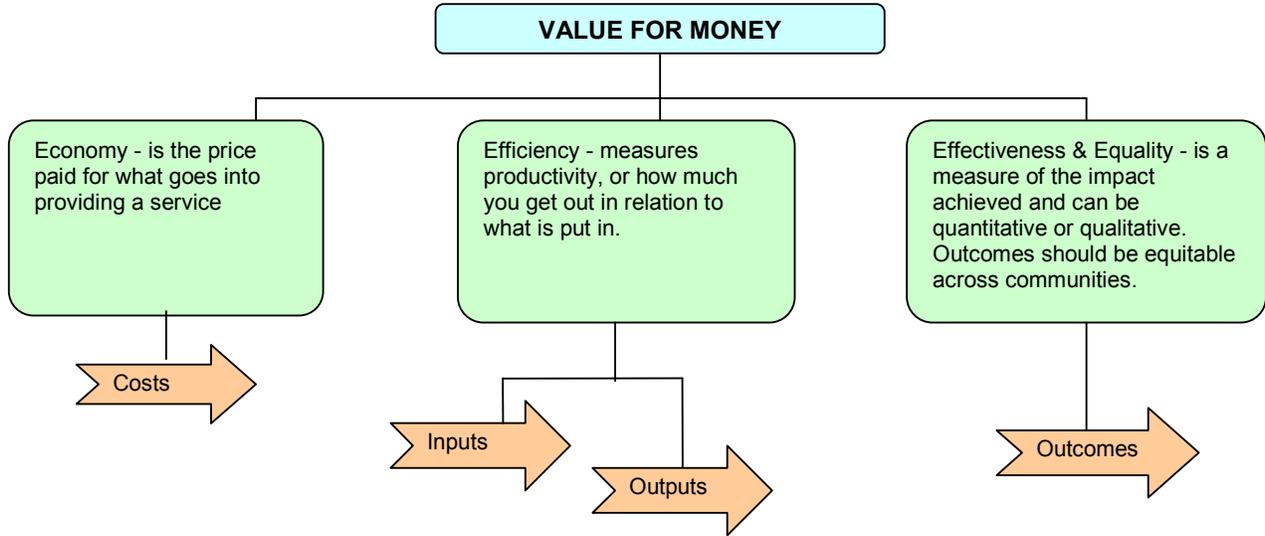


APPENDIX C: VALUE FOR MONEY AND EFFICIENCY

Value for Money (VFM) is defined as the relationship between **economy**, **efficiency** and **effectiveness** (the Three E's). Achieving VFM for Breckland, means achieving a balance between all three: relatively low costs, high productivity and valued outcomes.



As guardians of the public purse, councils must show that they provide **Value for Money**.

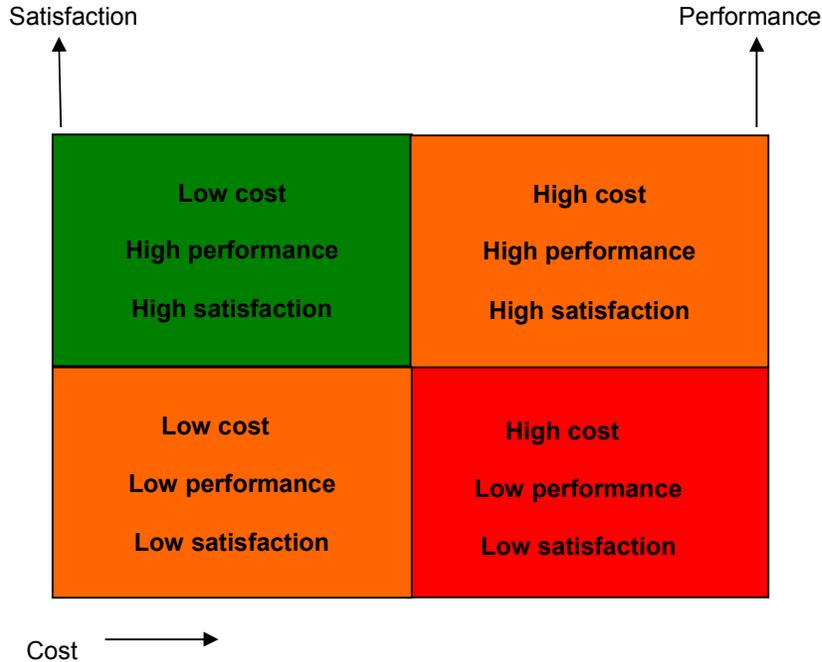
The need to be effective and provide VFM has long been a priority for Breckland and the council's approach to VFM is summarised in its VFM Strategy which can be found on the Council's Intranet site (Finance Dept – Policies and Strategies) The VFM Strategy sets out how Breckland will achieve VFM within the services it provides:



Service Managers are expected to keep the value for money of the services they provide under constant review, which is assured by the close monitoring of performance through monthly portfolio meetings, performance clinics, and, where appropriate reference of significant problems to the performance "hothouse". This process integrates the Council's performance, financial and risk management systems for consideration by the Council's political leadership on a quarterly basis, and is underpinned by quarterly reports to the Executive and Corporate Management Team.

Service Managers are also be required to collect and assess benchmark data of cost, performance and customer satisfaction data for the services that they deliver and develop an improvement plan for any that fall into the “Improvement Mandatory” quadrant of Diagram 1.

Diagram 1: Strategic mapping of value for money



Notes to Diagram 1:

Only services that are demonstrated to fall within the green box achieve full value for money. Services that fall into either amber box will be reviewed with a view to improving performance and satisfaction (subject to issues related to the Council's priorities and resource availability) or reducing cost. Services falling within the red box will receive particular scrutiny since regardless of the priority attached to them they provide low levels of performance and satisfaction at a high cost.

Efficiency

It is essential that the Council responds to the efficiency challenge and therefore in January 2009 the council approved an efficiency strategy for the years 2009- 2012. The strategy was developed taken into account the following:

- The system that will be used for the measurement of local authority efficiency
- The National Efficiency Strategy
- National guidance on achieving efficiency
- A review of the Council's current approach to efficiency
- The Council's Corporate Plan and medium term financial prospects

The Council's forward plans are hindered at the time of writing this report due to the awaited LGR decision. As a result of this, the strategy will need to be updated during the consultation period to reflect the LGR decision, once known.

The efficiency strategy approved in January 2009 is detailed below.

Efficiency Strategy 2009/10 – 2011/12

This new strategy will allow the Council to manage the delivery of the efficiencies agenda and remain flexible enough to spot and act upon, opportunities as they arise. In addition, capitalising on the lessons learned will ensure that Service Areas are engaged regularly and a culture of innovation is embedded within the organisation.

The focus of the strategy as been refined to include the following six areas:

- *Procurement/Strategic Contracts* - the Council's Procurement Strategy is key to driving efficiency throughout service delivery. As an organisation with significant strategic contracts these contracts must be made to "sweat" in a collaboratively acceptable way to deliver further efficiencies.
- *Process Improvement* - the Council is constantly reviewing service delivery to ensure that the way in which inputs (e.g. staff time, the use of assets, IT systems etc.) are converted into outputs (i.e. services delivered to the public) are effective. The main focus of process improvement will be associated with the implementation of lean thinking within the organisation.
- *Shared Services / Transformation* – the Council has been impeded with the opportunity for shared service benefits by the Local Government Review. Whilst opportunities are unknown it would be a requirement of the strategy to embrace and revisit this area. Delivery of a comprehensive service transformation programme will also be a focus of activity within this area.
- *Workforce Planning* - it is essential to ensure that a highly motivated workforce is recruited, retained and utilised effectively. The Council's Human Resources (HR) Strategy is focused upon getting the most out of staff.
- *Value for Money / Prioritisation Assessment* – the Council through its VFM reviews will identify further potential efficiency savings from opportunities to charge and provide a challenge on the provision of discretionary services.
- *Management of Assets* - the utilisation of physical and other assets (i.e. land, property and debts) contributes towards the efficiency of services. The Council's Asset Management Plans will be considered to identify opportunities for efficiency.

A number of actions will also be undertaken in order to ensure that the already well established and embedded culture of efficiency is further developed. The key actions are as follows:

- Conclusion of the established Transformation Programme
- A formalisation of Business Cases for all efficiency projects
- Support to managers to improve competencies in Change Skills and Innovation

A high level three-year Efficiency Savings Plan, shown below, is produced in order to establish medium-term efficiency targets to reflect the Medium-Term Financial Plan. The Efficiency Savings Plan can be summarised as follows:

Strategy Target Area	2009/10	2010/11	2011/12
	£	£	£
Procurement / Strategic Contracts	0	150,000	50,000
Process Improvement	40,000	90,000	40,000
Shared Services / Transformation	100,000	150,000	100,000
Workforce Planning	110,000	200,000	110,000
Value for Money / Prioritisation	0	95,000	0
Management of Assets	50,000	75,000	0
Total	300,000	760,000	300,000

The projects included in the Efficiency Savings Plan for 2009/10 will be developed in some detail. Responsibility for delivery will be assigned to the Project Managers and commitments will be made in relevant Service Plans. The projects highlighted for 2009/10 are as follows:

- Home and Remote / Mobile Working
- Sickness Reduction
- Reduced Energy Use
- Rationalisation of Assets
- Planning Service Transformation
- Lean Thinking Pilot Projects

Monitoring

Given the importance of the delivery of the strategy, one of the key actions proposed is the establishment of a working group. The terms of reference for this group are suggested as follows:

- Oversee the implementation of the Efficiency Strategy
- Input into the development of the Strategy
- Identification of further targets for efficiency savings

Those to sit on the group are suggested as follows:

- Portfolio Holder for Governance
- Chief Executive
- Assistant Director - Governance
- Head of Finance
- Head of Performance
- Project Managers

This group will establish reporting arrangements into the Audit Committee.