



NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

VALUE FOR MONEY STRATEGY (VFM)

October 2006- March 2009

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NEWCASTLE UNDER LYME BOROUGH COUNCIL VALUE FOR MONEY STRATEGY 2006-9

Contents

1.0	Introduction	3
2.0	Defining Value for Money	4
3.0	Objectives of the Value for Money Strategy	5
4.0	VFM methodologies at the Council	6
5.0	Responsibilities	6
6.0	The past record in achieving VFM	7
7.0	Action Plan	9
Appendix A	VFM Glossary	11

Value for Money Strategy

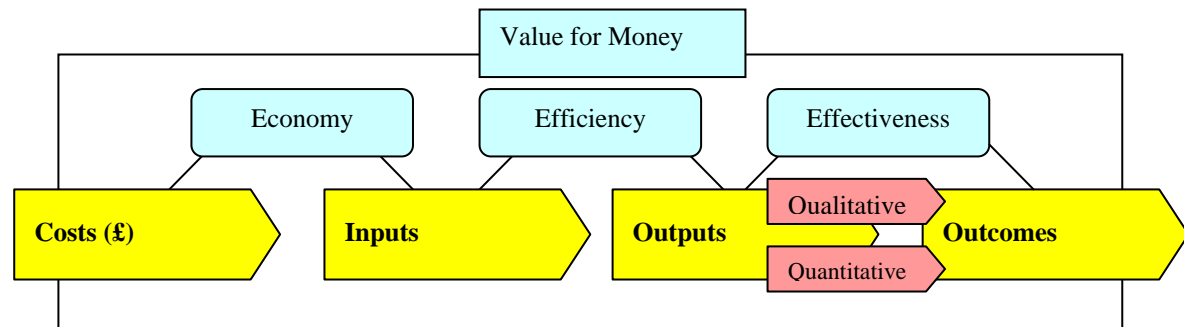
1.0 INTRODUCTION

- 1.1 Newcastle under Lyme Borough Council exists to service the people of the Borough and to strive for a sustainable, safe and healthy environment in which they will want to live, work, and spend their leisure.
- 1.2 Our medium term (2007-12) plans are detailed in the Corporate Plan and Best Value Performance Plan and they seek improvements in the areas of:-
- Creating a cleaner, greener and safer Borough;
 - Creating a Borough of opportunity;
 - Creating a healthy and active community;
 - Transforming our Council to achieve excellence.
- 1.3 Whilst pursuing its improvement priorities, the Council is keen to improve its performance in terms of the Value for Money it offers to the residents of the Borough. Value for Money is assuming an ever increasing importance both on the central and local government agenda. The Corporate and Best Value Performance Plan (BVPP) demonstrates the Council's commitment to deliver an excellent service to our communities. An excellent service being defined as one providing value for money; achieving the optimum balance between efficiency, economy and effectiveness.
- 1.4 The development of the Corporate & BVPP Plan, Medium Term Financial Plan, Service and Financial Plans and individual development plans as part of the performance management framework provides further scope for linking resource allocation to priorities and performance and ensuring maximum VFM in the use of limited resources. The Council has also invested in a performance management system to provide a way of reviewing VFM in specific project areas, reporting on a timely basis and in a variety of formats for different clients to help drive the VFM agenda.
- 1.5 Additionally the production of the Gershon Efficiency Statement provides further momentum in terms of target levels of efficiency improvements. This is replaced by the Comprehensive Spending Review 07, which expects 9.3% cashable savings over 3 years.
- 1.6 VFM is assuming an ever increasing importance in the assessment of a local authority. Under the Use of Resources inspection which feeds in to the Comprehensive Performance Assessment (CPA)* and annually into the Audit Commission's Management Letter, it forms a separate and critical part of the inspection. The 2005/6 Audit Code of Practice requires auditors to give a positive conclusion as to whether an organisation has put in place proper arrangements to secure VFM. It is against this background that an integrated and coherent VFM Strategy focusing on achieving good value for money and managing and improving VFM is being outlined and embedded within the Council.

*CPA is to be replaced by the Comprehensive Area Assessment (CAA) from 2009.

2.0 DEFINING VALUE FOR MONEY

- 2.1 The Council has a budget of £56 million, spending on average on each day of the year £153,424 of public money. Whilst demand for services is increasing, resources are limited and the Council tries to ensure that each £1 is spent carefully, wisely and as efficiently as possible in line with the views of its local communities.
- 2.2 The Council has a statutory duty to deliver Best Value in the provision of its services. Best Value means the continual improvement in terms of the economy, efficiency and effectiveness of service delivery. VFM is a concept that has been around in local government for over 20 years. It has long been defined as the relationship between economy, efficiency and effectiveness, sometimes known as the 'value chain'.
- 2.3 VFM is a term used to assess whether or not the Community has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it. It not only measures the cost of goods and services, but it also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute good value
- 2.4 VFM is demonstrated by the following diagram:



- 2.5 **Economy** is the price paid for what goes into providing a service – for example, the rent per square metre of accommodation.
- 2.6 **Efficiency** is a measure of productivity – how much you get out in relation to what is put in. For example, the number of food premises inspected, the number of bins emptied.
- 2.7 **Effectiveness** is a measure of the impact achieved and can be qualitative or quantitative – for example, how many people on low incomes have been given access to leisure facilities through the Council's Leisure Link scheme (quantitative), improved satisfaction levels among different sections of the community with parks and playing field provision (qualitative). Outcomes should be equitable across communities, so effectiveness measures should include aspects of equity.
- 2.8 VFM judgements should be based on evidence of outcomes achieved. It is necessary to look at the processes used to deliver and improve vfm, but also to ensure that their effectiveness/outcome is delivered.

3.0 OBJECTIVES OF THE VALUE FOR MONEY STRATEGY

3.1 To achieve VFM the Council will pursue the following objectives:

- The provision of services that meet the needs of local communities through the most economic, efficient and effective means;
- To ensure that all employees recognise the need to secure VFM as an integral part of their work;
- To promote a culture of continuous improvement;

3.2 This will be achieved through:

- The integration of Best Value principles within existing management, planning, review and scrutiny processes;
- The structured review of services and functions as well as cross-cutting thematic reviews on a targeted basis with a commitment to implement recommendations;
- Where appropriate, benchmarking Council functions and services against comparable organisations in the public, private and voluntary sectors and against industry standard benchmarks (e.g. family group of authorities, local authority benchmarking groups);
- The adoption of recognised best practice where it is appropriate to meeting the needs of the Borough community;
- Identifying savings and reallocating resources to be targeted against new priorities;
- To demonstrate actively to both internal and external observers that the achievement of VFM is sought in all activities undertaken.
- To engage with citizens, the community, customers, service users, partners and other key stakeholders so that they are consulted and play an active role in securing VFM for the services delivered by the Council and
- To raise the profile of VFM across the Council through appropriate communication, training and development and stakeholder engagement so that it becomes embedded within the culture and is an integral part of the way we deliver services.

4.0 VFM METHODOLOGIES AT THE COUNCIL

4.1 The concept of Value for Money is one, which most people would say they recognise, it is difficult to measure in qualitative terms. The key question the Council constantly needs to ask itself of all of its policies, strategies, procedures and partnerships is, 'are we offering Value for Money to the residents of Newcastle under Lyme?' The Council is building upon and developing a structured approach, using a number of differing methodologies and structures for promoting and delivering VFM. These include:-

- Customer feedback
 - Scrutiny committee comments
 - Internal Audit supported by a robust Audit Committee
- Budget Monitoring and Reviews
 - Scope for leverage of external funding
- Capturing efficiency gains
 - Scope for IT efficiency gains
 - Scope for business process reengineering (lean thinking).
- Exploring procurement potential
 - Existence of a healthy external market
 - Scope for shared service delivery with partners leading to economies of scale
 - Financial Regulations and Standing Orders that prescribe the need to achieve vfm
 - Achieving economies through partnership working (RENEW)
- Performance Management (including corporate, service & financial planning and risk management)
 - Efficiency Reviews
 - Benchmarking

4.2 When testing VFM it is important that the timing of an activity and the risks associated with it are also considered. An outcome may be so important to the Council it may choose to compromise some elements of VFM in the short term in order to deliver it. Conversely an approach which may be innovative and may deliver enhanced VFM may be beyond the risk appetite of the Council.

5.0 RESPONSIBILITIES

5.1 The responsibility for VFM lies with all Members and employees and is not restricted to those with resource or budget responsibilities. The Council is required to satisfy itself that VFM is being sought and achieved from all areas of the Council.

5.2 The Leader of the Council, the Cabinet Member for Finance, Resources and Efficiency (VFM Champion) and the portfolio holder for Corporate and Service Improvement, the Executive Management Team and the Chief Executive have the executive responsibility to put in place arrangements that will ensure that VFM is being sought.

- 5.3 Managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. Managers need to satisfy themselves that VFM is being secured in the services and functions that they manage. It is expected that this knowledge will in turn inform the managers self assessments completed on a services basis for inclusion in the Annual Governance Statement (replacing the Statement of Internal Controls).
- 5.4 All members of staff should endeavour to achieve VFM in all their activities and to bring to management's attention any opportunities for improvement.

6.0 THE PAST RECORD IN ACHIEVING VFM

- 6.1 The Council has identified pockets of good practice in terms of VFM and is continuing to embed these across all areas. Actions in the Council have achieved an improved Use of Resources score for VFM as in the table below:

Report year	2005	2006	2007
VFM score	1	1	2

- 6.2 Within the 18 actions set out in the original VFM Strategy (October 2006 to March 2009) work is ongoing and continues to be monitored through the Improvement Programme in the areas of:

- Performance Management
- Customer Services
- Process re-engineering

6.3 Outturn on 2006 action plan

Action required	Lead officer	Comment
Review the VFM elements of the Use of Resources KLOE and plan to achieve continuous improvement	BV Officer	Completed.
Complete the strategic review of the COMT and SMG's structure and implement	EiB/ Leader	Completed.
Review the scheme of delegation in order to delegate/ empower employees to deliver the services to the agreed Cabinet and Council Policies	Director of Resources	Completed.
Review the delivery of the strategic procurement function	Improvement Programme Manager	Completed.
Develop the corporate customer contact centre to become a single point of contact	Customer Services Manager	Partially completed

Action required	Lead officer	Comment
Review of business processes to drive efficiencies	Community Services Manager – Environmental Health	Partially completed
Improved financial information	Director of Resources	Completed.
Develop the capacity of officers and members in terms of leadership and management through the Staffordshire Capacity Bid	Director of Resources	Completed.
Embedding performance issues through ➤ team briefings, EDR's balanced scorecards from CEO to employees	Principal Policy and Communications Officer, BV Officer	Completed.
Provide project management that complies with PRINCE 2 principles without being too bureaucratic and improving financial management	Improvement Programme Manager	Completed.
Improve communication to insure that policies and plans are better informed and these are disseminated to staff efficiently	Principal Policy and Communications Officer	Completed.
Improve community engagement and develop partnership working	Principal Policy and Communications Officer	Completed.
Identify and provide training on corporate issues to ensure consistency of approach and efficiencies	Director of Resources	Completed.
Refine the performance management framework to deliver the information to managers from which they can monitor the effectiveness of their services	BV Officer	Partially completed.
Consider elections every four years to allow for more effective medium to long term planning	Director of Resources	Not completed.
Review the BV Review process to develop a light touch approach, demonstrating clear challenge, tightly focused on improving delivery of service	BV Officer	Partially completed.
Reduce time spent on meetings by investing in training to deliver effective meetings	Director of Resources	Completed.
Identify and prioritise a service for review to include market testing	Acting Chief Executive	Discontinued.

7.0 VFM STRATEGY ACTION PLAN refreshed March 08

Action required	Lead officer	Completion date	Imp programme link
Service Improvements			
Review existing Senior Managers structure as at 1 st October	CEO	April 08	L1(3)
Review of administrative support services	CEO	March 08	L1(4)
Review of postal system	P&PM	February 08	SFP(P&P)
Review of creditors system	FM	April 08	CA1(4)
BPR accreditation of staff and review of three areas: <ul style="list-style-type: none"> ▪ Planning applications: Process handling of applications to include decision making workflow ▪ Waste collection rounds ▪ Revenues & Benefit: Recovery processes to include interdepartmental aspects 	CIM with senior managers	August 08	L3(2,3,4)
Implementation of improvement plans <ul style="list-style-type: none"> ▪ Corporate Improvement Plan (annual review) ▪ Revenues and benefits ▪ Streetscene ▪ Planning ▪ Waste and recycling ▪ Strategic Housing 	CIM R&BM AM DCM W&RM P&HPM	2010 Apr 09 TBC Apr 09 TBC TBC	SFP(P&P) L3(2) L3(6) L3(4) L3(3) L3(7)
Develop improved customer one stop centre	CSM	Dec 08	CF1
Identify list of processes / services for further BPR	P&PM	Mar 08	L3 (5)
Strategic Procurement			
<ul style="list-style-type: none"> ▪ Deliver the overall strategy (annual review) ▪ Sports Village ▪ Customer contact centre ▪ Waste and recycling contracts 	PO L&CSPO CSM R&WM	2010 Nov 09 Dec 08 Oct 09	SFP(P&P) L3(8c) CF1(i) SFP(R&W)
Tools to drive VFM improvements			
Development of CORVU as a management tool	P&PM	Mar 08	CA1 (1)
Refine the performance management framework to deliver better information to <ul style="list-style-type: none"> ▪ managers ▪ Cabinet ▪ Scrutiny from which they can monitor the effectiveness of their plans and services	P&PM	Mar 08	CA1 (1)
Provide timely and accurate financial data linked to performance <ul style="list-style-type: none"> ▪ Improved financial and performance linked information 	FM	Mar 09	SFP(F)

Action required	Lead officer	Completion date	Imp programme link
▪ Benefits card implementation	P&PM	Apr 08	CA2
Evaluate and report on the embedding of the project management methodology	AM	Mar 09	Annual Audit Plan
Review the Service Review process to develop a light touch approach, demonstrating clear challenge, tightly focused on improving delivery of service	P&PM	May 08	SFP(P&P)
Review the approach to benchmarking ready to pilot in certain services, with targeted support.	P&PM	May 08	CH3(2)
Carry out Equality impact assessments in accordance with the agreed timetable for all services, strategies and policies (June 08 1 st annual review)	EMT/ SMG	2011	CF3(1)
Develop Community intelligence protocols, consult and implement to make data more accessible to inform service delivery	P&PM	Jun 08	CH3(1)
People			
Develop the capacity of members in terms of leadership and management	DSM	June 10	L2 & CH2
Embedding performance and development issues through employee development process	WDO	Nov 08	SFP(HR)
Undergo IIP accreditation	WDO	Aug 08	CH4(3)
Implement management development strategy	WDO	Mar 08	L4(3)
Develop competency framework for employees	WDO	May 08	CA3(i)
Review the workforce development plan and annual training Plan	WDO	Dec 08	CA3(iii)
Train managers in lean thinking and the benefits of identifying waste	WDO	Sept 08	Special project
Ensure that learning from complaints is used to improve services	CSM	Aug 08	CF(1)
Review the Community engagement and Involvement Strategy to be inclusive of partnership working	R&DO	Mar 08	CF3(2)
Consider elections every four years to allow for more effective medium to long term planning	CEO	June 08	Special project

Note: A number of the activities are part of the Improvement Programme and reported on the agenda of the Improvement Board under the update report. These are noted in the "improvement programme link" column.

L: Leadership

CA: Capacity

CH: challenge

CF: Customer focus

SFP(*): Service and Financial Plan for the service marked *

Appendix A: VFM Glossary

Aim: A summary of the overall objectives. The aim provides a vision statement that embraces the desired future that the organisation is working towards

Economy: Relates to the cost of inputs being consumed. Economy measures can be used to indicate whether the right price was paid to acquire the necessary inputs

Efficiency: Represents the relationship between inputs and outputs. Efficiency is the ratio of output to input

Effectiveness: The extent to which outputs achieve the desired outcomes. Effectiveness measures are concerned with the strength of the relationship between a given intervention and outcomes.

Cost effectiveness/VFM: The relationship between the resources consumed and the outcomes achieved. Cost effectiveness measures highlight how well the costs of interventions have been translated into desired outcomes. Measures of cost effectiveness can indicate which set of interventions is best able to achieve the desired outcomes at the lowest cost. Ideally, cost effectiveness measures apply full economic costs against a clearly defined outcome

Inputs: The resources that contribute to the production and delivery of output. Inputs commonly include things such as labour, physical resources, administrative services and IT systems.

Objectives: An objective is a succinct statement of the key goal(s) being pursued over the medium to long run. Objectives reflect the key components of the intended strategy

Outcomes: Are the impacts on, or consequences for, the community, of the activities of the Government. Outcomes reflect the intended and unintended results from government actions and provide the rationale for government interventions. Improving the health status of the population is an example of an outcome.

Outputs: Are the goods and services produced by the organisation. Outputs are delivered to an external party (usually to the public either individually or collectively) and comprise the majority of day to day interaction between people and government. Outputs include things such as, issuing licences, investigations, assessing applications for benefits and providing policy advice.

Performance measures: These establish the basis or means by which performance can be demonstrated against a robust scale. For accountability and management purposes performance measures are also partnered with performance standards or performance targets.

Performance standard: Achievement of a given level of desired performance or minimum level of acceptable performance status to be achieved or maintained.

Performance targets: The level of performance expected for a particular activity against the relevant performance. Such targets should be consistent with the SMART criteria.