and the Third Way. In part it can be seen as a response to events such as the death of state socialism in the Soviet Union and Eastern Europe and the application of neo-liberal policies in many western countries. These changes forced the Labour Party to re-examine its fundamental positions and to renew itself.

On other hand, Kenny and Smith (1997) argue that New Labour not only left behind Old Labour but also has accepted important aspects of the Thatcherite agenda. Blair and the modernisers stated that some of what Mrs. Thatcher did had merit. Furthermore, Driver and Martel (2001) argue that New Labour is Thatcherite, because it has become more committed to free trade, flexible labour markets, sound money and the spirit of entrepreneurial capitalism. However, the New Labour modernisers also stressed that old Labour's traditional values remain the same for them: in particular a commitment to community, fairness and social justice. But, they argue that the world has changed so dramatically that many of the old Labour instruments, such as public ownership, are no longer relevant. New times require new means for pursuing these old values (Coates, 1999).

It is also argued that Thatcherism provides the terrain or starting point for New Labour, but New Labour goes beyond this (Kenny and Smith, 1997; Driven and Martel, 1998). New Labour has attempted to strike a balance between economic success and social inclusion both in the market and the community. It is committed to the creation of a new partnership between government and industry, workers and managers to make the economy dynamic and to enable it to work in the public interest (Coates, 1999). In this regard, it cannot be said that New Labour is a „Thatcherite Party“, but „post Thatcherite“. New Labour modernisers claim that the Labour Party has left behind the pre-Thatcher days of old Labour and accepted much of the terrain left by the reforms carried out by the Thatcher governments (Willietts, 1992; Saw, 1996, Kenny and Smith, 1997; Drivel and Martel, 1998). Blair himself has described New Labour as „post Thatcherism“.

New Labour modernisers were confident about their standpoint and they decided to call themselves a party of the Third Way. It was not a completely new type of politics, and they followed the idea of a Third Way between traditional right and left. It was explained by Anthony Giddens as:

“Third Way polity is not as is often portrayed, a capitulation to neo-liberalism. On the contrary, it emphasises the core importance of active government and the public sphere ... the public sphere does not coincide with the domain of state. State institutions can diminish or discredit the realm of the public when they become oversized, bureaucratic or otherwise unresponsive to citizens needs. The neo-liberals were right to criticise the state in these respects, but wrong to suppose that the public good can be supplied by markets.” (Giddens, 2000, p.163-4)

Giddens (1995) also argues that the politics of left and right had been challenged by globalisation and „detraditionalism“. The old left and right politics had been forced to change by these movements. Tony Blair

took some of his ideas for a new politics from Giddens, and he came to power promising a new political standpoint. A move away from „tribal politics with emphasis being placed on a Third Way, although he is a little unclear as to what this comprises. For Blair, it is a pathway between the old Labour and the new Right and between the European social democratic model and democratic system of the United States. For him, the Third Way is also „an attempt to make realistic sense of the modern world. Thus the Third Way represents a new politics distinct from traditional views of capitalism and socialism (Wickham-Jones, 2000). Consequently, in policy terms, New Labour likes to present itself as a „third way between old Labour and Thatcherism. Old Labour was excessively statist, Thatcherism was overly committed to market solutions, but “The Blairite third way involves a combination of both” (Coates, 1999, p. 356).

As can be seen, there has been a dramatic transformation in the Labour Party's political standpoint. While many criticised this new standpoint, it is, nonetheless, quite obvious that the party has adopted a new ideological configuration which is neither left nor right, but attempts something new. As one of the most influential people in New Labour's transformation, Giddens (1995) argues that Labour is no longer a left party in the old sense and its ideas are no longer shaped by old ideological conflicts. Indeed Blair has often attempted to combine terms of political debate previously regarded as opposites: “the individual and community; autonomy and responsibility; equality and liberty” (O'Brien and Martel, 2001). As a result of these combinations New Labour appears to present itself as an „apolitical project. It is neither obviously individualist nor collectivist; it combines liberalism's emphasis on individual autonomy and „communitarianism (Wickham-Jones, 2000). In short, it is a politics, which attempts a synthesis of Left and Right.

In this perspective, New Labour also emphasised its local politics and aimed to develop a modern local government and establish a democratic relationship between central and local government. The following section, therefore, examines the development of the Labour Party's local government policy and its transformation under the control of the Blair leadership in opposition and government. It begins with a brief overview of the party's local government policy and continues with New Labour's arrangements for local government. In this regard, it evaluates the development of the Best Value policy, which is one of the most important aspects of the New Labour modernisation programme.

NEW LABOUR'S LOCAL GOVERNMENT POLICY

The Labour Party did not become powerful in local government until after the First World War. When the 1919 elections saw Labour Party representation on London borough councils increase from 46 to 572, and when the party won control of many county councils. The rise of local Labour Party continued until the Second World War and greatly strengthened the element of party competition at local level. Labour candidates made specific proposals in their election addresses and were successful in getting their policies carried through by local authorities (Lucas and Richard, 1978). In this regard, there is a common belief that the Labour party first brought politics into local government. Lucas and Richard (1978) argue that after many of the larger boroughs came under the control of the Labour, the Conservatives and Liberals coalesced to try to keep away the new „invader“. They developed a position that party politics should be kept out of local government because local issues were different from national political issues.

However, during and after the Second World War there was consensus on the merits of the welfare state and a mixed economy. This consensus between the big political parties lasted until the 1970s in Britain (Meny, 1994; Jones and Kavanagh, 1998). This consensus also covered public management, local government policies and local government run public utilities and hospitals. After it broke down, both parties tried to develop new policies to attract voters. This was parallel led with rapid growth and change in the character of local party politics following local government reorganisation, which further encouraged the Labour Party to change its policy on local authorities (Wilson and Game, 1998; Vincent, 1998; Heffernan, 2000, Saw, 1996). Under Blair, especially, there have been fundamental changes to the Party's policies, membership and organisation, which in turn have had a profound effect on local government policy. Furthermore the modernisers placed local government as central to their agenda for transformation. According to Driver and Martel (2001), New Labour's main strategy is aimed at making local government more responsible by making local councillors and staff more accountable and responsive to the voters. A further central concern of New Labour, highly pertinent to Best Value, has been an interest the quality of public service provision.

In the 1997 general election, Labour's slogan was "New Labour; because Britain Deserves Better". They presented „a new politics which was intended to renew „public faith (Rao, 2000, p. 119). As some observers argue, the centralism of the Thatcher years was to blame for much of the „loss of faith in local government and a decline in the trust granted to local councillors. In fact, the tide of centralism had been rising for many years before Thatcher, as Rao points out “the standing of local government in the 1960s and 1970s fell in proportion to the attrition of its effective power and governments of both Conservative and

Labour parties were to blame” (2000, p.93). An important aspect of the erosion of the status of local government was the mistrust of the public, which contributed to low electoral turnout. It is useful to place the problem of low turnout in its international context. Table 1 shows local turnout in Britain is lower than in all other comparable countries. At the same time, the nature of the relationship between government and governed was changing across Europe. By 1997 a variety of mechanisms designed to ensure that local governments inform people about issues and decisions, provide opportunities for the public to influence decision making, and promote public knowledge and awareness, were to be found in many countries outside Britain (Saw, 1996; Rao, 2000).

Table 1 Average Turnout in National, European and Local Elections (%)

	National	European	Local
Italy (1996)	83	71	85
Germany (1998)	82	45	72
France (1995)	80	47	68
Spain (1996)	77	64	64
Netherlands (1998)	74	30	54
Britain (1997)	71	24	30

Source: The Economist, 1 July 2000, p. 36

As Table 1 highlights, Britain has the lowest local turnout in all large Western European Countries. According to Jones and Kavanagh (1998), surveys show that only 15% of voters ever contact their local councillors. Another survey revealed that out of 100 people interviewed in Manchester; only one person knew the names of all three local councillors, and he was himself an ex-councillor. New Labour believed

that one reason for low turnout was that England had become grossly over-centralised and that ordinary people and local communities had become separated from government. New Labour has acknowledged publicly that action at local government level has to be one of the prime means by which to address this state of affairs. If a rebuilding of civil society is to be achieved then local government has a major role to play given its closeness to the individual citizen (Rao, 2000).

In this regard, many argue that one of the main strengths of the Labour Party is its relatively successful local policy. Brooks pointed out that Labour's local government policy appears to face less implementation difficulties than the Conservatives' policy at a similar point into their term of office. It is also Labour's advantage that the government has sympathetic support of many local authorities, and their political opponents are particularly weak in local government (Brooks, 2000). Several substantial research projects also helped to shape the development of Labour's new local government policy, for example, the Joseph Rowntree Foundation Study on Central-Local Projects, the ESRC Local Governance Programme, the Commission for Local Democracy and the House of Lords Select Committee on Relations between Central and Local Government. Brooks goes on to argue that these studies have not only influenced Labour's modernisation project, but have helped to ensure that Labour has moved beyond simply opposing and reacting against Conservative policies on local government (Brooks, 2000).

It is a common observation that Labour's new local government policy did not deny old regime arrangements on local government completely. The transitional period, from CCT to Best Value, was likely to see mutual interpenetration of new and old ideas and practices (Harris, 1999; Brooks, 2000; Wilson and Game, 1998; Jones, 1999; Cole, 2000; Hefferman,

2000). For example, much of the financial and competitive discipline from CCT has continued to apply under the new regime. However, there are some distinctive differences between these old and new regimes. Many writers identify these similarities and differences between the two policies, and a brief overview of these arguments can be provided as follows. First, Best Value applies to the whole of council activities and not just to certain defined services. Therefore, the new legislation cannot be applied to only a relatively small part of council work. That is contrast to CCT, Best Value is a comprehensive policy and requires corporate management to cover every single council service. Secondly, both CCT and Best Value require local authorities to compete, but unlike CCT, under Best Value, competition is a voluntary element. However, Blair pointed out that “There can be no monopoly of services delivery by councils; the 1970s will not be re-visited. Delivering quality services means that councils must develop partnerships with communities, agencies and the private sector. The Best Value programme will replace the crude dogma of CCT. But there will be zero tolerance of failure: there is no room for poor performance” (Blair, 3 Nov. 1997). Other similarities are the performance review and reporting process, which are elements of both regimes. These started under CCT, and have now become major elements of Best Value.

THE DEVELOPMENT OF BEST VALUE POLICY

Simply speaking, Best Value is a local government policy developed by the Labour Party as a replacement for CCT. It is a package of initiatives and there are different approaches in many countries to both identifying what it consists of, and to applying it in practice. However, this article examines Best Value policy in public management at local government level in England only.

Best Value is the basis of the Blair Government's programme to modernise local government. It is a duty placed on all councils to deliver services to clear standards, covering cost and quality and to deliver services by the most effective, economic and effective means possible (DETR, 1999). The Government's intention to impose a new duty of Best Value onto councils was set out in the White Paper „Modern Local Government - In Touch with the People“ (DETR, 1998). The subsequent Local Government Act 1999 places on all local authorities a general duty to implement Best Value in relation to all services. The Act required councils to review and reform the way they deliver their services. The important point is that Best Value is not optional and cannot be ignored. The purpose of Best Value is to make a real and positive difference to the services people receive from the authority. It is about ensuring public services are responsive to citizens' needs (DETR, 1998; DETR, 2000).

On the other hand the Government vision for public services into the next century is described in the Modernising Government White Paper, the main themes of which are particularly relevant to Best Value. The aim is to ensure that public services are responsive to the needs of citizens, not the convenience of service providers. This entails ensuring that public services are efficient and of a high quality; and that policymaking is more joined-up, strategic, forward looking and is not simply reactive to short-term pressure (DETR, 1998). Best Value is about delivering these commitments at local level through the local authorities. They are required to apply the primary duties vested in Best Value as follows:

The duty to secure continuous improvement in the way in which the authority delivers its services, having regard to a combination of economy, efficiency and effectiveness;

A duty to consult local people on the way Best Value is achieved;

Establishing performance indicators covering key areas of all council functions (for example, strategic objectives, quality, cost and efficiency, effectiveness, fair access), some of which to be specified nationally;

A requirement to carry out Best Value reviews of all services over a 5 year period, taking account of the 4C's (Challenge, Consult, Compare, Compete) and of opportunities to deliver services in new and better ways;

A requirement to publish an annual Best Value Performance Plan, which will report back on a council's performance in the previous year, and set targets and action plans to achieve those targets for the coming years; and

An independent audit and inspection process, which will provide assurance to local people, that their council is delivering the highest quality of services it can at an acceptable cost (DETR, 1998; DETR, 2000).

These general duties confirm that Best Value must cover all functions of local authorities. However, Best Value is only one part of the Government's modernisation agenda for public services, and any support strategy (such as Local Public Service Agreements and Local Strategic Partnership) for implementing Best Value should be part of a wider strategy, to support modernisation within local government. In fact, the modernisation of local government involves the most profound set of changes to local government's role, forms of working and performance in this century. It requires fundamental changes to the roles, skills and attitudes of councillors and officers (Filkin, 1999). As a key part of the Government's wider modernisation programme, Best Value also seeks to bring councils closer to their

communities and to promote the role of councils in community leadership and governance. As set out in the White Paper, the modernisation agenda also includes proposals for new models of political management such as elected mayors or cabinet style executives, and a movement away from the committee system. The White Paper also includes a new duty on local authorities to promote the economic, social and environmental well being of their areas through a process partnership and community planning. Councils would have to weigh up the likely effects of a decision against those objectives laid down in the community plan, and ensure that the overall well being of their area was achieved (DETR, 1998).

ORIGIN OF BEST VALUE

Best Value has its roots in the private sector, as do many other innovative government reform practices. According to Lawrence Miles who was the originator of value analysis; „good value and „better value were based on the following equation, „value equals function cost (Function being the performance of a service in terms of meeting user need). This equation is about getting an improved relationship between function and cost. Bone argued that after this equation effect, Best Value came, probably from the US defence sector (Halachmi and Vickie, 2000; Bone, 1997). Like Best Value, some value management techniques are used all over the world by governments, public utilities and private companies. In local government it has been extensively used in service delivery as well as for capital projects.

Best Value measures have been become more and more commonplace and the term has become politically fashionable. There are indications of similar practices in the UK, Australia, Canada, as well as in the United States and there are also different approaches to BV (Hartley, 1999; Wilson,

1999). The Australian approach is, however, similar to the UK's, and they are also trying to implement it in both services and purchases (Halachmi and Vickie, 2000).

The American approach to Best Value is also very similar to that in the UK. Allegedly, many of the recent efforts in the UK to introduce Best Value as a measure of performance and quality, at least at the local level, are based on the 1993 American law known as the Government Performance and Result Act (GPRA) (Bone, 1997; Halachmi, 2000). In essence, the American approach was adopted to encourage public managers to adopt the Best Value concept.

[The Government Performance and Results Act of 1993 (GPRA) was intended to bring about a fundamental transformation in the way government programs and operations are managed and administered. The main features of this law are: First, a requirement for Federal departments and agencies to prepare strategic plans. Second, a requirement that Federal departments and agencies prepare annual performance plans, setting out specific performance goals for a fiscal year. Third, a requirement that the Office of Management and Budget prepare an annual government-wide performance plan, which is based on the agency annual performance plans. Fourth, a requirement that Federal departments and agencies submit an annual program performance report to the President and Congress, and which compares actual performance with the goal levels that were set in the annual performance plan. Finally it can say that the Act also aimed to give managers greater flexibility in managing by allowing the waiver of various administrative controls and limitations. Managers are, therefore, expected to be more accountable for the performance of their programs and operations. (One Hundred Third Congress of the United States of America, This Act may be cited as the Government Performance and Results Act -GPRA- of 1993)]

However, America's recent experience of Best Value has more usually been in the private rather than public sector. Best Value is, therefore, not a new term, but has deep roots in both public and private sectors all over the world. However, this section does not intend

to evaluate different approaches to Best Value around the world in detail, but rather to concentrate on Best Value development in England.

When New Labour came to power under Tony Blair, it announced its intention to replace CCT with a duty of obtaining Best Value as soon as parliamentary time allowed. As the first step, a Best Value piloting project was announced which invited all local authorities to become a pilot authority to test the practice of Best Value policy. Best Value later became a statutory requirement for all local authorities in England, being based on 12 main principles.

The Government intended to set out the machinery of Best Value through „12 principles“. The Local Government Act 1999 also established the Best Value regime as the centrepiece of New Labour's attempt to modernise local authority services. It abolished the legal requirement for authorities to adhere to strictly defined activities such as Compulsory Competitive Tendering (CCT). In this regard, Best Value framework establishes broad principles and process rather than detailed regulations. The Government did not intend to introduce a detailed and strict framework for local authorities to shape their implementation process in terms of Best Value. The Best Value Management Framework (BVMF), therefore, can be described as a general framework, which covers all functions of local authorities, because the new regime's requirements cover whole authority. The Government has therefore published many guidelines and consultation papers to make understandable what it requires for Best Value from local authorities, and how they should prepare their plans, and develop their own Best Value approaches. Indeed, these broad principles and processes contained in the Best Value regime have been interpreted and implemented in different ways by different local

authorities and in relation to different services within the pilot councils.

The major elements of the BVMF are appeared as the Corporate Review, Fundamental Service Review, Performance Plans, 4Cs Model, and New Inspection Model. All these considered as the main components of the statutory framework of Best Value for local authorities. In particular, the emphasis has been given to Best Value review system in respect of 4Cs model. Local authorities required to develop an overall corporate vision of what they desire to achieve with respect to their performance, local and national indicators and the aspirations of the local community. It is emphasised that without a corporate management and review system it is very difficult to reach Best Value national targets. Local authorities, therefore, suggested being realistic in the corporate review process. That is an effective corporate review should involve establishing a strong image of an authority's strengths and weaknesses.

As second step of Best Value review system, local authorities also required to prepare performance reviews, which should cover all council's services and activities within a five-year period. Performance reviews should promote accountability to local community, which is relevant and meaningful so that local people and external inspectors are able to make a judgement about the authority's performance.

Publishing performance plan is also one of the milestones of the BVMF, which is considered as a key document that identifies each authority's past and current performance and its plans of future priorities and targets for improvement. It is therefore should be main display which through local authorities can demonstrate themselves in terms of their performance in delivering services. In this sense, performance plans should provide appropriate information for local people

and inspectors. It is also aimed to integrate Best Value Performance Plan with other existing plans within local authorities.

The new regime also introduced a new inspection system in order to monitor Best Value implementation on the ground, and the Audit Commission strengthened to carry out this duty behalf of the Government. It is also brought into a new intervention power to be used by the Secretary of State. In this sense, it can be argued that if there is flexibility in public bureaucracy to carry out public services and to spend public money, it is acceptable that there should be central control on these public bodies. However, there is an argument about whether this new inspection system and intervention power outweighed its benefit and it is stricter than CCT. However, the Government has pointed out that new inspection system is one of the important parts of the modernisation of public services, which also intended to re-organise various existing inspectorates to provide external expert help to local authorities in implementing Best Value.

CONCLUSION

The article has examined re-organisation of public services at local government level in order to provide a brief overview of the radical transformation of public service delivery in the last three decades in England, especially post 1979, before starting to evaluate the new Labour Party modernisation movement and its local government policy.

The major impact of Thatcherism on local government was the introduction of CCT. Many argued that this was the most contentious element at that time since it gave more power to central government and weakened local democracy. It mainly concentrated on applying private sector techniques to public services, to achieve cost effective and quality services. In order to

reach their targets, Conservative governments created internal markets, implemented different privatisation methods, and required local authorities to contract out services through the mechanism of competitive tendering. In this regard, quality and efficiency elements became more apparent in imposing the internal market and competition for local authorities. The major argument started at this point, and opponents argued that Conservative governments were „unjustified in forcing local authorities to put services out to tender. Competition was a compulsory element for all public services. Indeed, the compulsory element marked the difference between Thatcherism and many western European countries, which were using the same privatisation and market methods.

After examining the changing management of local government in England with respect to Thatcherism and the Labour Party's transformation the article focused on dynamics of the evolution of the New Labour Party. There has been an argument in academic and media circles about the big policy shift of the Labour Party, and many commentators have tried to find a new standpoint for the Labour Party and identify its new policy. The common point of this argument is that New Labour is no longer a party of the left, because, the party modernisers accepted many radical policies from Thatcherism, which is the one of the most radical right wing movements England had ever faced. Even, Blair and his colleagues clearly admitted that New Labour did not reject everything from the Thatcher era, being confident to accept those aspects of Thatcherism, which they believed had merit. This is an unusual breakpoint in English politics in terms of the left-right relationship.

This transformation also deeply affected New Labour local government policy. The article, therefore, focused on the Best Value regime in terms of its theoretical aspects, and evaluated origin of Best Value

and its development as a local government policy. It is important to note that this article analysed Best Value in general, and as new phenomena rather than setting out its management framework. Its meaning and approaches are different from country to country. England thus has a special approach to Best Value, which have some important themes and principles, which are necessary to understand the philosophy of the concept, such as, Local Accountability, Partnership/Local Strategic Partnership, Community Strategy and Local Public Service Agreements (LPSA). It is important to emphasise that some of these elements emerged after Best Value came into effect. This is an important aspect of Best Value since as the Government pointed out; Best Value is a learning process for both central and local governments. The experiences of local authorities in implementing Best Value thus help the Government to produce supportive and complementary regulations. The LPSA is the best example for this, and it is designed to fill some financial related gaps of Best Value. Again there has been an argument about LPSA as to whether they form part of Best Value or comprise a different policy. Some argued that LPSAs are re-writing the philosophy of Best Value, because the new regime failed in terms of its financial base. Some argued that they are completely a supportive part of Best Value, which seemed more logical for the writer to accept in light of the practical evidences from local authorities.

Appendix 1. Best Value - 12 Principles

1.	The duty of Best Value is one that local authorities will owe to local people, both as taxpayers and as the customers of local authority services.
2.	Performance plans should support the process of local accountability to the electorate.
3.	Achieving Best Value is not just about economy and efficiency, but also about effectiveness and the quality of local services, the setting of targets and performance against these should therefore underpin the new regime.
4.	The duty will apply to a wider range of services than those covered by CCT.
5.	There is no presumption that services must be privatised, and once the regime is in place there will be no compulsion for councils to put their services out to tender, but there is no reason why services should be delivered directly if other more efficient means are available. What matters is what works.
6.	Competition will continue to be an important management tool, a test of Best Value and an important feature in performance plans. But it will not be the only management tool and is not in itself enough to demonstrate that Best Value is being achieved.
7.	Central government will continue to set the basic framework for service provision, which will in some areas, as now, include national standards.
8.	Detailed local targets should have regard to any national targets, and specified indicators to support comparisons between authorities.
9.	Both national and local targets should be built on the performance information that is in any case needed by good managers.
10.	Audit processes should confirm the integrity and comparability of performance information. Auditors will report publicly on whether Best Value has been achieved, and should contribute constructively to plans for remedial action. This will include agreeing measurable targets for improvement and reporting on progress against an agreed plan.
11.	There should be provision for intervention at the direction of the Secretary of State on the advice of the Audit Commission when an authority has failed to deliver Best Value
12.	The form of intervention should be appropriate to the nature of failure.

Source: Implementing Best Value, A Consultation Paper on Draft Guidance, DETR, London, 1999, p. 10-11

Note: This article's second section partly based on an article (by the writer, and published in Turkish) on the Labour Party transformation.

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Yüksel Demirkaya is Associate Professor of Public Administration and Management, Local Government Centre, Marmara University. He received his Ph.D. in political sciences from the University of Manchester, England. His current research interests include new public management thought and local governments.

Local Government Centre, Social Sciences Collage,
Marmara University, Beyazıt, İstanbul, Turkey
Sokak No:9/11
ydemirkaya@marmara.edu.tr
ydemirkaya2@yahoo.com