

**Improvement Area – The Council strives to achieve efficiency in all its activities
Improvement Priorities - VfM 2 Improve efficiency of our services including
maximising savings delivered through procurement, ICT and asset management;
embed value for money at all levels.**

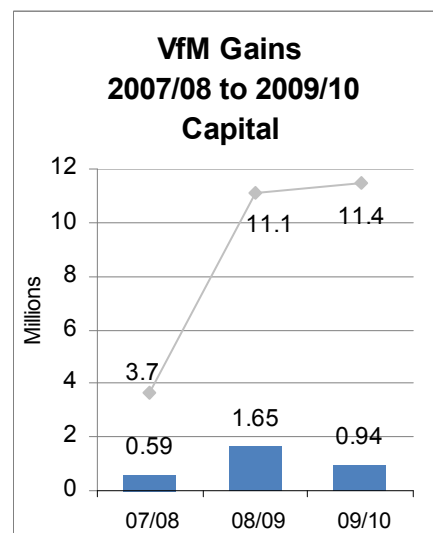
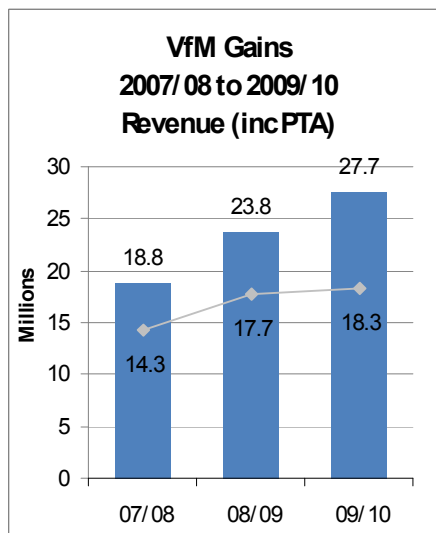
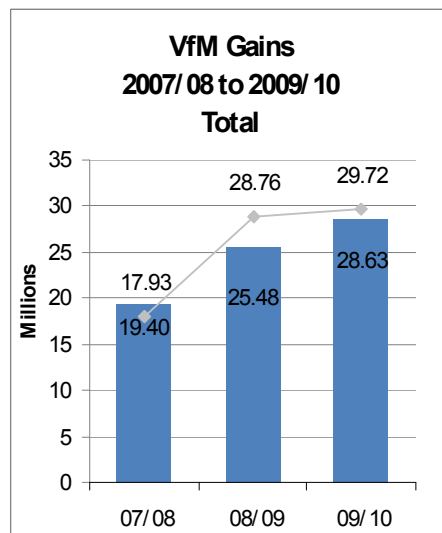


CAA Focus - The council should gain a greater understanding of the underlying drivers of cost so that it can effectively review and challenge service delivery and VfM. Council should work closer with partners to compare and evaluate costs and outcomes

Accountable Officer – Doug Meeson / Tim Pouncey

Why is this a priority

Greater value for money - efficiency - will be key to meeting the challenge of improving local services within the resources available. Councils, along with the rest of the public sector, are expected to deliver 3 per cent per annum efficiency gains in Comprehensive Performance Review 2007, with the Comprehensive Performance Review 2007 taking place in a tight fiscal context.



Overall Progress to date and outcomes achieved 1st October to 31st December 2009

Overall Summary

Progress against this priority at quarter 3 is based on the key actions detailed in this action tracker as NI179 figures are not currently available. A comprehensive update against this priority will be available at quarter 4.

Achievements since the last report (figures based on quarter 2 position)

At the half year, the cumulative projection to 31/03/10 is £53,425k, below the target of £58,476k by 8.64%. Of this shortfall, £4m reflects the underachievement in 08/9. While revenue value for money gains are continuing to be identified and captured, there continues to be significant pressures with regards to capital gains. Against a cumulative target of £22,518k (a component of the overall target) for capital, gains are projected to total £2,584k. Work is ongoing across the Authority and with Core Cities to try to identify possible capital gains that meet the definition of this indicator.

Work is ongoing across the Council to prioritise resources, deliver on significant efficiency projects that are underway and implement a number of action plans to address the projected overspend in 2009/10. A significant piece of work has commenced with PwC that should identify significant collaboration opportunities for the Council which will help meet efficiency targets and deliver transformation aspirations. The data capture stage of the Delivering Efficient Corporate and Transactional Services programme (DECATS) is underway, and initial workshops to verify and challenge outputs have been arranged at which consideration will be given to those processes that require more detailed analysis with a view to identifying efficiencies and/or opportunities for collaboration.

Plans have also been made to help ensure a corporate approach to efficiency and value for money, these are summarised in the section on 'key actions in the next 6 months'. There has been some slippage in the timescales reported at quarter 2. However, capacity issues are being addressed and it is anticipated that progress in the next quarter will be seen.

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Challenges/Risks

For 2009/10, the in year capital projection totals £922k, which when added to the 2008-09 gains results in a cumulative capital total of £2,584k, below the capital target of £22,518k by nearly 90%.

This failure to deliver capital value for money gains is a problem being experienced by many Authorities. None of the Core Cities are performing well in this area. Some examples of capital value for money gains are:

- Reduction in bid costs
- Reduce initial costs through adopting standard construction
- Integrate revenue and capital budgeting through assessing capital spend and revenue maintenance together
- Asset use optimisation through better asset mgt planning
- Sale of surplus assets – revenue impact (interest accrued) but not for non operational assets
- Leasing and borrowing – decide to purchase rather than lease a building, net difference between annual borrowing charges and running costs v leasing charges and running costs

Work is ongoing with the Public Private Partnership Unit (PPPU) to capture any gains in the above areas that may arise from delivering PFI schemes. However, value for money gains from school related schemes including PFI, BSF and the LEP may not be included as these are captured via the Department for Children, Schools and Families.

KPMG, in their report to those charged with governance on the Use of Resources, have highlighted 4 significant improvement areas the relate to value for money. These are:

- *The Council should gain a greater understanding of the underlying drivers of cost so that it can effectively review and challenge service delivery and value for money.*
- *The Council should work closer with partners to compare and evaluate processes, costs and outcomes to improve the use of benchmarking data and other comparative information on cost and performance*
- *The Council need to ensure when redesigning services there is a focus on enhancing services and supplies for local people by ensuring outputs and value for money targets are achieved and evidenced.*
- *The Council need to demonstrate that stakeholders and local people have confidence in the organisation's partnerships and that these partnerships are providing effective outcomes and value for money.*

Many of the actions in the 'key actions' are aimed at addressing these issues

Council / Partnership Groups	N/A		
Approved by <i>(Accountable Officer)</i>	Doug Meeson Tim Pouncey	Date	11/2/09
Approved by <i>(Accountable Director)</i>	Alan Gay	Date	11/2/09

Improvement Area – The Council strives to achieve efficiency in all its activities

Improvement Priorities - Vfm 2 Improve efficiency of our services including maximising savings delivered through procurement, ICT and asset management; embed value for money at all levels.

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Accountable Officer – Doug Meeson / Tim Pouncey

Key actions for the next 3 months 1st January to 30th March 2010

	Action (Desired Achievements)	Contributory Officer / Partner	Milestone / Actions	Timescale
1	Develop a corporate and systematic approach to value for money, including a clear and concise policy statement on vfm, a consistent approach to benchmarking	Tim Pouncey	Detailed plans to be developed – some delays since the previous report	April 2010
2	Further work on assigning accountability and responsibility for vfm – the Chief Officer (Audit & Risk) has been tasked with developing the corporate and systematic approach and the Business Process Reengineering team transferred to the Audit and Risk team to contribute to this work	Tim Pouncey	BPR team transferred in October - done Job description and employee specification has been evaluated using the HAY methodology	
3	Develop governance arrangements for vfm including a review of existing terms of reference and developing proposals for a 'star chamber' approach to vfm. Consider the role and contribution of scrutiny boards to the vfm agenda	Tim Pouncey	Initial proposals to be considered by Corporate Leadership Team – delayed since previous report, although initial proposals have been developed prior to presentation to CLT Scrutiny Chairs have considered a brief report on the vfm implications of their reviews.	March 2010
4	Developing and embedding a culture of vfm – the vision is that all chief officers will be accountable for driving down cost and delivering vfm	Tim Pouncey	Detailed plans to be developed	April 2010
5	As part of the systematic approach to vfm it is intended to develop a 'dashboard' approach to reporting the current position on vfm across all services.	Tim Pouncey	Develop proposals for a dashboard approach, determine an appropriate link to the PwC DECATS work Detailed proposals for the dashboard of vfm indicators is being developed for discussion with the BT team to include vfm as one of two pilots of Business Intelligence Systems	December 2009 (initially) January 2010
6	Develop proposals for raising awareness of vfm and training/briefings on undertaking vfm reviews	Tim Pouncey	Develop a communications plan	March 2010
7	Review the Internal Audit plan to refocus vfm reviews on corporate priorities	Tim Pouncey	Brief have been developed for a number of vfm reviews and initial work started	

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8	Liaise with other authorities (and other appropriate organisations) to benchmark best practice	Tim Pouncey	Liaise with other organisations	ongoing
9	Develop a checklist to determine whether market testing is an appropriate response for a particular service.	Tim Pouncey	Proposals to be consider by CLT before incorporated into the dashboard – timescale extended since the last report	April 2010

Performance Indicators

Performance indicators aligned to the Improvement Priority

Reference	Title	Owner	Frequency & Measure	Rise or Fall	Baseline	2008/09 Result	2009/10 Target	2009/10 Quarter 3	Current Predicted Full Year Result	Data Quality
NI 179	% of cash releasing efficiency savings made (cumulative total over next three years)	Finance	6 Monthly £m	Rise	£28.759m	£28.759m	6.1% or £58.473m	No update at Q3	£53,425k (as at Q2)	No Concerns
BP-04aai	Use of Resources score for understanding costs and achieving efficiencies	Finance	Annual Number 1-4	Rise	N/A new key line of enquiry for 2009 assessment		3	2 Confirmed result		No Concerns
BP-04cii	Use of Resources score for Strategic Asset Management	Asset Management	Annual Number 1-4	Rise	N/A new key line of enquiry for 2009 assessment		3	3 Confirmed result		No Concerns