

# **Efficiency and Value for Money Policy**

Updated: April 2017

Next Update Due: April 2019

Responsible Officer: Director of Finance

## Accessibility Information

### ENGLISH:

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### POLISH:

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### URDU

اس دستاویز میں شامل معلومات کا خلاصہ درخواست کیے جانے پر مختلف زبانوں اور فارمیٹوں (شکلوں) میں دستیاب ہے۔ ایڈن ڈسٹرکٹ کاؤنسل کے افسر برائے مواصلات سے فون نمبر 01768817817 پر رابطہ پر ای میل کریں۔ [communication@eden.gov.uk](mailto:communication@eden.gov.uk)

## Efficiency and Value for Money Policy

### 1. Introduction

Value for Money (VFM) is defined as the relationship between **economy**, **efficiency** and **effectiveness** ('3Es'). Achieving VFM means achieving a balance between all three: relatively low costs, high productivity, and valued outcomes.

This is consistent with the duty of Best Value placed on the Council under the Local Government Act 1999 to "secure continuous improvement in the way in which [it] exercises [its] functions, having regard to a combination of economy, efficiency and effectiveness". As part of the annual audit the Council's external auditor is required to state whether, or not, the Council provides VFM.

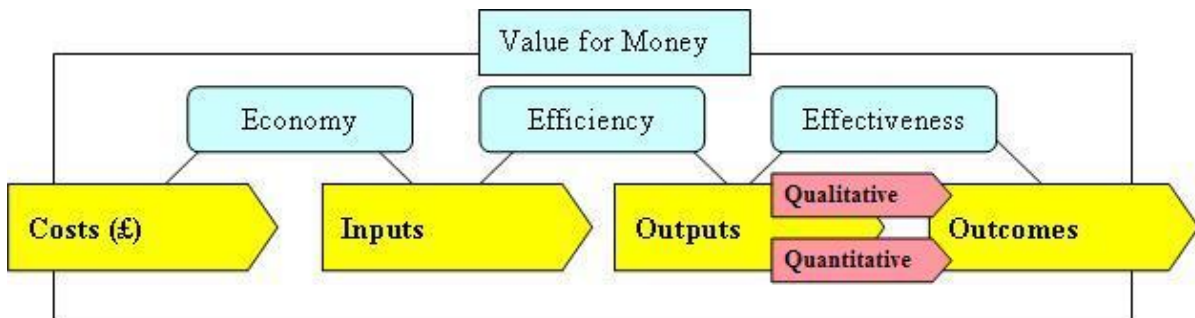
The Council recognises its duty of Best Value and its responsibility to achieve VFM in service delivery. It will seek to incorporate VFM principles in delivering services by taking account of **costs**, **quality** of services and the local **context**.

### 2. Objectives

The Objectives of this Efficiency and VFM Policy are to identify the principles of VFM and to ensure that these principles are reflected in the Council's service planning and delivery.

### 3. VFM Principles

The principles of VFM are illustrated in the following diagram:



VFM comprises Effectiveness, Efficiency, and Economy. The Audit Commission defines these as:

- **Effectiveness** - assesses the impact of spend by reviewing outcomes. For demand-led services, it reviews whether demand is being managed effectively. For example, reducing the need for residential accommodation for older people through better use of community services; or the number of emergency hospital admissions through better primary care; or the number of fire incidents through community fire safety work.
- **Efficiency** - assesses productivity. That is how much you get out for what you put in. It covers the efficiency of the service model, for example, where there is a choice, are services used that are most efficient with better outcomes?
- **Economy** - assesses what goes into providing a service?

#### **4. Putting the Principles into Action**

To demonstrate VFM, the Council will seek to achieve the optimum balance between the above principles and strive for continuous improvement in all aspects of service delivery by the following means:

##### **a) Identifying Local Needs and Priorities**

We will:

- involve stakeholders through the use of user-satisfaction surveys and other customer feedback;
- identify priorities to meet the needs of our community, both as an individual service provider and a partner, and ensure that these take account of national and regional priorities;
- ensure that community needs and priorities are reflected in our plans and strategies, for example, Corporate Plan, Resources Plan, Commercial Strategy, and Service Plans.

##### **b) Securing Resources at the Appropriate Price Having Regard to the Level of Quality Required**

We will:

- implement our Procurement Strategy to secure the most advantageous combination of price and quality;
- consult, and work in partnership with, as appropriate, other public and private sector service providers;
- use all appropriate methods to achieve economies, including e-Procurement, joint working, shared services and market testing;
- procure the Council's operational services and leisure management by competitive tendering;
- build on the existing successful shared services to deliver further shared services;
- restrict any budgetary growth and increases in Council Tax to the minimum necessary to achieve our declared aims;
- strive to attract external funding to supplement our own resources where appropriate;
- ensure that long term ('whole life') costs are taken into account in the acquisition of resources.

c) **Allocating Resources in Accordance with Agreed Aims**

We will:

- allocate our resources in line with the Council's priorities, as stated in its Corporate Plan;
- ensure that resources are allocated in accordance with our plans and strategies, including our Medium Term Financial Strategy and annual budget;
- continuously seek to identify opportunities for increased efficiency without adversely affecting service quality.

d) **Ensuring Services are delivered to Meet Customers' Needs, Utilising the Minimum Level of Resources Required and By the Most Appropriate Means, Including via Partnerships**

We will:

- deliver services in accordance with our Business Plans and Customer Service Strategy;
- monitor cost levels to ensure they are commensurate with agreed service quality.

e) **Reviewing Service Delivery to Ensure Good Practice is Adopted and to Secure Continuous Improvement**

We will:

- adopt working practices, independently and in partnership - to support the drive for increased efficiency and effectiveness, including promoting the use of electronic service delivery and working with other service providers as appropriate;
- keep pricing policies under review to ensure that existing prices are at market levels and to identify new opportunities for charging;
- regularly monitor performance, ensuring elected Members have quality information to perform the scrutiny function;
- compare the Council's performance with that of other similar service providers;
- regularly review asset use through the Asset Management Group;
- challenge our own performance by a variety of methods, for example, through service reviews, scrutiny exercises, budget reviews, human resource reviews and compliance with our corporate governance arrangements, as set out in the Annual Governance Statement, internal audit reports and external auditor reports.

f) **Member Lead**

To ensure that VFM and efficiency is at the heart of the Council's activity, the Resources Portfolio Holder is the Council's VFM and Efficiency Champion.

## 5. Responsibilities

While everyone within the Council has a general duty to ensure that the Council provides VFM services, responsibilities may be summarised as follows:

<b>Body</b>	<b>Responsibility</b>
Executive and Council	Ensuring that their direction of the Council delivers VFM and Efficiency Policy.
Resources Portfolio Holder	Being VFM and Efficiency Champion.  Approving the efficiency and VFM policy (every other year).  Approving the annual efficiency report.
Scrutiny Members	Holding the Executive to account in their duty to deliver VFM.  Undertaking an annual programme of scrutiny reviews.  Undertaking an annual review of the Council's cost of services against comparator councils.
Management Team	Ensuring that the Council's strategic direction is consistent with the contents of this Policy.
Section Heads and all Officers	Ensuring that services are delivered in the most cost-effective way and that services are kept under continuous review to identify efficiencies.

## Impact Assessment – Efficiency and Value for Money Policy 2015

### 1. About the policy/service/function

Name of Policy/Service/Function being assessed	Efficiency and Value for Money Policy 2017	
Job Title of Officer completing EIA	Director of Finance	
Department/service area	Finance	
Telephone number and email contact	01768 212213; <a href="mailto:clive.howey@eden.gov.uk">clive.howey@eden.gov.uk</a>	
Date of Assessment	April 2017	
Main aims and objectives of policy/service/function	The main aims are to ensure that the council delivers its services in a cost effective manner and can demonstrate it delivers value for money	
Is this a: (please copy ✓ and place into appropriate box)		
New Policy/service/function or a proposal?		
Review of an existing policy?		✓
A changing/updated policy/service/function?		
Who are the stakeholders?		
Officers and members of the public		

## 2. Gathering relevant information, evidence, data and research

Consider the sources of information, evidence, data and research that will help you build up a picture of the likely impacts of your policy/service/function on the protected characteristic groups.

List your sources of information and what they tell you. (Refer to Section 7.0, Step 2 on page 6 of the Guidance Notes).

Information Source	Location of data/information (give a link here if applicable)	What does the data/information tell us?
Previous Efficiency and Value for Money Policy	Council records	The Efficiency and Value for Money Policy plays an important role in ensuring that the council delivers its services in a cost effective manner and can demonstrate it delivers value for money



### 3. Assessing the Impacts

From the information, evidence, data and research you have gathered, use this section to identify the risks and benefits for each of the different protected characteristic groups.

Protected Characteristic Group	Positive Impact or benefit (Y/N)	Negative Impact or risk (Y/N)	No impact (✓)	Details of likely impact(s)	How do you know?	Action required to address impact(s) Give justification if action not possible	Note any opportunities to promote equality
Age			✓				
Disability			✓				
Gender			✓				
Race			✓				
Religion or Belief (including non-belief)			✓				
Marriage and Civil Partnership			✓				
Pregnancy and Maternity			✓				
Gender Reassignment			✓				
Sexual Orientation			✓				
Rural Resident			✓				

#### 4. Action Planning

What is the negative/ adverse impact or area for further action?	Actions proposed to reduce/eliminate the negative impact	Who will lead on the action(s)?	Resource implications/ resources required	When? (target completion date)	Monitoring Arrangements
Not Applicable					

#### 5. Outcome of Equality Impact Assessment (tick appropriate box)

<b>No major change needed</b> - the analysis shows the policy is robust and evidence shows no potential for discrimination	✓
<b>Adjust the policy/service/function</b> - alternatives have been considered and steps taken to remove barriers or to better advance equality. Complete the action plan.	
<b>Adverse impact(s) identified but continue</b> - this will need a justification or reason. Complete the action plan.	

#### 6. Review

Date of the next review of the Equality Impact Assessment	April 2019
Who will carry out this review?	Director of Finance