

## Value for Money Strategy

### Background

It is important that the Council has a good understanding of the inter-relationship between its performance and its costs, and uses this information to make sound strategic and policy decisions. This Value for Money Strategy sets out the Council's approach to ensuring that it obtains value for money.

The Audit Commission undertakes an annual Use of Resources assessment to evaluate how well councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support and improve Council services. This assessment is based upon national 'Key Lines of Enquiry' (KLOEs), for which Value For Money is a key component. This national framework provides the basis for the Council's actions to improve its performance in relation to value for money.

### Policy Statement

The Council recognises its responsibilities as a custodian of public funds to strive for value for money in the delivery of services.

The Council seeks to achieve and where possible improve value for money by ensuring that:

- Costs compare well with other local authorities, and where appropriate other sectors, allowing for external factors
- Costs are commensurate with service delivery, performance and outcomes achieved
- Costs reflect policy decisions
- Performance in relation to value for money is monitored and reviewed
- Improved value for money and efficiency gains are achieved
- Full long term costs are taken into account when making procurement and other spending decisions
- external funding and partnership opportunities are sought in order to enhance funding by the Council.

This strategy sets out the Council's approach to achieving these aims, including the responsibilities of members and officers for the delivery of value for money.

#### **(a) Member Level**

##### ***(i) Executive Functions***

#### **On an annual basis, Cabinet (and where appropriate Portfolio Holders) will**

- Consider the outcomes of the annual consultation exercise of partners and stake holders when setting spending levels for the budget.
- allocate resources in line with agreed budget priorities, taking into account performance
- Plan actions and allocate resources in the light of agreed priorities, identified community issues, deprivation indices and customer consultation feedback.
- Set targets for cost reductions and efficiency gains

- Agree the annual efficiency plan
- Review any savings produced through the Procurement strategy

The Cabinet will also review the allocation and use of resources on an on-going basis, especially when making policy decisions, to ensure value for money.

The Finance and Performance Management Cabinet Committee may also undertake some of these functions as directed by Cabinet.

### **(ii) Scrutiny Functions**

The role of Scrutiny will be to compare and assess performance and associated costs.

**On an annual basis, Overview and Scrutiny Committee will carry out the following tasks:**

- Establish and monitor a programme for reviews of service areas via the Task and Finish Panel framework, with one of the aims being to ensure that unit costs and performance are compared, scrutinised and improved where appropriate.
- Receive reports on the reviews and make recommendations to Cabinet

**The Finance and Performance Management Scrutiny Panel will carry out the scrutiny of Council performance and costs, consisting of**

- Performance Indicator information (this will include the selection of 40 KPIs each year) on a quarterly basis
- Local unit cost information, compared to national/regional/local benchmarks and links to KPI, BVPI and LPI performance where appropriate, on an annual basis
- Progress with key capital and revenue projects in terms of both financial and operational issues.

### **(b) Management Board's role**

On a quarterly basis Management Board will carry out the following tasks:

- Scrutiny of performance information for the 40 KPIs.
- Consider progress with the identified key capital projects, on both a budgetary and operational basis.

On an annual basis Management Board will:

- Scrutinise performance information for all BVPIs/LPIs.
- Review the Council's Value For Money framework by considering key unit cost and quality indicators, and the Council's performance with reference to benchmark groups, surveys etc.
- Provide a strategic steer for Members and officers on the development of the Council's priorities and associated value for money/performance management considerations, taking into account quality and cost.

On an ongoing basis Management Board will:

- Through the Cabinet Agenda Planning Group, ensure that full and accurate cost information is included in reports to the Cabinet, to ensure the proper alignment of resources with priorities.
- Ensure that appropriate processes are in place to secure high standards of data quality.

**(c) Heads of Service**

On a quarterly basis Heads of Service will:

- Provide BVPI/LPI information to Management Board and members, reviewing performance and take corrective action as necessary. This will follow a critical review of all BVPI, LPI and management PI information with service managers in order to agree any required action to be taken as a result.
- Review their budget expenditure, ensuring that resources are prioritised to key areas, and that budgetary performance is understood
- Identify and quantify any efficiency gains that have arisen in the previous quarter and identify any opportunities for future efficiency gains
- Review progress with capital programme projects

On an annual basis Heads of Service will:

- Review and update their benchmarking data to determine whether their service provides value for money in terms of unit costs (against the Council's overall approach to value for money and benchmarking)
- Take any necessary corrective action in the light of this
- Ensure that that all opportunities to review cost data on a local, regional and national basis are identified e.g. by joining relevant benchmarking clubs.
- Critically review the Audit Commission's cost profiles for the council, and their comparisons with all district councils, and investigate further any areas where unit costs appear to be inappropriate or unreasonably high.

**(d) The Performance Management Unit**

This Unit will carry out the following functions:

- The maintenance of the Performance Management system
- Co-ordination of the collection and reporting of unit cost data, where appropriate linking this to KPI data.

### **Actions and documents required to support the strategy**

In order for the above actions to be carried out effectively, the following actions will be required to support the value for money strategy:

#### **Data and Actions already in place**

1. The provision of ward-based or more detailed information on the profile of the District's population in terms of age, gender, race and health;
2. The provision of ward-based or more detailed information on the profile of the District in terms of deprivation, using national indices.
3. The production of an annual Efficiency Statement informed by this Value For Money Strategy.

#### **Actions required to be put in place**

1. The production of a Procurement Strategy setting out how the Council intends to secure value for money through the purchasing of goods and services.
2. The development of a methodology to bring together PI and cost data into one linked table, showing clearly the relationship between performance and value for money.
3. The production of a Data Quality Policy.
4. A consideration of the level of external support required to carry out the above actions.