

## **Efficiency and Value for Money Policy**

### **1. Introduction**

Value for Money (VFM) is defined as the relationship between **economy, efficiency and effectiveness** ('3Es'). Achieving VFM means achieving a balance between all three: relatively low costs, high productivity, and valued outcomes.

This is consistent with the duty of 'Best Value' placed on the Council under the Local Government Act 1999 to "secure continuous improvement in the way in which [it] exercises [its] functions, having regard to a combination of economy, efficiency and effectiveness". As part of the annual audit the Council's external auditor is required to state whether, or not, the Council provides VFM.

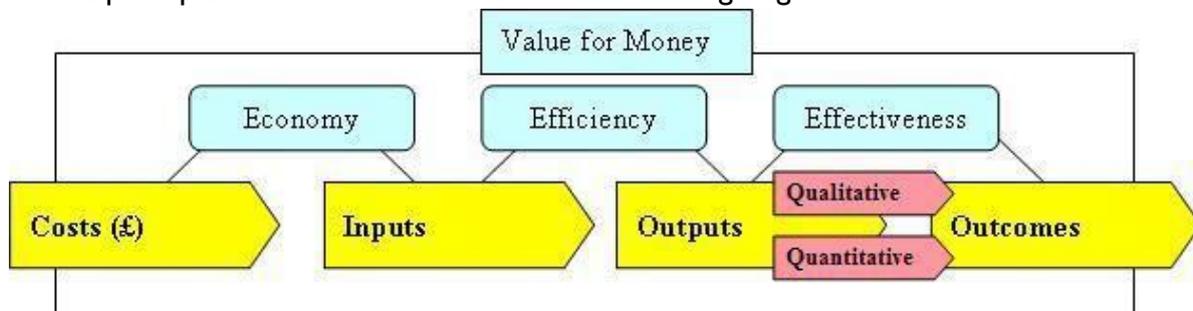
The Council recognises its duty of 'Best Value' and its responsibility to achieve VFM in service delivery. It will seek to incorporate VFM principles in delivering services by taking account of **costs, quality** of services and the local **context**.

### **2. Objectives**

The Objectives of this Efficiency and VFM Policy are to identify the principles of VFM and to ensure that these principles are reflected in the Council's service planning and delivery.

### **3. VFM Principles**

The principles of VFM are illustrated in the following diagram:



VFM comprises Effectiveness, Efficiency, and Economy. The Audit Commission defines these as:

- **Effectiveness** - assesses the impact of spend by reviewing outcomes. For example; prior to the end of our grass cutting contract the Amenities Committee will review the effectiveness of the contract, consider if they wish to make any changes to the frequency/include additional areas to be cut, consider if the service could be provided via different methods.
- **Efficiency** - assesses productivity. That is how much you get out for what you put in. It covers the efficiency of the service model, for example, where there is a choice, are services used that are most efficient with better outcomes?
- **Economy** - assesses what goes into providing a service?

#### 4. **Putting the Principles into Action**

To demonstrate VFM, the Council will seek to achieve the optimum balance between the above principles and strive for continuous improvement in all aspects of service delivery by the following means:

##### a) **Identifying Local Needs and Priorities**

We will:

- involve stakeholders through the use of user-satisfaction surveys and other customer feedback;
- identify priorities to meet the needs of our community, both as an individual service provider and a partner, and ensure that these take account of national and regional priorities;
- ensure that community needs and priorities are reflected in our plans and strategies, e.g. Strategic and Yearly Plans.

##### b) **Securing Resources at the Appropriate Price Having Regard to the Level of Quality Required**

We will:

- consult, and work in partnership with, as appropriate, other public and private sector service providers;
- use all appropriate methods to achieve economies, including joint working, shared services and market testing (*where appropriate*);
- restrict any budgetary growth and increases in Council Tax to the minimum necessary to achieve our declared aims;
- strive to attract external funding to supplement our own resources where appropriate;
- ensure that long term ('whole life') costs are taken into account in the acquisition of resources.

##### c) **Allocating Resources in Accordance with Agreed Aims**

We will:

- allocate our resources in line with the Council's priorities, as stated in its Strategic/Action Plans;
- ensure that resources are allocated in accordance with our plans and strategies and annual budget;
- continuously seek to identify opportunities for increased efficiency without adversely affecting service quality.

##### d) **Ensuring Services are delivered to Meet Customers' Needs, Utilising the Minimum Level of Resources Required and By the Most Appropriate Means, Including via Partnerships**

We will:

- deliver services in accordance with our approved Strategy;
- monitor cost levels to ensure they are commensurate with agreed service quality.

e) **Reviewing Service Delivery to Ensure Good Practice is Adopted and to Secure Continuous Improvement**

We will:

- adopt working practices, independently and in partnership - to support the drive for increased efficiency and effectiveness, including promoting the use of electronic service delivery and working with other service providers as appropriate;
- keep pricing policies under review to ensure that existing prices are at market levels and to identify new opportunities for charging;
- regularly monitor performance, ensuring elected Members have quality information to perform the scrutiny function;
- compare the Council's performance with that of other similar service providers;
- challenge our own performance by a variety of methods, for example, through scrutiny exercises, budget reviews, human resource reviews and compliance with our corporate governance arrangements, as set out in the Annual Governance Statement, internal audit reports and external auditor reports.

f) **Member Lead**

To ensure that VFM and efficiency is at the heart of the Council's activity, the Finance and Scrutiny Committee Chairman is the Council's VFM and Efficiency Champion.

**5. Responsibilities**

While everyone within the Council has a general duty to ensure that the Council provides VFM services, responsibilities may be summarised as follows:

<b>Body</b>	<b>Responsibility</b>
Council	Ensuring that their direction of the Council delivers VFM and Efficiency Policy.
Finance and Scrutiny Committee	Holding the Council to account in their duty to deliver VFM.  Undertaking an annual programme of scrutiny reviews.
Clerk	Ensuring that the Council's strategic direction is consistent with the contents of this Policy.
Officers	Ensuring that services are delivered in the most cost-effective way and that services are kept under continuous review to identify efficiencies.