A Strategic Approach to
Value for Money
In Service Delivery

INTRODUCTION

Achieving Value for Money in service delivery is not something that happens by accident. Three things need to be in place to ensure it happens.

> Knowledge of how the cost of the service is made up
> Knowledge of how our combination of cost and quality compare with the best
> The willingness and tools to drive change

In Rossendale we can demonstrate significant achievements and improvements in recent years as a result of applying these three things. However, what we have done to date, has, rightly been focussed within specific service areas. The facts that the forecasts of resources flowing from the Comprehensive Spending Review are very tight and that the Gershon target is to be increased from 2.5% to 3% means that we now need to take a more strategic approach across the Council to improving Value for Money. This document sets out that approach.

WHAT IS VALUE FOR MONEY AND WHY IS IT IMPORTANT

Value for Money (VfM) is the relationship between economy, efficiency and effectiveness.

- Economy is the price paid for the resources used by services
- Efficiency measures how productively those resources are used
- Effectiveness assesses the results achieved by the service

VfM is *not* about the least cost, it is about securing the best possible balance between relatively low cost, high productivity and successful outcomes. To achieve this requires action and monitoring across the whole life of a service.

Given that the money local authorities spend is public money there is a duty on us to demonstrate to stakeholders, in particular, local taxpayers, that it is being spent wisely and in a way that achieves the optimum balance of price and quality. There are a range of drivers which have shaped the national VfM agenda for local government, including,

- The duty of best value, which remains on all Councils and which places a requirement on the Council to secure continuous improvement in the way it carries out its functions.
- The Gershon report and the associated efficiency targets which have now increased to 3% from 2008/9 onwards.
- The regulatory regime which places a high value on the achievement, management and improvement of value for money within the Use of Resources assessment process.
- The National Procurement Strategy for Local Government which sets out how procurement across local government should be improved.
- Transformation Enabled by Technology – The Government's strategy post IEG is to ensure that technological developments are exploited to the citizens' benefit, that shared services are developed, customers are put at the heart of service planning and delivery, and that the standard of IT professionalism is raised throughout the public sector.
- Local Government White Paper and the Lyons Report. Both these documents place an emphasis on the need to deliver greater efficiency through business process transformation.

OUR POLICY OBJECTIVES

One of the Council's enablers is strong financial management and the delivery of value for money services. Our aim is to ensure that our brand is recognised as a guarantee of good customer service at reasonable cost. Achieving the balance of cost and quality which delivers this is the job of everyone who works for the Council and all 36 elected members. In doing this we need to make full use of the market, of partnership working and learning from the ways that top performing organisations achieve value for money in order to

1. To provide effective leadership and corporate support and to promote and embed a culture of VfM throughout the Council
2. To ensure that the Council makes the best use of its resources including people, money, information and physical assets.
3. To ensure that all of our services and cross cutting activities provide the best possible value for money.
4. To continue to take a strategic approach to partnerships and procurement.

WHERE ARE WE NOW

Given that value for money is a combination of cost and quality it is possible to analyse current performance as measured by BVPI's and Audit Commission cost comparators against each other to gain an understanding of current performance on delivering VfM and this is set out in Appendix 1

In addition to the Senior Management Team has conducted a review of progress in delivering Value for Money and identified a number of key strengths and areas for development including:-

Strengths

- Over achievement and the Gershon savings target while still improving performance.
- Strong partnership work around goods and services procurement
- Positive inspection and Use of Resources scores
- Achievement of a stable ICT platform which will allow us to deliver re-engineered business processes centred on the customer.
- An openness to challenge and change which can deliver rapid change in both cost and performance.
- A robust approach to the evaluation of partnerships

Areas for Development

- Deliver better quality more accessible services through delivering a programme of business process reengineering which allows the level of resources released to be captured corporately.
- Further development of shared service and partnership working models with other Councils.
- Implementation of a toolkit supporting actions to reduce unit costs without compromising quality including a systematic corporately driven approach to benchmarking.
- Improvements to the quality of information provided to members to enable effective challenge in Value for Money both at a service level and corporately

These areas provide the focus for an action plan which is attached at Appendix 2.

MONITORING AND REVIEW

This strategy and the associated action plan will be monitored by the Executive Team with regular reporting to the Cabinet and Scrutiny in line with the performance Management Framework.

The action plan will be refreshed annually and incorporated within the process for updating the Medium Term Financial Strategy.

Cost versus Performance Matrix

	Lowest Quartile Performance	Below Average Performance	Above Average Performance	Highest Quartile Performance
Lowest Quartile Costs		% waste composted	% waste recycled % reduction in waste per household Kerbside collection of 2 or more recyclables Vacant dwellings returned to occupation Repeat homelessness Length of stay in B&B	Waste colledted per household Length of stay in hostel
Below Average Costs	%Council Tax Collected Development on brownfield land	% Non Domestic Rates Collected Processing Major Planning Applications Information on contaminated land % Planning appeals allowed	Processing Minor Planning Applications Processing Other Planning Applications Planning Quality of Service Score	Environmental Health Quality of Service Score Pollution control improvements Removal of abandoned vehicles
Above Average Costs				
Highest Quartile Costs	Speed of processing changes in circumstances	Speed of new benefit claim processing Accuracy of claim processing	Recovery of benefit overpayments Street Cleanliness Index	

The above uses financial data for 2006/07 from the Audit Commission Cost comparator model and Rossendale Borough Council un-audited BVPI outturn data for 2006/07 compared with the 2005/06 quartiles
which are the latest available.
It is important to use cost and performance data for the same year as this provides a clear link between the resources allocated and performance utilising those resources
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Not all service areas have BVPI's attached to them. The following list indicates where a number of other key service areas fall in terms of cost comparison

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May 2007   8

Service	Cost Indicator
Economic and Community Development	Highest Quartile Costs
Transport (incl Parking and Concessionary Fares)	Highest Quartile Costs
Culture and Heritage	Lowest Quartile Costs
Sport and Recreation	Below Average Costs
Parks and Open Spaces	Highest Quartile Costs
Tourism	Below Average Costs
Emergency Planning	Below Average Costs

VALUE FOR MONEY ACTION PLAN **APPENDIX 2**

Overall Targets

1   To achieve a score of 3 in the Value for Money element of the Use of Resources Assessment by September 2009.
2   Achieve a score of 35% (baseline 2006 24.9%) in the Best Value Satisfaction Survey for residents who believe (either a great deal or to some extent) that the Council provides good value for money by March 2010.
3   Achieve overall efficiency gains of £380,000 (estimate of the DCLG 3% target) per year for each of the three years from 2008/9 onwards
4   Achieve an above average proportion of residents who are satisfied with the way the Council does things by 2010 (baseline 37% 2006)

LEADERSHIP AND CULTURE	
Objective 1: To provide effective leadership and corporate support and to promote and embed a culture of value for money throughout the Council	
Key Outcome based targets	
• X % of employees aware of the importance of VfM by 2010 (2007 Employee Survey to set baseline)	
• At least 10 VfM based MAGIC suggestions brought forward in 2007/8	
• At least 2 information sharing events organised with acknowledged best practice Councils during 2007/8	
Key Actions	**Action by:**
1.1 Launch the VfM Strategy to raise awareness of the importance of VfM in achieving the Council's priorities	EDR
1.2 Ensure that the political and officer leadership teams continuously promote the message of VfM throughout the Council.	CEO
1.3 Regularly communicate the VfM strategy using a range of techniques and continue to update managers as the VfM can be achieved	Hd CS & eG
1.4 Make best use of MAGIC to guarantee new areas where VfM can be achieved	HR Adviser (HR+ Training)
1.5 Provide services with opportunities to learn from top performing organisations	Hd of P & P

Links to Council Priorities
    • Delivering Quality Services for our Customers
    • Strong.financial management and value for money services
    • Human resource management	

MAKING BEST USE OF RESOURCES	
Objective 2: To ensure that the Council makes the best use of its resources including people, money, information and physical assets.	
Key outcome based targets	
• Achieve annual efficiency gains of at least £100,000 through realising the benefits of e-Government investment by 2009	
• X % of contacts with the Council are by self service by 2010, (baseline to be set during 2007).	
• Data quality assessment level 3 by March 2009	
• Revenue budget outcome is within 0.56% (£68k) of original budget, before strategic financing measures.	
• 95% of original capital budget is spent in year.	
Key Actions	**Action by**
2.1 Deliver effective training for members and managers by March 2008.	HoHR and EDR
2.2 Further develop the use of Covalent to improve planning, management and monitoring of services	HoP&P
2.3 Continue to invest in new ICT systems and to map/re-engineer all key processes including continued migration to the One Stop Shop / Call Centre	Hd CS & eG
2.4 Introduce an effective invest to save process as part of the 2008/9 budget	HoF
2.5 Improve the quality of information presented to members to enable more effective challenge on VfM by October 2007.	EDR and HoF
2.6 Implement the 2007/8 action plan to strengthen financial management	HoF
2.7 Implement the actions included in the Annual Efficiency Statement Forward Look	SMT

Link to Council Priorities
    • Delivering Quality Services for our customers
    • Strong Financial Management and Value for Money Services
    • Human Resource Management	

PROVIDING EXCELLENT VALUE FOR MONEY	
Objective 3: To ensure that all our services and cross cutting activities provide excellent value for money..	
Key outcome based targets	
• 75% of services achieve above average value for money (green zone within the cost/performance matrix) by April 2009 (Baseline 53.8% 2006)	
• Programme and complete at least 2 comprehensive service benchmarking exercises per year to 2010.	
Key Actions	**Action By**
3.1 Ensure business planning guidance reflects the latest developments in VfM and meets users needs.	Hd P & P
3.2 Complete all programmed benchmarking reviews by April 2008	DCE and EDR
3.3 Ensure full involvement of Scrutiny in challenging VfM, including leading on some benchmarking reviews.	Hd L &DS
Links to Council Priorities	
• Delivering Quality Services to our customers	
• Strong financial management and value for money services	
• Member development	

PARTNERSHIPS AND PROCUREMENT	
Objective 4: To continue to take a strategic approach to partnerships and procurement	
Key outcome based targets	
• Our approach to partnerships is scored highly in all external inspections.	
• Target for efficiencies to be delivered through ELLCHEX and enhanced two tier working to be agreed	
• Annual savings of £140,000 delivered by effective procurement by April 2009 (baseline at April 2007 £70,000).	
Key Actions	**Action by**
4.1 Deliver the programme of partnership evaluations by April 2008.	
4.2 Implement an agreed approach to collaborative working including enhanced two tier working.	EDR
4.3 Deliver one 'shared service' demonstration project by 2010	Exec Team
4.4 Fully implement the updated procurement strategy and reduce maverick spend to fully secure the benefits of collaborative purchasing	HoF
Links to Council Priorities	
• Strong financial management and value for money services	

Abbreviations

DCE	Deputy Chief Executive
EDR	Executive Director of Resources
Exec Team	Executive Team (Chief Executive, Deputy Chief Executive and Executive Director of Resources)
HdCS&eG	Head of Customer Services and e Government
HoF	Head of Finance
HoHR	Head of Human Resources
HdL&DS	Head of Legal and Democratic Services
HdP&P	Head of Policy and Performance
SMT	Senior Management Team (the Executive Team plus all the Heads of Service)