

# **Nuneaton and Bedworth Borough Council**

## **Value for Money Strategy**

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**Nuneaton and Bedworth Borough Council  
September 2005**

## 1. Foreword and Introduction

Nuneaton and Bedworth Borough Council has been successful in recent years in dealing effectively with increasing demands for key services. The Council has achieved a sustainable budget and has been able to invest resources in priority improvement areas, as well as creating longer term capacity to sustain improvements and deliver community and corporate objectives. Capital investment has been linked to our capital strategy and HRA business plan, in accordance with our prudential borrowing code. Significant steps have already been taken to achieve 'value for money'. For example, the changing nature of housing service provision has led to a need for review and changes in the method and nature of service delivery in areas such as sheltered housing.

It is against this backdrop of increasing demands for services in the context of a constrained budget that Nuneaton and Bedworth Borough Council has worked creatively to secure value for money and achieved an excellent auditor scored judgement as part of the 2004 CPA assessment. The Council has also received consistently good external audit annual reports.

## 2. Value for Money in Context

VFM has long been defined as the relationship between economy, efficiency and effectiveness. For the purposes of this VFM Strategy we have adopted the following definitions which have been taken from the CPA Use of Resources Guidance for Councils.

**Economy** : The price paid for what goes into providing a service

**Efficiency** : A measure of productivity

**Effectiveness** : A measure of the impact achieved that can be quantitative or qualitative

VFM is therefore considered to be delivered when there is an optimum balance between economy, efficiency and effectiveness.

Nuneaton and Bedworth Borough Council has a statutory duty to deliver Best Value in the provision of its services. Best Value means continual improvement in terms of the economy, efficiency and effectiveness of service delivery.

Under Best Value we need to demonstrate that our services:

- ~ meet the needs of local people;
- ~ are being provided to the level and quality desired by the community;
- ~ are at a price local people are willing to pay;
- ~ are consistent with available resources;
- ~ are competitive with other potential suppliers;
- ~ are capable of securing continuous improvement over time.

### **3. Where We Are and Issues to be Addressed**

Nuneaton and Bedworth Borough Council continually looks for ways to improve economy, efficiency and effectiveness in the delivery of its services. Not least this process is driven by:

- ~ linking resources to corporate priorities;
- ~ constraints on available funding to meet budget pressures;
- ~ savings targets included as part of the budget process;
- ~ the Gershon regime.

The principles of Best Value underpin Nuneaton and Bedworth Borough Council's corporate procurement strategy, which has recently been reviewed. We also work hard to ensure that our services are fit for purpose and that our perceptions of fitness for purpose and quality are influenced by consultation with feedback from service users, stakeholders and partner organisations. We are clear that value for money in Nuneaton and Bedworth means that:

- Services are of the right quality, that is, they are fit for purpose.
- Services are planned, managed and delivered with due regard to the risks involved.
- Services are delivered economically, that is, from a supplier (internal or external) whose price is competitive for the quality of service delivered.
- Services are delivered efficiently, that is, through streamlined processes that link seamlessly internally and with partner organisations wherever possible.
- Services are delivered effectively, that is, they meet the needs of local people at the right time.
- We release resources from areas that are a lower priority so as to fund high priorities service improvements based on our Corporate Plan.

### **4. Value for Money Strategy Objective**

To achieve value for money, Nuneaton and Bedworth Borough Council aims to target resources towards meeting the needs of local people and improving priority areas. In delivering the Council's corporate objectives the Council is committed to working in accordance with a series of core values set out in our corporate plan 2005 – 2011. Our overall objective under this value for money strategy will be to deliver annual efficiency gains of at least 2½%. In addition, our Corporate Plan states that we will divert savings to priority front line services and maintain a sustainable budget.

## **5. Actions to Deliver Value for Money**

Nuneaton and Bedworth Borough Council has a number of different actions to promote and deliver value for money. These include:

- The identification of growth and savings through the budget process (5.1).
- Base Budget Reviews (5.2).
- Making effective use of Resources (5.3).
- Effective corporate procurement mechanisms (5.4).
- Achieving economies through partnership working (5.5).
- Performance management (5.6).
- An efficient organisational structure maintained through the active management of staffing costs and information (5.7).
- Scrutiny (5.8).
- Internal audit (5.9).
- Capturing efficiency gains under the Gershon regime (5.10).

Set out below is a short synopsis of these different actions to securing Value for Money.

### **5.1 The Identification of growth and savings through the budget process**

Growth proposals put forward as part of the budget process are quantified and linked to corporate objectives. The service performance implications are identified, and proposals are prioritised when considered by Cabinet, following scrutiny by the corporate management team and Assistant Directors.

Nuneaton and Bedworth Borough Council has a long tradition of delivering efficiency savings. This has been an integral part of the medium term financial planning strategy for many years, particularly when the Council was “capped” for many years in the 1990s. Careful management of resources has however enabled the Council to improve services and avoid drastic cuts in key areas.

## 5.2 Base Budget Reviews

Nuneaton and Bedworth Borough Council has traditionally conducted, through annual base budget reviews, using baseline information linking budgetary and service information, together with benchmarking and unit cost information. This enables an assessment to be made of priority areas for base budget reviews and, for example, helped to identify £200,000 of budget reductions in 2005/06.

All budget reports are taken through the relevant Overview and Scrutiny Committee and one of the tasks of these committees is to:

- ~ probe base budgets;
- ~ consider the reasonableness of pressures put forward;
- ~ explore whether all possible funding strategies, other than relying on the council tax, have been investigated;
- ~ test the validity of service developments put forward;
- ~ put forward realistic options.

## 5.3 Making Effective use of Resources

### *Use of Information Technology*

The use of ICT is seen as critically important to the modernisation and transformation of council services generally and to the achievement of corporate ambitions to be more citizen focused with high standards of service delivery in particular. This importance is reflected in Nuneaton and Bedworth Borough Council's Strategic Service Development and IEG Plans. It is also acknowledged within the corporate strategic risk register.

In order to secure value for money:-

- Corporate investments in ICT are targeted, prioritised and funded following scrutiny by IT Steering Group.
- Procurement is undertaken competitively in accordance with our Procurement Strategy.
- Corporate projects are managed according to the Prince2 standards using a local system – Mini Med.
- Investment is linked directly to the Council's current IT Strategy 2004 – 2006.

Where possible, partnership working is pursued to secure economies of scale and to access external funding. Recent examples include:

- The Warwickshire OnLine Partnership (WOLP) between the County and the five Districts / Boroughs in Warwickshire was formed to create an externally hosted Joint Contact Centre technical facility. This attracted a £2m grant from the ODPM and joint procurement saved a further £600,000 for the Partnership.

- The replacement of the revenues and benefits system, which led to annual savings in excess of £100k.

### ***Use of Corporate Property***

Nuneaton and Bedworth Borough Council is pursuing a property strategy, as set out in our Asset Management Plan, aimed at maximising the cost effectiveness of building utilisation. This strategy looks at rationalising our core administrative building stock as well as using flexible ways of working which minimises the need for accommodation.

We dispose of surplus assets and reinvest the proceeds to their maximum advantage to support capital investment priorities.

### ***Cash Management***

Nuneaton & Bedworth undertakes treasury management activities which are prudent, affordable and sustainable. Debt management adopts a cost effective approach, seeking to deter non payment of outstanding debts, whilst avoiding pushing people into deeper debts.

### ***External Funding***

The Council can demonstrate a successful track record of securing external funding, but we will only seek external funding where this is linked clearly to corporate priorities, and any anticipated revenue/ on-going financial implications can be resourced.

## **5.4 Effective Corporate Procurement**

Nuneaton and Bedworth Borough Council has adopted a corporate approach for the management of procurement. The key element of this approach is managed by the Assistant Director, Chief Executive's office who reports to the relevant Cabinet member on a regular basis.

There are a number of other crucial elements that ensure that we deliver VFM through procurement:

- Our Procurement Strategy sets the procurement good practice toolkit for use across the authority;
- Our Procurement Strategy is built around Best Value;
- We have implemented an e-procurement strategy which has improved procurement and contract management;
- We have moved away from awarding contracts on the basis of lowest price in favour of awards based on the most economically advantageous tender;

- We have adopted Prince 2 project management methodology;
- We take advantage of electronic purchasing, e.g. stationery, electricity;
- We use consortium purchasing, e.g. ESPO;
- We work jointly with other Councils, e.g. Coventry on vehicle purchase.

## **5.5 Achieving Economies Through Partnership Working**

Nuneaton and Bedworth Borough Council has a track record of entering into partnership in order to draw on the skills and expertise of partner organisations. This approach enables the maximum impact to be made from scarce resources. No one particular partnership model is used as different circumstances require different approaches. Some examples of successful partnership arrangements are:

- ~ Pride in Camp Hill to regenerate an area of high deprivation through an 'Urban Village' development;
- ~ the creation of the 'Positive about Young People' programme which works alongside the Youth Offending Team (YOT);
- ~ the joint working with the County Council and other Warwickshire Councils to increase household waste recycling;
- ~ the Warwickshire Strategic Plan Partnership;
- ~ vehicle purchasing with a consortium of Councils;
- ~ the Warwickshire On-line Partnership;
- ~ partnering contracts within housing;
- ~ The Town Centres partnerships and Masterplan
- ~ Nuneaton & Bedworth Leisure Trust
- ~ Nuneaton & Bedworth Safer Communities Partnership

## **5.6 The Role of Performance Management in Securing Value for Money**

Nuneaton and Bedworth Borough Council is very much of the view that effective performance management drives service improvement and secures better value for money.

Nuneaton and Bedworth Borough Council's Performance Management Framework document codifies the Council's approach to performance management and includes:-

- the elements of the Performance Management Framework.
- the corporate headline performance indicators.
- the performance reporting requirements.
- the performance reporting timetable.

Performance standards are included in the Corporate Plan and cascaded down into individual service plans.

## **5.7 Working in an Efficient Organisational Structure maintained through the Active Management of Staffing Costs and Information**

Nuneaton and Bedworth Borough Council is a well managed organisation. Our CPA assessment recognised we had the capacity to improve. The organisation is characterised by:

- Effective and well understood political structures, as set out in the constitution.
- A small corporate centre relative to other similar sized organisations.
- The devolvement of service delivery responsibilities, resources and accountability to Assistant Directors and designated budget holders.
- Clarity over the delegation of roles, responsibilities and accountabilities through the constitution.
- Clear standards and efficient corporate governance mechanisms.
- Strong systems of financial management and internal control.
- Effective internal and external audit.
- Established risk management arrangements.
- An integrated financial system (Agresso).

These characteristics create a management framework that is conducive to securing value for money across all of our activities.

## **5.8 The role of scrutiny in delivering value for money**

Scrutiny plays a key role in ensuring that the Council is achieving value for money. It does this through three key approaches; Scrutiny reviews, budget scrutiny (annual and ongoing), and monitoring performance on a quarterly basis.

### **Scrutiny Reviews**

Overview and Scrutiny Committees draw up an annual work programme.

The key steps in developing the programme are:-

- Departmental and member consultation to draw on the links with the corporate business planning process and key drivers;
- Publication of the programme early in the municipal year.

The scrutiny review approach adopted ensures that a small number of in-depth reviews in priority areas take place. It enables increased

engagement with local communities and maximises the benefits from the reviews in terms of service improvement and value for money.

### **Budget Scrutiny**

The annual budget process ensures that the budgets are scrutinised in a number of different ways and forums i.e.

- ~ Corporate Management Team and Assistant Directors as part of preparing the departmental budget pressures;
- ~ Overview & Scrutiny Committees receiving budget reports on a quarterly basis;
- ~ Party Groups scrutinising the budget details as part of their deliberations on the Party budget proposals;
- ~ Public consultation, allowing the public to comment on the budget
- ~ Cabinet and Council considering and approving the whole budget;

The Council has a history of achieving cost effectiveness and has wholeheartedly embraced the requirements of Gershon efficiency gains.

### **5.9 The Role of Internal Audit in Securing Value for Money**

All staff have responsibility for securing value for money, and managers have responsibility for creating the systems of internal control that are necessary to support and guide staff. The role of internal audit, as detailed in the Terms of Reference endorsed by the Standards Committee and in the CIPFA Code of Practice, is to provide an independent and objective opinion on the Authority's control environment. A key element of the environment is the framework of controls established by management to secure value for money. Internal audit is responsible for providing advice and assistance to managers on these controls and providing assurance that their control responsibilities are being properly fulfilled.

### **5.10 Capturing Efficiency Gains under the Gershon Regime**

In line with the requirements of the Gershon regime, Nuneaton and Bedworth Borough Council has refined its processes for delivering efficiency gains. This involves the collection of intelligence on efficiency gains and their reporting through CMT, OSC and the Cabinet.

There are a number of key corporate efficiency savings themes as well as departmental initiatives that are used to deliver these gains. The regime is the subject of reporting to the ODPM and scrutiny by external audit.

## **6. Responsibilities for Value for Money**

The responsibility for delivering Value for Money lies with all staff and is not restricted to those with resource or financial management responsibilities. The high level of devolvement to cost centre managers means that responsibility for value for money is also devolved to an appropriate level within Nuneaton and Bedworth Borough Council.

The responsibilities of Members are set out in the terms of reference for both the offices they hold and the committees and panels of which they are a Member. This information is contained within the Constitution.

Managers have the responsibility to keep up to date and maintain an awareness of developments in good practice in their own service areas. Managers actively identify and review new and developing practice and apply it to Nuneaton and Bedworth Borough Council where appropriate.

## **7. Creating and Maintaining a Value for Money Culture**

There are a number of organisational processes that contribute to the delivery of value for money. These include:

- The scheme of delegation which provides an incentive to cost centre managers to deliver value for money as they manage resources within their area of activity.
- The culture of the organisation continually striving to do more at the appropriate quality for less money.
- Adopting good practice from within and outside Nuneaton and Bedworth Borough Council.
- Clearly defining the organisation's aims, strategies and policies through our strategic planning framework.
- An organisational structure which promotes accountability, through placing power at the point where responsibility is required to be taken, together with appropriate control and oversight exercised at a higher level.
- An effective performance management framework.
- The adoption of project management methodology which ensures projects are delivered efficiently and effectively.
- The use of risk management techniques, is an important tool in risk, and therefore cost, minimisation.
- Adherence to Contract and Financial Standing Orders which ensures that proper practices are followed when tendering and which helps secure value for money, including appropriate training in their use.

- Effective communication and staff development which ensures that the culture and aims of the organisation permeate to, and are identifiable at, all levels within the organisational structure.
- The provision of an appropriate infrastructure in terms of systems, resources and training.
- The use of collaborative/partnership working both internally and externally where aggregate business benefit can be achieved.

## **8. Risks**

The principal risks are:

- None achievement of efficiency gains set out in the annual efficiency gains programme (medium).
- Failure to secure efficiencies following investments in technology (medium).
- Inadequate use of the Council's Procurement Strategy (High).
- Ineffective scrutiny reviews (Medium/High).

These risks are minimised by regular monitoring, training for both Members and officers, and promotion of the value for money culture throughout the Council.

## **9. Monitoring and Review**

The Council's annual efficiency gains programme will be monitored on a quarterly basis by the Council's Corporate Management Team (CMT), and annually by the Corporate Services and Civic Affairs Overview and Scrutiny Committee. This strategy will be reviewed annually by the Council's CMT. Our Annual Accounts will provide full accountability for the use of resources.