

# **Report to the Finance and Performance Management Scrutiny Panel**

**Date of meeting: 10 June 2010**



**Portfolio:** Finance and Performance Management

**Subject:** Value For Money Cost and Performance Benchmarking Analysis 2008/09

**Responsible Officer:** S. Tautz (01992 564180)

**Democratic Services Officer:** A. Hendry (01992 564246)

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## **Recommendations/Decisions Required:**

**That arrangements for the consideration of the Council's annual Cost and Performance Benchmarking Analysis, through the establishment of a Value For Money Sub-Group, be agreed.**

## **Executive Summary:**

1. Pursuant to the Local Government Act 1999, the Council is required to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The relationship between economy, efficiency and effectiveness is often defined as 'Value For Money'.
2. The Council's Value For Money (VFM) Strategy was first adopted in 2006, and was reviewed during 2008/09 in light of the completion of the detailed 'Value For Money Review' of the Council's costs and performance undertaken during 2008. The Value For Money Strategy is due to be further reviewed during the current year.
3. Consideration of the Council's value for money performance has traditionally been undertaken by a Sub-Group of the Scrutiny Panel, through the development of a Cost and Performance Benchmarking Analysis. The purpose of the analysis is to provide an initial indicator of the relationship between the Council's service costs and performance, in order to identify areas where further more detailed and targeted analysis or improvement activity may be required.

## **Reasons for Proposed Decision:**

4. The Value For Money Strategy sets out the Council's overall approach to ensuring the provision of value for money services. The Strategy builds upon the work undertaken as part of the corporate value for money review in 2008, as a result of which improvements have been made to existing arrangements for the annual scrutiny of the Council's costs and performance.

## **Other Options for Action:**

5. None. The Value For Money Strategy seeks to bring together best practice within the Council in terms of the provision of value for money services. Failure to identify arrangements for securing and improving value for money might mean that

opportunities for improvement were lost, and could adversely affect the reputation of the authority.

### **Report:**

6. The Council's annual Cost and Performance Benchmarking Analysis was originally developed as a means to better understand the authority's unit costs for individual services, and how they related to performance and compared with other organisations. The analysis has previously been recognised as a model of good practice by the Audit Commission.
7. The purpose of the analysis is only to provide an initial indicator of the relationship between service costs and performance, and to identify areas where further detailed and targeted analysis may be required, and which may then lead to a need for some form of corrective action or additional resource allocation. The analysis utilises national cost and performance information published by the Audit Commission through its 'Value For Money Profile', supported by relevant commentaries from service directors. The corporate value for money review adopted this approach to cost comparison, and proved useful in benchmarking the Council's costs and performance with other authorities, as it was based on a consistent set of data returns across all local authorities.
8. The Audit Commission's 'Value For Money Profile' for 2008/09 (the most recent year for which data is currently available) has recently been published, and has traditionally facilitated comparison with pre-defined and bespoke local authority groupings in order to determine relative 'rankings'. Whilst the Cost and Performance Benchmarking Analysis has previously focused on comparisons with the Council's 'nearest neighbour' authorities (those that are geographically and demographically similar), and the district and borough councils across Essex in order to gain meaningful benchmarking information, it should be noted that the 2008/09 profile does not easily allow for the production of bespoke comparisons or comparator groups, and that it may not therefore be possible to undertake the same level of detailed research as in previous years. The Audit Commission has been advised of the concerns of the Council with regard to the limitations of the new version of the Profile.
9. However, following the publication of the 'Value For Money Profile' for 2008/09, the Council's own annual Cost and Performance Benchmarking Analysis will now be developed from the tool, with a view to this being considered by members in August/September 2010. The Scrutiny Panel is therefore requested to agree arrangements for the consideration of the analysis and the composition of the traditional Sub-Group, as part of the formulation of its work programme for the year ahead.

### **Resource Implications:**

The budget and human resource implications of the implementation of the Value For Money Strategy and the on-going review of the Council's costs and performance can be met from within existing resources.

### **Legal and Governance Implications:**

VFM is a key component of the annual Use of Resources judgement and Comprehensive Area Assessment.

### **Safer, Cleaner and Greener Implications:**

There are no direct implications arising from the implementation of the draft Value For Money Strategy and the on-going review of the Council's Value For Money performance for the Council's commitment to the Nottingham Declaration for climate change, the corporate

Safer, Cleaner and Greener initiative, or any Crime and Disorder issues within the district.

**Consultation Undertaken:**

Arrangements for the annual review of the Council's costs and performance have previously been agreed by the Finance and Performance Management Scrutiny Panel.

**Background Papers:**

A copy of the Corporate VFM Review undertaken in 2008 has been placed on deposit in the Members' Room. The achievement of VFM is central to the published frameworks for the Use of Resources and Comprehensive Area Assessment.

**Impact Assessments:**

***Risk Management***

Failure to identify arrangements for securing and improving value for money might mean that opportunities for improvement were lost, and could adversely affect the reputation of the authority. The lack of a coherent approach to VFM could lead to wasteful effort or an under-appreciation of the more strategic implications of taking forward particular initiatives.

***Equality and Diversity:***

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

No. However, the respective Service Director will identify any relevant issues arising from proposals for improvement in respect of areas of unacceptable cost or performance

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?  
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group? N/A