

## APPENDIX 3

### VFM Strategy

#### 1. Definition of Value for Money

- 1.1 At Bromsgrove District Council providing excellent Value for Money is defined as providing the right balance between cost and performance for each service, where right is defined as what our customers want as represented by their Councillors.
- 1.2 Value for Money is not about cutting costs; both costs and performance need to be taken into account in assessing the level of Value for Money provided by a service. To determine whether they are delivering Value for Money, managers need to know how well they are doing in terms of both cost and performance.

#### 2. VFM Principles

- 2.1 The Council will work to establish the following Value for Money principles in the way in which it delivers Value for Money as part of its operations. The key processes through which these principles will be delivered are described in this strategy document. Some of these principles are embedded to a lesser or greater degree within the organisation; others will need to be established.
  - 2.2 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.
1. 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.

2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.

8. 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.
9. 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.
10. 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.
11. Members can play an important and proactive role in encouraging for Value for Money throughout the Authority. The Value for Money Group must form a key part in this process.

### **3. Strategic Context**

- 3.1 Much of the framework for delivering better Value for Money is contained as part of the Performance Management Framework. This seeks to create explicit links between the Community Plan, the Council Plan, Service Business Plans and Team/Individual Plans which are the key mechanisms for delivering better performance within the resources available to the Council. By including explicit VFM objectives and plans as part of the Service Planning process the Council will be able to ensure that delivering VFM becomes part of the culture of delivering better services rather than an add-on or a matter of just satisfying the requirements of the Gershon targets.

The Council's vision has been defined as:

**“Working together to build a District people are proud to live and work in, through community leadership and excellent services.”**

3.2 There are four council objectives which will fulfil this vision and a number of priorities within those objectives that the Council aims to achieve.

### **Council Objectives and Priorities**

Council Objective 01: Regeneration	1. Town Centre
	2. Longbridge
	3. Housing
Council Objective 02: Environment	4. Clean District
	5. Planning
Council Objective 03: Sense of community and well being	6. Community Influence
	7. Community Events
Council Objective 04: Improvement	8. Customer Service
	9. Reputation
	10. Performance

3.3 The Value for Money strategy is designed to help the Council achieve these objectives. It concentrates on setting out practical ways in which Members and officers can regularly monitor and improve Value for Money year by year. For Bromsgrove, Value for Money can be broadly defined as follows; it must

- deliver the key Corporate Objectives and the vision for the service
- use the appropriate level of resources and avoid the waste of resources
- maximise the quality and quantity of service delivery

In a nutshell, Value for Money is delivering excellent customer services within the available resource constraints.

3.4 As part of the Service Business Planning process Departments must define an overall vision for the service they are delivering and how the elements which make up their service fit into that vision. This is vital before deciding whether the

service is providing value for money since even if the service is provided cost-effectively and achieves its targets it cannot be delivering value for money if it is delivering the wrong service, one that the customer does not value or does not deliver the Authority's vision of the service. Unless the service is delivering on the Council's vision, policies and objectives it is never delivering value for money.

- 3.5 When completing their annual Service Business Plans, Departments must show how they are contributing to the achieving of a number of the Council's objectives and priorities. Service Heads must show explicitly the links between their actions, the resources they manage and the achievement of Council priorities and objectives.
- 3.6 Managers need to ensure that the subsidiary objectives which they are working to achieve are firstly in line with the corporate objectives and secondly aimed at providing excellent customer service. They will also need to prioritise their own objectives in order to determine which projects or programmes are rated highest and therefore preferred where it is not possible to implement all potential programmes or activities. The subsidiary objectives must, wherever possible, be expressed in terms that are measurable whether in terms of unit cost or of performance indicators. This is particularly important in situations where limited resources mean that expenditure options need to be evaluated and ranked before being given the go ahead.
- 3.7 Managers also need to ensure that the objectives of their staff reflect the objectives of the service. The development of the appraisal process and the scoring methodology proposed will enable managers to see how well staff are performing according to an objective scale, which is to some extent an indicator of value for money.
- 3.8 Value for Money must primarily be about delivering excellent services to the customer. Reducing cost is not necessarily good Value for Money whereas delivering excellent services that are valued by the customer for reasonable cost is always good Value for Money.
- 3.9 Value for Money at Bromsgrove must also be about Members and officers taking long-term, strategic decisions about the direction in which the Council will go. Value for Money must not be something that is done to officers and leads to an overall decline in the quality of services; it must be something that managers lead on as part of the process of strategically aligning the services with the corporate objectives and delivering better overall customer service.

- 3.10 It is essential that managers look to enhance their commercial expertise in delivering their services. Whilst it is true that all the services delivered are not strictly speaking commercial, the methods of procuring and delivering services must be according to best commercial practice whether through procurement negotiation, analysing the appropriate level of unit costs necessary to deliver the service or taking decisions to reallocate resources in order to deliver services more closely aligned with the vision for the service.
- 3.11 This Strategy envisages that Value for Money will be delivered through the key processes described in the remainder of this paper:

#### **4. Medium Term Financial Strategy and Service Planning**

##### **4.1 Medium Term Financial Strategy**

As an initial step service managers have to identify the key unit cost and performance information which indicates how effectively they are delivering services. The indicators must be high level and in terms of performance directly refer to providing value for customers. Here are some examples of key high level unit cost and performance data that might be used:

- Cost per head of population ( universal services such as waste collection, street cleansing)
- Cost per user/visitor ( this could be used for museum or leisure centres )
- Cost per unit ( e.g. ton of waste recycled, waste collected, benefits claims processed )
- Speed and accuracy of work undertaken ( e.g. planning applications, benefits processing )
- Condition of streets/environmental cleanliness
- Speed and effectiveness with which customers' enquiries/complaints are dealt with ( e.g. reports of abandoned vehicles/graffiti )

- 4.2 Each service manager must be able to demonstrate how well his or her service is performing with regard to both unit cost and data showing levels of performance. This information will part of a VFM Action Plan to be completed annually (see attached document).
- 4.3 Each year at the time the time the budget is prepared, Financial Liaison Officers will meet on a one-to-one basis with each Head of Service in order to formulate the key cost and performance measures against which each service will measure its achievement of value for money. These will be reported to CMT on a monthly basis during the subsequent year. More details are shown in the Value for Money Action Plan shown in Appendix 2.
- 4.4 In putting together their figures for the Medium Term Financial Plan, the service Departments need to examine any areas where they consider they are not creating good value and decide how much they could reallocate and use to promote services more valued by the customer. They must then use their customer focus and strategic priorities to decide how to redistribute any resources that do not add value. If all Departments adopted this strategic approach to long-term financial and service planning, the Medium Term Financial Plan would then reflect the strategic direction that the Council intended to take.
- 4.5 Each Department must examine past cost and performance information and benchmark the data with other Councils where possible to determine the areas of high and low cost and performance. This must not be done slavishly – i.e. just because a Department’s performance compares favourably with other Councils does not mean that there is not room for improvement; similarly there may be room for cost improvement even if the Department’s costs are comparatively low. But the VFM profiles and similar unit cost data and performance indicators nevertheless provide a good initial snapshot of the Value for Money of the service.
- 4.6 It is essential that Departments also examine their services (and potentially aspects of those services) to determine into which of the following quadrants they belong:

<b>Under-servicing</b>	<b>Right-servicing</b>
Where the Council doesn’t do what is	Where the Council is providing a

valued by its' customers	good service and that service is valued by customers
<b>Irritants</b> What annoys customers and where the Council does not perform well	<b>Over-servicing</b> Where the Council provides excellent services

4.7 The Medium Term Financial Plan reflects any shifts the Departments need to make in order to satisfy the expectation of their customers as shown in this model and in order to improve the areas of high and low cost and performance. The Departments must record in their submissions the efficiency gains they intend to make over five years and the action plan they intend to put in place to deliver the service benefits.

4.8 The Departments must also include in their submissions regarding capital projects how the capital expenditure will demonstrate value for money both in terms of cost and performance.

4.9 There are three key strands to Departments' financial plans (both for the Medium Term Financial Plan and for next year's budget):

- Customer care
- Benchmarking
- Ensuring spending adds value

#### **4.9.1 Customer Care**

4.9.1.1 Departments must ensure that they can demonstrate that they are satisfying customers' expectations and priorities. This could be through surveys or focus groups but more importantly through regular informal assessment of what customers think of the services provided (obtaining feedback from Members on what their wards think of services could be useful). Where



Departments are either supplying services which are not valued or not delivering services that would be valued, Departments need to deliver services that are not just valued but also meet their customers' priorities.

4.9.1.2 Listening to the customer does not mean just conducting a one-off piece of research or employing annual surveys to give a percentage satisfaction score. It also means profiling different customer groups, understanding their needs and expectations and their direct "customer experience". This basic analysis forms the reference point for all of the Departments' activities and provides the data to improve the process of service delivery, to generate new solutions to existing customer problems and to identify activities (and resources) that do not add value to the customer.

4.9.1.3 The information provided by the customers may sometimes conflict with established policies. In these circumstances the views of customers can influence the development of the council's strategic and financial framework. Both Members and officers must be willing to stop what they are currently doing and do something different. However, this does not mean that they must address the customers' issues without reference to resource constraints. But it will enable them to make informed choices based on full knowledge of customer needs and their issues.

4.9.1.4 The research which Departments need to undertake must be subtle enough to engage with customers about the likely trade-offs between the ideal customer "offer" and what could be afforded under the likely available resources **and** the hierarchy of priorities that customers want. If they just ask what customers feel is important or how well they think particular services are performing, they are unlikely to get a well-rounded assessment of what customers want.

## **4.9.2 Benchmarking**

4.9.2.1 Departments must benchmark drivers of cost and value against set KPIs but also compare their service with other authorities. This is not just so that Departments know how their own costs and performance compare with others but also so that they can borrow from good ideas and practice which have been implemented by other authorities. The Council needs to routinely benchmark **all** its' services in a consistent and robust manner and report to members routinely on performance.

4.9.2.2 It is often said that benchmarking is expensive and time-consuming if done properly and that managers can't afford the time or money. It is viewed as an add-on and so subscriptions to benchmarking clubs are one of the first things to go in the event of budget cuts being required. However, organisations and Departments which do not keep up with the best practice that is

going on outside will inevitably lose ground with the best-performing organisations and eventually more money will be wasted in trying to catch up with others later.

4.9.2.3 Whilst “token” benchmarking (where information is collected, recorded and not acted upon) is an expensive waste of money, proper analysis of how other service providers carry out similar services is an integral part of managing those services. It can also provide insights into delivering improved services, although the focus must always be on the actual condition of the service which may differ from other organisations. Moreover, obtaining statistics and information about other processes is only half the story; managers need to act upon the information required in order to deliver improvements.

4.9.2.4 This strategy recommends that managers find out about what other managers do differently, particularly in other Authorities where unit costs are lower and/or performance higher. Managers must also use key main public sector data sets where these are available for their service, such as those provided by APSE or CIPFA. They must also consider the potential for benchmarking processes or costs with third party organisations, for example in the private or voluntary sectors.

### **4.9.3 Ensuring spend adds value**

4.9.3.1 The Authority must avoid salami slicing their budgets even where there is a budget crisis. It is likely that it will be impossible to predict how such random cuts will affect service delivery without evidence or understanding of the strengths and weaknesses of delivering the service.

4.9.3.2 Instead managers will evaluate the value chain for each service in order to understand the drivers of cost and value. Analysing the value chain ( the end-to-end set of activities and resources that contribute to service delivery ) for each relevant service area- enables managers to know how and where each staff member contributes to delivering efficient, customer-focused services.

4.9.3.3 Managers must also examine their services to identify any of the Council’s expenditure that does not create direct (or indirect) value for their customers. Examples include activities that have happened because they have always happened rather than because they add any value to the customer. By examining activities in this way managers can evaluate them and the resources required to service them and determine how they contribute to meeting priorities and customer expectations.

4.9.3.4 By understanding the value chain, Departments, CMT and Members will also be able to redistribute money from areas that are over-served, or that are not core to the service, and so improve both financial and service efficiencies without endangering the quality of service.

## **5. Service Delivery and Financial Planning**

5.1 The Authority needs to ensure that

- There is an alignment between service and financial planning
- In particular there must be an alignment between the corporate plan and the medium term financial plan
- Departments need to buy into the strategic vision at a departmental level and fit the vision with their working practices
- The Local Strategic Plan captures the voice of the customer adequately

5.2 There will often be occasions when the Council needs to evaluate options to make short-term adjustments to balance the books. This can often lead to short-term decision-making with poor results. For example, authorities may make a short-term gain but may find, if they do not consider the long-term impact of the decisions, that this may endanger established corporate and service priorities.

5.3 The Authority needs to align their corporate plan and medium term financial strategy with the expectations and wishes of their customers. This means that finding out what customers want becomes integral to what service providers do – and not an add-on or relying just on routine surveys every year or two.

## **6. Regular Performance Assessments**

6.1 Managers need to assess regularly how well they are doing against cost and performance targets. Whilst this is already done to some degree in Bromsgrove, the Council needs to get to a situation where managers are able to access cost and performance data immediately and in real time. This will then enable them to review progress against targets on a regular basis. The Council needs to move towards a position where managers are analysing real time data rather than data which is

out-of-date. These performance assessments must be carried out on at least a monthly basis, although if the information is available easily and without requiring any extra work or resources, such monitoring could easily occur more regularly.

6.2 Currently performance data is reviewed by Members formally at Cabinet 2 months after the period end; however, the information is released to portfolio holders one month after the period end, after consideration by DMTs and CMT. The Improvement Director has agreed this timetable with the Lead Official and it is considered appropriate practice, striking a balance between allowing officers sufficient space to manage performance and early release to Members. The Performance Management Board also scrutinising performance data and reports its findings to Cabinet.

## **7. VFM Projects**

7.1 The inclusion of Value for Money in Financial Strategy and Service Planning must be undertaken as a matter of course by Departments. However, in circumstances where Departments need to make a significant step change in order to improve performance or generate cost savings, they develop VFM projects designed for that purpose. Project outlines must be developed by Departments (there is no need for a long draft, six pages will do) and submitted to CMT who would have the responsibility of approving the outlines.

7.2 The VFM projects must aim to deliver measurable financial savings and/or service improvements and the projects will normally be funded from within their own resources unless the project would affect more than one Department or there is specific funding available ( e.g. from the West Midlands Centre for Excellence or local or central Government bodies). Responsibility for bringing forward VFM projects for consideration by CMT must rest with the Heads of Service.

7.3 Each Department must aim to complete at least one project per year (larger Departments might have more than one). The completion of the outlines will normally be undertaken at the time that budgets and service plans are being prepared although there is no reason to delay a project if it is developed in-year. These projects will not just concentrate on delivering savings but also stress the need to deliver improved customer service.

7.4 The project outlines must include the following information:

- Statement of why the subject was picked as a VFM project

- Summary of Key Costs/Performance Data ( compared to other Councils where possible )
- Description/data regarding customers' attitudes to the service
- Description of how service is currently delivered ( taking account of such matters as staff structure, accommodation, ICT, customer service issues, HR implications, any factors which impact on service delivery costs/performance )
- Consideration of options for change (this could involve matters such as alternative procurement methods such as outsourcing or partnership working with other Authorities)
- Statement of areas to focus on to deliver efficiency savings/better performance
- Resources required to implement the VFM project
- Timetable and Action Plan
- Targets to be achieved following completion of VFM project

## **8. Key Criteria for choosing a project**

8.1 The key criteria for choosing an area as a project are as follows:

- A service area that is above average or high cost
- A service area that is below average or poor performing
- An area where customers expect high performance but are not receiving it
- A service area that does not fully contribute to the Authority's vision of the service

## **9. Examples of Projects**

9.1 Departments might consider a number of topics for VFM projects. These could range from small-scale procurement initiatives to strategic changes to the way services are delivered. A number of brief examples are included below (these are only examples and their inclusion does not apply approval of these courses of action):

- Shared Services – Managers could consider the scope for gaining benefits from negotiating shared services arrangements for the delivery of services

- Service delivery arrangements – there might be advantages in investigating different arrangements for the delivery of services, for example a trust to deliver leisure services or outsourcing to a private provider of waste services
- Assessment of benefits to individual services of Authority wide initiatives. It is important that service managers estimate the cost and performance benefits of Authority wide projects such as the Spatial Business Case project. By assessing the benefits to individual services of such projects, the Authority as a whole will be able to gain a clear idea of the overall benefits
- Procurement – Managers must use the expertise available in the Council to maximise benefits from individual procurement exercises. In addition, managers need to ensure that their staff do not indulge in maverick spending
- Departments need to move towards obtaining good information on unit costs and how much their individual activities cost. This means adopting some form of activity based costing system which in turn will mean instituting some form of time recording system. It is probably better for the Authority to do this collectively rather than individual Departments set up their own systems
- Obtaining of external funding – whilst the obtaining of external funding does not of itself demonstrate value for money, the winning of external funding does enable projects to be put in place which will improve the Authority's performance.

## 10. Undertaking the project

- 10.1 There is no one blueprint for undertaking a VFM project, although one would expect basic principles of project management to be followed and there to be a project manager who would be allowed time dedicated to undertake the project. It is likely that there would be two main stages to the project: an initial stage which would result in recommendations and a plan for implementation **and** an implementation stage which would result in the improvement in value for money.
- 10.2 The Authority has a project management methodology and it would be proper for that methodology to form the basis of most projects. One would expect for each major element of the project there to be an action plan which would contain the following elements:
- A scope for the work
  - A likely methodology
  - A statement of who is to carry out the work

- A statement of inputs ( e.g. staff hours )
- A target completion date
- A statement of the potential efficiency gains and/or service improvements to the customer that might result if the project's recommendations were implemented in full ( this would likely be a range of benefits at the outset of the project )

10.3 Once the objectives, scope and timetable of the project has been authorised, the progress on the project must be reported regularly to CMT and Members. Any slippages from agreed milestones must be reported. Once the first stage of the report has been completed and recommendations agreed, the project proceeds to the implementation stage. All savings and service improvements resulting from implementation of the VFM project plan must be recorded, reported to CMT and Members and, appropriately evidenced, recorded in the Annual Efficiency Statements.

## **11. Lessons learned**

- 11.1 Those officers who successfully complete and implement a VFM project will have obtained great expertise in the skills of undertaking such projects. Such expertise must not be lost to the Council which must ensure that they have the opportunity to disseminate their expertise, either through undertaking a new project or through acting as a mentor on other projects.
- 11.2 In addition, the lessons learned on each project must also be considered by CMT and Members following the project's completion. The key lessons learned must be communicated to those undertaking future VFM projects and officers must indicate how they will address the lessons learned in undertaking those projects.

## 12. Authority wide projects

12.1 Authority wide projects have the potential to deliver significant improvements in customer service and financial efficiency. Examples that are already being implemented or developed in Bromsgrove include:

- The Customer First Strategy
- The Spatial Project Business Case
- The ICT Infrastructure Business Case

12.2 Because these projects affect the delivery of all services, it is clear that they are capable of producing much improved performance across the Authority. Ideas can be generated in a number of ways. For example,

- Senior Managers can make a number of suggestions for potential Authority wide initiatives because they are often in a position to note issues which affect more than one Department. They can also research what Authority wide initiatives are being undertaken in other Authorities or in other organisations either in the public or private sector.
- Members are in a similar position to senior managers in that they often can find common issues across Departments which are best tackled collectively rather than independently. They are also in a position to know what kind of common issues affect their residents across a range of services.
- All Departments have some issues (such as procurement or sickness absence) which are best dealt with across the organisation. This means that efficiency gains and savings can be measured on a common basis and are counted comprehensively for the purpose of recording them, for example, in the Annual Efficiency Statements.

12.3 One potential project area which is likely to affect all Departments is land use and asset management. There is value in assessing how efficient the Authority's use of land and buildings is and whether a strategic change to the way the Authority uses land and buildings could bring benefits. This could be done by disposing of surplus land and buildings, promoting energy efficiency or by moving out of inefficient buildings into more efficient ones (and realising cash from the disposal). Any decisions taken need to be long-term and strategic and need to bring operational and financial efficiencies. The asset management strategy must look at these issues in order to deliver best value for money for the Authority.



- 12.4 Projects need to be delivered with a rigorous project plan and a project Board comprising members from all Departments so that there is widespread support of the project. CMT is the natural forum for monitoring progress on projects and Members will also need to be involved because the impact of the project will affect all parts of the Council's work.
- 12.5 Large ICT projects such as the Spatial Business Project also 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 objectives and targets 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.
- 12.6 The Authority needs also to consider whether it has carried out sufficient business process re-engineering of its processes. Put simply, this means moving resources from the back to the front office so that more staff are delivering services directly to the customer rather than processing paper in the back office. This is not a panacea but it can lead to efficiencies if outdated or unwanted processes are eliminated. It may be also that by improving the efficiency of customer-facing services that pressure on the customer services centre can be alleviated because fewer customers find the need to contact the customer services centre because they did not receive good service in the first place.
- 12.7 If efficiencies are delivered (and particularly if a number of services are outsourced) the Authority needs to consider the appropriateness of the size of the core support services that remain. This is because the staffing (and potentially accommodation and other resources) required to deliver a suite of services provided wholly in-house is different from a situation where a number of services have been outsourced.

### **13. Partnership Projects**

- 13.1 The Council can make a lot of improvement on its own; but in order to maximise the opportunity for generating efficiency gains it needs to work with others. This will include not just other local authorities but also the police, the fire brigade, the health service and the community, voluntary and private sectors.
- 13.2 It makes sense if this process is led and co-ordinated by Senior Management and Members because it is important that partnerships are planned strategically rather than haphazardly. Indeed the Council is already working on a significant partnership with Worcestershire County Council and the other Worcestershire districts. However, Departments also need to develop partnership working in order to deliver efficiency gains. The Council will need to develop a number of further partnership projects with other organisations. These types of partnerships might include
- **The Local Strategic Partnerships (LSP)**
  - The LSP aims to bring together at a local level the different parts of the public, private, community and voluntary sectors can develop the capacity to produce efficiency gains for all partners and provide measurable benefits for their communities. A combination of organisations and the community, working co-operatively as part of the LSP will have a far greater chance of success in delivering sustainable economic, social and physical regeneration, or improved public services, that meets the needs of local people
- 13.3 Local partners working through the LSP will act strategically to deliver decisions and actions which join up partners' activities across a range of issues, enabling each of them to meet their own targets and tackle issues more effectively. The LSP is key to improving social cohesion, the relationship between different communities in an area and their relationship with statutory authorities. It will also strengthen connections with, and between, public sector agencies, local government, the voluntary and community sectors, businesses and local residents. Overall, the LSP will ensure public services work better and are delivered in ways that meet the needs of local people and that economic, social and physical regeneration is sustained – in both deprived and prosperous areas.
- **Working on projects with the local Centre for Excellence**

The West Midlands Centre for Excellence (WMCE) was set up to encourage public authorities to work together to generate efficiency gains. It acts as a resource to further the pursuit of efficiency in public sector bodies and provides limited funds for efficiency projects. It may be that Departments may wish to apply for funding from the WMCE to undertake particular efficiency projects

- **Joint procurements and joint working**

Joint procurements are where two or more public sector bodies get together in order to obtain better value for money. To identify such possibilities managers need to keep abreast of what is going on in their locality; for example, another public sector body may need to undertake a particular procurement and there may be a chance to link with this organisation in order to produce efficiency gains for both.

Joint procurement implies a limited relationship in which two or more authorities negotiate a contract with a third party to supply them with goods and/or services. Joint working implies a more complex relationship between organisations in which organisational structures are merged and sovereignty pooled in order to generate efficiency gains. A shared service initiative which is currently being considered for revenues and benefits is one example of a joint working arrangement.

## **14. Role of Members**

- 14.1 Members need to monitor and scrutinise Value for Money proposals and projects prepared and implemented by officers but also need to be proactive in suggesting areas for VFM projects and initiatives. The Finance portfolio holder will hold responsibility for developing Value for Money throughout the Authority; a member Group has also been established to encourage responsibility for efficiency and Value for Money and the Head of Finance also attends the meetings of this Group. Members' contributions will be important in developing ideas for developing partnership initiatives as well as promoting projects which are Department based.
- 14.2 Portfolio holders need to liaise closely with the members of CMT in order to develop ideas which can be acted upon by the Council in order to develop proposals to produce better Value for Money. This is probably just an extension of the normal relationships that exist between senior officers and members but the Value for Money group can help focus on issues regarding Value for Money.
- 14.3 There is also a role for Portfolio holders to play in scrutinising the unit cost and performance data information produced by managers and to be included in the Service Business Plans. Clearly it is important for Members to determine whether the targets are appropriate and, if they are, whether they are being pursued effectively. The existing Members' Boards (Scrutiny, Performance Monitoring and Audit) will have roles in scrutinising progress towards achieving Value for Money.

## **15. Implementing VFM proposals and measuring efficiency gains**

- 15.1 In order to capture the full extent of the efficiency gains made, the Council needs to monitor and measure in a rigorous fashion how efficiency initiatives are implemented and how efficiency gains are realised. Senior managers and Members need to monitor progress against efficiency milestones. In addition, Finance Departments need to monitor and amend budgets where necessary in order to “bank” any savings properly. They also need to continue to enforce financial regulations and to ring fence budgets where savings have been generated.
- 15.2 At the same time as measuring the financial benefits obtained, the Authority needs to determine what the ultimate destination of those savings is. This involves the reallocation of resources and the judgement of which option for reallocation of expenditure in fact best promotes corporate objectives. Reports must be provided to members on a quarterly basis which detail progress against the savings (using a traffic light system) and improved service targets detailed in the service business plan. It would then be transparent for each service as to what progress they were making towards achieving their objectives and each service would produce an action plan to improve the performance if there were slippage.