Best Value

The Best Value concept was developed as part of a wide reaching modernisation agenda for government at all levels.

Introduction
Chartered Best Value came into force in April 2000 and, although the rules are not as prescriptive as those surrounding Compulsory CT, allowing Local Authorities to develop their own polices, methodologies and toolkits, there is a requirement for every service to be reviewed at least once every five years. The reviews are to take place against the background of the 4 Cs of Best Value: Consult; Compare; Challenge and Compete and the outcomes will be rigorously evaluated by government appointed inspectors. Best practice is beginning to emerge as Local Authorities begin their five year review programmes.

Purchasing & Supply Management Professionals and Best Value
1. Local Authorities should undertake a review of the effectiveness of their purchasing and supply management - a key aspect of their Best Value appraisal.

2. Local Authorities should ensure that purchasing and supply management professionals are involved in every single procurement decision at the earliest opportunity, and where possible, lead the challenge to deliver Best Value, so that value for money can be increased and higher quality services can be provided.

3. Best Value demands key professional purchasing competencies such as market scanning, specification development, the development of purchasing and supply management strategies for whole life costs, sustainability, and improved quality, project and contract management. Well trained and qualified purchasing and supply management professionals have the skills and techniques to assist Local Authorities to embrace Best Value and deliver continual improvement such as improving the value for money which Authorities receive from existing contracts and external service providers.

4. Best Value involves reviewing each service provided by the Local Authority against the four Cs of Best Value. Purchasing and supply management professionals should contribute to each of these, in particular those which involve addressing the marketplace.

5. CIPS encourages purchasing and supply management professionals within Local Authorities to work together in the development of Best Value, supporting colleagues and sharing knowledge and progress. The Society of Purchasing Officers in Local Government (SOPO) is active in this area.

6. CIPS encourages purchasing and supply management professionals within Local Authorities to include specialists from other disciplines in the development of Best Value, working together to share knowledge and progress.

Stakeholders, Suppliers and Partnering
7. Stakeholders need to understand Local Authorities’ objectives in order to enable them to deliver Best Value services. Local Authorities should involve as many people as possible in the supply chain in designing Best Value solutions in order to develop a culture of innovation and collaboration.

8. A challenge of Best Value is to develop marketplaces to take advantage of contemporary advances in relationship thinking and eCommerce. Stakeholders, such as suppliers and service providers, need to embrace other issues like equal opportunities, eCommerce, true partnering and economic development of a local area, in order to support Best Value.

9. Best Value needs to balance the strategic importance of a service against the maturity of the market and its ability to deliver the level of service required. It is difficult to have a strategic alliance or partnering arrangement with a contractor that does not have substantial experience of the marketplace.

10. Purchasing and supply management professionals must be involved in the development of partnering arrangements. It is best practice to select a partner following a comprehensive competitive tendering process with an outcome-based specification in order to invite innovation in for example, ways of providing a service.

11. The criteria for selecting a true partner can be fundamentally different to that employed when selecting from a traditional supply base and so the existing supply base may have to change to meet new requirements. Suppliers should be selected for partnering on the basis of their competencies.

12. The purchasing and supply management professional must work with the marketplace, developing suppliers simultaneously, whilst entering into true partnerships with key suppliers. Some suppliers will not be able to change from their traditional approach of profit maximisation and short term gains. Best Value will require more of them.

13. True partnering involves for example trust, openness, frankness, common joint objectives, balance of risk e.g. a gain share/pain share basis. They require skills such as project management and cost control. True partnering bears little resemblance to traditional adversarial purchasing and cannot be implemented without a change in culture.

Local Authorities and Best Value
14. Best Value provides an opportunity to pursue cross cutting i.e. organisation-wide purchasing and supply management reviews which will lead to improved services and repositioning. It facilitates Business Process Re-engineering and Re-design by encouraging challenge, innovation and collaboration.

15. There are hidden costs in relationships between Local Authorities, their customers and their suppliers which will become more obvious in the scrutiny of best value. Best Value is about outcomes not just outputs and inputs and should take into account the whole cost to the local economy.

16. There may be some conflict between PFI and Best Value in that PFI facilitates an asset and services as a combined package whereas in some cases it may be better to view them independently. PFI should not be confused with being a means to obtaining Best Value. It is merely an option for funding.

17. Best Value is concerned with customer needs and these often include sustainable employment. It is a long term concept which should fit a wide range of government organisations at every level. It is as much about effectiveness and quality as it is about efficiency and cost.

18. The public consultation envisaged in the Best Value regime will frequently challenge traditional thinking about how services are provided and by whom they are provided.