NOTES

Introduction

It is important that the Council has a good understanding of the inter-relationship between our performance and our costs, and that we use this information to make sound strategic and policy decisions.

In September 2006, the Council's Cabinet adopted its Value for Money Strategy, with the following 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.*

To deliver the VFM Strategy, it is important that there is clear information on our costs and how these compare to others and to the quality of our services achieved currently and over time. It is also important to achieve and improve value for money, and that such an approach is embedded within the Council's culture. Members, senior managers and service managers need to manage costs alongside quality of services and responding to local needs.

Furthemore, our performance, and the costs of achieving the level of performance that we seek, must be linked to the Council's overall objectives, contained within the Council Plan.

In order to better understand our costs and how they relate to other organisations and to our performance, this VFM Analysis has been produced. It is emphasised that the model needs much refinement and development over the next twelve months - but the intention is to create a valuable tool to inform further analysis and discussions, *on an annual basis, with regard to the following*:

<> Where performance is good, with low costs -   Demonstrates a cost effective service
<> Where performance is good, with high costs -   Is it a Council priority to invest money in achieving high performance in this area ?
<> Where performance is poor, with low costs -   Should the Council be investing more resources to improve performance (if a priority)?
<> Where performance is poor with high costs -   Suggests an inefficient service, and further analysis is required to understand why an apparently high resource investment provides poor performance

It is important for users of the VFM Analysis to understand that its purpose is only to provide an initial "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. This may then lead to a need for some form of corrective action or additional resource allocation. It would be both inappropriate and imprudent to take any action directly in response to considering the initial information provided.

Using the Analysis

The Analysis is separated into our nine Council Services that have BVPIs. Most Services are then broken down into distinct areas of activity within the Service, for which BVPIs are available. When looking at the information for each service, there are three distinct groupings of data, as follows:

<> Clutches of BVPIs and LPIs relating to the service area activity
<> Clutches of cost information relating to the service are activity
<> A short commentary on Performance and cost

It is important to note that the cost information on a particular row _does not_ relate to the performance data on the same row. The clutch of performance data for a particular service area grouping should be considered with the associatied clutch of cost information for that service area grouping. To avoid users "reading across" individual rows, the clutches of performance data within service area groupings have been disjointed from the associated cost information.

Link to Council Objectives

For each service area grouping, details of the Council Plan Theme(s) that relate to that grouping is provided (a key is provided to the six Council Plan Themes at the top of each Service page). To the left of the Council Plan Theme information, details of the specific Council Plan Actions that relate to the service area grouping are provided.

Performance Indicators

On the left hand side of the tables, there are four columns relating to performance:

<> The BVPI or LPI number (with "KPI" denoting those BVPIs and LPIs that are the Council's Key Performance Indicators)
<> The 2005/6 description for the performance indicator
<> Details of our performance for the most recent full year (2005/6)
<> The latest available top quartile performance data (2004/5) for all district councils in the country (Top quartile means the level of performance, above which 25% of the councils in the country have achieved).

Cost Indicators

In the middle of the tables, there are 5-7 columns relating to costs:
<> The name of the cost indicator
<> Where benchmark information is available, the name of the organisation that manages the benchmarking process
<> Details of the group of organisations for which the benchmark data relates (e.g. all councils in the country, neighbouring authorities)
<> Our cost, relating to the cost indicator. In most cases, the cost is for the most recent full year (2005/6). However, where cost data is not available for the most recent full year (which is mainly due to benchmarked data not being available), previous years' costs are given (with a note to confirm which year the information relates to).
<> Where available, the average, bottom quartile and top quartile costs for the benchmarked group. Where quartile costs are not available, but other useful cost comparisons are available (e.g. the lowest or highest cost), these are given, with an explanation. Where Audit Commission cost comparisons are available (from the Audit Commission's website), these have been used and the rankings given. The Audit Commission re-bases the total number of authorities within the benchmark grouping to a base of 100, and then gives the Council's ranking to the 100 base. The authority with the lowest cost is ranked as 1st and the highest is ranked as 100th. For example, if the Council has the 50th lowest cost out of 200 local authorities, its ranking is 25th out of 100.

Commentary on Performance V Cost

For each service area grouping, a commentary is given, comparing its clutch of performance indicators with its clutch of cost information. It also gives clarification about costs and performance, particulary any concerns relating to the validity of the cost or benchmarked cost data.

This section is the main area that needs refining, developing and more analysis over the coming year.