

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: UPDATE ON THE BEST VALUE REGIME

MEETING DATE: 12 MARCH 2008

1 Purpose

- 1.1 This paper provides the Audit Committee with an overview of 'Best Value' requirements for TfL, including changes to the Audit Commission assessment regime.

2 Overview of the Best Value legislation and requirements

- 2.1 Under the Local Government Act 1999, Transport for London is designated as a 'Best Value Authority'. Best Value is described as securing continuous improvement in the exercise of all functions undertaken by the authority having regard to a combination of economy, efficiency and effectiveness.
- 2.2 As a Best Value authority, TfL has been required to prepare and publish summary performance information by the end of March and a Best Value Performance Plan (BVPP) by the end of June each year.
- 2.3 The form and content of the BVPP is prescribed in section 6 of the Act and related statutory guidance issued by the Government. The BVPP covers both statements about TfL's arrangements to secure economy, efficiency and effectiveness (eg through a range of service reviews known as Best Value reviews), and annual performance against a range of statutory indicators known as Best Value Performance Indicators (BVPIs) with associated commentary. It is audited by KPMG on behalf of the Audit Commission each year.

3 Current Assessment framework for TfL

- 3.1 During the early years of Best Value, the Audit Commission carried out inspections of selected Best Value reviews to assess the quality of the services provided and the prospects for improvement, and published a report outcomes on their website. In 2003/4 as part of the 'Strong Local Leadership – Quality Public Services' agenda, the Commission moved to a more holistic organisational approach, known as Comprehensive Performance Assessment (CPA). This rated authorities against a specific 'Key Lines of Enquiry' and produced an overall score.

- 3.2 In 2004, TfL was subject to an Initial Performance Assessment (IPA), which was the GLA group equivalent of the CPA assessment referred to above. TfL was the only functional body to secure an 'Excellent' rating, the highest possible. TfL no longer conducts a specific programme of 'Best Value Reviews', but in line with best practice does review services from time to time as the need or opportunity arises. The most recent example of this is the current review of transport policing being undertaken jointly between TfL and the Metropolitan Police Service (MPS).
- 3.3 Since 2004, the IPA result has been annually refreshed by a 'Direction of Travel' assessment, which has concluded each year that TfL continues to improve and therefore retains its 'Excellent Authority' status. In addition, there are two annual assessments conducted by KPMG on behalf of the Audit Commission – a 'Use of Resources' score including a value for money statement, and an assessment of TfL's Data Quality.
- 3.4 The overall assessment framework will continue in its current form for 2008 with minor changes to the 'Key Lines of Enquiry' for the assessment. The framework is however due to change considerably after 2008.

4 The proposed new assessment framework

- 4.1 The first change is that, following the Local Government and Public Involvement in Health Act 2007, from 1 April TfL will no longer be required to collect and measure BVPIs or produce a BVPP. Summary performance information will be available before 31 March 2008 on the TfL website (in the form of existing publications), but the last BVPP will have been produced in 2007. This follows on from Government's 'Strong and Prosperous Communities' agenda, which moves towards a community approach based on local need, and emphasizes the role of Local Area Agreements (LAAs) in the delivery of services to local communities.
- 4.2 In the light of the change of emphasis away from individual authorities towards Local Area Agreements, Government and the Audit Commission have been consulting on a range of proposed changes to the Local Government assessment regime.
- 4.3 **Comprehensive Area Assessment (CAA):** This assessment framework will be replacing the current CPA framework (IPA for TfL) and will be fully active by the end of 2009. This assessment is based on the priorities for a Local Area Agreement, which for London is at the Borough level. Although TfL is a signatory to Local Area Agreements, their priorities are set locally and it is unclear how an assessment of delivery against those local priorities will interact with TfL's wider pan-London remit. The consultation on these arrangements made no specific proposal for TfL arrangements and TfL continues to have dialogue with the Audit Commission in conjunction with other parts of the GLA group to develop an appropriate way forward.
- 4.4 **National Indicator Set:** A consultation has just completed on the detail definitions of a set of indicators to replace the BVPIs. However, only a sub-set of the full indicator set and associated targets will apply to any one Local Area Agreement. In London the determination of priorities and associated indicators / targets is being achieved via dialogue directly between the Government Office for London and Boroughs. There are a small number of transport indicators in the national set, some of which will be measured at the pan-London level and reported by TfL.

- 4.5 **Use of Resources 2009:** The specific assessments of TfL such as the Use of Resources and Data Quality are set to remain, albeit in altered form. The Audit Commission has also been consulting on a change to the emphasis of the Use of Resources, which will become entirely focused around a conclusion on Value for Money, drawing from a range of criteria such as financial standing and the use of natural resources. The Audit Commission intends to publish the final framework by 31 March 2008.

5 **Conclusion**

- 5.1 The landscape for the overall Audit Commission Assessment of TfL's performance is set to change considerably over the next 18 months. The biggest area of uncertainty is the relationship between TfL's performance against regional priorities set by the Mayor, and the CAA approach of assessment performance against Local Area Agreements. There is considerable risk that this new framework will not adequately take account of the Governance arrangements for TfL and discussions continue with the Audit Commission in this regard.

6 **Recommendation**

The Committee is asked to NOTE the proposed changes to the Best Value regime.