

Appendix 1

Value for Money Update on Sept 06 assessment

Performance Management Board

The Performance Management Board and Executive Cabinet receives an integrated financial and performance report on a quarterly basis to inform members on the overall position of the Council.

The integrated financial and performance report provides information across a wide range of performance indicators relating to corporate priorities and the interrelationship between the Authority's financial position and operational performance in key areas.

There are action plans in place that demonstrate where areas of concern are focused to ensure the Council meets its financial and operational objectives.

The PMB evaluates these reports and critically assesses the financial and performance service data provided. The PMB also scrutinises the Council's Improvement Plan that monitors the actions required to deliver better service's and corporate practices throughout the Council.

Performance Monitoring

Performance Monitoring: Service Business Plans, containing the Council Plan and Improvement Plan actions, are monitored and managed through a three tier approach:

1. The Government Monitoring Board receives update reports against the Improvement Plan at its monthly meetings.
2. Councillors receive regular performance monitoring information at the monthly Performance Management Board and Cabinet. This information includes updates on the Improvement Plan, quarterly performance figures on public facing services and specific indicators.
3. All the above information goes to the Council's Corporate Management Team for detailed review and challenge.

Value for Money Strategy and Action Plans

- 10.1 The Council is committed to work to establish Value for Money principles in the way in which its services. The key processes through which these principles will be delivered are contained within the Value for Money Strategy which was approved in January 2007. Some of these principles are embedded to a lesser or greater degree within the organisation; others will need to be established.
- 10.2 Departments must develop a vision of what services they will deliver and what the services will look like. This is already included as a key part of the Service Business Planning process. Once the vision has been established and translated into practical activities, **all** resources must be directed into achieving that vision. If any activity is only partly aimed at achieving the overall vision, the resources must be redirected to other activities. The responsibility for developing and implementing this vision must be that of the Head of Department.
- 10.3 In order to develop and establish a Value for Money culture within the Council;
- Departments must take care to investigate and understand customers' expectations and priorities and reallocate resources to satisfy them. This is key to making sure that resources are allocated according to the Council's overall priorities.
 - Departments must act commercially in delivering services. Public sector managers act commercially when they use and procure resources (such as staff, equipment, available funds) efficiently and those resources are solely used for achieving the overall vision of the service.
 - As well as establishing Value for Money principles within their service on a day-to-day basis, Departments must look to develop specific VFM projects aimed at generating efficiency gains and/or service improvements. The criteria for selecting these projects will focus on areas of above average cost and/or below average performance.
 - The Business Service Plans must include VFM targets and be linked to the achievement of efficiency gains to be included in the budget. At the same time they have to deliver longer-term efficiency gains to be included in the Medium Term Financial Plan. For some services VFM targets will be relatively easy to quantify and measure. For others (e.g. planning) the achievement of a set of performance goals may constitute the achievement of Value for Money.

- Where service Departments are proposing efficiencies, they must consult with central Departments that possess the expertise to deal with particular issues that may arise, for example in the fields of legal services, finance, ICT and Human Resources. For example, most efficiency proposals will have some HR implications for staff and the Council and may require consultation with the trade unions.
- Departments need to monitor on a regular basis how well they are achieving the cost and performance targets. This will require the ability to access data on demand and immediately rather than at the end of a quarter or a month. Managers must hold regular meetings which concentrate on up-to-date assessments of performance and plan action to be implemented as soon as possible to improve performance.
- The large ICT projects such as the Spatial Project have the capability of delivering significant efficiencies but these efficiencies can only be maximised if the user departments plan at an early stage how they are going to use the new technological capabilities to provide measurably better customer services and/or deliver cost savings. The Departments also need to consider (and include in their service plans) how the new technologies will enable them to transform the way in which they do business and enable them to reallocate resources from traditional activities to new ways of working.
- The Corporate Management Team (CMT) needs to consider on a regular basis examples of where Authority wide projects (i.e. those affecting more than one or indeed all Departments) need to be implemented in order to deliver efficiency gains. This might include initiatives to improve sickness absence rates across the Authority or procurements affecting one or more Departments. The CMT also needs to consider whether it can demonstrate that Value for Money is being delivered. This might involve considering the outsourcing of particular services such as leisure and refuse collection.
- Managers must draw up an action plan to deliver Value for Money as part of the way in which they deliver their services. This action plan needs to set out practical ways in which officers can improve Value for Money in the next year and in the medium term (1 to 5 years). The action plan must aim to improve the key performance indicators for the service as well as unit costs
- The Authority will continue to use partnerships with the public, private and voluntary sector to generate efficiencies. This is already being done through initiatives such as the Worcestershire Revenues and Benefits initiative and the Worcestershire Hub.

- The Authority needs to monitor Value for Money proposals to ensure they are fully implemented and the benefits realised. The Authority can use its project management framework for this and the Finance team can record efficiency gains made in the Annual Efficiency Statement.
- Members can play an important and proactive role in encouraging for Value for Money throughout the Authority. The portfolio holder for Financial Services will support the awareness and ownership of VFM at the member level

Since April 2007 the Heads of Service have developed action plans to support the delivery of Value for Money within the Council (extract of Financial Services plan below). Geoff Denaro (portfolio holder for finance) is the lead member who is involved in the discussions on how to move VFM forward.

Challenge meetings are underway with the Improvement Director, member champion and Head of Financial Services to identify the key areas of focus for departments and to plan a timeline for the improvements to be made.

Procurement activity continues at a pace with the support of the procurement manager with various projects being undertaken to support the delivery of Value for Money and improved procurement practices in the Council. These include:

- Renegotiation of utility contracts
- Negotiation of sponsorship deals in the district
- Procurement of digital printers within the Council
- Implementation of Government Procurement Cards
- Market tender of stationery contract with other districts in Worcestershire
- Reviewed supplier listing with the aim to secure framework contracts for services provided and therefore reduce number of suppliers
- Negotiated diesel contract using OGCB's contract and reducing costs

There are a number of other issues that are being investigated by the procurement manager.

The attached table is an extract from the current Council Plan which identifies how the Council aims to improve VFM over the next 3 years.

Priority	Key Deliverable	Outcome Measure	How Do We Know We Are Getting There?	Project/Action	Completion Date	Resource	Lead Member
Value for Money (FP1)	Delivery of Agreed Savings	Cashable Savings as per Medium Term Financial Strategy	Quarterly Updates on VFM Action Plans	VFM Strategy	31 March 2010	Procurement Manager Additional Resource Maybe Required	Portfolio Holder for Finance
	Corporate Restructure	Fit for Purpose Management Structure	Savings/New Arrangements Reflected in Financial Strategy	Complete Review and Develop Action Plan	31 March 2009 (new structure in place)	CMT and HR&OD Department	Portfolio Holder for Human Resources, Legal and Democratic Services
	Alternative Methods of Service Delivery *	Cashable Savings and Improved Services	Completion of Project Plans	Development of Project Plans Based on VFM Assessments by Departments	31 March 2010	Procurement Manager Additional Resource Maybe Required	Portfolio Holder for Finance
Priority	Key Deliverable	Outcome Measure	How Do We Know We Are Getting There?	Project/Action	Completion Date	Resource	Lead Member
	VFM Ratings	75% of Services Scoring 2 or	Quarterly Updates on VFM Action	VFM Strategy	31 March 2010	Procurement Manager Additional	Portfolio Holder for Finance

		Above	Plans			Resource Maybe Required	
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Extract from Financial Services Business Plan in relation to VFM

9.2 The accountancy, procurement and Internal Audit teams will support and advise the services within the Council in the exploration of any alternative methods of front line service delivery. This will include the provisions of financial option appraisals, advising on the compliance with procurement regulations and ensuring risk is addressed when considering alternative provision. However there are certain actions that specifically will be undertaken by Financial Services to improve VFM at Bromsgrove. These are :

- 9.3
- + Financial Services to undertake a customer survey in October 07 to analyse the view of the customer of the services provided.
 - + Benefits to undertake a customer survey using SNAP to find out how the Council can improve the service to the customer. November 2007.
 - + The Purchase Order processing commitment system to be fully implemented across the Council by September 07. This will improve the financial information presented to officers and members and the budget management.
 - + Pursue alternative methods of service delivery / providing services for other councils – in particular the extension of the procurement partnership and the recovery within revenues and benefits. By June 07 to have a plan in place with another district to realise efficiencies of joint working.
 - + Continued development of the partnership with the County and pensions service in the third age project with the Councils welfare officer. To be fully committed to joint working in the delivery of home visits by September 07.
 - + To widen the implementation of Government Procurement Cards with the aim to identify a further 50 suppliers to utilise the service
 - + Benchmarking work to be undertaken to see what the targets are for Accountancy and Internal Audit Services in excellent councils which will enable the council identify the true value of the internal service provision. To be undertaken in July 07.
 - + The section will work hard to improve budget monitoring information to support the financial management and control of service departments. To demonstrate improvements by June 07
 - + To work with the facilities team to reduce cost of utilities across the Council. By October 2007.
 - + To implement the home working project as supported by the DWP to realise efficiencies in space and time for staff who are supported in this scheme.

