

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

Improvement Priorities Vfm-2,6 Improve efficiency of our services including maximising savings delivered through procurement, ICT and asset management; embed value for money at all levels and improve quality and efficiency of support services.

Overall  
Progress

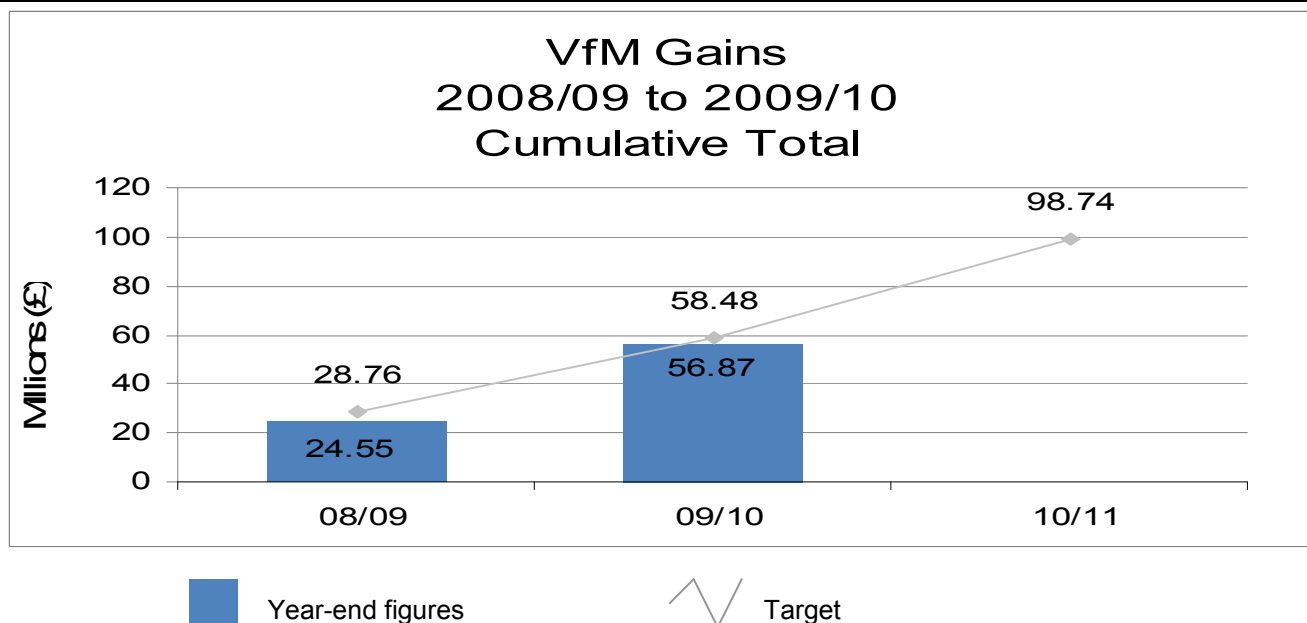


Accountable Officer – Tim Pouncey

### 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 CSR07, with the CSR07 taking place in a tight fiscal context. Although for 2010/11 the target has now been revised to 4%.

Also, as part of the council's financial plan possible areas for reducing future spending are currently being explored.



### Overall progress to date and outcomes achieved

#### Overall Summary

In year gains achieved for 2009/10 totalling £32.32m exceeded the target of £29.43m. However, due to the underachievement in 2008/09, the Authority continues to be £1.36m short of the cumulative target of £58.48m for the period 2008-10. Work will continue during 2010/11 to try to address this shortfall. However, it should be noted that the in year target for 2010/11 is 4% rather than the 3% of the previous two years, resulting in a cumulative target of £98.74m.

In anticipation of cuts of about 35% in government grants to local authorities we have produced a funding gap analysis for the next four years. This predicts a funding gap of approximately £70m in 2014/15. Work is currently underway to identify a programme of measures to address this gap. Once produced, these proposals will be subject to consultation with directors and politicians in early autumn.

#### Achievements since the last report

- The Business Process Reengineering team has been incorporated within Internal Audit to provide a focus on vfm issues. The Business Analysis work programme is prioritised according to vfm priorities.
- Draft vfm policy produced. Central to the policy are the challenges; 'would I spend this money if it were my own?', 'is it value for money?' 'is it affordable?'
- A vfm assessment of all Council services, incorporating performance indicators and cost/income measures has been developed.
- A vfm self assessment toolkit for service managers has been drafted.
- A communications plan has been developed.
- At the time of writing, the launch of the vfm interest area on the intranet is planned for August 2010. The interest area will be a resource for service managers to access the draft vfm policy, a vfm self assessment toolkit, best practice guidance, examples of vfm reviews and the vfm reporting service.

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**Accountable Officer – Tim Pouncey****Challenges/Risks**

- While we haven't formally calculated a projection (as at quarter 1) for NI 179, our current 2010/11 outturn estimates indicate that the target will not be achieved. The bulk of the shortfall is the fact that the in year target has increased from 3% to 4%, an increase of £9.59m.
- Predicting the response to the vfm reporting service is difficult, we need to ensure an appropriate response to all reports to maintain the creditability of the facility.
- Obtaining approval to the vfm policy.
- Request for Audit & Risk resources to help with reviews, projects and programme outstrips the available resource – need to ensure the resource is directed to priorities.
- The likely impact on funding of the Comprehensive Spending Review is based on a number of assumptions. However, the scale of the challenge is huge and will require clear planning and monitoring to deliver the changes and budget reductions necessary by 2014/15.
- Buy-in to the vfm assessment of services as there are, at this early stage, some broad assumptions built into the model.
- Financial Development are to review the reasonableness of the assumptions being made on future council spending.
- Many responses have been received to the Chief Executive's request for staff to contribute ideas to help deliver vfm services. The challenge is now to respond to those suggestions in a timely and appropriate manner.

<b><u>Council / Partnership Groups</u></b>	N/A		
<b><u>Approved by</u></b> <i>(Accountable Officer)</i>	Tim Pouncey	<b><u>Date</u></b>	27 July 2010
<b><u>Approved by</u></b> <i>(Accountable Director)</i>	Alan Gay	<b><u>Date</u></b>	02 August 2010

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#### Key actions for the next 6 months

	Action (Desired Achievements)	Contributory Officer	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	Following consultation with the CORS and feedback from the Deputy Chief Executive a draft VFM policy will be launched on the intranet. Central to the VFM policy is the test, 'would I spend this money if it was my own?', is it value for money?, is it affordable? Formal approval will be sought.	Sept 2010
2	Programme of training and awareness sessions.	Tim Pouncey	Series of sessions to be booked and rolled out from October.	Oct 2010
3	VFM interest area, including the draft vfm policy, vfm reporting service, vfm self assessment toolkit, vfm best practice guidance.	Tim Pouncey	Interest area to be launched.	Sept 2010
4	Develop and populate a vfm 'dashboard'.	Tim Pouncey	First draft of dashboard has been produced. Further work required on consulting on the dashboard and incorporating revised and new vfm indicators eg Audit Commission/CIPFA vfm profiles.	Sept 2010
5	Use the vfm dashboard to determine a programme of vfm audits.	Tim Pouncey	Agree briefs in accordance with reporting protocols	Sept 2010
6	Develop a checklist to determine whether market testing is an appropriate response for a particular service.	Tim Pouncey	Consult on draft checklist/toolkit	Oct 2010
7	Liaise with other authorities (and other appropriate organisations) to benchmark best practice.	Tim Pouncey	Liaise with other organisations	ongoing
8	Proposals agreed for reducing future council spending	Core Financial Plan Group	Produce a note detailing all the assumptions behind the proposals made.  Financial Development to review assumptions.  Proposals for consultation with Directorates/Politicians from the Autumn, fortnightly meetings then to be held with Alan Gay/James Rogers to review progress.	Autumn 2010, then ongoing

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The 2009/10 year-end which was not available for reporting in the last action tracker has now been confirmed, please see below:

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 Full Year Result	Data Quality
NI 179	% of cash releasing efficiency savings made (cumulative total over next three years)	Finance	6 Monthly £m	Rise	£28.76m	£24.55m	£29.72m (Cumulative £58.48m)	£32.32m (Cumulative £56.87m)	No Concerns

The current projection for 2010/11 is £87.79m. This is below the revised cumulative target of £98.74m. The bulk of the shortfall is the fact that the in year target has increased from 3% to 4%, an increase of £9.59m. A full review will be undertaken at Q2 as part of the statutory submission process.

Please note that a significant factor affecting the council's position is the inclusion of vfm capital gains in the performance indicator calculation. These are accrued from such as better procurement processes resulting in reduced bid costs; more efficient investment programmes though better use of standard specifications etc. To date the council has largely been unsuccessful in identify and capturing any such efficiencies, with the gains reported on to date having been delivered by the ALMOs through the Decency programme. The inability to deliver capital gains has also been raised with the Core Cities and they are facing the same problem, being unable to identify and capture such gains.