Framework for Achieving and Improving Value for Money

1.   Strategic Objective

It is the aim of District of Easington to ensure that all the services delivered and operations undertaken are providing Value for Money for our residents.

2.   Background

Our ambition for the District of Easington is to "make the district great". To achieve our mission, we are currently focussing our efforts on the following 9 key Corporate Objectives:

Quality Services
Excellence in the workplace
Sustainable Job for all
Decent Homes
Clean and Tidy Communities
Better Transport
Making the District Safe
Building a Healthy Community
Lifelong Learning

The Council has a proven track record in managing its financial resources effectively, but also recognises that ensuring Value for Money is being provided is a key component in delivering the above priorities. It is also important that the residents of Easington believe that the Council is making the best use of its resources and that services are being delivered in an effective, efficient and economical way.

3.   The District in Context

There are a number of factors we need to consider when developing our approach to value for money and which will influence the actions we take.

In mid 2004, the resident population of the district was in the region of 92, 900 people, with the population density averaging 648 people per square kilometre, compared with an average of 293 for the North East region and 380 people per square kilometre for England overall.

Easington has an ageing population- the average age being 39.1 years compared with an average age for England and Wales of 38.8 years.

In mid-2003, 20.3 percent of the resident population in Easington were of retirement age compared with 18.5 percent in England and Wales.

There are very low numbers of black and minority ethnic people in the District (0.8% according to the 2001 census).

In the twenty years between 1982 and 2002 the population of Easington declined by 6.7 percent, compared with a decrease of 4.2 percent for the North East region as a whole.

The district has low car ownership, with 37% of households having no access to a car. Together with a patchy public transport system, and a large number of residents living in rural villages this presents real issues in relation to access to services.

The challenges currently facing the District are varied, with joblessness, low aspirations, poor educational attainment and health problems combining to affect Easington people's quality of life. Approximately a third of our community are in receipt of Incapacity Benefit or Disability Living Allowance, and there is approximately a third of our District experiencing literacy and numeracy problems.

According to the Index of Deprivation 2004, the District of Easington is the 8th most deprived Local Authority in the Country and is the most deprived shire district authority in England.

All of these factors place high demand on certain services and the Council plays a key role in the regeneration of the District.

4.   Corporate Framework

Although there are some outstanding issues the objective to improve value for money will be delivered within the framework.

- **Corporate Commitment at all levels**.
  Through Community and Corporate Plans, Service plans and operational plans.
  Service reviews
- **Integrated financial and service planning**
  Financial planning and efficiency targets for each service,
  Objectives from service plans considered as part of budget process.
  Review of objectives post budget.
  Annual budget process used to challenge costs and agree targets for year.
- **Performance Management**
  Performance monitoring
  Performance improvement teams
  Linking cost, service delivery and customer satisfaction.
- **Partnerships and Outsourcing**
  Effective Partnerships
  PPPs – Leisure and Legal
  Working with partners to improve – Durham County Egovernment Partnership,
  Local Area Agreements, and Local Public Service Agreements.
  North East Centre of Excellence

- **Electronic/Transformational government**
  Delivering services electronically
  Customer Services Centre
  Using technology to reduce costs to improve service: on line services/ Home assessments – Benefits
  Identification and realisation of benefits
- **Procurement**
  Mixed economy-PPP
  Partnering including Shared Services
  Framework agreements
  Electronic purchasing
  Analysis of procurement spend
- **Customer Focus**
  Community Engagement/Consultation
  Customer Satisfaction Surveys
  Effective communications

5.   Value for Money - Commitment

Definition

The definition of *value for money* is the optimum combination of whole life costs and benefits to meet our customers needs. It was traditionally known as the 3 E's:

- Economy is the price paid for providing the service. (Staff, materials, assets and buildings). For example how much it costs to empty a refuse bin
- Efficiency is the measure of how much you get out (the results) from what is put in. For example how many bins are emptied per week.
- Effectiveness is the measure of the impact achieved and can be quantitative or qualitative. For example how satisfied citizens are with the refuse collection service (qualitative), or how many bins were emptied on the correct day with no spillages (quantitative).

The underlying principle within these considerations relates to the statutory duty the Council has to deliver Best Value in the provision of all its services

Value for money is high when:

- Costs are relatively low
- Productivity /performance is high.
- Outcomes are successful and satisfaction is relatively high.

Aims

By developing our approach to deliver Value for Money we aim to:

- Ensure that we are delivering high quality services which are cost effective and are needed and valued by our Community
- Deliver services as efficiently as possible, keeping rises in Council Tax to an absolute minimum
- Make the best use of technology and to streamline service provision wherever possible, whilst always being mindful of equal access issues and

local circumstances.

- Ensure that our residents are consulted and opinion is sought and acted upon.
- Ensure that equal opportunity and diversity issues are considered, and particularly that the vulnerable and "hard to hear" are taken into account.
- Review areas identified as not delivering value for money.

Challenges/Considerations

- Judgments made in respect of areas examined will have to allow for local policy choices (alongside the national policy context) about priorities and standards of service.
- Consideration will be made of issues in relation to addressing current performance in achieving value for money and how well value for money is managed and improved over time.
- Systems will be implemented to ensure decisions are based on evidence of outcomes achieved so that we fully know the effectiveness of activity as well as the cost, performance and satisfaction to improve value for money.
- The gross costs of our services will be examined to determine the real financial implications of our delivery methods.

Future Value For Money Activity

- All services will be required to detail activities to test and improve VFM in their Service Plans

- All services will be subject to VFM assessment on a phased basis. The programme will be based on:
  - Customer impact/known importance
  - Performance
  - Cost
  - Satisfaction

- A proportionate approach will be taken to VFM assessments based on what is known about the service and the gaps that need to be addressed. The methodology will not be rigid but assessments must consider all aspects of value for money (economy, efficiency and effectiveness). A range of tools will be provided which can be used to do this as circumstances dictate.

- Heads of Service will be responsible for carrying out VFM assessments, with support from Corporate Development.

6.   Process – Value for Money

Stage 1: Identify the current position of each service (to be completed by all service heads in Year 1 of programme)

- Examine all *available* data on the service in terms of cost, performance, customer satisfaction and importance to customers. Performance could be measured against PIs and/or achievement of outcomes from corporate/service plans.

- Complete the grid to summarise the position for the service

	Cost	Performance	Customer satisfaction	Known importance to customers
High				
Average				
Low				
Don't know				

Does the service provide value for money?   YES/NO
(NB a "don't know" in the Cost, Performance or Customer Satisfaction column means that you cannot demonstrate VFM)

Stage 2: Develop a programme of priorities for further VFM analysis

Example: Service A

	Cost	Performance	Customer satisfaction	Known importance to customers
High		X (KPI7, corporate plan action 3)		Lyons review survey ranked this service high
Average		X (KPI2, KPI3)		
Low	X	X (KPI4, KPI5, KPI6)		
Don't know			X	

The service doesn't demonstrate value for money because although costs are low, performance is mixed and there is no information about whether customers are satisfied or not, despite the fact that the service is felt to be important

Programme developed by Director of Corporate Resources/Assistant Chief Executive/Executive Members for Resources and Service Improvement, for discussion by Management Team, Members and Trade Unions.

Criteria for developing programme:
- Customer impact/known importance
- Performance
- Cost
- Satisfaction
- Lack of information (many "don't knows")

Stage 3: VFM assessment

- Set a timescale and set aside resources for the assessment depending on how many gaps there are in the data and the service size.

- Agree an appropriate team to consider VFM issues and collation of data.This may involve the relevant Executive Members and Scrutiny committee representative.

- Use relevant tools to fill gaps in data

- Analyse the data. What does it tell you about current VFM?

- What level of cost/performance/satisfaction would represent good VFM?

- What do your customers think would represent good VFM?

- Develop options for improving VFM of the service

- Present options to Management Team, Members and the Trades Unions.

- Make changes and embed in service plan

- Monitor impact on VFM and decide if future action is needed

Stage 4: Monitor and Review

- Executive Members to be informed of progress on achieving VFM through regular updates. The action plan will be monitored by report and challenge through the relevant Scrutiny Committee.