

TITLE:	VALUE FOR MONEY STRATEGY
TO/ON:	EXECUTIVE, 8TH JANUARY 2007
BY:	DIRECTOR OF CORPORATE ADMINISTRATION AND POLICY
PORTFOLIO HOLDER:	DEPUTY LEADER
STATUS:	REPORT

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval for the adoption of a corporate value for money strategy.

2 BACKGROUND

- 2.1 Local authorities are required by law to achieve continuous improvement in the delivery of their services having regard to economy, efficiency and effectiveness under the Local Government Act 1999.
- 2.2 The Audit Commission has a statutory responsibility to assist in improving economy, efficiency and effectiveness in the provision of local services. Part of the Audit Commission's Comprehensive Performance Assessment framework involves an annual examination of how effectively the Council uses its resources. The use of resources assessment looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money.
- 2.3 The Code of Audit Practice also requires the Council's auditors to give an opinion in their statutory audit report as to how effective the Council's arrangements are for securing value for money.

3 RELEVANT MATERIAL CONSIDERATIONS

- 3.1 The Audit Commission carries out a use of resources assessment on an annual basis on all local authorities. The assessment examines five themes of financial reporting, financial management, financial standing, internal control and value for money. The assessment scores each theme on the following scale:

4 = well above minimum requirements – performing strongly
3 = consistently above minimum requirements – performing well
2 = at only minimum requirements – adequate performance
1 = below minimum requirements – inadequate performance

An overall use of resources score is then based on combining the auditor judgements for each of the five themes.

- 3.2 The Audit Commission scored Derwentside as 3 (performing well) against the value for money theme. The Council has set itself a target within the Corporate Plan to at least maintain this assessment. However, our auditors commented that whilst the Council was performing well in this area, we need to develop an approach to assessing vfm corporately and improve our monitoring, review and challenge arrangements in relation to value for money.

4 CONCLUSIONS

- 4.1 A more strategic approach clearly required, which sets out the Council's overall aims and objectives regarding value for money, what our approach to measuring it will be and how the Council intends to review service areas that appear to be achieving poor value for money.
- 4.2 The attached strategy describes a practical approach to reviewing value for money within the Council. Members can anticipate a Value for Money Plan being produced to help achieve the aims of this strategy and review activity to commence in 2007/08.

5 RECOMMENDATIONS

- 5.1 Members approve the attached Value for Money Strategy.

TG-19/12/06

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