

EPPING FOREST DISTRICT COUNCIL

VALUE FOR MONEY SELF-ASSESSMENT – JULY 2008

1. WHAT HAS BEEN ACHIEVED TO DATE?

KLoE 5.1 How well does the Council currently achieve good value for money	
Please provide brief details and evidence to support your assessment with focus on the relationship between local taxation, overall expenditure and costs; and the level and performance of services provided, taking account of local priorities.	
Commentary	Evidence source
<p>The Council continues to operate a sound, well-established approach to the achievement of Value For Money (VFM). In order to ensure VFM and to focus resources on its main priorities, the Council's Vision and Medium-Term Priorities are set out within the Council Plan for 2006 to 2010 (VFM01), which was adopted in July 2006. The priorities detailed in the Council Plan were subject to extensive consultation with local residents, partner organisations and other stakeholders during 2006.</p> <p>VFM is an element of the authority's business planning processes (VFM02), and all directorates produce their own annual business plan prior to 1 April each year, setting out the key priorities and action plans for the year ahead. Corporately, attention and resources are focused on priority issues and proposed initiatives within the annual Best Value Performance Plan (BVPP) (VFM03), and VFM is required to be addressed as a standing item in all annual Business Plans, and the agenda of meetings of individual service management teams.</p> <p>The Council's Value For Money Strategy (VFM04) was adopted in September 2006, and sets out the way that the authority seeks to achieve VFM by ensuring that:</p> <ul style="list-style-type: none"> • costs compare well with others, allowing for external factors; • costs are commensurate with service delivery, performance and outcomes achieved; and • costs reflect policy decisions. <p>The VFM Strategy also sets out how the Council manages and improves VFM by ensuring that it:</p> <ul style="list-style-type: none"> • monitors and reviews performance in relation to VFM; 	<p>VFM01 Council Plan 2006-2010</p> <p>VFM02 Business Planning Guidance 2008/09</p> <p>VFM03 Best Value Performance Plan 2008/09</p> <p>VFM04 Value For Money Strategy</p> <p>VFM05 Data Quality Strategy</p> <p>VFM06 Report to Finance and Performance Management Cabinet Committee (24.9.07)</p> <p>VFM07 Value For Money Analysis Tool 2006/07</p> <p>VFM08 Corporate VFM Review (July 2008)</p> <p>VFM09a Key Performance</p>

- improves VFM and achieves efficiency gains; and
- takes account of full long term costs in making procurement and other spending decisions.

The VFM Strategy sets out the Council's approach to achieving these aims, including the specific responsibilities of members and officers at various levels across the authority for the delivery of VFM. The Council has also adopted a Data Quality Strategy (VFM05) that, amongst other objectives, ensures that performance data is correct and robust.

Budget-making processes continue to commence early in the financial year, when members consider a financial issues report of the Director of Finance and ICT that covers all of the current financial issues and key objectives that the Council wishes/needs to meet during the next year, and leads to the development of a Medium-Term Financial Strategy (MTFS) (VFM06), which provides options for different financial scenarios and Council Tax levels, and includes a four-year financial forecast. The agreed outcomes from this exercise are then used as the basis for the formulation of the budget over the coming months. This process identifies at an early stage any growth and savings proposals against policy objectives and community aspirations, in the light of the likely financial resources available.

As part of its prudent approach to financial management, the Council has adopted a corporate level approach of separating ongoing annual General Fund expenditure (the Continuing Services Budget (CSB)) from expenditure arising on one-off projects over the one to three year period (the District Development Fund (DDF)). Unlike many other councils, due to careful financial management, the Council has historically been able to allocate significant resources to the DDF, above and beyond the resources required to fund ongoing services, to fund one-off projects to enhance service delivery. The DDF is able to constrict and expand on an annual basis dependent on funding availability. Any growth in the CSB or new DDF projects is subject to a VFM evaluation process. Firstly, the Cabinet assesses the business case, the overall Growth List is then examined and prioritised through the overview and scrutiny process and finally agreed by the Cabinet, by reference to the available resources, as part of the budget. These arrangements have continued to operate successfully over the last twelve months.

The concept and introduction of the DDF separate from the CSB is a good example of how the Council has utilised surpluses to fund one-off projects in a set number of years, rather than introducing new ongoing services, or increasing the cost of existing services that cannot be funded in the longer term. The Council's effective approach to financial management has been recognised by the Audit Commission on a number of occasions through the Annual Audit Letter.

Following its initial Use Of Resources (UOR) assessment in 2005, the Council identified UOR, including VFM, as a key priority and established a high-level corporate officer Use Of Resources Working Party to progress the authority's approach to its overall use of resources, and to ensure VFM in the services that

[Indicators 2007/08](#)
[VFM09b Key Performance](#)
[Indicators 2008/09](#)

it provides. The Working Party specifically addresses VFM issues, through the development of a Value For Money Analysis Tool (VFM07). The Council recognises that it is important that it has a good understanding of the inter-relationship between its performance and costs, and that the authority uses this information to make sound strategic and policy decisions. The VFM Analysis therefore seeks to compare the Council's performance in the main service areas using the former Best Value Performance Indicators (BVPIs) and relevant Local Performance Indicators (LPIs), with unit costs and relevant benchmark information wherever possible, in order to develop proposals for action to improve VFM.

The purpose of the VFM Analysis Tool is to provide an indicator of the relationship between performance and costs for services, to prompt discussion, and to identify areas where further more detailed and targeted analysis may be required, which may then lead to a need for some form of corrective action or additional resource allocation. The first results of the analysis (for 2005/06) were considered by a Sub-Group of the Finance and Performance Management Scrutiny Panel, as a result of which a specific Task and Finish Panel was established to consider the provision of value for money within the Council's planning functions, and a specific report on leisure management costs was sought. The annual review of the VFM Analysis is an annual process, and the tool has recently been updated to reflect the latest available information. The Finance and Performance Management Scrutiny Panel have recently considered the VFM Analysis Tool, with a view to recommendations for further action being made to the Overview and Scrutiny Committee. The VFM Analysis Tool is used as part of the Council's annual service planning processes in order to reduce costs.

A detailed corporate 'VFM Review' (VFM08) has recently been undertaken in order to explore the facts that underlie the Audit Commission's views on the provision of value for money by the Council, through an analysis of information available from a variety of sources (including cost and performance data published by the Audit Commission), and consideration of the validity of the data used by the Commission, in order to reach an overall conclusion on the Council's provision of value for money. The purpose of the VFM Review has been to:

- Examine and comment on the Council's costs, as stated in the Audit Commission's VFM Profile Tool, and how they compare with other local authorities in comparator groups;
- Examine and comment on the Council's performance in respect of the performance data within the VFM Profile Tool;
- Reach conclusions on the Commission's VFM assessment of the Council;
- Consider the nature and limitations of the comparative data, particularly issues that could significantly affect the data and the Council's ranking;
- Assess the authority's Council Tax levels; consider how they compare with other councils; and consider the VFM provided by the Council from the 'citizen perspective'; and
- Consider the most cost effective future strategy to continuously improve value for money in terms

of reduced costs, higher performance, or both.

To support and provide focus on its priorities, the Council annually adopts a range of 'Key' national and local performance indicators as Key Performance Indicators (KPIs) (VFM09), covering issues crucial to the authority's core business and its corporate priorities. Annual improvement plans are produced for each of the KPIs, with the aim of focusing improvement on these areas and moving performance into the top quartile of comparable district local authorities, whilst also reflecting year on year changes. These improvement plans also contain details of service costs wherever possible, and feed into the annual development of the Council's VFM Analysis Tool. As part of this process, arrangements for the monitoring of the authority's performance has also been rationalised to provide focus on the KPIs, progress against the majority of which are reported to the Finance and Performance Management Scrutiny Panel and the relevant Portfolio Holder at the conclusion of each quarter. Performance reports benchmark current performance with that of the top performing quartile of district and borough authorities, and all English local authorities, wherever possible. The year-end position with regard to the KPIs for 2007/08, was as follows:

- 23 (53.5%) achieved the performance target for 2007/08;
- 6 (13.9%) did not achieve the performance target for 2007/08, although outturn performance was within 5% of the target for the year; and
- 23 (53.5%) improved in performance compared with 2006/07, or maintained the level of performance achieved for 2006/07.

The Council's Capital Strategy is fully funded and prioritises objectives. Some aspects of whole-life costing are addressed for capital projects such as housing stock transfer. Quarterly monitoring reports on Capital Projects are made to both the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel, including both financial monitoring and scheme progress. In order to improve its project management arrangements, a project management masterclass has been held for all relevant staff.

The Council set the second lowest 'Band D' Council Tax level in Essex for 2008/09, despite retaining its housing stock, and is likely to have the lowest tax level in 2009/10. This means that the Council is able to deliver the full range of statutory services, and a wide range of discretionary functions within a very low precept. Indeed, some other Essex authorities have set Council Tax levels at approximately £100.00 pa higher than the Council for the current financial year. If this level of Council Tax were charged in the Epping Forest District it would raise approximately an additional £5.4m to spend on services. However, this level of expenditure is not deemed necessary to deliver the services required by the community. The corporate VFM Review illustrates the authority's Council Tax levels and percentage increases over the last four years, compared with all other Essex districts, showing that over this period of time the Council

<p>has consistently set low increases.</p> <p>In setting the second lowest Council Tax level in Essex for 2008/09, the Council has considered that its costs are generally commensurate with the range, level and quality of services provided. Overheads are compared through appropriate benchmarking processes, and competitive tendering for services (leisure management, waste management etc) ensures appropriate costs.</p> <p>The Council has been debt free since 31 March 2003. Since that time £42m of capital receipts have arisen through effective asset management, including the identification and disposal of surplus and underperforming assets, which attract investment income that has enabled the Council Tax to be kept low, as well enabling the Council to invest in better service provision. Although other authority's have achieved debt free status by the sale of their housing stock, the Council still retains its stock (in accordance with tenants wishes), which means that, unlike these other councils, it has not had to rely on this source of capital receipt to achieve debt free status, or to receive significant investment income. In addition, the Council has also been able to retain other significant assets that either perform well now, or have good potential, including North Weald Airfield.</p> <p>The Council has achieved improvements in VFM, particularly in priority areas. For example, improvements in relation to former BVPI 12 (sickness absence) have resulted from a re-prioritisation of resources from recruitment and retention to managing absence, which has had a significant positive impact on the levels of absence across the Council. Other VFM improvements include the areas of leisure management, waste management and planning services.</p>	
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<p>KLoE 5.1.1 How well do the Council's overall and service costs compare with others, allowing for external factors?</p>	
<p>Please provide brief details and evidence to support your assessment – Key areas of focus:</p>	
<ul style="list-style-type: none"> • current level of overall costs (including unit and transaction) costs for key services; • planned spending in relation to others; • level of overheads and how they are accounted for; • external local contextual factors that influence costs (such as deprivation, geography, demography); and • demand and supply levels. 	
<p>Commentary</p>	<p>Evidence Source</p>
<p>It is generally accepted that, being located on the borders of London, the Epping Forest District is a relatively 'high cost' area, which affects the cost of the Council's services.</p>	<p>VFM08 Corporate VFM Review (July 2008)</p>

Although comparative information indicates that the Council has an average population density compared to similar authorities, this masks the reality. The south east of the district has a concentration of population in suburban areas with significant out-commuting. The remainder of the district has concentrations of population in market towns, but also has a very dispersed rural population, making the delivery of services more difficult and expensive (e.g. higher travelling costs and costs associated with providing dispersed services). Due to the geography of the district, the Council operates 16 separate operational premises, including area-based housing offices, cash offices and information offices, as well as a number of depots in different locations. Clearly, the cost of providing many operational premises is higher than if all services could be provided from a small number of premises, which is possible in smaller districts, especially those based around one central town or conurbation.

Although the Government recognises through the Revenue Support Grant (RSG) funding mechanism that the Council operates in a high cost area, this grant does not reduce the authority's costs. Although RSG increases the Council's income, in order to meet the higher costs, this is not recognised or reflected in the cost data published by the Audit Commission, which only relates to costs, and not income. Of the sixteen authorities in the nearest neighbour comparator group, only two receive more grant per head of population, and the government therefore clearly recognises the higher cost of providing services in the Epping Forest District. Furthermore, of the sixteen authorities in the nearest neighbour group, seven receive less assistance via the Area Cost Adjustment than the Council and therefore have lower costs.

The corporate VFM Review (VFM08) has identified a number of external factors that detrimentally affect its costs, which do not apply to all other local authority's in the Audit Commission's comparator groups. In particular, as the whole of the Epping Forest District is parished, the respective parish precepts are included within the net cost of General Fund services. Clearly, an authority that has no parishes, or less parishes than the Council, will have less costs, since parish costs include the costs of democracy in each parish/town council and the additional services that are provided at this third tier. Moreover, the overall cost of services provided by a multitude of parish/town councils (e.g. grounds maintenance) would be far higher than if the Council provided them all. An analysis of the effect of parish precepts on the council's costs has established that:

- 2 of the authority's in the 'Nearest Neighbour' group do not have any parishes; and
- The Council has the 4th highest parish precept per head of population in the 'Nearest Neighbour' group.

It is accepted that those councils that are un-parished, or only partly parished, would have to incur the costs of providing some services normally provided by parish/town councils, but, if the Council's total cost for all General Fund services were to be excluded the parish precepts, overall costs would be reduced by £22.68 per head of population.

[VFM10 Internal Audit Plan 2008-09 \(Extract\)](#)

[VFM11 Report to Planning Services Scrutiny Panel \(15.7.08\)](#)

[VFM02 Business Planning Guidance 2008/09](#)

[VFM04 Value For Money Strategy](#)

VFM, including benchmarking, is a key element of the authority's annual business planning process (VFM02). The Council is a member of several benchmarking clubs, including clubs for human resources, the direct service organisations and environmental health related functions, and also subscribes to the 'Housemark' benchmarking club for the eastern region, which compares costs, resources and performance across a range of housing management functions. Overview and scrutiny reviews examine and challenge services and costs, and include comparisons with other local authorities. The district and borough council's across Essex have established a performance management network through which performance can be compared and benchmarking undertaken on specific issues.

As part of the development of the Council's VFM Strategy (VFM04), the Director of Finance and ICT has produced guidance relating to the allocation of overheads within individual service based budgets and, in accordance with its normal practice, the Council has continued to allocate overheads as fully as possible within budgets.

The Council has also participated in the CIPFA Internal Audit Benchmarking Club for a number of years, providing data on the Council's internal audit arrangements for comparison with all district councils. The benchmarking analysis for 2007/08 was reported to the Audit and Governance in September 2007, and the results indicated that the performance of the Internal Audit Unit had remained around the average score for the majority of the key indicators covered by the survey, and was a reasonable representation of the Unit's performance. There had been no significant variations in performance in comparison to previous years, however there was still scope for improvement that would be reflected in the Internal Audit Business Plan for 2008-09.

The annual Internal Audit Plan (VFM10) ensures that a variety of VFM related issues are addressed, and in 2007/08, these included the use of external consultants and agency staff, and corporate procurement. All studies undertaken by Internal Audit incorporate a VFM element where appropriate, and relevant issues are brought to the attention of the relevant Service Director(s) at the end of each audit, and to the attention of the Corporate Executive Forum as part of the audit and governance monitoring process. The Audit and Governance Committee receives a quarterly monitoring report from the Chief Internal Auditor that highlights relevant governance, internal control and VFM issues.

Areas of higher spending are in line with the Council's priorities and investment results in improved services. The recent senior management restructure has ensured that areas of higher spending are in line with stated priorities. Additional resources have been directed towards services such as waste management and planning, which have resulted in improved levels of customer satisfaction, recycling and palling application turnaround times. A similar process for the redirection of resources to a range of

'street scene' services is currently underway. Budget monitoring is undertaken by all Spending Control Officers on a quarterly basis. Quarterly budget monitoring is also undertaken by the the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel, when relevant actions to improve performance and VFM are also considered.

The Council's waste management costs have increased significantly over the last eighteen months due to a number of factors, including:

- the previous waste management contract with South Herts Waste Management going into administration;
- the costs associated with procuring an interim waste management provider on a short term basis; and
- the costs of a full European Union procurement process for a long-term service provider.

Total costs for environmental services have also been affected by the effect of waste management cost increases. However, the Council's performance on recycling has continued to improve despite these difficulties.

The Council provides sports facilities in an intensive way, given the geography and demography of the district. Notwithstanding this, the Council has carried out market testing which led to the externalisation of the leisure management service and additional investment by the contractor. This has had a positive impact on Council Tax levels, and a continuing review of the service is proposed by plans for re-provision at Waltham Abbey Swimming Pool in order to increase the scope of the facilities available and to achieve efficiency savings.

A number of human resource factors increase the Council's costs. Staff are eligible to receive 'Inner Fringe Allowance' due to the Council's proximity to London, which adds an additional 4% to the paybill (approximately £800,000 pa), and therefore directly increases the cost of delivering services, given the fact that most local government services are people-intensive. On this point, it is interesting to note that Inner Fringe Allowance does not apply in many of the authorities with which the Council's costs are compared by the Audit Commission, which enables them to reduce their staffing costs, irrespective of staffing numbers or normal salary levels.

Nationally, it has been agreed that the salaries for all posts within a local authority should be job evaluated to ensure that employees undertaking equivalent jobs receive the same salary. This is a huge exercise, which inevitably results in increased staffing costs, due to the need to provide appropriate pay protection to employees whose salary is decreased. The Council concluded its arrangements for a 'Single Status' workforce in July 2003, and this increased the paybill by approximately £250,000 per

annum, which is reflected in the authority's costs. However, many councils have still not yet completed this exercise, and their staff costs have not yet increased, although their costs will in the future reflect this fact.

The cost of delivering the Council's planning services is increased by the rural and suburban nature of the district, and the need for enforcement action to be taken in order to protect the Metropolitan Green Belt, as well as the special character of the area, including its historical architecture and trees. There is also a large gypsy and traveller population, which often has its own unique needs and demands, the achievement of which are often resource intensive.

A useful indicator of the VFM obtained from a local authority's housing service as landlord at the macro level, is the cost of Supervision and Management (General) per property. For 2006/07, the Council's cost in this respect was £480 per property, which, according to CIPFA, was the lowest in Essex (which averaged £760 per property - almost 60% higher than the Council's). The national average for non-metropolitan authorities was £610 per property (almost 30% higher than the Council's). Although VFM cannot be assessed by reference to rent levels for the Council's housing stock (because they are set by reference to a Government formula linked to property prices), local authorities do have some control over their approach to annual rent increases. According to CIPFA, the Council had the lowest average rent increase in Essex in 2006/07. This was £2.06 per week, the average being £2.63, with the highest at £3.05. Furthermore, despite being in a high cost area, the Council's rent increase was also well below the non-Metropolitan Council average of £2.52 per week, and the all-England average of £3.92 per week. Therefore, it would appear that the Council provides good VFM for its landlord services through the Housing Revenue Account.

The Council challenges the provision of VFM through its revised approach to service reviews. This has undergone significant change through the development of 'Standing' and 'Task and Finish Panels' as part of the overview and scrutiny process, which are tasked with reviewing current approaches to a range of services and issues, and include consideration of VFM issues. Recent examples of this process include a panel established to review the level of VFM provided through the Council's planning functions (VFM11).

KLoE 5.1.2 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?

Please provide brief details and evidence to support your assessment in relation to the key areas of focus – refer to the VFM Profile tool for evidence:

- **quality and standards achieved, including targeted investment to improve poorer services and quality of life;**
- **well managed capital programme;**
- **results of service inspections; and**
- **range of discretionary services provided.**

Commentary	Evidence source
<p>The geographical area of the Epping Forest District is large, covering urban and rural areas of 131 square miles, and including twelve towns and larger villages ranging in population size from 2,000 to 30,000, totalling 120,000 people. Journey times between towns/villages and the council's offices detrimentally affect the unit costs of services.</p> <p>It is accepted that there are some inequalities in the way in which services are delivered to the whole community as a result of local factors, and that the rural nature of much of the district has led to some services being available at a reduced level in these areas. This issue is reflected in the VFM Strategy (VFM04) and the Council Plan for 2006 to 2010 (VFM01). The Council has recognised that it needs to do more in this area and the VFM Strategy sets out the authority's commitment to engage external expertise to help it develop an appropriate approach to ensuring equality in service provision across the whole of the district. Proximity to London also has an effect on performance, due to recruitment and retention difficulties. The Council has implemented a Recruitment and Retention Strategy, a key plank of which is the use of trainee positions, but it is recognised that this cannot full resolve current staffing difficulties.</p> <p>The Council is reviewing its Social Inclusion Strategy and is working with the Epping Forest Local Strategic Partnership through the Local Area Agreement process to address equality issues. A full review of the authority's Race Equality Scheme has taken place, together with work on the Gender Equality and Disability Equality Schemes and the Corporate Equality Action Plan. A policy for monitoring service outcomes against gender, ethnicity disability and age criteria has also been adopted.</p> <p>The Council collects information on the needs of and the impact of its decisions on different community groups, and actively seeks to improve access to services, outcomes and VFM. The Council has pursued several opportunities for collecting information on the needs of and the impact of its decisions on different community groups, including disability monitoring, the Multi-Faith Forum, the Rural Tenants Forum and the new Youth Council for the district. External data from the Office of National Statistics has also been used in the review of the Race Equality Scheme and, as part of this review, a comprehensive equality-</p>	<p>VFM04 Value For Money Strategy</p> <p>VFM01 Council Plan 2006-2010</p> <p>VFM12 Report to Finance and Performance Management Scrutiny Panel (27.3.08)</p> <p>VFM13 Asset Management Plan 2007-2012</p>

monitoring audit was carried out and the outcomes were reported to the Finance and Performance Management Scrutiny Panel in March 2008 (VFM12).

The Council has been proactive in agreeing differential investment to improve equity of access and service. Examples of this approach include housing benefit visiting officers, disabled adaptations, companion bus passes, assisted waste collections, Countrycare access groups, Careline, and the grant aid scheme.

The Council has a well-managed Capital Programme linked to priorities and supporting service improvements, which is reviewed on an annual basis. The adoption of a corporate approach to project management, and the regular reporting of details and costs of relevant schemes to the Corporate Executive Forum, is currently being investigated. The Springfields housing improvement scheme at Waltham Abbey is currently running below the agreed budget.

The Council's Asset Management Plan for the period from 2007 to 2012 (VFM12) highlights the importance of effective management of the Council's land and property assets to ensure maximum benefit and minimum risk. As an important element of the corporate asset policy, the Council seeks to maximise the performance of investment properties, that currently produce an income of some £3.95 million per annum, through full implementation of rent reviews, lease renewals, re-letting of vacant properties as they arise and pursuing opportunities to improve asset values. In addition, the Council maintains a continuous property review programme to identify surplus or underused land and property assets to raise capital receipt income for the achievement of the Capital Strategy and the Capital Programme. Major land sales including the Lorry Park and T11 sites at Langston Road, Loughton, the former Lambs' Garage site in High Road, Loughton; and the former Parade Ground site at North Weald Airfield, have been completed within the past four years producing capital receipts of £20.5 million.

KLoE 5.1.3 To what extent do costs reflect the Council's priorities?

Please provide brief details and evidence to support your assessment in relation to the key areas of focus:

- **how costs are assessed when decisions are made;**
- **the extent to which spending, including the capital programme, is in line with stated priorities; and**
- **the extent of long term cost considerations with major investments or partnerships**

Commentary	Evidence source
The Council has considered the best delivery models to achieve improvement in a number of key areas whilst also securing VFM, and has targeted investment appropriate to the nature of the particular service and the authority's overall priorities. Significant examples of this investment to improve services and	VFM14 Report to Cabinet (12.11.07)

quality of life include the development control and leisure management functions.

Members have recognised that the Council needs to improve its performance in meeting national targets for the determination of planning applications, and the authority has committed considerable additional human and financial resources to the implementation of an integrated information and communications technology (ICT) system to improve planning performance. The Council provides a range of discretionary services that are reviewed from time to time. As a result of the recommendations of a Leisure Management Best Value Service Review and the Council's desire to achieve VFM, an external partner was appointed to manage and develop the authority's major leisure facilities with effect from January 2006. By the transfer of risk, lower annual revenue costs and the securing of an £1.5m of additional capital investment, the Council has secured its key objectives in this area.

In response to customer concern at service levels, the Council has directed significant additional resources to its waste management service. Additionally, the Council recognised concerns regarding street cleansing standards in some areas of the district and invested additional resources for the provision of 'local teams' that have led to improvements in standards.

The Council requires that all reports considered by the Cabinet and Portfolio Holders identify the financial (and other) implications and the existing/required budget provision, of decisions and proposed courses of action. Reports may only be referred to the Cabinet that have first been considered by the Agenda Planning Group chaired by the Chief Executive, and this arrangement ensures that proposals originating from both service-providing departments and support service departments are considered in detail by all interested services, and enables both the beneficial and detrimental effects on service delivery of all proposals to be balanced with resource implications. This also ensures that members consider balanced and comprehensive reports, with the most important points being brought to their attention.

The Department of Communities and Local Government requires local authorities to collect and monitor a large number of performance indicators. The Cabinet set an increased target for at least 75% of its KPIs for 2007/08 to be within top quartile (district council) performance at year-end. Improvement plans have been formulated for each KPI, setting out how top quartile performance can be achieved and maintained and identifying the required resources. Through this process, the Council targets increased and reprioritised resources to improve/maintain performance in the areas that it considers most important.

The Council's Capital Strategy is reviewed and updated by the Cabinet and the full Council each year (VFM14), (VFM15), and annual consideration includes a review of the key capital priorities and their priority ranking, which can change from year to year, in line with changes in the Council's priorities. The Capital Strategy ensures that a strategic approach is taken to projects and that capital projects are

[VM15 Report to Council \(18.12.07\)](#)

properly planned, managed and reviewed to ensure that VFM is achieved. Once capital projects have commenced, progress against key milestones, and actual expenditure compared to budget, are monitored on a regular basis. Project teams plan, manage and review projects and monitor expenditure, estimated out-turn, variances to budget and potential claims. On completion of schemes, post-contract evaluation is undertaken using the methodology recommended by the Audit Commission in its 'Guidance on Capital Programmes and Construction Projects'. Each year, four-year forecasts are produced for both the General Fund and the Housing Revenue Account. This enables decisions to be made on large investments, having regard to the effect on the medium term.

The Council has recently completed a full restructuring of its staffing complement, with the aim of realigning services to improve delivery to customers, and making efficiency savings, around half of which have been re-invested in front line priority areas such as street scene in order to generate significant improvements in enforcement activity, area monitoring and a rapid response capability. The initial phase of the restructuring focused on the chief officer level and generated savings of £200,000. Below this level further savings of £300,000 were made, and these are being reallocated to provide improvements in service delivery. The restructure has ensured that areas of higher spending are in line with stated priorities.

The Council is aware of its higher unit costs in the waste management area of service delivery, which have come about because of deliberate policy decisions reflecting public consultation, as well as local conditions in the district. The authority has directed significant additional resources to its waste management service. The Council's new Waste Management Contract commenced in November 2007, and contains:

- enhanced standards of street cleansing over and above those required by statute;
- special standards for areas with a 'night time economy'; and
- strict performance payment based mechanisms.

The costs of the new Waste Management Contract reflect the wishes of members to retain a the twenty-two week summer weekly residual waste collection service, and the continuing free provision of sacks for the garden waste collection service. Although it is acknowledged that the Council's waste management costs are higher than other comparable authorities, one of the key reasons is the cost of the popular and well-used green waste collection service. In seeking tenders for the new contract, the Council carefully assessed costs and considered the cost implications for different levels of service that could be sought through the contract specification. Whilst it would have been possible to reduce these costs through the new contract, following extensive customer consultation, consideration of current environmental expectations from waste management and a detailed options appraisal, the Council agreed a specification that it could afford within the resources available, but that would have a relatively high

<p>associated cost. These higher costs are commensurate with a higher service level.</p> <p>In addition, there are other local factors affecting the cost of the waste management service. These include the geography and demographic make up of the district. Long distances travelled to collect waste reduce efficiency and add to fuel costs, and travel distances to landfill sites incur greater freighter downtime. The large proportion of rural roads lead to high mileages, and the roads themselves are difficult and expensive to keep clean. The same roads have high vehicle usage due to the district's proximity to London and the M11/M25, causing damage popular and well used to highway surfaces, which also makes them difficult to keep clean. There is also an ageing population, requiring more assisted collections, which adds to costs.</p> <p>The Council has made a policy decision to retain car parking charges at a relatively low level, whereas many other councils have significantly higher charges. The Council has also decided, in order to support the economic viability of the towns in the district, to provide free car parking in long-stay and combined car parks on Saturdays as well as in all car parks in the three weeks before Christmas each year. Similarly, the cost of a short stay for 30 minutes car parking is just £0.10p. The Council has therefore decided to forego a higher overall income for car parking charges, and a reduction in overall net expenditure on services, in order to support the local economy.</p> <p>Evidence to support the Council's self-assessment in relation to the key areas of focus subject of this KLoE are set out in the cost and performance data published by the Audit Commission, and in the findings and conclusions of the authority's recent internal VFM Review.</p>	
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2. HOW IS VALUE FOR MONEY BEING DELIVERED AND IMPROVED?

<p>KLoE 5.2 The Council manages and improves value for money</p>	
<p>Please provide brief details and evidence to support your assessment focusing on:</p>	
<ul style="list-style-type: none"> how the council manages its costs, while maintaining the quality of services and responding to local needs. 	
<p style="text-align: center;">Commentary</p> <p>The Council's adopted VFM Strategy (VFM04) is designed to ensure that the authority manages and improves the provision of value for money.</p> <p>All of the Council's detailed budget heads have a designated 'Spending Control Officer' responsible for monitoring income and expenditure, and for taking appropriate remedial budgetary action when required. All service areas have access to, and have specialists trained to use the Council's financial management system, which enables them to drill down into budgets and expenditure. This enables the reporting</p>	<p style="text-align: center;">Evidence source</p> <p>VFM04 Value For Money Strategy</p>

<p>system to be used to manage and monitor expenditure in user-determined ways. Variations against budgets are required to be reviewed at all Team/Section meetings on a quarterly basis.</p> <p>Members consider financial reports at key times during the year. The Finance and Performance Management Cabinet Committee considers each stage of the budget formulation process in detail, providing an opportunity for key members to consider budget proposals at an early stage and to discuss matters in detail. On the scrutiny side, the Finance and Performance Management Scrutiny Panel is briefed on the budget and has the opportunity to input into the budget setting process, reporting back to Cabinet via the Overview and Scrutiny Committee.</p> <p>The Council has a Scheme of Virement, which ensures that transfers of expenditure between budget heads are only allowed with approval at an appropriate level, dependent on the amount involved. The full Council must agree additional expenditure, on the recommendation of the Cabinet. The Corporate Executive Forum monitors salary expenditure by service on a monthly basis, in order to identify significant under/overspends.</p>	
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<p>KLoE 5.2.1 How does the Council monitor and review value for money?</p> <p>Please provide brief details and evidence to support your assessment:</p> <ul style="list-style-type: none"> current processes for monitoring and reviewing costs, including consideration of value for money in the annual budget process, internal reviews (including Best Value reviews), and cost indicators. 	
<p>Commentary</p>	<p>Evidence source</p>
<p>As previously stated, the Council seeks to identify and compare the costs of service delivery against performance through the development of a in-house VFM Analysis Tool (VFM07), using cost and performance data from national and local performance indicators and benchmarks. Information in relation to service costs is provided to members through quarterly budget monitoring undertaken by the Finance and Performance Management Scrutiny Panel, as part of the adopted VFM Strategy.</p> <p>When service reviews are undertaken, all the detailed costs of the service under review are analysed and reviewed to see if better VFM can be achieved. Cost comparisons and benchmarking are also made with other organisations as part of all reviews.</p> <p>The fees and charges levied by the Council are reviewed and updated annually by members. In the first instance, current and proposed charges for the following year are considered by the appropriate overview and scrutiny panels, who recommend to the Cabinet as appropriate. When large capital projects are being considered, part of the appraisal includes the formulation of a Cost Plan by a quantity</p>	<p>VFM07 Value For Money Analysis Tool 2006/07</p>

surveyor, which enables an indication of costs to be provided, based on current market prices and indicators, and the effect of different start on site dates.

KLoE 5.2.2 How well has the Council improved value for money and achieved efficiency gains over the last three years?

Please provide brief details and evidence to support your assessment. Please append your backward looking Efficiency Statement covering 2007/08:

- **council targets for value for money and efficiency gains; and**
- **the achievement of efficiency gains.**

Commentary	Evidence source
<p>The Council has set a target to achieve a 2.5% per annum improvement on its 2004/5 baseline for net expenditure on services and its net capital spend, to be achieved either through cost savings or increased output. The Finance and Performance Management Cabinet Committee monitor performance against this target on a quarterly basis.</p> <p>The Council has invested savings and efficiencies of £250,000.00 arising from the completion of the senior management restructure into its 'Safer, Cleaner and Greener' initiative, through the re-prioritisation of resources and the dedication of additional resources towards tackling the full range of environmental and 'street scene' issues in an integrated manner.</p> <p>The Council's overall Gershon efficiency savings achieved up to April 2008 were £5.34m (VFM16). The Council's savings target of £1.23m by 31 March 2008 was achieved two years early, and has subsequently been exceeded by some £4m. During the period 2004/05 to 2007/08 the housing service achieved savings totalling £1.1, which were made through twenty separate efficiency initiatives and accrued from either providing the same service at a lower cost, or a better service at the same cost.</p>	<p>VFM16 Backward Looking Efficiency Statement</p>

KLoE 5.2.3 Do procurement and other spending decisions take account of full long-term costs and benefits, including environmental and social costs benefits and improve value for money?

Please provide brief details and evidence to support your assessment:

- **how value for money is built into the council's procurement practice;**
- **the extent to which a 'whole life' approach is taken to spending and procurement decisions;**
- **identifiable savings achieved through procurement;**
- **are opportunities to procure with others, or work in partnership in other ways, to improve value for money utilised and what has the impact been; and**
- **examples of the council using ICT developments to improve access and value for money.**

Commentary	Evidence source
<p>The Council has reviewed its procurement practices and strategy in order to improve VFM, and has introduced the corporate 'Essex Marketplace' e-procurement solution in order to modernise its internal procurement processes and to provide enhanced management information in order to drive VFM improvements.</p> <p>The Council has also joined the Essex Procurement Hub, which is a collaboration of five local authorities who jointly fund a number of procurement posts based at Braintree District Council. This arrangement has delivered a number of cost savings to the Council and is a cost effective way of obtaining expert procurement advice leading to increased VFM. Examples of effective VFM procurement include the Waste Management Contract, leased car arrangements, and the Council's banking service. The Council has also recently appointed its own Procurement Officer as part of the management restructure, in order to focus on achieving procurement best practice and identifying areas where the greatest benefits can be gained in terms of VFM and efficiency.</p> <p>The Council pursues opportunities for joint procurement and works in collaboration with other local authorities and agencies to reduce costs and improve VFM wherever possible, for example, in terms of the undertaking of the former three-yearly BVPI customer satisfaction surveys and the new National Indicator 'Place Survey' requirements, where joint survey procurement was undertaken with all of the local authorities in Essex. The Council is making some use of a shared service approach with partners to achieve efficiencies, through its choice-based lettings scheme, the Essex Human Resources Partnership on equality issues, and the Children and Young Peoples Strategic Partnership on children's issues. The Council is active in seeking external funding to assist it to deliver its priorities at a lower cost, and has adopted an External Funding Strategy (VFM17), the implementation of which is being lead through an adopted action plan. The Council's success in securing external funding has been recognised previously, and an internal audit of the authority's external funding arrangements has been completed.</p>	<p>VFM17 External Funding Strategy</p>

The Council's major procurement decisions seek to achieve wider community benefit and long-term VFM, for example the external provision of leisure management and waste management services, town centre enhancement schemes and the remediation of a former landfill site at Bobbingworth as a local park facility.

The Council understands the impact of its long-term costs and benefits, including environmental and social impacts, and takes account of these when making decisions and monitoring outcomes. Whole-life cost appraisals are conducted for significant capital projects and, for example, the partial stock transfers of the Robert Daniels Court and Wickfields sheltered housing schemes to registered social landlord considered the effect of housing subsidy over a number of years. All significant housing decisions take account of the thirty-year financial forecast contained within the Housing Revenue Account Business Plan to conclude whether VFM would best be provided through the Council undertaking the required capital works or through a transfer to an RSL. In both the Robert Daniels Court and Wickfields cases, the project appraisal concluded that the latter approach offered the best VFM.

The Council uses information technology to drive and enable business process change to improve both its own VFM and access to services for users. The authority has identified the benefits to be had for both staff, the organisation and service users from developing mobile working arrangements, which are being progressed in a number of directorates. Within the Benefits Division, funding has been obtained from the Department for Work and Pensions to establish a pilot scheme for visiting officers to conduct on-site assessments. This has now been fully implemented and has speeded up both the processing of new claims and amendments to existing claims, therefore having a direct and positive impact on service users.